



SUMMARY REPORT

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**Agenda Date:** 11/12/2024

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**To:** County of Sonoma Board of Supervisors

**Department or Agency Name(s):** Department of Health Services

**Staff Name and Phone Number:** Jennifer Solito, 707-565-4774; Jan Cobaleda-Kegler, 707-565-4774

**Vote Requirement:** 4/5th

**Supervisorial District(s):** Countywide

**Title:**

Drug Medi-Cal Organized Delivery System Agreements

**Recommended Action:**

- A) Authorize the Director of Health Services, or designee, to execute four Drug Medi-Cal Organized Delivery System Substance Use Disorder Residential Treatment services agreements, as outlined in this item, subject to review and approval by counsel, for the period of December 1, 2024, through June 30, 2025, for a total amount not to exceed \$4,802,237; and, authorize the Director of Health Services, or designee, to execute modifications thereto which do not significantly change the scopes of service to each contract in order to program unanticipated revenues and/or to increase the total not-to-exceed amount in order to address increased service needs through June 30, 2025, subject to available funding and review and approval by County Counsel.
- B) Authorize the Director of Health Services, or designee, to execute an agreement with Drug Abuse Alternatives Center for Non-Drug Medi-Cal Organized Delivery System Substance Use Disorder Residential Treatment services, subject to review and approval by counsel, for the period of December 1, 2024, through June 30, 2025, for a total amount not to exceed \$178,161; and, authorize the Director of Health Services, or designee, to execute modifications thereto which do not significantly change the scopes of service to each contract in order to program unanticipated revenues and/or to increase the total not-to-exceed amount in order to address increased service needs through June 30, 2025, subject to available funding and review and approval by County Counsel.
- C) Adopt a Resolution Adjusting the Fiscal Year 2024-25 Budget in the amount of \$3,848,722 to reflect revenues and expenditures associated with the Drug Medi-Cal Organized Delivery System Substance Use Disorder Residential Treatment service agreements.

(4/5<sup>th</sup> Vote Required)

**Executive Summary:**

The Department of Health Services' (DHS) application to become a participant in the Drug Medi-Cal Organized Delivery System (DMC-ODS) program was approved by the State of California Department of Health Care Services (DHCS) effective December 1, 2024. In order to meet the State mandates for timely access to services and network capacity, DHS requests authority to execute agreements with four providers that are certified by the State of California to provide DMC-ODS Substance Use Disorder (SUD) Residential Treatment services (Bucklew Programs, Drug Abuse Alternatives Center, Hilltop Recovery Services, and Women's Recovery Services), subject to review and approval by counsel.

DHS is also requesting authority to enter into a new Non-Drug Medi-Cal (Non-DMC-ODS) SUD Residential Treatment services agreement with Drug Abuse Alternatives Center, subject to review and approval by counsel.

Finally, DHS is requesting the Board to adopt a resolution adjusting the Fiscal Year 2024-25 Budget by \$3,848,722 of new Federal and State matching funds to reflect revenues and expenditures associated with the DMC-ODS agreements.

**Discussion:**

**Drug Medi-Cal Organized Delivery System (DMC-ODS)**

California's DMC-ODS program was the nation's first SUD treatment demonstration project under Medicaid Section 1115 authority, approved by the Centers for Medicare and Medicaid Services (CMS) in 2015. Since the DMC-ODS waiver began in 2015, all California counties have had the option to participate in the program to provide their resident Medi-Cal beneficiaries with a range of evidence-based SUD treatment and recovery services in addition to those available under the Medi-Cal State Plan. As of today, 40 counties have opted into the DMC-ODS program, representing 96 percent of the Medi-Cal population statewide.

DMC-ODS includes providing a continuum of care modeled after the American Society of Addiction Medicine Criteria for SUD treatment services, increased local control and accountability, greater administrative oversight, creation of utilization controls to improve care and efficient use of resources, evidence-based practices in substance use treatment, increased coordination with other systems of care, and expanded access to care. To receive services through the DMC-ODS, a beneficiary must be enrolled in Medi-Cal or be Medi-Cal eligible, reside in a participating county, and meet the criteria for DMC-ODS services.

On April 18, 2023, the Sonoma County Board of Supervisors authorized DHS to submit an application to the State of California Department of Health Care Services (DHCS) to become a participant in the DMC-ODS program in 2024. On August 20, 2024, DHS was informed by DHCS that they had completed their DMC-ODS readiness review process and that DHS' application was officially approved, and that DHS will become a full participant starting on December 1, 2024.

**SUD DMC-ODS Residential Treatment**

Under DMC-ODS, expanded access to SUD Residential Treatment Services will be required for all eligible Medi-Cal beneficiaries. SUD Residential Treatment is a non-institutional, non-medical, residential program that provides rehabilitation services to clients with SUD diagnoses. Each client lives on the premises and is supported in their efforts to restore, maintain, and apply interpersonal and independent living skills and access community support systems. It includes Assessments, Room and Board, Counseling, Medication Services, Crisis Intervention, Case Management, Care Coordination, and Discharge Planning.

Participation in the DMC-ODS program requires DHS to increase provider network capacity to meet State mandates for timely access to services. For this reason, DHS is proposing, during the early set up of the program in the County, to enter into DMC-ODS contracts with four (4) DHCS certified SUD Residential Treatment providers to adequately meet these State requirements. The proposed agreement terms for all contracts are from December 1, 2024, through June 30, 2025. DHS intends to bring a long-term plan and status update of the implementation to the Board later this fiscal year.

The County currently has three Non-DMC contracts with Buckelew Programs, Hilltop Recovery Services, and Women's Recovery Services. The Non-DMC contracts provide the same services as the recommended DMC-

ODS contracts, but will serve clients that do not meet DMC eligibility requirements of having active Medi-Cal for Sonoma County. These contracts are paid with a variety of funding sources, including the Substance Use Block Grant (SUBG) and Measure O. The three existing Non-DMC contracts are being reduced by a total of \$953,515 and those previously appropriated Measure O funds will be reallocated to the four (4) new DMC-ODS agreements with Buckelew Programs, Drug Abuse Alternatives Center, Hilltop Recovery Services, and Women's Recovery Services. This reduction is because currently DMC-eligible clients are being served by the Non-DMC contracts, but the change to DMC-ODS allows services for those clients to now be reimbursed by the state, where as before they were being funded and/or reimbursed by a mixture of SUBG, Measure O, and other local funding sources. Consequently, the funding in the existing Non-DMC agreements is being redirected to serve the same clientele, and is now being used in a way that allows it to also leverage state and federal funding. The current estimated mix of DMC-ODS to Non-DMC clients being served by the existing contracts is 89% DMC eligible and 11% non-DMC.

In addition to the existing Measure O funds, these new DMC-ODS agreements will also receive a total of \$3,848,722 from Federal revenue sources (DMC-ODS Federal Financial Participation funds) and State revenue sources (2011 Realignment and State General Fund) as outlined in Attachment 2. As an incentive for counties to enter the DMC-ODS program, Residential Treatment service reimbursements require significantly less local match than other DMC or Behavioral Health Medi-Cal services.

The three existing Non-DMC contracts are also being reduced by a total of \$178,161 SUBG funds, which will be reallocated to a new Non-DMC contract with Drug Abuse Alternatives Center. Drug Abuse Alternatives Center's Sonoma County facility was not opened when the original Non-DMC contracts were awarded. This fourth contract will increase service locations available to Non-DMC clients in Sonoma County, as outlined in Attachment 2.

The individual DMC-ODS contract agreement amounts break down as follows:

- Buckelew Programs - \$1,222,477
- Drug Abuse Alternatives Center - \$1,410,132
- Hilltop Recovery Services - \$1,228,780
- Women's Recovery Services - \$940,848

The recommended Non-DMC contract agreement amount breaks down as follows:

- Drug Abuse Alternatives Center - \$178,161

Drug Medi-Cal Organized Delivery System (DMC-ODS) mandates that DHS will provide access to a full network and continuum of medically necessary services to all eligible Medi-Cal beneficiaries in the county. When any of the mandated services become unavailable for any reason (a contracted partner goes bankrupt, decides not to work with county, has legal action/sanctions against it, has sudden capacity issues with staffing, or any other wide range of reasons) DHS must enter into single case agreements at a high cost on a case-by-case basis to fill all mandated gaps. Any gaps in its coverage would create an emergency situation where Sonoma County DHS would be vulnerable to high-cost obligations or fines and sanctions from DHCS. For this reason, the SUD Residential Treatment services provided by contracted providers were procured through the use of Single Source Waivers, approved by the Purchasing Department for Fiscal Year 2024-2025. Future fiscal year contracts will be procured in a manner compliant with County Procurement policies.

For more detail on the new DMC-ODS and Non-DMC-ODS contract amounts and revenue sources, please see Attachment 2.

**Strategic Plan:**

This item directly supports the County’s Five-year Strategic Plan and is aligned with the following pillar, goal, and objective.

**Pillar:** Healthy and Safe Communities

**Goal:** Goal 1: Expand integrated system of care to address gaps in services to the County’s most vulnerable.

**Objective:** Objective 2: Identify gaps in the Safety Net system of services and identify areas where departments can address those gaps directly, and seek guidance from the Board when additional resources and/or policy direction is needed.

**Racial Equity:**

**Was this item identified as an opportunity to apply the Racial Equity Toolkit?**

No

**Prior Board Actions:**

On July 7, 2024, the Board authorized the Director of the Department of Health Services, or designee, to execute Behavioral Health placement and service agreements and/or amendments, subject to review and approval as to form by County Counsel, for Fiscal Year 2024-2025 of up to \$71,983,894 that will end June 30, 2025, and up to \$66,110,749 for certain multi-year contracts ending no later than June 30, 2029 and contingent on the approval of future fiscal years’ funding availability

On April 18, 2023, the Board A) received a report on the DMC-ODS program; and B) authorized DHS to enter into the DMC-ODS Plan by submitting an application to DHCS.

**FISCAL SUMMARY**

<b>Expenditures</b>	<b>FY24-25 Adopted</b>	<b>FY25-26 Projected</b>	<b>FY26-27 Projected</b>
Budgeted Expenses	\$1,131,676		
Additional Appropriation Requested	\$3,848,722		
<b>Total Expenditures</b>	<b>\$4,980,398</b>		
<b>Funding Sources</b>			
General Fund/WA GF			
State/Federal	\$3,935,724		
Fees/Other	\$953,515		
Use of Fund Balance	\$91,159		
General Fund Contingencies			
<b>Total Sources</b>	<b>\$4,980,398</b>		

**Narrative Explanation of Fiscal Impacts:**

Approval of this item will increase the FY 2024-2025 adopted budget by \$3,848,722 to fund the expansion of the Drug Medi-Cal Organized Delivery System (DMC-ODS) program. The funding sources for this expansion

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include \$3,757,563 from Federal Financial Participation (FFP) and State General Fund revenue, which are secured through Medi-Cal billing and claiming. Additionally, \$91,159 in 2011 Realignment Fund Balance will provide the local match funding requirement. The new DMC-ODS contracts will also receive \$953,515 in existing FY 2024-2025 Measure O funding already appropriated in the 2024-25 budget and eligible under the Measure O category of Mental Health and Substance Use Disorder Outpatient Services. The new Drug Abuse Alternatives Center Non-DMC-ODS contract will be funded by \$178,161 in existing FY 2024-2025 Substance Use Block Grant (SUBG) funding. □

<b>Staffing Impacts: None</b>			
<b>Position Title (Payroll Classification)</b>	<b>Monthly Salary Range (A-I Step)</b>	<b>Additions (Number)</b>	<b>Deletions (Number)</b>

**Narrative Explanation of Staffing Impacts (If Required):**

None

**Attachments:**

Attachment 1: Budget Resolution

Attachment 2: FY 24-25 Appropriations for New SUD Residential Treatment Services Contracts

Attachment 3: Draft Agreement for DMC-ODS Contracts

Attachment 4: Draft Agreement for Non-DMC Contract

**Related Items "On File" with the Clerk of the Board:**

None