



Board Agenda Item 12

DATE: March 25, 2025

TO: Board of Supervisors

SUBMITTED BY: Susan L. Holt, Director, Department of Behavioral Health

SUBJECT: Amendments to Drug Medi-Cal and Non-Drug Medi-Cal Residential Substance Use Disorder Treatment Master Agreements

RECOMMENDED ACTION(S):

1. **Approve and authorize the Chairman to execute Second Amendment to Master Agreement No. 23-291 with Drug Medi-Cal certified providers, to update fee reimbursement schedules, with no change to the term of July 1, 2023, through June 30, 2027; and**
2. **Approve and authorize the Chairman to execute Second Amendment to Master Agreement No. 23-293 with Drug Medi-Cal certified providers, to update fee reimbursement schedules, with no change to the term of July 1, 2023, through June 30, 2027, or compensation maximum of \$10,585,252.**

There is no additional Net County Cost associated with the recommended actions. Approval of the recommended actions will allow the Department of Behavioral Health (DBH) to update fee reimbursement schedules. The updated schedules will be effective April 1, 2025 and will increase the residential substance use disorder treatment service reimbursement fees for Comprehensive Addiction Programs, Inc, Westcare California Inc., and Fresno County Hispanic Commission. The second recommended action will also increase the funding allocation for Westcare California, Inc. using existing unallocated funds without increasing the maximum to Agreement No. 23-293 to address an increase in service volume. This item is countywide.

ALTERNATIVE ACTION(S):

If the Board does not approve the recommended actions, Contractors will continue to be reimbursed at current contracted rates.

FISCAL IMPACT:

There is no additional Net County Cost associated with the recommended actions. Recommended action one is an agreement that is reimbursed by the California Department of Health Care Services (DHCS) regardless of the volume, with no maximum compensation. The Department projects Drug Medi-Cal expenditures of approximately \$42,842,715. Recommended action two has a total maximum compensation of \$10,585,252. Each of the amendments identified within this agenda item will be fully funded by existing funding sources including, but not limited to: Medi-Cal Federal Financial Participation, Realignment funds, and Substance Use Block Grant funds. Sufficient appropriations and estimated revenues are included in the Department's Org 5630 FY 2024-25 Adopted Budget and will be included in all future recommended budgets throughout the remainder of the contract terms.

DISCUSSION:

On June 23, 2023, the Department executed several agreements for substance use disorder treatment services to reflect the implementation of DHCS's California Advancing and Innovating Medi-Cal (CalAIM) regulations including Medi-Cal payment reform changes throughout the behavioral health system, which included Master Agreement Nos. 23-291 and 23-293.

On June 4, 2024, the Board approved Master Agreement No. 24-261 as an Amendment I to Master Agreement No. 23-291 and Master Agreement No. 24-262 as an Amendment I to Master Agreement No. 23-293 to amend various subsections of the Agreements to update provider reporting requirements to align with CalAIM and the County's new Electronic Health Record system and to add participation requirements for the State efforts to improve culturally responsive care delivery.

There is no maximum compensation for recommended action one to amend Master Agreement No. 23-291 as reimbursement is provided to the County by Medi-Cal Federal Financial Participation which is funded through a combination of state and federal funds and determined through an existing intergovernmental agreement between DHCS and the County. These Drug Medi-Cal (DMC) services are reimbursed by DHCS regardless of the volume. The maximum compensation to recommended action two to amend Master Agreement No. 23-293 remains unchanged. Contractor-specific compensation under this Agreement will be increased for WestCare California, Inc. to accommodate reimbursements related to the increased rates using existing funds in the Agreement that were previously unallocated.

The recommended actions for Amendments to Agreement Nos. 23-291 and 23-293 include updates to the established fee reimbursement schedules for contractors: Fresno County Hispanic Commission On Alcohol and Drug Abuse Services, Inc., Westcare California Inc., and Comprehensive Addiction Programs, Inc. to increase rates to align with operational cost increases. The amendment also incorporates rates for the other contractors that were previously updated effective July 1, 2024 by the DBH Director through the authority given to her in Section 15.1 of the Agreement.

The maximum Fee-for-Service rates are established by the Department of Health Care Services. For substance use disorder contractors who provide residential services such as Residential 3.1, Withdrawal Management 3.2, Residential 3.3, and Residential 3.5, the rates are negotiated by the Department per Contractor to align with operational costs and paid as a daily rate. Outpatient services may also be provided in the substance use disorder residential setting. These rates per Provider Type for outpatient services are established by DHCS and set by the Department. Contractors acknowledge that the provider rates in the rate tables are all-inclusive rates which account for program operating expenses. This includes, but is not limited to, staff time spent on direct patient care, staff time not spent on direct patient care (e.g. time spent on documentation, travel, and paid time off), total staff compensation (e.g., salaries and wages, benefits, bonuses, and other incentives), vehicle expenses (e.g. gas, maintenance, insurance), training, assets/capital assets, utilities, and any direct and indirect overhead and operating costs.

REFERENCE MATERIAL:

BAI #28, June 4, 2024

BAI #45, June 20, 2023

ATTACHMENTS INCLUDED AND/OR ON FILE:

On file with Clerk - Amendment II to Master Agreement No. 23-291

On file with Clerk - Amendment II to Master Agreement No. 23-293

On file with Clerk - Digital Signature Audit Report for Amendment II to Master Agreement No. 23-291 MHS

On file with Clerk - Digital Signature Certificate for Amendment II to Master Agreement No. 23-291 TP

On file with Clerk - Digital Signature Audit Report for Amendment II to Master Agreement No. 23-293 MHS

On file with Clerk - Digital Signature Certificate for Amendment II to Master Agreement No. 23-293 TP

CAO ANALYST:

Ron Alexander