



# Board Agenda Item 38

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DATE: June 20, 2023

TO: Board of Supervisors

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

SUBJECT: Retroactive Agreement with Carelon Behavioral Health of California, Inc.

RECOMMENDED ACTION(S):

**Approve and authorize the Chairman to execute a retroactive Agreement with Carelon Behavioral Health of California, Inc. for residential substance use disorder treatment authorization services, effective March 1, 2023 through June 30, 2027, which includes a two-year base contract and two optional one-year extensions, total not to exceed \$5,166,896.**

The Department has an existing agreement with Beacon Health Options of California, Inc. to process authorizations for residential substance use disorder treatment services for all contracted residential treatment programs as required by the Drug Medi-Cal Organized Delivery System (DMC-ODS). The contractor changed its name to Carelon Behavioral Health of California, Inc. on March 8, 2023. Approval of the recommended action supersedes the exiting agreement to reflect the name change of the contractor and to revise the compensation for residential treatment authorization services due to an increase in substance use disorder residential treatment capacity. This item is countywide.

ALTERNATIVE ACTION(S):

If the Superseding Agreement is not approved, then the Agreement will not reflect the Contractor's legal new name preventing the Department from reimbursing the contractor for services provided. The Department also will not be able to compensate above the current contract maximum.

RETROACTIVE AGREEMENT:

This recommended Superseding Agreement is retroactive to March 8, 2023, the effective date of Carelon Behavioral Health of California, Inc.'s new legal name. The Department had to wait to confirm the contractor's representatives had the authority to execute agreements under the new legal name.

FISCAL IMPACT:

There is no increase in Net County Cost associated with the recommended actions. The maximum amount of the agreement (\$5,166,896) will be fully offset with Behavioral Health Realignment Funds. Sufficient appropriations and estimated revenues are included in the FY 2022-23 Adopted Budget for Behavioral Health, Substance Abuse Services Org 56302081 and will be included in future budget requests.

DISCUSSION:

On June 21, 2022, the Department entered into agreement No. 22-256 with Beacon Health Options of

California, Inc. to provide authorizations for residential substance use disorder treatment services. Substance use disorder residential treatment authorizations are required by the California Department of Health Care Services to confirm that persons seeking these services are placed into the appropriate level of care and receive medically necessary treatment. The authorization process consists of a licensed practitioner of the healing arts such as a licensed clinical social worker or licensed marriage and family therapy, confirming medical necessity and placement according to the American Society of Addiction Medicine (ASAM) criteria. Beacon informed the Department that they were changing their legal name to Carelon Behavioral Health of California, Inc. effective March 8, 2023.

The Department also needs to account for an increase in the capacity of overall substance use disorder residential treatment services. The Department added a Substance Use Disorder (SUD) residential treatment contractor during the FY 2022-23, which has increased the number of authorizations requested. The new SUD residential treatment contractor is also planning to continue expanding their capacity in the future which will continue to increase authorization requests.

Approval of the recommended action will account for the contractor's name change and the increase in substance use disorder residential treatment capacity.

The modification clause of the agreement delegates the board's authority to the DBH Director to make certain changes to the agreement during the term of the agreement, as further described in the modification clause of the agreement.

The recommended agreement deviates from the County's standard agreement language by allowing either Carelon Behavioral Health of California, Inc. or the County to terminate the agreement without cause by giving at least 60 days advance written notice to the other party.

REFERENCE MATERIAL:

BAI #38, June 21, 2022

ATTACHMENTS INCLUDED AND/OR ON FILE:

On file with Clerk - Agreement with Carelon Behavioral Health

CAO ANALYST:

Ron Alexander