



Board Agenda Item 29

DATE: December 11, 2018

TO: Board of Supervisors

SUBMITTED BY: Dawan Utecht, Director, Department of Behavioral Health

SUBJECT: Agreement with ValueOptions of California for Administrative Services Related to the Drug Medi-Cal Organized Delivery System

RECOMMENDED ACTION(S):

Approve and authorize the Chairman to execute an Agreement with ValueOptions of California for the provision of administrative services related to the Drug Medi-Cal Organized Delivery System (DMC - ODS) and newly mandated mental health concurrent authorizations, effective upon execution through June 30, 2020 which includes a ramp-up period through December 31, 2018 and one eighteen (18) month term, total not to exceed \$4,102,000.

Approval of the recommended action will allow the Department of Behavioral Health to provide administrative services related to the DMC - ODS and newly mandated mental health concurrent authorizations, including prior authorizations for substance use disorder (SUD) residential services, operation of an SUD 24/7 Access Line for Fresno County beneficiaries, and concurrent reviews of mental health inpatient treatment authorizations through ValueOptions of California. The services are required by the Centers for Medicare and Medicaid Services Special Terms and Conditions, California Medi-Cal 2020 Demonstration as part of the Drug Medi-Cal Organized Delivery System and the Department of Health Care Services (DHCS). The agreement maximum is \$4,102,000. The services are funded by Drug Medi-Cal administrative and Mental Health Realignment funds with no increase in Net County Cost.

ALTERNATIVE ACTION(S):

If the Board does not approve the recommended action, state and federal prior authorization and SUD 24/7 Access Line services will not be available at the beginning of the DMC - ODS. The Department will be out of compliance with DHCS required concurrent reviews of mental health inpatient treatment authorizations.

FISCAL IMPACT:

There is no increase in Net County Cost associated with the recommended action. The maximum amount of the recommended agreement is \$4,102,000 and will be fully offset with Drug Medi-Cal Administrative and Mental Health Realignment Funds. Sufficient appropriations and estimated revenues (\$1,502,000) are included in the Department's Org 5630 FY 2018-19 Adopted Budget and will be included in subsequent requested budgets for the duration of the agreement.

DISCUSSION:

The Drug Medi-Cal Organized Delivery System (DMC - ODS) is a Pilot program to test a new paradigm for the organized delivery of health care services for Medi-Cal eligible individuals with substance use disorders (SUD). Critical elements of the DMC - ODS include providing a continuum of care modeled after the

American Society of Addiction Medicine (ASAM) Criteria for SUD treatment services, increased local control and accountability, greater administrative oversight, creates utilization controls to improve care and efficient use of resources, evidence based practices in substance abuse treatment, and increased coordination with other systems of care. The approach is expected to provide the beneficiary with access to the care and system interaction needed in order to achieve sustainable recovery.

The recommended agreement with ValueOptions of California (VOC) will establish two services required by the DMC - ODS: prior authorizations for SUD residential services and a 24/7 Access Line for beneficiaries seeking SUD treatment. The agreement also includes concurrent reviews of mental health inpatient treatment authorizations as required by DHCS. DHCS has not yet issued final instructions regarding concurrent reviews of mental health inpatient treatment authorizations and the Department expects to return to your Board with an amendment once final instruction is received. VOC currently provides or is developing these services for Orange County and is developing these DMC - ODS services with the Partnership HealthPlan of California, a collection of Northern California Counties working together to implement the DMC - ODS.

The Purchasing Manager is authorized to join with other public entities to request and receive proposals and making an award to the lowest responsive, responsible bidder if the source selection method used is in compliance with the policies and procedures used to select vendors through competitive solicitation. The Purchasing Manager determined that a request for proposals (RFP) issued on February 24, 2015 by Orange County for the services included in this recommended agreement was in compliance and met the request of Fresno County's policies and procedures used to select vendors through competitive solicitation. Beacon Health Strategies, LLC (Beacon) was the sole responder to the RFP issued by Orange County. Orange County used an evaluation committee consisting of representatives of Orange County and/or members of the community having knowledge and expertise of the services. The evaluation consisted of a thorough review of the bidders' proposals subject to the following criteria: administration review of financial/organizational stability, experience and qualifications, proposed services, performance objectives, proposed staffing, proposed facility, and proposed budget. Through Orange County's review and selection process, Beacon was selected as the provider of the services. The Orange County RFP included multiple services, however, the Department only required the services included in this recommended agreement. Orange County executed an agreement with Beacon Health Strategies, LLC effective July 1, 2017; since that time Beacon Health Strategies LLC has undergone business mergers to form Beacon Health Options. Because of California licensure requirements, Beacon has maintained the respective contracting entities of both legacy companies, VOC and Beacon Health Strategies. VOC will be the contracting entity for these services.

The recommended Agreement with VOC is proposed to be effective upon execution to allow VOC to effectively recruit, hire, and train staff as well as develop and establish necessary business operations before the January 1, 2019 DMC - ODS implementation. This period will also allow VOC sufficient time to work with the Department to establish processes and train Fresno County SUD treatment providers in anticipation of the DMC - ODS. The Agreement includes an eighteen-month term effective January 1, 2019 through June 30, 2020. The recommended agreement deviates from the County's standard contract language by limiting the term to coincide with the end date stated in Orange County's RFP. The Department will issue a RFP for these services prior to the expiration of this Agreement.

Through the recommended Agreement with VOC, services will include:

- Operation of a 24/7 Access Line for SUD beneficiaries seeking SUD treatment;
- Prior authorization of SUD residential services;
- Concurrent reviews of treatment authorizations for mental health inpatient treatment services.

The recommended Agreement provides for termination due to non-allocation of funds upon giving 60-days advance written notice to the contractor.

ATTACHMENTS INCLUDED AND/OR ON FILE:

On file with Clerk - Agreement with ValueOptions of California Inc.

CAO ANALYST:

Ronald Alexander