



# Board Agenda Item 40

DATE: June 30, 2026

TO: Board of Supervisors

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

SUBJECT: Amendment No. 1 to Agreement with Pacific Clinics

RECOMMENDED ACTION(S):

**Approve and authorize the Chairman to execute Amendment No. 1 to Agreement No. 25-384 with Pacific Clinics for a Children Continuum of Care program including Full-Service Partnership (FSP) for children ages 0-10 with serious emotional disturbance (SED) who qualify for Specialty Mental Health Services, and Intensive Case Management (ICM) and Outpatient (OP) levels of care for children ages 0-10 years who qualify for Specialty Mental Health Services, revising the Modification clause of the Agreement and Exhibit C effective upon execution with no change to the term of December 1, 2025, through June 30, 2030, and increasing the maximum compensation by \$453,904 to a total of \$23,111,324.**

There is no additional Net County Cost associated with the recommended action. The recommended action will allow the Department to continue to provide continuum of care services, including FSP, ICM and OP levels to children ages 0-10 and meet network adequacy time and distance standard through Pacific Clinics. Through this increase to the maximum compensation, Pacific Clinics will be able to continue the provision of services without delay. The revision of Exhibit C includes the increase to the maximum compensation and updates invoicing requirements to align with Department standards. The revision of the Modification Clause of the agreement delegates authority to the Department Director to adjust rates annually up to five percent (5%) through written approval subject to availability of funds and review of Contractor performance. Said modifications shall not result in a change to the annual maximum compensation payable to the Contractor. This item is countywide.

ALTERNATIVE ACTION(S):

Should your Board not approve the recommended action, the Department would be unable to reimburse Pacific Clinics for any additional services provided once the current maximum compensation is reached. Pacific Clinics is currently projected to exceed the previously anticipated volume of services for this fiscal year, resulting in potential denials of services and creating a barrier in services for high acuity children and their families, which would impact compliance with network adequacy time and distance requirements, and MHSa requirements set by the DHCS. The recommended action serves to increase the maximum compensation accordingly to account for the increased volume of services rendered to prevent any potential denials or delays in receiving essential mental health services.

FISCAL IMPACT:

There is no increase in Net County Cost associated with the recommended action. The maximum amount of the Agreement (\$23,111,324) will be funded with Medi-Cal Federal Financial Participation (FFP) and Mental Health Services Act Community Services and Support (MHSa CSS) funds. Sufficient appropriations

and estimated revenues are included in the Department of Behavioral Health's Org 5630 FY 2025-26 Adopted Budget and will be included in future budget requests for the duration of the term of the Agreement. Actual costs will be determined by actual services provided.

DISCUSSION:

On August 5, 2025, your Board approved Agreement No. A-25-384 with Pacific Clinics to provide a Children's Continuum of Care program including FSP for children ages 0-10 with SED who qualify for Specialty Mental Health Services, and ICM and OP levels of care for children ages 0-10 years who qualify for Specialty Mental Health Services.

Utilization data for this program demonstrates a 41% growth in rendered services between December 1, 2025 and April 30, 2026. Pacific Clinics' ability to retain and fully train staff has contributed to an increased capacity to better align with FSP requirements and increase service delivery. The proposed increase to the maximum compensation accounts for the maximum recorded growth in invoicing this FY to ensure all services provided can be reimbursed. The proposed increase consists of a reduction of \$221,880 from the FY 2025-26 allocation for OP services, and an increase of \$449,583 and \$226,201 to the FY 2025-26 allocations for FSP and ICM services, respectively, resulting in the net increase of \$453,904 to the total maximum compensation.

On March 4, 2026, the Department completed development of a revised Financial Terms & Conditions Exhibit template to better delineate expectations for contractor compliance with invoicing requirements and ensure all contractors are held to a consistent standard. Revised Exhibit C includes both the proposed increase to the maximum compensation and the implementation of clearer, more defined deadlines and requirements for invoicing and recoupment procedures. The revision of the exhibit is intended across all Department agreements to maintain procedural consistency.

The proposed action includes a revision of Agreement Article 15, Section 1(B) delegating authority to the Department Director to adjust Contractor rates up to five percent (5%) each year through written approval subject to availability of funds and review of Contractor performance. As previously written, the absence of the term "annually" limited rate adjustments to a cumulative five percent (5%) over the life of the agreement. The revision of the clause will continue to accommodate any state-mandated rate increases. Said modifications shall not result in a change to the annual maximum compensation payable to the Contractor.

The Department has notified and received approval from Human Resources of execution of the recommended Amendment to comply with AB 339.

Approval of the proposed action to revise the modification clause, increase the maximum compensation, and revise Exhibit C of the Agreement, is necessary to ensure the Department is able to adequately make necessary and appropriate rate adjustments, ensure the continued provision of services to persons served without exceeding the current maximum compensation, and ensure alignment with the Department's updated invoicing requirements.

OTHER REVIEWING AGENCIES:

The Behavioral Health Board was notified of the recommended Amendment during the June 2026 meeting.

REFERENCE MATERIAL:

BAI #48, August 5, 2025

ATTACHMENTS INCLUDED AND/OR ON FILE:

On file with Clerk - Amendment No. 1 with Pacific Clinics

CAO ANALYST:

Ronald Alexander, Jr.