



# Board Agenda Item 44

DATE: June 10, 2025

TO: Board of Supervisors

SUBMITTED BY: Susan L. Holt, Director, Department of Behavioral Health  
Sanja Bugay, Director, Department of Social Services

SUBJECT: Retroactive Amendment No. 1 with Lucyrx Health Solutions, Inc. for Medication Payments for Indigent Individuals

RECOMMENDED ACTION(S):

**Approve and authorize the Chairman to execute retroactive Amendment No. 1 to Agreement No. A-21-260 to account for the company's name changing from Integrated Prescription Management Incorporated to Lucyrx Health Solutions, Inc. effective September 23, 2024, and to increase the maximum compensation of the agreement to account for an increased need for high-cost medications to treat indigent individuals effective March 1, 2025, with no change to the term of July 1, 2021, through June 30, 2026, increasing the maximum by \$95,000 to a total of \$395,000.**

DBH has experienced an upward trend of usage in the current fiscal year with significant costs incurred between December 2024 and March 2025. As of March 2025, the contract budget has been fully expended due to the recent increased need for high-cost medications to treat persons served. Approval of the recommended action will allow medically indigent individuals receiving mental health treatment through the County's Departments of Behavioral Health and Social Services to have continued access to necessary mental health-related medications. Approval will also account for the company's name changing from Integrated Prescription Management Incorporated to Lucyrx Health Solutions, Inc. The agreement is funded with a combination of Mental Health Services Act funds and 2011 Child Welfare Realignment, with no increase in Net County Cost. This item is countywide.

ALTERNATIVE ACTION(S):

If the recommended action is not approved, uninsured individuals served by the Department of Behavioral Health (DBH) and the Department of Social Services (DSS) will not receive medications as needed for the rest of the current fiscal year and may not receive adequate medication in Fiscal Year 2025-26, which may result in further mental health decline and a need for more costly, higher levels of care.

RETROACTIVE AGREEMENT:

The recommended amendment is retroactive to March 1, 2025. In prior fiscal years, approximately 70-80% of the contract maximum was expended each year; however, for the current fiscal year 2024-25, monthly expenditures have progressively increased. As of January 2025, despite the increased monthly expenditures, it appeared that there would still be sufficient funding for the remainder of the fiscal year. However, the February expenses were significantly greater than previous months, and it became apparent that additional funds would be needed for Fiscal Year 2024-25. Expenses incurred in March 2025 fully exhausted the fiscal year budget before an amendment to increase the maximum compensation could be brought before your Board.

### FISCAL IMPACT:

There is no increase in Net County Cost associated with the recommended action. The increase to the maximum compensation by \$95,000 (to a total of \$395,000) will be offset with a combination of Mental Health Services Act and 2011 Child Welfare Realignment. Sufficient appropriations and estimated revenues are included in DBH's Org 5630 and DSS's Org 5610 FY 2024-25 Adopted Budgets and will be included in subsequent budget requests for the duration of the Agreement. Actual costs shall be determined by actual services provided.

### DISCUSSION:

On July 13, 2021, the Board approved Agreement No. A-21-260 with Integrated Prescription Management (IPM) to provide access to prescribed medications to uninsured individuals served by DBH and DSS. The service population includes medically indigent adults diagnosed with severe mental illness, children diagnosed with severe emotional disturbance, and children involved with Child Welfare Services.

The recommended amendment will implement a name change for the Contractor to Lucyrx Health Solutions, Inc. This change was approved by the California Secretary of State on September 23, 2024. The Department was informed of the name change in April 2025 while the Department was negotiating the recommended amendment which was brought to your board at the earliest possible date based on review deadlines.

In previous years of this contract, the full annual maximum budget has not been fully expended. Beginning in December 2024, monthly expenditures have slowly begun to grow, with the most significant increases occurring in February and March 2025, resulting in the exhaustion of funds for FY 2024-25. In FY 2023-24, 49 unique persons served received medications and in FY 2024-25 from July 2024 to March 2025 - 51 unique persons served received medications.

This agreement is intended to be a temporary payment solution for persons served who are awaiting approval of Medi-Cal or other insurance coverage and limits the number of times an individual may use this service. As the need for prescription mental health medication rises for the service population, related costs are also expected to increase. The recommended amendment allows DBH and DSS to adequately ensure that individuals deemed medically necessary will continue to receive appropriate medications for the remainder of Fiscal Year 2024-25, and through Fiscal Year 2025-26.

Through this agreement, the Contractor is authorized to pay their sub-contracted pharmacies for medication for persons served who do not have Medi-Cal or other insurance. Should persons served become eligible for Medi-Cal retroactively, pharmacies are expected to reprocess paid claims to Medi-Cal and apply a bill credit to the Contractor, who in turn applies a bill credit to the County for the same amount. However, pharmacies are reluctant to reverse and rebill Medi-Cal for claims that have already been paid by the County for such individuals, and as a result, the cost is likely to exceed the original fiscal year budget. It is expected that these challenges and higher expenses will continue through June 2025, and into Fiscal Year 2025-26.

Upon approval by your Board, the recommended amendment will become effective retroactive to March 1, 2025. The annual maximum for DBH will increase by \$45,000 for Fiscal Year 2024-25, and by \$50,000 for Fiscal Year 2025-26, which increases the total contract maximum from \$300,000 to \$395,000. Beginning on July 1, 2025, the updated Medi-Cal rebilling terms will take effect and ensure Contractor is compensated for claims that the pharmacies are unable to reverse and rebill, and a \$10 administrative fee will be added per person per month. There is no change to the budget for DSS.

### REFERENCE MATERIAL:

BAI #33, July 13, 2021

ATTACHMENTS INCLUDED AND/OR ON FILE:

On file with Clerk - Amendment No. 1 to Agreement with Lucyrx Health Solutions, Inc.

CAO ANALYST:

Ronald Alexander