



Board Agenda Item 42

DATE: June 24, 2025

TO: Board of Supervisors

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

SUBJECT: Amendment No. 1 to Service Agreement with Carelon Behavioral Health of California, Inc.

RECOMMENDED ACTION(S):

Approve and authorize the Chairman to execute Amendment No. 1 to Agreement No. 23-266 with Carelon Behavioral Health of California, Inc., to remove the monthly authorization cap of 150 individuals and replace it with an annual cap of 2,100 individuals with no change to the term of March 1, 2023 through June 30, 2027, or maximum compensation of \$5,166,896.

There is no additional Net County Cost associated with the recommended action. The current agreement allows for a maximum of 150 authorizations (plus an additional overage allowance of 160 authorizations per year) for residential substance use disorder treatment services. Approval of the recommended action will revise the authorizations from a monthly limit to an annual limit of 2,100 authorizations and allow surplus unused authorization reviews to be rolled over to the subsequent year. This item is countywide.

ALTERNATIVE ACTION(S):

If the recommended action is not approved, Carelon will be limited to processing a maximum of 150 authorizations per month, with an additional overage allowance of 160 per year. Any authorizations exceeding this limit will need to be processed by County staff, requiring them to work on weekends, which will also result in overtime costs.

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 remain the same and will be fully offset with Behavioral Health Realignment funds. Sufficient appropriations and estimated revenues are included in the Department of Behavioral Health Org 5630 FY 2024-25 Adopted Budget and will be included in subsequent budget requests for the term of the agreement.

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. Beacon subsequently changed their name to Carelon Behavioral Health of California, Inc. on March 8, 2023; therefore, the Department entered into a new supersede agreement No. 23-266 on June 20, 2023 to reflect the name change and revised the compensation for residential treatment authorization services due to an increase in substance use disorder residential treatment capacity.

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.

As of fiscal year 2024-2025, Carelon has been exceeding the 150 monthly authorization limit. To address this, the Department and Carelon collaborated on a month-by-month basis to determine which entity would process the additional authorizations. This was only a temporary solution, as the budget allowed for a maximum of 160 additional authorizations per year. After further discussions, Carelon agreed to waive the 150 monthly authorization caps at no additional cost to the Department. This agreement ensures a seamless authorization process, eliminating the need for ongoing discussions about responsibility once the limit is exceeded and preventing confusion among providers about where to submit authorizations.

REFERENCE MATERIAL:

BAI # 38, June 20, 2023

BAI # 38, June 21, 2022

ATTACHMENTS INCLUDED AND/OR ON FILE:

On file with Clerk - Amendment No. 1 to Agreement No. 23-266 with Carelon

CAO ANALYST:

Ron Alexander