

December 4, 2018

Board of Supervisors  
County of Ventura  
800 South Victoria Avenue  
Ventura, CA 93009

**SUBJECT: Approval of, and Authorization for the Ventura County Behavioral Health (VCBH) Director or Designee to Sign, the Drug Medi-Cal Organized Delivery System Services (DMC-ODS) Substance Use Disorder (SUD) Services Agreements with Dennis M. Giroux & Associates, Inc. in the amount of \$322,013, HealthRIGHT 360 in the Amount of \$1,760,476, Khepera House in the Amount of \$652,086, and Tarzana Treatment Centers, Inc. in the Amount of \$533,675, Effective December 1, 2018 through June 30, 2019; Approval of, and Authorization for the VCBH Director or Designee to Sign, the DMC-ODS SUD Agreements for Narcotic Treatment Program Services with Aegis Treatment Centers, LLC in the Amount of \$3,900,000 and Western Pacific Med-Corp in the Amount of \$1,166,667, Effective December 1, 2018 through June 30, 2019; Ratification of Authorization of Services; Authorization for the VCBH Director or Designee to Amend the DMC-ODS Agreements to Revise or Add Language as Required by the Department of Health Care Services, Subject to County Counsel Review and Approval; Approval for the VCBH Director or Designee to Extend the Terms of the Agreements; and Authorization for the Auditor-Controller to Process Necessary Accounting Transactions; Requires 4/5ths vote for Recommendation 6.**

**RECOMMENDATIONS:**

1. Approval of, and Authorization for the Ventura County Behavioral Health (VCBH) Director or designee to sign, the Drug Medi-Cal Organized Delivery System (DMC-ODS) Substance Use Disorder (SUD) Services Agreements with Dennis M. Giroux & Associates, Inc. (DMG) (Exhibit 1), HealthRIGHT 360 (Exhibit 2), Khepera House (Khepera) (Exhibit 3) and Tarzana Treatment Centers, Inc. (Tarzana)

(Exhibit 4), effective December 1, 2018 through June 30, 2019, as summarized in the following table:

<b>Contractor</b>	<b>FY18-19 Current Contract Maximum 12 months</b>	<b>Proposed FY18-19 DMC-ODS Contract Maximum 7 Months Dec - June</b>	<b>Proposed FY 18-19 7 month annualized</b>	<b>FY18-19 Variance Over/(Under)</b>
DMG	\$270,000	\$322,013	\$552,022	\$282,022
Khepera	\$1,274,991	\$652,086	\$1,117,862	(\$157,129)
Tarzana	\$235,000	\$533,675	\$914,873	\$679,873
HealthRight	\$1,043,627	\$1,760,476	\$3,017,959	\$1,974,332
<b>Total</b>	<b>\$2,823,618</b>	<b>\$3,268,250</b>	<b>\$5,602,716</b>	<b>\$2,779,098</b>

2. Approval of, and Authorization for the VCBH Director or designee to sign, the DMC-ODS SUD Service Agreements for narcotic treatment program (NTP) services with Aegis Treatment Centers, LLC (Aegis) (Exhibit 5) and Western Pacific Med-Corp (Western Pacific) (Exhibit 6), effective December 1, 2018 through June 30, 2019, as summarized in the following table:

<b>Contractor</b>	<b>FY2018-19 Contract Maximum 12 months</b>	<b>Proposed FY18-19 DMC-ODS Contract Maximum 7 Months Dec – June</b>	<b>Proposed FY 18-19 7 month annualized</b>	<b>FY18-19 Variance Over/(Under)</b>
Aegis	\$6,207,500	\$3,900,000	\$6,685,714	\$478,214
Western Pacific	\$2,000,000	\$1,166,667	\$2,000,000	\$0

3. Ratification of VCBH's authorization of the provision of DMC-ODS services by the contractors for the period December 1, 2018 through December 3, 2018, pending approval of the agreements.
4. Authorization for the VCBH Director or designee to amend these DMC-ODS agreements to revise or add language applicable to DMC-ODS providers as required by the Department of Health Care Services (DHCS), subject to County Counsel review and approval.

5. Authorize the VCBH Director or designee to extend the term of each agreement, up to two times, for a period of no more than one year each, on the same or more favorable terms and conditions (with any change in the scope of work to be consistent with the original purpose of the contract), and at an amount that does not exceed the pro rata amount of (a) the contract amount and (b) any Board-approved increases made to the contract amount within fiscal year (FY) 2018-19. All extensions are subject to all necessary prior appropriations and other budgetary approvals by the Board.
6. Authorization for the Auditor-Controller to process the necessary accounting transactions in VCBH ADP Budget Unit 3220-3225 and 3227 (requires 4/5ths vote).

**Budget Unit 3220-3225 and 3227: ADP Alcohol and Drug Programs**

**3220-3225 Non-Residential**

Increase Services and Supplies	\$164,513
Increase Charges for Services	\$82,256
Increase Intergovernmental Revenue	\$82,257

**3220-3227 Residential**

Increase Services and Supplies	\$543,749
Increase Charges for Services	\$271,874
Increase Intergovernmental Revenue	\$271,875

**REASON FOR RATIFICATION:**

VCBH did not have sufficient time to seek Board approval for these agreements prior to December 1, 2018. VCBH is asking the Board to ratify the authorization of DMG, Khepera, HealthRIGHT 360, Tarzana, Aegis and Western Pacific to provide DMC-ODS services from December 1, 2018 through December 3, 2018, pending approval of these agreements.

**FISCAL/MANDATES IMPACT:**

**ADP Division #3220**

Mandatory: No [ ] Yes [X] Cite Authority: Department of Health Care Services Standard Agreement #18-95150

Source of Funding: Drug Medi-Cal Federal Financial Participation Funds-93.778 and State General Fund, Realignment, AB 109 Funds and Substance Abuse Prevention and Treatment Block Grant (SAPT)

Funding Match Required: No

Impact on Other Department(s): None

	<u>2018-2019</u>	<u>2019-2020</u>
Summary of Revenue and Total Costs		
Revenue:	\$708,262	\$5,602,716
Costs:		
Direct Cost	\$708,262	\$5,602,716
Indirect - Dept.	\$0	\$0
Total Costs	\$708,262	\$5,602,716
Net County Costs	\$0	\$0

FY 2018-19 Adopted Budget for ADP Division #3220				
	Adopted Budget	Adjusted Budget	Projected Actual	Estimated Savings/(Deficit)
Appropriations	\$22,407,770	\$22,407,770	\$22,407,770	\$0
Revenue	\$21,832,770	\$21,832,770	\$21,832,770	\$0
Net Cost	\$575,000	\$575,000	\$575,000	\$0

## DISCUSSION:

Over the past several-months, VCBH has been planning for the implementation of a new system of health care service delivery for Medi-Cal beneficiaries with a substance use disorder (SUD). The new service delivery, modeled after the American Society of Addiction Medicine (ASAM) criteria for SUD treatment services, is now referred to as the "Drug Medi-Cal Organized Delivery System" (DMC-ODS). With the new service delivery model, more beneficiaries can receive SUD services.

On October 30, 2018, your Board approved, and authorized the VCBH Director or designee to sign, the Standard Agreement (#18-95150) for DMC-ODS services with the Department of Health Care Services (DHCS), effective December 1, 2018 through June 30, 2021.

VCBH is now returning to your Board for the approval of the provider agreements related to the provision of DMC-ODS services. VCBH has contracted with these providers for the past several years to provide SUD, residential and NTP services. VCBH has been working with each provider to prepare them for the implementation and the new terms and conditions of the agreements.

## Recommendation #1

The proposed new agreements with DMG, Khepera, HealthRIGHT 360 and Tarzana include: (1) the addition of DMC-ODS requirements, (2) updates to Exhibit A (Program Description) related to DMC-ODS terminology and (3) updates to Exhibit B (Payment



Terms) related to treatment services based on ASAM levels of care. The contract maximums are based on the projected costs and units of services that the provider estimates to operate the program from December 1, 2018 through June 30, 2019.

VCBH recommends approval of, and authorization for the VCBH Director or designee to sign, the agreements with DMG in the amount of \$322,013, Khepera in the amount of \$652,086, HealthRIGHT 360 in the amount of \$1,760,476 and Tarzana in the amount of \$533,675, for the provision of DMC-ODS services, effective December 1, 2018 through June 30, 2019.

### **Recommendation #2**

VCBH contracts with Aegis and Western Pacific to provide NTP services to Medi-Cal beneficiaries. New agreements have been drafted as with the new service delivery model, these providers will be required to comply with DMC-ODS requirements in order to continue providing those services.

The proposed agreements with Aegis and Western Pacific include: (1) the addition of contract language related to DMC-ODS requirements, (2) updates to Exhibit A (Program Description) to include the addition of medications, (3) updates to Exhibit B (Payment Terms) rates and terms, including the deletion of the 5% withholding in Western Pacific's agreement. The contract maximum in the proposed agreement with Western Pacific is the pro rata equivalent of the contract maximum in the existing agreement. The contract maximum in the proposed agreement with Aegis is an increase to the existing agreement, as Aegis anticipates that the number of clients requiring services will continue to increase.

VCBH recommends approval of, and authorization for the VCBH Director or designee to sign, the agreements with Aegis in the amount of \$3,900,000 and Western Pacific in the amount of \$1,166,667 for the provision of NTP services, effective December 1, 2018 through June 30, 2019.

### **Recommendation #3**

On October 30, 2018, VCBH received approval of the DMC-ODS Standard Agreement with the DHCS. This agreement is the established mechanism for the County to receive federal and state allocated funds for the array of SUD services that will be provided under the new DMC-ODS waiver. DHCS is providing guidance on the new requirements specified in the agreement through various Mental Health Substance Use Disorder Services (MHSUDS) information notices and other feedback methods. To assist VCBH in timely responding to future DHCS/MHSUDS requirements or guidelines, VCBH requests authorization for the VCBH Director or designee to amend VCBH's DMC-ODS agreements to revise or add language applicable to DMC-ODS providers, as required by the DHCS, subject to County Counsel review and approval.

**Recommendation #4 - #6**

VCBH recommends ratification of the provision of DMC-ODS services for the period December 1, 2018 through December 3, 2018, pending your Board's approval of the proposed agreements.

VCBH recommends authorization for the VCBH Director or designee to extend the term of the agreements based upon the requirements outlined above.

To ensure funding is available to meet the increases in the above agreements, VCBH is recommending that your Board authorize the Auditor-Controller's Office to process the necessary accounting transactions to increase revenue and appropriations in the VCBH ADP Budget Unit 3220-3225 and 3220-3227.

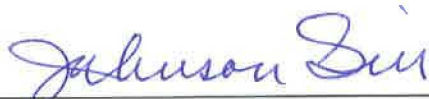
This Board letter has been reviewed by the County Executive Office, the Auditor-Controller's Office, and County Counsel. If you have any questions, please contact Sevet Johnson at (805) 981-1881



SEVET JOHNSON, PsyD  
Behavioral Health Director



NARCISA R. EGAN  
Assistant Chief Financial Officer



JOHNSON K. GILL  
Health Care Agency Director

**Attachments:**

- Exhibit 1 – Agreement with DMG for DMC-ODS SUD services
- Exhibit 2 – Agreement with Khepera for DMC-ODS SUD services
- Exhibit 3 – Agreement with HealthRIGHT 360 for DMC-ODS SUD services
- Exhibit 4 – Agreement with Tarzana for DMC-ODS SUD services
- Exhibit 5 – Agreement with Aegis for DMC-ODS SUD NTP services
- Exhibit 6 – Agreement with Western Pacific for DMC-ODS SUD NTP services