

**REPORT/RECOMMENDATION TO THE BOARD OF SUPERVISORS
OF SAN BERNARDINO COUNTY
AND RECORD OF ACTION**

June 9, 2026

FROM

JOSHUA DUGAS, Acting Director, Department of Behavioral Health

SUBJECT

Amendments to Contracts for Substance Use Disorder Narcotic Treatment Program Services

RECOMMENDATION(S)

1. Approve **Amendment No. 1** to contracts with the following agencies, for the provision of Substance Use Disorder Narcotic Treatment Program Services, updating standard contract language, increasing the combined contract amounts by \$5,432,474, from \$42,086,630 to \$47,519,104, with no change to the contract period of January 1, 2024 through December 31, 2027:
 - a. Aegis Treatment Centers, LLC, **Contract No. 24-409**, increasing the contract amount by \$3,751,504, from \$30,168,584 to \$33,920,088.
 - b. West Coast Health Care Services, Inc. dba Colton Clinical Services, **Contract No. 23-1360**, increasing the contract amount by \$1,680,970, from \$11,918,046 to \$13,599,016.
2. Authorize the Auditor-Controller/Treasurer/Tax Collector to post the necessary budget adjustments as detailed in the Financial Impact section (Four votes required).
(Presenter: Joshua Dugas, Acting Director, 252-5142)

COUNTY AND CHIEF EXECUTIVE OFFICER GOALS & OBJECTIVES

Promote and Fulfill the Countywide Vision.

Foster Sustainable Development Through Strategic Partnerships.

Provide for the Safety, Health and Social Service Needs of County Residents.

FINANCIAL IMPACT

Approval of this item will not result in the use of additional Discretionary General Funding (Net County Cost). The recommended increase of \$5,432,474 is needed due to higher costs per client under California Advancing and Innovating Medi-Cal (CalAIM) initiatives, as well as an anticipated increase in the number of clients receiving Substance Use Disorder (SUD) Narcotic Treatment Program (NTP) services.

The increase will be funded by \$4,889,226 (90%) in Federal Financial Participation Drug Medi-Cal (FFP) funding, and \$543,248 (10%) transferred from existing ongoing 2011 Realignment funding from Fund Center 9200001000 to Fund Center 1010571000, which will be backfilled with 1991 Realignment reserves.

Of the total increase, \$1,358,118 is required in 2025-26 and will be funded by \$1,222,306 from FFP funding, and \$135,812 transferred from existing ongoing 2011 Realignment funding, to be backfilled with 1991 Realignment.

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The remaining \$4,074,356 will be included in a future Department of Behavioral Health (DBH) 2026-27 budget adjustment request and 2027-28 recommended budget and funded by \$3,666,920 in FFP funding, and \$407,436 transferred from existing ongoing 2011 Realignment funding, to be backfilled with 1991 Realignment.

DBH requests the following adjustments to the 2025-26 budget:

Fund Center	Commitment Item	Description	Action	Amount
1010571000	52002445	Other Professional & Specialized Services	Increase	\$1,358,118
1010571000	40408855	Medi-Cal Inpatient	Increase	\$1,222,306
1010571000	40458711	Realignment 2011	Increase	\$135,812
9200001000	40458711	Realignment 2011	Decrease	\$135,812
9200001000	40458700	State Realignment Revenue	Increase	\$135,812
1169001010	40458700	State Realignment Revenue	Decrease	\$135,812
1169001010	40458702	Realignment Reserve (Budget)	Increase	\$135,812

Adequate appropriation and revenue will be included in the Department of Behavioral Health's (DBH) 2026-27 and 2027-28 recommended budgets.

BACKGROUND INFORMATION

DBH is responsible for providing mental health and SUD services to San Bernardino County (County) residents experiencing severe mental illnesses and/or SUD. Through its Substance Use Disorder and Recovery Services (SUDRS) division, DBH delivers a comprehensive continuum of SUD prevention, treatment, and education services to County communities. These services are facilitated via contracts with community-based organizations and County-operated clinics, to promote prevention, intervention, recovery, and long-term resiliency for individuals and their families.

DBH's continuum of care includes NTP services as an available treatment option for eligible clients. Within NTP, authorized providers supply Narcotic Replacement Therapy (NRT), an umbrella term that encompasses a variety of pharmacological and non-pharmacological treatments for SUD, to eligible County Medi-Cal beneficiaries at outpatient clinics. Treatment involves the use of methadone, a medication that helps satisfy the brain's need for opioids. This reduces cravings and supports a stable foundation for ongoing recovery for the client.

The California Department of Health Care Services (DHCS) is responsible for overseeing NTP licensing and requirements. Since 2002, Aegis Treatment Centers, LLC (Aegis) and West Coast Health Care Services, Inc. dba Colton Clinical Services (WCHS) have provided NTP services within the County, meeting all Drug Medi-Cal and DHCS licensure standards. These providers are currently the only agencies available to deliver these services to Medi-Cal beneficiaries in the County. These services are delivered in accordance with the requirements of Title 9, California Code of Regulations (CCR), Chapter 4, and Title 22 of the CCR and related directives as they pertain to Medi-Cal.

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On December 19, 2023 (Item No. 27), the Board of Supervisors (Board) approved Contract No. 23-1360, with WCHS in the amount of \$11,918,046, for the contract period of January 1, 2024 through December 31, 2027.

On May 21, 2024 (Item No. 21), the Board approved Contract No. 24-409, with Aegis in the amount of \$30,168,584, for the contract period of January 1, 2024 through December 31, 2027.

On December 16, 2025, (Item No. 29), the Board approved contract-amendment templates to update the provisional payment language in contracts with providers of specialty mental health and/or SUDRS to reflect a fee-for-service (FFS) payment methodology. As part of DHCS's CalAIM initiatives, DBH has shifted from cost-based reimbursement to FFS with eligible providers for Medi-Cal billable services, streamlining administrative processes to prioritize equitable health outcomes for all Californians.

In December 2025, DBH reviewed the finalized FFS rates and determined that, based on historical utilization patterns and recent provider cost data, providers had been reimbursed at levels below their actual costs. In addition, the new uniform FFS structure, developed using aggregated provider data from all DBH programs, further elevated costs for some programs, resulting in increased costs per client for DBH following the implementation of the FFS rates.

The requested \$5,432,474 increase will prevent service disruptions and ensure continued compliance with CalAIM requirements, including the required shift to FFS payment models under the Behavioral Health Payment Reform. Additionally, approval of the Recommendation will update standard language to include Behavioral Health Services Act requirements, effective July 1, 2026, and the Levine Act – Campaign Contribution Disclosure (formerly Senate Bill 1439).

During 2024-25, NTPs served:

- Approximately 1,693 unduplicated clients;
- Estimated cost of \$6,215 per client.

For 2026-27, DBH projects NTPs to serve:

- Approximately 1,782 unduplicated clients;
- Estimated cost of \$7,429 per client.

DBH will also implement mechanisms to regularly review 1) client service data and progress, conduct site visits and annual monitoring to ensure performance and compliance standards of the contract(s) are met; 2) applicable claims data and claims for reimbursement to ensure fidelity and accuracy of service billing and optimization of Medi-Cal reimbursement in alignment with contract terms and DHCS billing requirements; and 3) provider invoices administratively and programmatically to ensure client and/or bed counts are accurate prior to payment processing.

PROCUREMENT

N/A

REVIEW BY OTHERS

This item has been reviewed by Behavioral Health (Marianna Martinez, Administrative Supervisor II, 383-3940) on May 1, 2026; County Counsel (Dawn Martin, Deputy County Counsel, 387-5455) on May 14, 2026; Auditor-Controller/Treasurer/Tax Collector (Charlene

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Huang, Auditor-Controller Manager, 382-3035) on May 21, 2026; and County Finance and Administration (Iliana Rodriguez, Administrative Analyst, 386-8392) on May 26, 2026.

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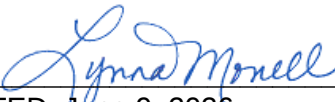
Record of Action of the Board of Supervisors
San Bernardino County

APPROVED (CONSENT CALENDAR)

Moved: Joe Baca, Jr. Seconded: Curt Hagman

Ayes: Col. Paul Cook (Ret.), Jesse Armendarez, Dawn Rowe, Curt Hagman, Joe Baca, Jr.

Lynna Monell, CLERK OF THE BOARD

BY 
DATED: June 9, 2026



cc: DBH - Rodriguez w/agrees
Contractor - c/o DBH w/agree
File - w/agree

CCM 06/25/2026