

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

April 21, 2026

FROM

JOSHUA DUGAS, Acting Director, Department of Behavioral Health

SUBJECT

Contract and Amendments for Early Intervention, Outpatient Treatment, Intensive Outpatient Treatment, and Recovery Services

RECOMMENDATION(S)

1. Approve **Contract No. 26-293** with VARP, Inc. for the provision of Early Intervention, Outpatient Treatment, Intensive Outpatient Treatment, and Recovery Services, in the amount of \$1,316,359, for the contract period of May 1, 2026, through June 30, 2027.
2. Approve amendments to contracts with the following agencies, effective July 1, 2026, for the provision of Early Intervention, Outpatient Treatment, Intensive Outpatient Treatment, and Recovery Services, updating standard contract language, increasing the aggregate amount by \$800,000, from \$3,200,000 to \$4,000,000, for clients referred by the Department of Children and Family Services in 2026-27:
 - a. High Desert Child, Adolescent and Family Services Center, Inc., **Amendment No. 5 to Contract No. 22-471**, with no change to the contract amount of \$3,897,773, or the contract period of July 1, 2022, through June 30, 2027.
 - b. Inland Behavioral and Health Services, Inc., **Amendment No. 4 to Contract No. 22-472**, with no change to the contract amount of \$1,685,950, or the contract period, of July 1, 2022, through June 30, 2027.
 - c. Inland Valley Drug and Alcohol Recovery Services dba Inland Valley Recovery Services, **Amendment No. 5 to Contract No. 22-473**, with no change to the contract amount of \$6,857,480, or the contract period of July 1, 2022, through June 30, 2027.
 - d. Social Science Services, Inc., dba Cedar House Life Change Center, **Amendment No. 4 to Contract No. 22-475**, with no change to the contract amount of \$1,530,295, or the contract period of July 1, 2022, through June 30, 2027.

(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

This item will not result in the use of additional Discretionary General Funding (Net County Cost). The recommended contract amount of \$1,316,359 with VARP, Inc. (VARP) for Early Intervention, Outpatient Treatment, Intensive Outpatient Treatment, and Recovery Services (EI-OT-IOT-RS) is funded by \$65,818 from the Transitional Assistance Department's California Work Opportunity and Responsibility to Kids funds; \$65,819 from Assembly Bill 109 funds;

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\$987,268 from the Federal Financial Participation Drug Medi-Cal Organized Delivery System funds; and \$197,454 from the federal Substance Abuse and Mental Health Services Administration’s Substance Use Prevention, Treatment, and Recovery Services Block Grant funds, passed through the California Department of Health Care Services. The recommended aggregate increase of \$800,000 for clients referred by the Department of Children and Family Services (CFS) for EI-OT-IOT-RS will be funded through a Memorandum of Understanding (MOU) with CFS. Adequate appropriation and revenue have been included in the Department of Behavioral Health’s (DBH) 2025-26 budget and will be included in the 2026-27 recommended budget.

BACKGROUND INFORMATION

DBH is responsible for providing mental health and substance use disorder (SUD) services to county residents experiencing severe mental illness and/or SUD. EI-OT-IOT-RS provides a comprehensive continuum of SUD prevention and treatment services for residents in the county. These services include preventive support for clients to identify potential substance use before it occurs, outpatient treatment for clients with a SUD, and recovery services that assist clients who have completed a treatment program.

On June 28, 2022 (Item No. 35), as the result of a formal procurement, the Board of Supervisors (Board) approved Contract No. 22-471 with High Desert Child, Adolescent and Family Services Center, Inc. (HDCAFSC) in the amount of \$2,290,745, Contract No. 22-472 with Inland Behavioral and Health Services, Inc. (IBHS) in the amount of \$1,685,950, Contract No. 22-473 with Inland Valley Drug and Alcohol Recovery Services dba Inland Valley Recovery Services (IVRS) in the amount of \$4,769,000, Contract No. 22-474 with Mental Health Systems Inc. (MHS) in the amount of \$3,153,700, and Contract No. 22-475 with Social Science Services, Inc. dba Cedar House Life Change Center (Cedar House) in the amount of \$1,530,295, to provide EI-OT-IOT-RS for a combined contract total of \$13,429,690 for the period of July 1, 2022 through June 30, 2027.

On July 1, 2020, CFS and DBH entered into the MOU allocating \$800,000 annually for EI-OT-IOT-RS, to be used for clients referred to DBH for treatment. On September 30, 2025, the MOU renewed for a five-year term from a retroactive start date of July 1, 2025, through June 30, 2030.

Through the collaborative MOU for Case Management and SUD Treatment between DBH and CFS, CFS clients can be screened for SUD services by a DBH Case Manager who is co-located in the CFS office. If it is determined that the client would benefit from treatment, the DBH Case Manager assists the client with enrollment into a treatment modality that will be best suited to their individual needs. The chart below outlines each amendment related to CFS aggregate increases:

Approval Date	Item No.	Providers	Amendment Nos.	CFS Aggregate Amount
May 23, 2023	25	HDCAFSC, IBHS, IVRS, MHS, Cedar House	1, 1, 1, 1, 1, respectively	\$1,600,000 (\$800,000 annual allocation for 2022-24)
June 11, 2024	36	HDCAFSC, IBHS, IVRS, Cedar House, CLARE MATRIX	3, 2, 3, 2, 1, respectively	\$800,000 (For 2024-25) for a total aggregate amount of \$2,400,000
March 25, 2025	15	HDCAFSC, IBHS,	4, 3, 4, 3, 2,	\$800,000 (For 2025-26) for

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		IVRS, Cedar House, CLARE MATRIX	respectively	a total aggregate amount of \$3,200,000
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On May 23, 2023 (Item No. 25), the Board approved Amendment No. 1 to Contract No. 22-473 with IVRS, which included an increase in the amount of \$57,000, from \$4,769,000 to \$4,826,000, with no change to the contract period of July 1, 2022, through June 30, 2027, in addition to the 2022-24 CFS aggregate funding.

On June 27, 2023 (Item No. 41), as a result of a formal procurement, the Board approved Contract No. 23-601 with CLARE|MATRIX in the amount of \$1,520,000, in addition to the 2022-24 CFS aggregate funding, for the contract period of July 1, 2023, through June 30, 2027.

Effective December 31, 2023, MHS terminated its contracts with the County, including Contract No. 22-474.

On May 7, 2024 (Item No. 21), the Board approved Amendment No. 2 to Contract No. 22-471 with HDCAFSC, increasing the total contract amount by \$810,465, from \$2,290,745 to \$3,101,210, with no change to the contract period of July 1, 2022, through June 30, 2027. Additionally, the Board approved Amendment No. 2 to Contract No. 22-473 with IVRS, increasing the total contract amount by \$938,693, from \$4,826,000 to \$5,764,693, with no change to the contract period of July 1, 2022, through June 30, 2027. These amendments prevented service disruptions after MHS exited the County by providing additional funding to IVRS and HDCAFSC to serve former MHS clients.

On March 25, 2025 (Item No. 15), the Board approved Amendment No. 4 to Contract No. 22-471 with HDCAFSC, increasing the total contract amount by \$796,563, from \$3,101,210 to \$3,897,773, with no change to the contract period of July 1, 2022, through June 30, 2027, in addition to the 2025-26 CFS aggregate funding. Additionally, Item No. 15 also included approval of Amendment No. 4 to Contract No. 22-473, with IVRS, increasing the total contract amount by \$1,092,787, from \$5,764,693 to \$6,857,480, with no change to the contract period of July 1, 2022, through June 30, 2027, in addition to the 2025-26 CFS aggregate funding.

A procurement for EI-OT-IOT-RS was reopened in response to a notification letter received by DBH on August 5, 2025, in which CLARE|MATRIX notified DBH that it would terminate its SUDRS contracts with the County effective September 30, 2025. The termination significantly impacted service availability in the County for EI-OT-IOT-RS. Reduced provider capacity, combined with increased service demands, has affected DBH's ability to meet timely access standards established by DHCS for EI-OT-IOT-RS clients. Upon approval, VARP will join HDCAFSC, IBHS, IVRS, Cedar House, and G and C Swan, Inc. (G & C Swan) as EI-OT-IOT-RS providers. This expanded provider network will strengthen service capacity and support compliance with DHCS's timely access standards.

Approval of the requested \$800,000 in additional aggregate funding is to be used by HDCAFSC, IBHS, IVRS, and Cedar House on a first-come, first-served basis for clients referred by CFS in 2026-27, with no effect on providers' individual contract maximums. VARP will not be part of the CFS aggregate funding pool because DBH administration determined CFS-provider allocations prior to VARP becoming an EI-OT-IOT-RS provider. DBH projects the following from the CFS aggregate increase:

- Approximately 679 CFS-referred clients;

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- Estimated cost of \$1,178 per client across all service modalities.

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 Substance Use Disorder and Recovery Services (SUDRS) to reflect a Fee-For-Service (FFS) payment methodology. As part of the California Department of Health Care Services (DHCS) California Advancing and Innovating Medi-Cal 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.

As a result of this transition, Amendment No. 5 to Contract No. 22-473 with IVRS will update provisional payment language to reflect the transition to the FFS-payment methodology. The provisional payment language for HDCAFSC, IBHS, Cedar House, and G & C Swan will be amended through the delegated authority process established by the Board on December 16, 2025 (Item No. 29). These amendments will be processed in the near future to ensure consistency with the updated payment methodology and contractual requirements. Additionally, approval of Recommendation No. 2 will also update standard contract language to include Behavioral Health Services Act compliance requirements, which will become effective July 1, 2026.

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

The Request for Proposals (RFP) No. DBHE22-ADMN-4401, released through the County’s Electronic Procurement Network, is an ongoing procurement that allows organizations to propose after the completion of the initial procurement. DBH initiated an ongoing procurement for EI-OT-IOT-RS under RFP DBH #21-106. The procurement was authorized via an Interoffice Memorandum from the Deputy Director of the SUDRS Division to DBH’s Contracts Development Unit.

Proposals were initially due October 29, 2025, and later extended to December 18, 2025, to allow additional submissions due to technical difficulties. Five providers submitted proposals by the deadline, all of which met the minimum requirements:

Proposing Agency	Proposed Service Region
VARP	East Valley/Central Valley Region
Addiction Therapeutic Services	Desert/Mountain Region (Barstow)
Michael’s House	Out of the County
Recover Medical Group P.C.	No Location/Region Specified
AvoNova Wellness, Inc.	West Valley Region

The evaluation committee, composed of DBH program staff, reviewed the proposals based on

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the criteria referenced in the RFP. The evaluation criteria included: ability to serve the target population, proposed program services and strategies, ability to service the necessary number of unduplicated participants, readiness to provide services, experience, staffing levels and qualifications, appropriateness of facility (in Geographic Service Option/area, proximity to mass transit, facility layout, laundry/shower facilities, etc.), and ability to serve specific geographic area.

Based on the aforementioned evaluation criteria, the committee determined VARP best met the needs of the County for EI-OT-IOT-RS and was awarded a contract to serve the East Valley/San Bernardino Metropolitan Region. Award and denial letters were sent to the above-listed proposers on January 7, 2026. No protests were received within the allowable periods.

REVIEW BY OTHERS

This item has been reviewed by Behavioral Health (Marianna Martinez, Administrative Supervisor II, 383-3940) on March 3, 2026; County Counsel (Charles Phan, Supervising Deputy County Counsel, 387-5455) on March 24, 2026; Purchasing (Jessica Barajas, Buyer II, 387-3375) on March 26, 2026; Children and Family Services (Adam Arentz, Administrative Supervisor II, 658-1108) on April 6, 2026; and County Finance and Administration (Iliana Rodriguez, Administrative Analyst, 386-8392) on April 6, 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: April 21, 2026



cc: DBH - Rodriguez w/agree
Contractor - c/o DBH w/agree
File - w/agree
MBA 04/22/2026