

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

September 9, 2025

FROM

GEORGINA YOSHIOKA, Director, Department of Behavioral Health

SUBJECT

Revenue Agreement with California Department of Health Care Services for the Substance Use Disorder and Recovery Services Drug Medi-Cal Organized Delivery System

RECOMMENDATION(S)

Approve **Revenue Agreement No. 25-661**, including non-standard terms, with California Department of Health Care Services (State Agreement No. 25-50110), for the Substance Use Disorder and Recovery Services Drug Medi-Cal Organized Delivery System services, funded under the “zero-dollar” methodology, wherein the revenue received is determined by actual services provided and not from a funding maximum during the term, effective July 1, 2025, through December 31, 2026.

(Presenter: Georgina Yoshioka, Director, 252-5142)

COUNTY AND CHIEF EXECUTIVE OFFICER GOALS & OBJECTIVES

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

Pursue County Goals and Objectives by Working with Other Agencies and Stakeholders.

FINANCIAL IMPACT

This item does not impact Discretionary General Funding (Net County Cost). The Revenue Agreement (Agreement) with California Department of Health Care Services (DHCS) for the Substance Use Disorder and Recovery Services (SUDRS) Drug Medi-Cal Organized Delivery System (DMC-ODS) is funded by Federal Financial Participation Drug Medi-Cal funds. Funding for the DMC-ODS program will be through the “zero-dollar” methodology of DHCS, wherein the dollar amount received by the Department of Behavioral Health (DBH) is determined by the actual services provided and not from a maximum set dollar amount per year during the term. Adequate appropriation and revenue have been included in DBH’s 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 San Bernardino County (County) residents experiencing severe mental illnesses and/or SUD. Through its SUDRS division, DBH offers a comprehensive range of SUD services through contracts with community-based organizations and County-operated clinics which provide services inclusive of prevention, treatment, wellness, and recovery for individuals and families.

The DMC-ODS program provides a full continuum of SUD treatment services which includes Withdrawal Management, Residential Treatment, Outpatient, Intensive Outpatient, and Recovery Services. Clients of these services may also receive case management and

**Revenue Agreement with California Department of Health Care
Services for the Substance Use Disorder and Recovery Services Drug
Medi-Cal Organized Delivery System
September 9, 2025**

medication-assisted treatment, as appropriate, to support engagement, retention, and long-term recovery. A network of 12 community-based organizations, supported by 20 contracts and nine County-operated clinics, provides services to adults and adolescents throughout the County.

On March 1, 2018, DBH opted into the DMC-ODS program and launched the DMC-ODS Plan for County residents. Benefits offered through the DMC-ODS program include providing a continuum of care modeled after the American Society of Addiction Medicine Criteria® for SUD treatment services, which includes increased local control and accountability, greater administrative oversight, utilization controls to improve care and efficient use of resources, evidence-based practices in SUD treatment, and increased coordination with other systems of care.

On December 19, 2023 (Item No. 28), the Board of Supervisors approved Revenue Agreement No. 23-1361 (State Agreement No. 23-30118) with DHCS for SUDRS DMC-ODS in the total amount of \$260,750,000 for the period of July 1, 2023, through June 30, 2027.

On April 1, 2025, DHCS issued a formal cancellation notice for Revenue Agreement No. 23-1361 (State Agreement No. 23-30118) effective June 30, 2025. DHCS cancelled the previous agreement due to DHCS transitioning to a new “zero-dollar” funding methodology.

The new Agreement will allow more flexibility in the provision of SUD treatment services, reducing the administrative burden and allowing for the focus to remain on providing treatment services. This increased flexibility is anticipated to increase the cost associated with the provision of services which will be able to be done as needed rather than being hindered by funding maximums, thus preventing the use of historical expenditures as projections.

Between 2024-25, DBH SUDRS provided SUD treatment to 5,714 unduplicated members through the DMC-ODS continuum of care. Of those served, 25% had a co-occurring disorder and received concurrent mental health and SUD services. In total, 8,622 treatment episodes were delivered, encompassing 493,795 individual service components.

DBH is requesting retroactive approval of the recommended Agreement with DHCS as the Agreement was not received until July 16, 2025. This is the first date available after the required DBH program, fiscal, administrative, and legal reviews. Approval of this item will ensure uninterrupted delivery of SUD treatment services under DMC-ODS, consistent with state and federal requirements.

The Agreement with DHCS contains non-standard County terms as follows:

1. The Agreement does not include certain standard County insurance requirements, including that the County be named as an additional insured.
 - The County standard contract requires contractors to carry appropriate insurance at limits and under conditions determined by the County’s Risk Management Department.
 - Potential Impact: Without being named as an additional insured, the County may be prohibited from submitting a legitimate claim against the policies of DHCS, which could result in expenses that exceed the total Agreement amount.
2. There is no stated venue in the Agreement.

**Revenue Agreement with California Department of Health Care
Services for the Substance Use Disorder and Recovery Services Drug
Medi-Cal Organized Delivery System
September 9, 2025**

- The County standard contract requires the venue of any disputes to be in the San Bernardino County Superior Court.
 - Potential Impact: DHCS is based out of Sacramento. Without an express provision on venue in the Agreement, in the event a claim arises, DHCS could pursue its claim against the County in Sacramento County, which may result in fees and expenses to the County that might not have been incurred if the action was filed in San Bernardino.
3. The County may not terminate the Agreement with or without cause.
- The County standard contract permits the County to terminate the contract at any time without cause with 30 days' written notice.
 - Potential Impact: The County is unable to terminate the Agreement with or without cause.

DBH will also implement mechanisms to regularly review 1) client service data and progress, including site visits and annual monitoring, if applicable, to ensure performance and compliance standards of the contract 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 (Diana Barajas, Acting Contracts Supervisor, 388-0862) on July 30, 2025; County Counsel (Dawn Martin, Deputy County Counsel, 387-5455) on August 4, 2025; Risk Management (Gregory Ustaszewski, Staff Analyst, 386-9008) on August 4, 2025; and County Finance and Administration (Allegra Pajot, Administrative Analyst, 388-0218) on August 20, 2025.

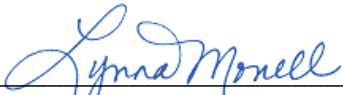
**Revenue Agreement with California Department of Health Care
Services for the Substance Use Disorder and Recovery Services Drug
Medi-Cal Organized Delivery System
September 9, 2025**

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: September 9, 2025



cc: DBH - Rodriguez w/agree for sign
Contractor - c/o DBH w/agree
File - w/agree
CCM 09/10/2025