COUNTY OF SAN DIEGO

AGENDA ITEM

BOARD OF SUPERVISORS

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Third District

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Fourth District

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Fifth District

DATE: **August 26, 2025** **25**

TO: Board of Supervisors

SUBJECT

RECEIVE UPDATE ON SUBSTANCE USE DISORDER OPTIMAL CARE PATHWAYS MODEL, AUTHORIZE AND ADOPT A RESOLUTION TO APPLY FOR THE BOND BEHAVIORAL HEALTH CONTINUUM INFRASTRUCTURE PROGRAM, AUTHORIZE EXPANDED USE OF BEHAVIORAL HEALTH BRIDGE HOUSING GRANT FUNDS, AUTHORIZE AGREEMENTS WITH THE DEPARTMENT OF HEALTH CARE SERVICES, AND AUTHORIZE DESIGNATION OF MEDICAL PROFESSIONALS TO PERFORM FUNCTIONS PURSUANT TO SECTIONS 5150 AND 5585.50 OF THE WELFARE AND INSTITUTIONS CODE (DISTRICTS: ALL)

OVERVIEW

On March 4, 2025 (1), the San Diego County Board of Supervisors (Board) held a Board Conference and received information from the County of San Diego (County) Health and Human Services Agency, Behavioral Health Services on the Substance Use Disorder Optimal Care Pathways (SUD OCP) model. Building on the original Mental Health OCP model, the SUD OCP model seeks to increase capacity within the substance use system of care to improve access to treatment and support services for Medi-Cal beneficiaries by identifying additional capacity needs to improve care pathways for people with substance use conditions. The March 4, 2025 Board Conference presented background on the SUD OCP model and a high-level analysis of capacity needed to achieve an ideal future state. Today's action requests the Board receive an update on all activities to date including actions that have enhanced capacity across substance use treatment services.

Additionally, today's action requests the Board authorize a Resolution to apply for Round 2 of Behavioral Health Continuum Infrastructure Program funding that, if awarded, would further expand access to substance use treatment services. The action also requests the Board authorize the expanded use of Behavioral Health Bridge Housing funding to include increased access to short-term bridge housing, and authorize agreements with the Department of Health Care Services for the Drug Medi-Cal Organized Delivery System and Mental Health Plan.

On September 10, 2019 (9), the Board approved a resolution authorizing certain medical professionals to perform functions under California Welfare & Institutions Code Sections 5150 and 5585.50. To align with expanded hold criteria under Senate Bill 43, today's action requests the Board authorize the Director of Behavioral Health Services to update and revise the criteria for

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determining who can perform functions under California Welfare & Institutions Code Sections 5150 and 5585.50. Such revisions would focus on optimizing operations and improving the flow of patients from emergency departments to appropriate treatment settings.

These actions support the County vision of a just, sustainable, and resilient future for all, specifically those communities and populations in San Diego County that have been historically left behind, as well as our ongoing commitment to the regional *Live Well San Diego* vision of healthy, safe, and thriving communities. This will be accomplished through further strengthening the continuum of behavioral health services by expanding substance use disorder care in San Diego County and updating the guidelines that support these critical services.

RECOMMENDATION(S)
CHIEF ADMINISTRATIVE OFFICER

1. Receive the update on the Substance Use Disorder Optimal Care Pathways model.
2. Pursuant to Board Policy B-29, authorize the Deputy Chief Administrative Officer, Health and Human Services Agency, or designee, to submit a Bond Behavioral Health Continuum Infrastructure Program (BHCIP) Round 2: Unmet Needs competitive grant application to support behavioral health capital infrastructure, including substance use and/or mental health services.
3. Adopt a Resolution entitled A RESOLUTION OF THE SAN DIEGO COUNTY BOARD OF SUPERVISORS AUTHORIZING APPLICATION TO AND PARTICIPATION IN THE BEHAVIORAL HEALTH CONTINUUM INFRASTRUCTURE PROGRAM ("BHCIP") to authorize the Deputy Chief Administrative Officer, Health and Human Services Agency, to execute the Bond BHCIP Round 2: Unmet Needs competitive grant application, program funding agreement, and related documents.
4. Authorize expanded utilization of one-time Behavioral Health Bridge Housing Round 1 grant funding accepted by the Board on July 18, 2023 (15) to include short-term bridge housing for individuals experiencing homelessness and living with serious mental illness and/or substance use conditions, and authorize the Deputy Chief Administrative Officer, Health and Human Services Agency, or designee, to execute all required documents, upon receipt, including any annual extensions, amendment, or revisions that do not materially impact or alter the services.
5. Approve and authorize the Deputy Chief Administrative Officer, Health and Human Services Agency, or designee, to execute the Drug Medi-Cal Organized Delivery System (DMC-ODS) Intergovernmental Agreement with the California Department of Health Care Services with an effective date of July 1, 2025, to December 31, 2026. Approve and authorize the Deputy Chief Administrative Officer, Health and Human Services Agency,

or designee, to execute future amendments, extensions and renewals to the DMC-ODS Intergovernmental Agreement with the California Department of Health Care Services.

6. Approve and authorize the Deputy Chief Administrative Officer, Health and Human Services Agency, or designee, to execute the Standard Agreement for the Mental Health Plan with the California Department of Health Care Services with an effective date of July 1, 2025, to December 31, 2026. Approve and authorize the Deputy Chief Administrative Officer, Health and Human Services Agency, or designee, to execute future amendments, extensions and renewals to the Standard Agreement for the Mental Health Plan with the California Department of Health Care Services.
7. Pursuant to California Welfare & Institutions Code Section 5121 and notwithstanding prior Board related actions, authorize the Director of Behavioral Health Services or designee to develop and update as needed procedures for the County of San Diego's designation and training of professionals who will be designated to perform functions under California Welfare & Institutions Code Sections 5150 and 5585.50.

EQUITY IMPACT STATEMENT

The County of San Diego (County) Health and Human Services Agency, Behavioral Health Services (BHS) is the delivery system for substance use care for Medi-Cal eligible residents, aiming to ensure services are accessible, culturally responsive, aligned with the needs of diverse populations, and equitably distributed to reach those most in need. Expanding capacity through the Substance Use Disorder Optimal Care Pathways (SUD OCP) model is a critical step toward delivering client-centered, evidence-based care that is responsive to communities disproportionately affected by substance use.

According to data from the California Department of Health Care Access and Information, in 2023, there were 16,521 discharges from San Diego County emergency departments with a primary diagnosis of substance use disorder, with rates significantly higher among Non-Hispanic Black residents and individuals living in lower income ZIP Codes. Additionally, data from the National Survey on Drug Use and Health highlights a persistent treatment gap. In 2023, an estimated 19% of the United States population needed substance use treatment in the past year, yet only 1 in 4 received treatment, with young adults between the ages of 18 to 25 and individuals who identified as Non-Hispanic American Indian/Alaska Native or Multiracial reporting the greatest need for substance use treatment.

Locally, the SUD OCP model aims to close these treatment gaps and strengthen the capacity of the County’s substance use system of care, advancing health equity given the longstanding disparities in substance use outcomes across our communities. It is aligned with the BHS vision to achieve a transformational shift from a model of behavioral health care driven by crises to one

driven by chronic or continuous care and prevention. This is achieved through the equitable distribution and coordination of resources to keep people connected, stable, and healthy.

SUSTAINABILITY IMPACT STATEMENT

Today's actions support the County of San Diego (County) Sustainability Goal #2 to provide just and equitable access to County services. The Substance Use Disorder Optimal Care Pathways (SUD OCP) model aims to expand access to substance use treatment by building a more integrated system of care to ensure that services reach historically underserved communities. These actions also support Sustainability Goal #4 to protect the health and well-being of everyone in the region. By shifting the focus from crisis-driven services to prevention and ongoing care, the SUD OCP model promotes long-term rehabilitation and reduces strain on emergency services, creating a more sustainable system of care.

FISCAL IMPACT

Recommendation 1

There is no fiscal impact associated with these recommendations. There will be no change in net General Fund costs and no additional staff years.

Recommendations 2 and 3

There is no fiscal impact associated with these recommendations. Due to the unknown costs that may impact capital projects from new federal policies, the initial estimate for this project is ranging from $120 - $150 million. If grant funding is awarded, the department will return to the San Diego County Board of Supervisors (Board) at a future date with additional recommendations for consideration and approval. At this time, there will be no change in net General Fund cost and no additional staff years.

Recommendation 4

Funds for this request are included in the Fiscal Year 2025-27 Operational Plan in the Health and Human Services Agency for the provision of short-term bridge housing for individuals experiencing homelessness and living with serious mental illness and/or substance use conditions. If there are any future fiscal impacts associated with this recommendation, the department will return to the Board with additional recommendations for consideration and approval. At this time, there will be no change in net General Fund costs and no additional staff years.

Recommendations 5 and 6

Funds for this request are included in the Fiscal Year 2025-27 Operational Plan in the Health and Human Services Agency to support the operationalization of the agreements with DHCS to provide services to Medi-Cal Specialty Mental Health and Drug Medi-Cal clients. The agreements

authorize reimbursement of costs incurred when providing services to clients. All eligible county claims will be reimbursed in accordance with the terms of the contract and applicable law. There is approximately revenue of up to $197.0 million in Drug Medi-Cal and $311.5 million in Short Doyle Medi-Cal budgeted in Fiscal Year 2025-26 to support estimated activities as it relates to services provided on behalf of these agreements. The funding source is the California Department of Health Care Services. There will be no change in net General Fund cost and no additional staff years.

Recommendation 7
There is no fiscal impact associated with this recommendation. There will be no change in net General Fund costs and no additional staff years.

BUSINESS IMPACT STATEMENT
N/A

ADVISORY BOARD STATEMENT
On August 7, 2025, the Behavioral Health Advisory Board approved these recommendations.

BACKGROUND
On March 4, 2025 (1), the San Diego County Board of Supervisors (Board) held a Board Conference and received information from the County of San Diego (County) Health and Human Services Agency, Behavioral Health Services (BHS) on the Substance Use Disorder Optimal Care Pathways (SUD OCP) model. This model seeks to increase capacity within the substance use system of care to improve access to treatment and support services for Medi-Cal beneficiaries.

The SUD OCP model identifies the optimal service levels and capacity needed to more effectively meet the needs of beneficiaries by using a combination of local and national data, along with best practice research. This model responds to the unique challenges of substance use in a manner that is client-centered, community-based and grounded in evidence-based practices. Though not inclusive of all substance use care options, expanding the identified services will be the most impactful in helping people connect to sustainable care throughout their lives. Based on the SUD OCP model, BHS is taking action to build substance use capacity within the following areas to support a more optimally designed continuum of care. As directed by the Board at the March 4, 2025 (1) conference, today's action provides an update on all activities to date.

Transitional Support
Transitional Support provides short-term care for adults who no longer require hospitalization but need continued recovery support as they reintegrate back into the community. In July 2025, a total

of 25 new recuperative care beds in Escondido (North Inland Region) began providing services. These services are geared to the needs of adults with serious behavioral health conditions and complex medical needs who are Medi-Cal eligible or are transitioning from hospital settings to appropriate care environments. In addition, eight recuperative care beds are anticipated to become operational in El Cajon (East Region) by September 2025. Additionally, 16 recuperative care beds will be located within the County-owned Substance Use Residential and Treatment Services (SURTS) facility, estimated to complete renovation in Summer 2026.

Planning is underway for the development of peer crisis respite services. These services provide short-term, trauma-informed residential services for individuals experiencing a behavioral health crisis with a focus on engagement, stabilization, and diversion from higher levels of care. Peer respite staff include peer support specialists who are trained in crisis support through the lens of their own lived experience. This service model is backed by evidence demonstrating success in diversion from higher levels of care. BHS will return to the Board with future recommendations.

Substance Use Residential Care
The SURTS facility will also add 73 new substance use residential treatment beds to the regional behavioral health system capacity. These beds, anticipated to come online late 2026, will provide a safe, supportive environment for people to live while they address their use of drugs or alcohol. Services include therapy, medical support, activities to improve health and well-being, medication-assisted treatment (MAT), and withdrawal management. Renovations at the SURTS facility began in January 2025 and have progressed steadily, including major structural work, utility and infrastructure upgrades.

Substance Use Outpatient Care
Substance Use Outpatient Care provides community-based treatment and recovery support services. BHS has significantly increased access to this type of care by increasing MAT and ambulatory withdrawal management (AWM) services. MAT combines the use of medications, counseling, and therapeutic interventions to treat substance use disorders (SUD) and prevent opioid overdose. Over the past fiscal year, availability of MAT services increased by 67% with four new contracted providers offering on-site treatment, bringing the total to 10. Seven additional sites provide community-based linkages. AWM is a clinical-based service that provides medically supervised evaluation and management of withdrawal symptoms for individuals with SUD. BHS provided 506 new AWM slots this past fiscal year, increasing capacity by over 200%, and bringing the total capacity to 973 slots. An additional 446 slots are anticipated to be implemented by next fiscal year.

Additionally, a total of 100 new narcotic treatment program (NTP) slots have been added. NTP combines behavioral therapy with medication-assisted treatment for people with an Opioid Use Disorder. In November 2024, 50 new NTP slots were added within the Revive Pathway program in El Cajon, which is owned by the Viejas Band of Kumeyaay Indians. In April 2025, 50 additional NTP slots were added to the Revive Pathway program, bringing the total to 250, and planning is underway to explore further expansion.

Infrastructure Grants (Recommendations 2 and 3)
In March 2024, California voters passed Proposition 1 that includes the Behavioral Health Services Act and the Behavioral Health Infrastructure Bond Act of 2023. Funds from the bonds were allocated through competitive grants for facilities that provide behavioral health treatment in residential settings. On July 16, 2024 (22), the Board authorized the submission of two Bond Behavioral Health Continuum Infrastructure Program (Bond BHCIP) Round 1 grant applications. In May 2025, BHS received a notice of award, totaling $28.8 million. This includes $21.1 million for the SURTS facility, which will establish 89 beds –16 recuperative care beds and 73 substance use residential beds – as outlined above. The Board authorized acceptance of these funds on June 3, 2025 (5).

Locally, four community-based behavioral health providers also received Bond BHCIP funds to add substance use treatment capacity to the region.

- Epidaurus will add 40 new adult residential substance use treatment beds in Vista, including those with justice involvement. This project is anticipated for completion in Fall 2029.
- Inner-Tribal Treatment will add 60 new adult residential substance use treatment beds and 500 new outpatient slots in Pauma Valley. This project is anticipated for completion in Fall 2027.
- McAlister Institute for Treatment & Education will add 50 new substance use residential treatment beds for adults and transition age youth, inclusive of withdrawal management, and co-located with 1,500 slots that will provide outpatient services and sobering services. The project is slated to open in Spring 2026.
- Palomar Health Foundation will add 120 inpatient beds in Escondido, along with hospital-based outpatient withdrawal management services. The project is anticipated for completion in Spring 2027.

In total, $157.8 million in Bond BHCIP funding was awarded to five projects, adding roughly 343 new residential and inpatient substance use beds, and over 2,000 new outpatient treatment slots for people with substance use conditions who are Medi-Cal eligible. Building on the momentum and success of Round 1, BHS is preparing to further expand treatment capacity through a second round

of Bond BHCIP funding due on October 28, 2025. This effort would expand access to substance use and mental health services for Medi-Cal members through the development of a potential new Behavioral Health Wellness Campus. Today's action requests the Board to authorize the submission of a Bond BHCIP Round 2 grant application. This application aligns with BHS strategy to close service gaps, increase treatment availability, and strengthen infrastructure for individuals with mental health and SUD across the region. If approved and awarded, BHS will return at a later time to request Board authority to accept the grant funds.

Housing Resources: Short-Term Bridge Housing (Recommendation 4)
BHS remains steadfast in its commitment to identifying and expanding housing resources, with a particular focus on short-term bridge housing and recovery residences. Short-term bridge housing provides temporary, stable accommodations for individuals transitioning out of crisis situations or homelessness while they work towards securing permanent housing.

On July 18, 2023 (15), the Board authorized the acceptance of $44.3 million of Behavioral Health Bridge Housing (BHBH) Round 1 grant funds to increase capacity within licensed adult and senior residential care facilities, also referred to as licensed board and care facilities, as outlined within the Mental Health OCP model. Through the BHBH grant, the County awarded $16.7 million to nine providers to increase capacity by 298 board and care slots. The remaining $27.6 million in grant funding must still be spent by June 30, 2027.

Today's action requests the Board authorize expanded use of BHBH Round 1 grant funds, in alignment with State guidance, to support short-term bridge housing for individuals experiencing homelessness and living with serious mental illness and/or substance use conditions. BHS estimates $6.0 million of BHBH Round 1 funds will support access to short-term bridge housing, resulting in approximately 121 new short term bridge beds. This flexibility allows the County to maximize the use of the BHBH grant funds by June 30, 2027.

Increased Access and Capacity
Alongside efforts to expand bridge housing, BHS has advanced initiatives to increase access to recovery residences for individuals with substance use conditions. On December 5, 2023 (24), the Board authorized funding to expand access to recovery residence housing for adults with substance use conditions who are unhoused and enrolled in treatment. In March 2024, BHS amended provider contracts to include these one-time funds for use beginning March 1, 2024. As of April 2025, the funds have supported more than 3,100 additional people accessing stable housing linked to treatment and recovery support.

Lastly, to build out substance use inpatient capacity for those that meet Senate Bill 43 criteria, effective January 1, 2025, BHS provided capacity for Chemical Dependency Recovery Hospital (CDRH) beds to an existing inpatient contract. CDRH services provide 24-hour inpatient care for adults who are Medi-Cal eligible and are experiencing alcohol and/or substance use dependency. Services include counseling, group therapy, physical conditioning, family therapy, outpatient services, and dietetic services. In addition, on April 8, 2025 (16), the Board authorized a Request for Statement of Qualifications, which is expected to be released Fall 2025, to provide up to 22 additional voluntary CDRH beds.

Enhancing Sustainability through Payment Reform
As part of BHS ongoing efforts to strengthen the behavioral health system and improve access to care, key initiatives have been implemented to modernize reimbursement structures and expand inpatient treatment capacity for individuals with SUD. In July 2023, BHS implemented Behavioral Health Payment Reform, which enhances provider reimbursement models and fundamentally changes the way Medi-Cal service providers are reimbursed for the care they provide. Although still early in the implementation phase, Behavioral Health Payment Reform has enabled BHS to establish more equitable reimbursement rates for substance use providers, to support system enhancements and continue capacity expansion.

As system capacity is built, the need for ongoing care and strong connections across the levels of care continues to be a priority. Due to the complex and chronic nature of substance use conditions, robust care management is essential to support individuals in transitioning seamlessly between different levels of care. To ensure long-term success, people need access to care where they are provided continuous support throughout their recovery. However, ongoing State and federal funding present challenges to sustaining this expanded system. Last year, Medi-Cal funding covered 70% of costs within the substance use system; therefore, any significant loss of Medi-Cal funding will impact the ability to implement and sustain expansion of services.

Expanding Care Agreements (Recommendations 5 and 6)
The SUD OCP model works alongside the Drug Medi-Cal Organized Delivery System (DMC-ODS) which maintains and expands the San Diego County SUD specialty system of care, integrating SUD specialty care with the mainstream healthcare system to improve access to services and provide better outcomes. DMC-ODS transformed the SUD system to better serve individuals with SUD by integrating evidence-based care to support recovery. Additionally, DMC-ODS implementation enabled more local control and accountability and provided greater administrative oversight. The Board last approved the execution of the DMC-ODS Intergovernmental Agreement on November 7, 2023 (31). A new Intergovernmental Agreement is required to reflect revised revenue amounts allocated by the State and to accept funding.

Additionally, to provide Medi-Cal Specialty Mental Health Services in San Diego County, the Board has approved Standard Agreements with the California Department of Mental Health, now the Department of Health Care Services (DHCS) since July 21, 1998 (27), and most recently on September 25, 2018 (6). The Standard Agreement for the Mental Health Plan (MHP) specifies the federal and State service requirements that counties must meet to be able to claim Federal Financial Participation revenue for services like rehabilitative mental health, targeted case management, psychiatric services, and Early and Periodic Screening, Diagnosis, and Treatment.

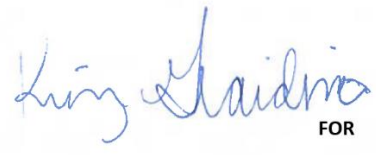
Today's actions request the Board authorize the DMC-ODS Intergovernmental Agreement and the Standard Agreement for the MHP with the DHCS, from July 1, 2025, through December 31, 2026, and approve and authorize future amendments, extensions and renewals of the contracts.

Revising Qualified Professionals with Involuntary Detention Powers (Recommendation 7)
The Lanterman-Petris-Short (LPS) Act (California Welfare and Institutions Code Section 5000 *et seq*.) provides a procedure for the involuntary detention for evaluation and treatment of persons who constitute a danger to themselves, or others, or are gravely disabled. On September 10, 2019 (9), the Board approved a resolution authorizing the Local Mental Health Director to redefine which professionals could be designated with involuntary detention powers. Today's action requests the Board authorize the Director of Behavioral Health Services to update and revise the criteria for determining who can perform functions under California Welfare & Institutions Code Sections 5150 and 5585.50. These revisions would allow for the approval of emergency department staff at general acute care hospitals and behavioral health staff at LPS-designated facilities to initiate 5150 holds, in order to optimize operations and improve the flow of patients from emergency departments to appropriate treatment settings, due to the expanded hold criteria under Senate Bill 43.

LINKAGE TO THE COUNTY OF SAN DIEGO STRATEGIC PLAN
Today's proposed actions support the County of San Diego 2025-2030 Strategic Plan Initiatives of Equity (Health) and Community (Quality of Life) by providing necessary resources and infrastructure needed to ensure individuals with behavioral health needs have the best possible outcomes.

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Respectfully submitted,



EBONY N. SHELTON
Chief Administrative Officer

ATTACHMENT(S)
Attachment A: A RESOLUTION OF THE SAN DIEGO COUNTY BOARD OF SUPERVISORS AUTHORIZING APPLICATION TO AND PARTICIPATION IN THE BEHAVIORAL HEALTH CONTINUUM INFRASTRUCTURE PROGRAM ("BHCIP")