COUNTY OF SAN DIEGO

AGENDA ITEM

BOARD OF SUPERVISORS

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Second District

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Third District

MONICA MONTGOMERY STEPPE
Fourth District

JIM DESMOND
Fifth District

DATE: **March 24, 2026**

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TO: Board of Supervisors

SUBJECT

AUTHORIZE AMENDMENT TO EXTEND EXISTING BEHAVIORAL HEALTH ADMINISTRATIVE SERVICES ORGANIZATION CONTRACT (DISTRICTS: ALL)

OVERVIEW

The County of San Diego (County) Behavioral Health Services (BHS) department contracts an administrative services organization (ASO) to provide specialized and technical operational support services that assist with maintaining BHS requirements to function as a specialty behavioral health plan. On August 4, 2015 (4), the San Diego County Board of Supervisors (Board) authorized the competitive solicitation of an ASO for these services. Since then, the Board has approved two contract extensions to support new requirements related to implementation of the Drug Medi-Cal Organized Delivery System, CalAIM, and actions aligned with payment reform, among others.

The current ASO contract is with United Behavioral Health (dba Optum) and provides required specialized infrastructure, technical expertise, and dedicated resources that support BHS' foundational and evolving behavioral health plan administrative needs. ASO services include:

- Clinical management services,
- 24/7 Behavioral Health Access and Crisis Line (ACL),
- Utilization management services,
- Management of the BHS contracted fee-for-service provider network,
- Claims and billing support for in- and out-of-network providers and facilities,
- Management information system support services,
- Credentialing and Medi-Cal provider enrollment services.

Also presented today, a separate item brings forward a recommendation to the Board that, if approved, will initiate a comprehensive, multi-phase restructuring of BHS that will reshape internal processes, business lines, staffing, and administrative requirements, to ensure BHS optimizes its operational structure as a specialty care health plan. **This restructuring will have significant impact on the scope and domains of the future ASO contract.**

Today's action recommends the Board authorize an extension of the current contract up to June 30, 2030, and up to an additional six months, if needed, to allow operational continuity of the ASO,

while concurrent actions advance the transformation of BHS into a standalone department further described below. Extending the ASO contract allows BHS to develop a scope of work reflective of new policy changes and evolving organizational changes, while minimizing compliance and fiscal risks as organizational roles and responsibilities are realigned. This will ensure the future ASO solicitation reflects realistic contractual scope, inclusive of service levels, staffing expectations, and budget requirements. It also maintains critical support to the network and preserves institutional knowledge during the transition.

RECOMMENDATION(S)
CHIEF ADMINISTRATIVE OFFICER

1. In accordance with Board Policy A-87, Competitive Procurement, and Administrative Code Section 401, authorize the Director, Department of Purchasing and Contracting to amend and extend contract #553848 with United Behavioral Health (dba Optum) for the behavioral health administrative services organization up to June 30, 2030, and up to an additional six months if needed; subject to the availability of funds; and to amend the contract as required to reflect changes to services and funding allocations, subject to the approval of the Director, Behavioral Health Services.

EQUITY IMPACT STATEMENT
The County of San Diego (County) Behavioral Health Services (BHS) is the delivery system for mental health and 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.

In 2023, nearly one in three San Diegans were eligible for Medi-Cal. Among Hispanic/Latino residents, Medi-Cal eligibility was the highest, at 38% in 2023. For these Medi-Cal eligible residents who experience SMI or have a substance use care need, BHS offers County-operated and BHS-contracted programs that address the social determinants of health by being accessible, capable of meeting the needs of diverse populations, and culturally responsive with the intent to equitably distribute services to those most in need.

In doing so, BHS strives to reduce behavioral health inequities, identifying needs and designing services in a manner most impactful, equitable, and that will yield meaningful outcomes for those served. The services described in today's recommendations are vital for BHS to continue to provide access to treatment and care for populations who are underserved by social and behavioral health resources.

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, and Sustainability Goal #4 to protect the health and wellbeing of everyone in the region. This will be achieved by ensuring that critical behavioral health services are accessible, culturally responsive, and aligned with the needs of the most vulnerable communities. Today's action promotes the health and wellbeing of Medi-Cal eligible residents by helping to maintain a comprehensive continuum of mental health and substance use services that are tailored to meet the needs of historically underserved populations.

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FISCAL IMPACT
TBD

BUSINESS IMPACT STATEMENT
N/A

ADVISORY BOARD STATEMENT
At their regular meeting on March 5, 2026, the Behavioral Health Advisory Board voted to _____ the recommendations on consent.

BACKGROUND
The County of San Diego (County) Behavioral Health Services (BHS) operates as a behavioral health specialty Pre-Paid Inpatient Plan (PIHP) under contract with the Department of Health Care Services (DHCS). Under this contractual agreement, BHS is required to meet DHCS mandates, Centers for Medicare and Medicaid Services (CMS) Federal regulations, and various reform and initiative requirements. To meet these state and Federal compliance standards, BHS contracts with an administrative services organization (ASO) to provide administrative and operational support requiring specialized systems and expertise.

- On August 4, 2015 (4), the San Diego County Board of Supervisors (Board) authorized the competitive solicitation of an ASO to provide countywide clinical management and administrative services for the behavioral health system.
- On March 27, 2018 (2) the Board authorized extending the current ASO contract with United Behavioral Health (dba Optum) through June 30, 2024, to support administrative requirements of the Drug Medi-Cal Organized Delivery System (DMC-ODS) implementation that created new and expanded substance use disorder services and increased program standards and oversight.
- Subsequently, on July 18, 2023 (14), the Board authorized extending the ASO contract up to June 30, 2027, and up to an additional six months, to address evolving needs of CalAIM implementation in areas of specialty health plan and DMC-ODS requirements to align with payment reform and new medical necessity and documentation standards as well as centralized processes supporting health plan operations.

The current ASO contract provides specialized infrastructure, technical expertise, and dedicated resources that support BHS' foundational and evolving behavioral health plan administrative requirements, including, but not limited to:

- Clinical Management Services
  - 24/7 Behavioral Health Access and Crisis Line (ACL)
  - Utilization management services
- Provider Network Management
  - Management of the BHS contracted fee-for-service provider network
  - Claims and billing support for in- and out-of-network providers and facilities
  - Credentialing and Medi-Cal provider enrollment services
- Management Information Systems

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- Database administration
- Electronic health record (EHR) user support and training
- Routine and ad-hoc Reporting

Clinical Management Services (CMS) support client access to care through the ASO's operation of the state required 24/7 access and crisis line. This service includes screening for clinical need, determining appropriate levels of care, and providing referrals to specialty mental health and substance use disorder treatment, including direct connections to the Mobile Crisis Response Teams. For referrals to specialty programs like Assertive Community Treatment and Strength-Based Case Management, this includes serving as a single point of access. The ASO conducts utilization management ensuring Medi-Cal criteria are met for authorization and payment for different levels of care required by the state such as inpatient services, residential programs, day treatment and certain youth specialty services.

Provider Network Management ensures an adequate, qualified provider network to serve Medi-Cal beneficiaries. The ASO manages the fee-for-service (FFS) network of providers including recruiting, establishing agreements with, training, monitoring over 300 individual practitioners and out-of-network providers. They are responsible for BHS provider credentialing to ensure provider qualifications meet state and national standards so Medi-Cal can be billed. Additionally, the ASO offers provider claims and payment support by reviewing FFS and out of network provider claims, paying on behalf of BHS, handling denied claims, and managing appeals. The ASO also provides oversight for specialized Treatment and Evaluation Resources Management providers ensuring quality of care. The ASO also supports County-operated clinics by ensuring documentation standards are met for billing Medicare as a funding source when needed before claiming to Medi-Cal.

Management Information Systems support the technology and data infrastructure needed for provider operations and program oversight. The ASO administers a database that maintains the network provider directory and supports required reporting while managing functions for user access and protecting data integrity, security, and system reliability. Database administration services are also provided to track required service authorization information that supports needed reporting to help make sure providers can be paid correctly and services can be monitored. The ASO works within the BHS Electronic Health Record (EHR) managed care module which is used for the FFS and out of network providers to collect information, pay claims, track payments for BHS, while also providing training and help desk assistance for all BHS EHR users. Other key services include legacy data retention and access, and programming and reporting that enable BHS to submit state-required information.

Preserving Continuity Through a Journey of Behavioral Health Transformation
In San Diego County, BHS serves as the specialty behavioral health system plan for Medi-Cal beneficiaries who are experiencing serious mental illness and/or substance use disorders. To optimize the department's statutory role as a specialty provider, the Board approved actions on December 10, 2024 (32) to conduct a comprehensive review of its organizational structure in the midst of significant policy change regarding behavioral health throughout the state. After initial

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review, the Board subsequently authorized the establishment of an Ad Hoc Subcommittee on Social Safety Net and Behavioral Health Systems Transformation (Subcommittee) on August 26, 2025 (24). The Subcommittee was tasked with, among other efforts, advising the Board on transforming BHS into a distinct organization.

Today, a separate item requests the Board approve the introduction of a new ordinance which amends County Administrative Code Article XV and adopts a new County Administrative Code Article [X] that will advance the transformation of BHS into standalone department. Additionally, this action initiates a comprehensive, multi-phase restructuring of BHS that will reshape internal processes, business lines, staffing, and administrative requirements, and make BHS an optimal specialty health plan.

Establishing BHS as a standalone organization and the significant organizational restructuring will significantly impact the design and scope of ASO contract within domains, including Clinical Management Services, Provider Network Management, and Management Information Systems support. Extending the contract will allow BHS to redefine the scope of the ASO, in alignment with new policy changes and the evolving organizational needs, while minimizing compliance and fiscal risks while roles and responsibilities are realigned. Additionally, it will maintain support and preserve institutional knowledge during this transition.

Today's action requests the Board authorize an extension of the current contract with United Behavioral Health (dba Optum) for ASO Services up to June 30, 2030, and up to an additional six months, if needed. Approval of today's recommended action will maintain ASO operational continuity through the BHS Transformation and anticipated shifts in Federal and state requirements. Additionally, it would ensure that a future ASO solicitation reflects realistic contractual scope inclusive of service levels, staffing expectations, and budget requirements.

LINKAGE TO THE COUNTY OF SAN DIEGO STRATEGIC PLAN
Today's proposed actions support the County of San Diego 2026-2031 Strategic Plan Initiatives of Equity (Health), Sustainability (Economy), and Community (Quality of Life). This is accomplished by reducing disparities and disproportionality of individuals with mental health and substance use conditions, maintaining fiscal stability while developing new financial and operational practices, and ensuring access to a comprehensive continuum of behavioral health services administered through accessible behavioral health programs.

Respectfully submitted,

USE "INSERT PICTURE" FUNCTION TO INSERT SIGNATURE

EBONY N. SHELTON
Chief Administrative Officer

ATTACHMENT(S)
N/A

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