



**NEVADA COUNTY**  
**HEALTH & HUMAN SERVICES**  
**AGENCY**

Health & Human Services  
Agency Director  
Michael Heggarty, MFT

Interim Behavioral Health  
Director: Phebe Bell, MSW

*BEHAVIORAL HEALTH DEPARTMENT*  
(Mental Health, Drug and Alcohol Program)

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**NEVADA COUNTY BOARD OF SUPERVISORS**  
**Board Agenda Memo**

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**MEETING DATE:** May 22, 2018  
**TO:** Board of Supervisors  
**FROM:** **Phebe Bell**  
**SUBJECT:** Resolution approving execution of Standard Agreement Number 17-94081 with the Department of Health Care Services for the purpose of identifying and providing Drug Medi-Cal Organized Delivery System (DMC-ODS) services for substance use disorder (SUD) treatment in Nevada County in the maximum amount of \$9,731,263 for the term of June 28, 2018 through June 30, 2020 and authorizing and directing the Auditor-Controller to amend the Behavioral Health Department's Budget for FY 2017/18. (4/5 Affirmative Vote Required).

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**RECOMMENDATION:** Approve the attached Resolution.

**FUNDING:** This agreement provides for anticipated Federal Drug Medi-Cal and/or State General Fund reimbursement for substance use disorder services provided in the Drug Medi-Cal Organized Delivery System up to the maximum amount of \$9,731,263 (\$40,375 for FY 17/18; \$4,845,444 for FY 18/19; and \$4,845,444 for FY 19/20). There are no County general fund dollars required in this agreement.

A FY 17/18 budget amendment for \$40,375 is included with this item and requires a 4/5 affirmative vote by the Board Members.

The amounts for FY 18/19 and 19/20 are maximum amounts of revenue/expenditures for DMC-ODS. The FY 18/19 budget as presented to the Budget Subcommittee includes \$1,764,147 of revenue and related expenditures based on current plans. The department will be working on additional plans for 18/19 services and revenue/expenditures and will bring forward a budget amendment as needed in FY 18/19.

**BACKGROUND:**

Substance abuse is a significant issue in California and in Nevada County specifically. Abuse of alcohol and other drugs impacts not only the user, but also their children, family and community. Local data indicates that our county has rates of use and abuse higher than state average. The 2014

Nevada County Health Status Report indicated that adults in our county engage in binge drinking at 5-7% higher rates than state average. Opioid abuse is also a significant challenge for our community, with the rate of opioid prescriptions as well as opioid overdose emergency department visits exceeding the state rate significantly. At Nevada County Behavioral Health, in 2017-18 we will have 650 new referrals for Substance Use Disorder treatment and will provide residential treatment to 200 clients as well outpatient counseling to another 1,900 people. Most importantly, the demand for services, and particularly residential treatment, was significantly greater than the funding resources we had available.

On August 13, 2015 the Center for Medicare and Medicaid Services (CMS) approved a request to amend California's section 1115 Demonstration Project, entitled California Bridge to Reform Demonstration. This amendment authorizes the state to test a new organized delivery system of health care services for Medicaid eligible individuals with a substance use disorder (SUD). This pilot was approved for 5.5 years until June 30, 2020. The Drug Medi-Cal Organized Delivery System (DMC-ODS) provides a continuum of care modeled after the American Society of Addiction Medicine Criteria for substance use disorder treatment services. This new system of care will enable more local control and accountability, provide greater administrative oversight, create utilization controls to improve care and efficient use of resources, and implement evidenced based practices in substance abuse treatment. Most critically, for counties that choose to participate in the DMC-ODS, their Medi-Cal beneficiaries will be eligible for a wide array of new treatment services including residential treatment, case management and post-treatment recovery services. For Nevada County, we estimate that under the DMC-ODS we will increase the number of residents who engage in treatment services significantly, as well as provide more comprehensive services for everyone in treatment, thereby leading to better recovery outcomes.

Nevada County submitted its DMC-ODS Implementation Plan to the Department of Health Care Services on 7/19/17. The Implementation Plan outlines the treatment services available to eligible Nevada County Medi-Cal Beneficiaries including outpatient, withdrawal management, residential, opioid/narcotic treatment, recovery, and case management. Nevada County received approval of the Implementation Plan on 10/26/17. Nevada County also submitted a fiscal plan, which received state approval on 3/13/18.

Under the DMC-ODS system, in addition to an expanded array of services eligible for Medi-Cal billing and federal reimbursement, the state covers the complete costs of specific services to reduce the impact of this expansion on counties. Entry into this contract will allow the County to ensure that all of our Medi-Cal beneficiaries have access to a complete array of Substance Use Disorder services to support recovery. Participation in the DMC-ODS also will allow Nevada County to fully utilize the capacity of the recently re-opened Bost House. Finally, our expectation is that entry into the DMC-ODS waiver will bring us into full compliance with state expectations for usage of Drug Medi-Cal funding.

The FY 2018/19 budget includes \$1,764,147 of revenue from this funding source. Nevada County will be contracting with SUD service providers in 2018/19 to cover the new services. These contracts will also include services formerly contracted separately by CalWORKs and Child Protective Services. As such, when the provider contracts are brought to the Board for approval, budget amendments will be included. The amounts in the submitted plan are caps on the program, and were therefore estimated to be the maximum needed. Therefore even with the budget amendments, the Behavioral Health Department may not need to draw the full \$4,845,444 for each fiscal year.

**Item Initiated and Approved by:** Phebe Bell, MSW, Interim Director of Behavioral Health