



be reimbursed at \$5,000 per month to the County through the monthly claiming process beginning October 2019. The advance will provide the agency with cash flow necessary to initiate operations of the new service program and is needed due to the lag period between start-up costs and the anticipated first reimbursement check.

**DISCUSSION:**

The contract was initiated on July 1, 2017, for delivery of residential drug treatment services. While the contract language allowed for outpatient services, Ujima has not previously provided that service under the contract. The first amendment to the contract, dated April 23, 2018, amended the service rates and added new State requirement. This second contract amendment also includes new State requirements. The contract identifies a 3-month budget for \$79,487, identified to reimburse according to the actual costs of the start-up period. Because it can take some time for a new program to build up its caseload enough to cover its costs through fee for service reimbursement, payment in a fee for service model would not be financially feasible for the vendor during the early months of the program. After the first three months of operation, the program will be reimbursed in a fee for service mechanism as outlined in the contract and similar to other DMC vendors.

The California Department of Health Care Services has a mechanism for transferring DMC certification to new providers when an existing provider ceases operation. This allows for a minimized disruption in service delivery and the ability to receive State and Federal reimbursement for services delivered.

**FINANCIAL IMPACT:**

This contract transfers services and associated costs that are included in the H&SS FY2019/20 Adopted Budget previously allocated to another vendor. There are no County General Funds in this contract. The costs associated with preparing the agenda item are nominal and absorbed by the department's FY2019/20 Adopted Budget.

**ALTERNATIVES:**

The Board could choose not to approve the contract, but that will reduce the access to outpatient treatment for Vallejo and Benicia residents who need substance use disorder treatment. The County is required to maintain an adequate service network.

**OTHER AGENCY INVOLVEMENT:**

No other County agencies are involved.

**CAO RECOMMENDATION:**

**APPROVE DEPARTMENTAL RECOMMENDATION**