



AGENDA STAFF REPORT

Control: 26001041

MEETING DATE: 04/28/2026

LEGAL ENTITY TAKING ACTION: Board of Supervisors

BOARD OF SUPERVISORS DISTRICT(S): All Districts

SUBMITTING AGENCY/DEPARTMENT: Health Care Agency

DEPARTMENT CONTACT PERSON(S): Veronica Kelley, (714) 834-7024
Ian Kemmer, (714) 834-2160

SUBJECT: Renewal Amendment for Administrative Services Organization

CEO CONCUR	COUNTY COUNSEL REVIEW	CLERK OF THE BOARD
Concur	Approve agreement to form	DISCUSSION
		3 Votes Board Majority

Budgeted: N/A	Current Year Cost: N/A	Annual Cost: FY 2026-27 \$7,006,605
Staffing Impact: No	Funding Source: See Financial Impact Section	Sole Source: No
Current Fiscal Year Revenue: N/A		County Audit in Last 3 years: No
Levine Act Review Completed? Yes		
Prior Board Action: 4/8/2025 #14, 5/7/2024 #8, 5/23/2023 #17, 11/29/2022 #41		

RECOMMENDED ACTION(S):

1. Approve Amendment No. 8 to renew the Contract with Carelon Behavioral Health of California, Inc. for provision of Administrative Services Organization for Specialty Mental Health and Drug Medi-Cal Substance Abuse Services, for the term July 1, 2026, through December 31, 2026, in an amount not to exceed \$7,006,605, for a revised cumulative total amount not to exceed \$64,978,858.
2. Authorize the County Procurement Officer or Deputized designee to execute Amendment No. 8 to the Contract with Carelon Behavioral Health of California, Inc., as referenced in the Recommended Action above

SUMMARY:

Approval of the Amendment to renew the Contract with Carelon Behavioral Health of California, Inc. will provide ongoing support of a provider network, adjudication and payment processing of provider claims, operation of a 24 hours per day, seven days per week telephone access line, and utilization management of acute inpatient hospital services for Medi-Cal beneficiaries in the form of concurrent review per Department of Health Care Services requirements.

BACKGROUND INFORMATION:

On May 25, 2021, your Honorable Board of Supervisors (Board) approved the Contract with Carelon Behavioral Health of California, Inc. (Carelon) to provide Administrative Services Organization (ASO) for Specialty Mental Health and Drug Medi-Cal Substance Abuse Services. The below actions have been executed pursuant to appropriate authorities.

Board Date	Contract / Amendment Number	Term	Maximum Obligation	Action
May 25, 2021	Contract	July 1, 2021 - June 30, 2023	\$14,283,643	Board Approved Contract
N/A	Amendment No. 1	September 13, 2021 - June 30, 2023	N/A	Deputy Purchasing Agent (DPA) Administrative Amendment
N/A	Amendment No. 2	September 15, 2021 - June 30, 2023		
N/A	Amendment No. 5	August 2, 2023 - June 30, 2024		
November 29, 2022	Amendment No. 3	November 29, 2022 - June 30, 2023	\$21,011,466	Board Approved Contract Increase
May 23, 2023	Amendment No. 4	July 1, 2023 - June 30, 2024	\$32,891,489	Board Approved Term Renewal
May 7, 2024	Amendment No. 6	July 1, 2024 - June 30, 2025	\$45,092,719	Board Approved Term Renewal
April 8, 2025	Amendment No. 7	July 1, 2025 - June 30, 2026	\$57,972,253	Board Approved Term Renewal

Scope of Services

Through this Contract, Carelon acts as the Orange County Behavioral Health Plan (BHP) third-party ASO for both Specialty Mental Health and Drug Medi-Cal (DMC) Substance Abuse Services and performs services on behalf of the BHP that are required by the California Department of Health Care Services (DHCS), consisting of the following administrative and specialty mental health service components:

- Operating a toll-free 24-hour per day, seven-day per week (24/7) Telephone Beneficiary Access Li for both the BHS and the Drug Medi-Cal Organized Delivery System (DMC ODS) as required by DHCS to screen and link beneficiaries to services throughout the Behavioral Health Plan system of care.
- Maintaining an outpatient and inpatient ASO Provider Network, including credentialing, training, a contracting of licensed clinical providers, such as licensed therapists and psychiatrists, to ensure the BHP maintains network adequacy in compliance with DHCS requirements. For this renewal period, the outpatient provider network also includes Eating Disorder (ED) providers, as well as Transcranial Magnetic Stimulation (TMS) and Electroconvulsive Therapy (ECT) providers.
- Processing and adjudicating Mental Health (MH) Claims for payment on behalf of the BHP from both outpatient ASO Network Providers and psychiatrists providing services at acute inpatient psychiatric hospitals and long-term care facilities.
- Utilization management of acute inpatient psychiatric hospital services in the form of initial and concurrent review per DHCS regulations for all Orange County Medi-Cal beneficiaries accessing the high level of care throughout California. For this renewal period, Carelon is also responsible for utilization management of Eating Disorder, Transcranial Magnetic Stimulation, and Electroconvulsive Therapy via initial and concurrent review of services.

These services are highly regulated and monitored by DHCS and require Behavioral Health Services (BHS) to provide ongoing routine reports to DHCS, as well as multiple audits conducted annually. DHCS audits include, but are not

limited to, the DHCS Triennial Audit and separate Medi-Cal Specialty Behavioral Health External Quality Reviews of the BHS and of the DMC ODS.

Performance Outcomes

The table below reflects the performance outcomes utilized to measure the volume and timeliness of accessing services provided by the ASO telephone access line. The 24/7 telephone access line is required by DHCS and is closely monitored by DHCS and BHS through recurring reports on the outcome measures below, as well as random audits in the form of quarterly test calls performed by DHCS and BHS.

Contract Outcome Measures	Fiscal Year (FY) 2024-25	FY 2025-26 (July - January 31)
Total Member Calls	9,432	5,466
Answer 95% of incoming member calls within 30 seconds	97%	97%
100% Treatment Authorizations within 14 Days	99%	99%
Abandoned Calls are 1% or less of total monthly calls	1.21%	0.35%

Treatment Authorizations completed within 14 days by the ASO access line did not meet the 100 percent performance objective for these fiscal years due to client volume exceeding available appointment times when clinics and outpatient providers experienced staffing shortages, and due to calls being inadvertently disconnected, calls dropping, poor reception, or clients not answering returned calls. The Health Care Agency (HCA) is continually working with Carelon to improve access line call scripts and enhance screening and appointment scheduling efficiency by ensuring that providers follow up promptly to reduce dropped calls and callback requests.

HCA is requesting a six-month renewal of the Contract with Carelon to ensure compliance with Assembly Bill 339. A renewal of the contract with Carelon for the term July 1, 2026, through December 31, 2026, is necessary to avoid any disruption in services to existing clients, as well as time to evaluate a Request for Proposals (RFP) to solicit proposals from qualified providers. The Orange County Preference Policy is not applicable to this Amendment.

Contractor's performance has been confirmed as satisfactory. HCA has verified there are no concerns that must be addressed with respect to Contractor’s ownership/name, litigation status, or conflicts with County interests.

This contract contains non-standard insurance terms that were reviewed and approved by Risk Management. See Attachment C for the Risk Assessment Form.

The Contract has subcontracts with network providers who provide authorized specialty mental health services. See Attachment B for information regarding subcontractors and Contract Summary Form.

HCA requests the Board approve Amendment No. 8 with Carelon for Provision of Administrative Services Organization for Specialty Mental Health and Drug Medi-Cal Substance Abuse Services, as referenced in the Recommended Actions.

FINANCIAL IMPACT:

Appropriations for this Contract will be included in Budget Control 042 FY 2026-27 Budget.

Funding Sources

Fed: 5% (Substance Abuse Prevention and Treatment Block Grant)
 State: 9% (1991 Mental Health Realignment and 2011 Realignment)
 Fees/Other: 86% (Medi-Cal Federal Financial Participation)

The Contract includes provisions allowing HCA to terminate the Contract, reduce the level of services, and/or renegotiate the levels of services provided, as necessary. This includes a notice that allows HCA adequate time to transition or terminate service to clients, if necessary.

STAFFING IMPACT:

An analysis was completed to determine the contracts provide the County with persons specially trained, experienced, expert and competent to perform the special services in accordance with the law.

REVIEWING AGENCIES/DEPARTMENTS:

N/A

ATTACHMENTS:

Attachment A - Amendment No. 8 to Contract MA-042-21011456 for Administrative Services Organization for Specialty Mental Health and Drug Medi-Cal Substance Abuse Services

Attachment B - Contract Summary Form

Attachment C - Risk Assessment Form

Attachment D - Assembly Bill 339