



# AGENDA STAFF REPORT

Control: 26001020

**MEETING DATE:** 05/19/2026  
**LEGAL ENTITY TAKING ACTION:** Board of Supervisors  
**BOARD OF SUPERVISORS DISTRICT(S):** District 5  
**SUBMITTING AGENCY/DEPARTMENT:** Health Care Agency  
**DEPARTMENT CONTACT PERSON(S):** Veronica Kelley, 714-834-7024  
 Ian Kemmer, 714-834-2160

**SUBJECT:** Approve Amendment for Inpatient Behavioral Health Services

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

<b>Budgeted:</b> Yes	<b>Current Year Cost:</b> \$2,405,533	<b>Annual Cost:</b> FY 2026-27 \$9,363,150
<b>Staffing Impact:</b> No	<b>Funding Source:</b> State: (1991 Realignment and 2011 Realignment): 100%	<b>Sole Source:</b> No
<b>Current Fiscal Year Revenue:</b> N/A		<b>County Audit in Last 3 years:</b> No
<b>Levine Act Review Completed?</b> Yes		
<b>Prior Board Action:</b> 2/6/2024 #13, 12/20/2022 #17, 12/14/2021 #S39N		

**RECOMMENDED ACTION(S):**

1. Approve Amendment No. 3 with Aliso Ridge Behavioral Health, LLC for provision of Inpatient Behavioral Health Services to increase the amount not to exceed by \$2,405,533, effective May 19, 2026 through June 30, 2026, and to extend the contract for the term of July 1, 2026, through December 31, 2026, for an amount not to exceed \$9,363,150, for a revised cumulative contract total amount not to exceed \$73,773,683.
2. Authorize the County Procurement Officer or Deputized designee to execute Amendment No. 3 to the Contract with Aliso Ridge Behavioral Health, LLC, as referenced in the Recommended Action above.

**SUMMARY:**

Approval of Amendment No. 3 with Aliso Ridge Behavioral Health, LLC, for the provision of Inpatient Behavioral Health Services will enable County to continue providing services to youth and adults in behavioral health crises to assist them in successfully reaching psychiatric stabilization to be discharged or transferred to a lower level of care.

**BACKGROUND INFORMATION:**

On December 14, 2021, your Honorable Board of Supervisors (Board) approved the Contract for provision of Inpatient Behavioral Health Services with Aliso Ridge Behavioral Health, LLC (Aliso Ridge) and the below actions have been executed pursuant to appropriate authorities.

<b>Board Date</b>	<b>Contract/Amendment</b>	<b>Action</b>	<b>Amount Not to Exceed</b>	<b>Term</b>
December 14, 2021	Contract	Board Approved Contract	\$2,422,500	February 12, 2022 – June 30, 2024
December 20, 2022	Amendment No. 1	Board Approved Contract Increase	\$28,615,000	December 20, 2022 – June 30, 2024
February 6, 2024	Amendment No. 2	Board Approved Contract Increase and Renewal	\$62,005,000	July 1, 2024 – June 30, 2026

**Scope of Services**

The funding of this contract is covered by Department of Health Care Services (DHCS) and Orange County Health Care Agency (HCA) Realignment funds. Aliso Ridge provides voluntary and involuntary Inpatient Behavioral Health Services to Orange County youth ages 13 to 17 years, adults ages 18 to 64 years and older adults ages 65 and older who are experiencing serious emotional and/or acute mental health disorders and may have co-occurring medical/substance use diagnoses and experiencing behavioral health crises. As of January 1, 2026, with the implementation of Senate Bill 43, adults 18 and older may also have a stand-alone severe substance use disorder. These individuals may be deemed a danger to themselves and/or others, or gravely disabled and require this highly restrictive level of care to ensure the safety of themselves and/or others. Aliso Ridge accepts referrals, from any entity, for any Orange County Medi-Cal beneficiary, including the County Crisis Assessment Teams, County and contracted outpatient clinics, Full-Service Partnerships, Law Enforcement, Emergency Departments, County and contracted Crisis Stabilization Units (CSUs) and self-referred walk-ins.

These inpatient services are designed to be recovery oriented, client centered, and trauma informed. The focus is on clients reaching psychiatric stabilization, discharge planning and/or transfer to a lower level of care as appropriate. Services include medical, physical, and psychiatric assessments to determine the individual’s treatment needs, psychiatric medication evaluation and ongoing monitoring, individual, group and collateral therapies, supportive services, psychoeducational support, continuing care and discharge planning and referral and linkage to long term aftercare.

**Performance Outcomes**

The following data is reported to DHCS yearly as DHCS monitors acute psychiatric hospital utilization. The data is collected monthly.

	<b>Fiscal Year (FY) 2023-24</b>		<b>FY 2024-25</b>		<b>FY 2025-26 YTD*</b>	
	Youth	Adult	Youth	Adult	Youth	Adult
Admissions	628	1080	312	1290	211	834
Acute Bed Days	4183	11180	2254	12121	1503	7780
Average Length of Stay in Days (ALOS)	6.7	10.8	7.3	9.8	7.8	9.8

7-Day Readmission Rate	6.0%	9.9%	4.6%	8.9%	9.2%	10.5%
30-Day Readmission Rate	17.6%	18.2%	12.0%	18.9	15.5%	21.6%

\* July 1, 2025, to January 31, 2026

Aliso Ridge is required to follow all Medi-Cal regulations for services, billing and HCA standards for quality, responsiveness, and family engagement.

The Contractor has sustained an acceptable level of service delivery in core areas. Operational challenges have been noted and the Contractor has acknowledged these issues and is taking steps to address them to ensure contract compliance.

HCA is requesting Board approve Amendment No. 3 with Aliso Ridge Behavioral Health, LLC to increase the current amount not to exceed by \$2,405,533 for the provision of Inpatient Behavioral Health Services for the contract period of July 1, 2025, through June 30, 2026. In June of 2024, Aliso Ridge received approval from California Department Public Health (CDPH) to reconfigure the numbers of adolescent and adult beds. This change in bed type, adolescent to adult, shifted the payment responsibility from DHCS to HCA.

HCA is also requesting a six-month extension of the Contract with Aliso Ridge to allow for the latest guidance for Behavioral Health Services Act (BHSA) and DHCS Lanterman-Petris-Short Act Facility Designation Regulations to be incorporated in the solicitation. This six-month extension of the contract with Aliso Ridge is necessary to avoid any disruption of services to existing clients and the community while the solicitation is completed.

The Orange County Preference Policy does not apply to this contract amendment. HCA conducted a review of Contractor’s ownership/name, litigation status or conflicts with County interests and identified issues.

The Contract does not currently include subcontractors or pass through to other providers. See Attachment B for Contract Summary form.

**FINANCIAL IMPACT:**

Appropriations for this Amendment are included in Budget Control 042 FY 2025-26 Budget and will be included in the budgeting process for future years.

Should services need to be reduced or terminated due to lack of funding, the Contract contains language that allows HCA to give 30 days’ notice to either terminate or renegotiate the level of services provided. The notice will allow HCA adequate time to transition or terminate services to clients, if necessary.

**STAFFING IMPACT:**

An analysis was completed to verify the contract provides 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. 3 to Contract MA-042-22010732 for the Provision of Inpatient Behavioral Health Services

Attachment B – Contract Summary Form

Attachment C – Senate Bill 43