



AGENDA STAFF REPORT

Control: 26001058

MEETING DATE: 05/19/2026

LEGAL ENTITY TAKING ACTION: Board of Supervisors

BOARD OF SUPERVISORS DISTRICT(S): District 1 and District 2 and District 3 and District 4

SUBMITTING AGENCY/DEPARTMENT: Health Care Agency

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

SUBJECT: Amendment Master Contract for Adult and Perinatal Residential Treatment

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

Budgeted: Yes	Current Year Cost: \$2,500,000	Annual Cost: FY 2026-27 \$5,000,000
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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 #15, 12/3/2024 #22, 9/10/2024 #S22H, 5/21/2024 #23

RECOMMENDED ACTION(S):

1. Approve Amendment No. 6 to Master Contract for the provision of Adult and Perinatal Residential Drug Medi-Cal Substance Use Disorder Treatment Services, increasing the aggregate amount not to exceed by \$7,500,000, effective May 19, 2026, through June 30, 2027, for a revised aggregate amount not to exceed \$91,900,000.
2. Approve Amendment No. 8 to increase the individual Contract with G & C Swan Inc. DBA His House/New Creation, for provision of Adult and Perinatal Residential Drug Medi-Cal Substance Use Disorder Treatment Services.
3. Approve Amendment No. 6 to increase the individual Contract with Hope House Corporation, for provision of Adult and Perinatal Residential Drug Medi-Cal Substance Use Disorder Treatment Services.
4. Approve Amendment No. 6 to increase the individual Contract with Phoenix House Orange County, Inc., for provision of Adult and Perinatal Residential Drug Medi-Cal Substance Use Disorder Treatment Services.
5. Approve Amendment No. 6 to increase the individual Contract with Sober Solutions, for provision of Adult and Perinatal Residential Drug Medi-Cal Substance Use Disorder Treatment Services.

6. Approve Amendment No. 6 to increase the individual Contract with Straight Talk Clinic, Inc., for provision of Adult and Perinatal Residential Drug Medi-Cal Substance Use Disorder Treatment Services.
7. Approve Amendment No. 7 to increase the individual Contract with The Teen Project, Inc., for provision of Adult and Perinatal Residential Drug Medi-Cal Substance Use Disorder Treatment Services.
8. Approve Amendment No. 6 to increase the individual Contract with Woodglen Recovery Junction, Inc., for provision of Adult and Perinatal Residential Drug Medi-Cal Substance Use Disorder Treatment Services.
9. Approve Amendment No. 7 to increase the individual Contract with Healthcare Services, Inc. DBA The Lighthouse, for provision of Adult and Perinatal Residential Drug Medi-Cal Substance Use Disorder Treatment Services.
10. Approve Amendment No. 6 to increase the individual Contract with HealthRIGHT 360, for provision of Adult and Perinatal Residential Drug Medi-Cal Substance Use Disorder Treatment Services.
11. Approve Amendment No. 4 to increase the individual Contract with Social Science Services, Inc. DBA Cedar House Life Change Center, for provision of Adult and Perinatal Residential Drug Medi-Cal Substance Use Disorder Treatment Services.
12. Authorize the County Procurement Officer or Deputized designee to execute the Amendments for the Master Contract and for the individual contracts with G & C Swan Inc. DBA His House/New Creation, Hope House Corporation, Phoenix House Orange County, Inc., Sober Solutions, Straight Talk Clinics, Inc., The Teen Project, Inc., Woodglen Recovery Junction, Inc., Healthcare Services, Inc. DBA The Lighthouse, HealthRIGHT 360, and Social Science Services, Inc. DBA Cedar House Life Change Center, as referenced in the Recommended Actions above.

SUMMARY:

Approval of the Amendments increasing the amount not to exceed of the Master Contract and individual contracts with various providers for provision of Adult and Perinatal Residential Drug Medi-Cal Substance Use Disorder Treatment Services will expand access for Orange County adults seeking critical residential treatment services.

BACKGROUND INFORMATION:

On May 21, 2024, your Honorable Board of Supervisors (Board) approved the Master Contract and individual contracts with various providers for the provision of Adult and Perinatal Residential Drug Medi-Cal (DMC) Substance Use Disorder (SUD) Treatment Services. Since that time, the additional actions listed below have been executed under the appropriate authorities. The Orange County Preference Policy does not apply to the Master Contract.

Board date	Contract/Amendment	Action	Term	Contract Amount
May 21, 2024	Master Contracts for Adult and Perinatal Residential Drug Medi-Cal Substance Use Disorder Treatment Services	Board Approved Contract	July 1, 2024 – June 30, 2027	\$39,000,000
September 10, 2024	Amendment No. 1	Board Approved Amendments- Contract Increase, approved individual	September 30, 2024 – June 30, 2027	Cumulative Total \$48,300,000

		contract with HealthRIGHT 360		
December 3, 2024	Amendment No. 2	Board Approved Contract Increase	December 3, 2024 – June 30, 2027	Cumulative Total \$65,100,000
April 8, 2025	Amendment No. 3	Board Approved Contract Increase	April 8, 2025 – June 30, 2027	Cumulative Total \$83,100,000
N/A	Amendment No. 4	Deputy Purchasing Agent (DPA) Administrative Amendment	July 1, 2025 – June 30, 2027	N/A
	Amendment No. 5		April 20, 2026 – June 30, 2027	Cumulative Total \$84,400,000

The purpose of this amendment is to ensure that the County of Orange has adequate bed capacity for adult SUD residential treatment services within its Drug Medi-Cal Organized Delivery System (DMC ODS). Residential treatment services are required in the County’s continuum of care for those assessed in need of this level of care based on medical necessity. Additional funding for residential SUD treatment will ensure the availability of more treatment beds to meet the increased demand, including from [Proposition 36](#) referrals and will reduce wait times for residential treatment. Of the current 323 residential treatment beds, 18 are designated for perinatal clients and the remaining 305 beds serve adults. With board approval, this capacity may be increased by up to 50 additional beds, for a maximum total of 373 beds.

Scope of Services

Adult Residential DMC SUD Treatment Services

The goal of the DMC SUD Treatment Services is to provide residential treatment to adults 18 years and older who have a substance use diagnosis and meet the American Society of Addiction Medicine criteria. Clients are referred from the Member Access Line, OC Links, the Assessment and Referral to Treatment Team (ART), or from the clinics where they are currently receiving services. All clients have an assessment and must be authorized to receive this level of service. Applicants must transition clients to the appropriate level of care as medical necessity dictates. The average length of stay is 45 days.

In the residential treatment environment, there is a daily regimen of structured activities that are intended to build positive behavioral patterns within a community. Residential Treatment Services provide client-centered treatment, which is based on mutually agreed upon goals/objectives between the clinician and client. Services include intake, treatment planning, individual and group counseling, educational sessions, collateral services, relapse prevention and case management. Common issues that are addressed at the beginning of treatment include: planning and preparing for housing, a safe living environment, education, and employment so clients have a specific plan at the time of discharge.

Perinatal DMC SUD Treatment Services

Perinatal DMC SUD Treatment residential programs serve women 18 years and older who are pregnant and/or parenting. Services are available to Orange County DMC members. The average length of stay for perinatal women is 90 days or more postpartum. If determined to be medically necessary, perinatal clients may receive longer lengths of stay than those described above, in accordance with State perinatal guidelines. Applicants must transition clients to the appropriate level of care per DMC regulations.

The program services are designed to motivate and encourage individuals with a SUD to seek and/or remain in treatment. Pregnant and parenting women with a SUD are at risk for harmful effects to both mother and child. Women have a unique set of needs that are often not addressed in traditional residential settings. Programming is gender-specific treatment and provides other therapeutic interventions for pregnant and parenting women to address issues

such as relationships, sexual and physical abuse, and parenting. Children up to the age of two may reside with their mother as onsite childcare is provided, along with case management services that include doctor's visits for children and coordination with other services in the community.

The table below lists each of the providers and identifies where they are located within the county, The two providers marked with an asterisk are located outside of the county.

Provider	Location
G & C Swan DBA His House/New Creation	*Upland/Claremont
Healthcare Services, Inc. DBA The Lighthouse	Anaheim
Healthright 360	Orange
Hope House Corporation	Anaheim
Phoenix House Orange County, Inc	Santa Ana
Sober Solutions	Garden Grove
Social Science Services, Inc. DBA Cedar House Life Change Center	*Bloomington
Straight Talk Clinic, Inc.,	Santa Ana
Teen Project, Inc	Trabuco Canyon
Woodglen Recovery Junction, Inc.	Fullerton

Performance Outcomes

The retention goal is that at least 70 percent of all enrolled clients will complete residential treatment and demonstrate satisfactory progress at the time of discharge. The linkage rate goal is that at least 30 percent of these clients that discharge will be linked to an appropriate level of care within 30 calendar days of discharge.

The table below represents the average for all providers for Fiscal Year (FY) 2024-25 and FY 2025-26 through December 2025 (quarter 1).

	Goals for Providers	FY 2024-25	FY 2025-26 Quarter 1
Completion Rates	>70%	70%	71%
Linkage Rates	>30%	75%	66%

With this amendment, the completion rate goal will remain the same; however, the linkage rate goal will change. Moving forward, the expected outcome is that 50 percent of all clients discharged will be linked to appropriate services within 30 calendar days of discharge. Appropriate services include linkages to outpatient treatment, recovery residences, or transitional rent support.

HCA has developed a Good Neighbor Policy that is included in Residential Program contracts wherein providers provide services to County residents, and the services may have a potential impact on the surrounding neighborhood(s) including but not limited to environment, safety and congregation. HCA has not received any negative feedback from the community and will continue to work with providers and the community to ensure positive community relations.

These contracts, due to the nature of the services, could require the addition of subcontractors. In order to add subcontractor(s) to the contract, the Provider must seek express consent from HCA. Should the addition of a

subcontractor impact the scope of work and/or contract amount, HCA will bring the item back to the Board for approval. See Attachment I for the Contract Summary Forms.

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

HCA requests that the Board approve the Amendment to the Master Contract and Individual Contracts with various providers for the provision of Adult and Perinatal Residential DMC SUD Treatment Services, as referenced in the Recommended Actions.

FINANCIAL IMPACT:

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

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 services to clients, if necessary.

Funding Sources

Fed: 18% (Substance Use Prevention, Treatment, and Recovery Services Block Grant)

Fees/Other: 50% (Federal Financial Participation Drug Medi-Cal)

State: 32% (Drug Medi-Cal State General Fund, Realignment, and Opioid Abatement Fund)

STAFFING IMPACT:

An analysis was completed to verify the contract provides 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. 6 to Master Contract MA-042-24011190 for Adult and Perinatal Residential DMC SUD Treatment Services

Attachment B – Amendment No. 8 to Contract MA-24011190 for Adult and Perinatal Residential DMC SUD Treatment Services with G & C Swan, Inc. DBA His House New Creation

Attachment C – Amendment No. 6 to Contract MA-042-24011190 for Adult and Perinatal Residential DMC SUD Treatment Services with Hope House Corporation

Attachment D – Amendment No. 6 to Contract MA-042-24011190 for Adult and Perinatal Residential DMC SUD Treatment Services with Phoenix House Orange County, Inc.

Attachment E – Amendment No. 6 to Contract MA-042-24011190 for Adult and Perinatal Residential DMC SUD Treatment Services with Sober Solutions

Attachment F – Amendment No. 6 to Contract MA-042-24011190 for Adult and Perinatal Residential DMC SUD Treatment Services with Straight Talk Clinic, Inc.

Attachment G – Amendment No. 7 to Contract MA-042-24011190 for Adult and Perinatal Residential DMC SUD Treatment Services with The Teen Project, Inc.

Attachment H – Amendment No. 6 to Contract MA-042-24011190 for Adult and Perinatal Residential DMC SUD Treatment Services with Woodglen Recovery Junction

Attachment I – Amendment No. 7 to Contract MA-042-24011190 for Adult Perinatal Residential DMC SUD Treatment Services with Healthcare Services, Inc. DBA The Lighthouse

Attachment J – Amendment No. 6 to Contract MA-042-24011190 for Adult Perinatal Residential DMC SUD Treatment Services with HealthRIGHT 360

Attachment K – Amendment No. 4 to Contract MA-042-24011190 for Adult Perinatal Residential DMC SUD Treatment Services with Social Science Services, Inc. DBA Cedar House Life Change Center

Attachment L - Contract Summary Forms