

THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS
ACTION AGENDA SUMMARY

DEPT: Behavioral Health And Recovery Services

BOARD AGENDA # *B-1

Urgent

Routine

AGENDA DATE July 29, 2014

CEO Concurs with Recommendation YES NO

4/5 Vote Required YES NO

(Information Attached)

SUBJECT:

Approval of the Second Amendment to the Agreement with Aegis Treatment Centers, LLC for the Provision of Narcotic Replacement Therapy Services for Fiscal Year 2013-2014

STAFF RECOMMENDATIONS:

1. Approve the second amendment to the agreement with Aegis Treatment Centers, LLC for the provision of Narcotic Replacement Therapy services through the end of Fiscal Year 2013-2014.
2. Authorize the Behavioral Health Director, or her designee, to sign the amendment to the second agreement with Aegis Treatment Centers, LLC for the provision of Narcotic Replacement Therapy services for the Fiscal Year 2013-2014.

FISCAL IMPACT:

The recommended contract amendment would increase the Aegis Treatment Centers LLC agreement maximum from \$3 million in Fiscal Year 2013-2014 to \$3.1 million and would be funded from \$50,000 of Drug Medi-Cal funding and a required matching amount of departmental fund balance. The existing budget for Fiscal Year 2013-2014 for Behavioral Health and Recovery Services includes sufficient appropriations to accommodate the second amendment to the Agreement with Aegis Treatment Centers, LLC. There is no impact to the County General Fund.

BOARD ACTION AS FOLLOWS:

No. 2014-395

On motion of Supervisor Chiesa, Seconded by Supervisor Withrow

and approved by the following vote,

Ayes: Supervisors: O'Brien, Chiesa, Withrow, Monteith, and Chairman De Martini

Noes: Supervisors: None

Excused or Absent: Supervisors: None

Abstaining: Supervisor: None

1) X Approved as recommended

2) Denied

3) Approved as amended

4) Other:

MOTION:

Christine Ferraro

ATTEST: CHRISTINE FERRARO TALLMAN, Clerk

File No.

Approval of the Second Amendment to the Agreement with Aegis Treatment Centers, LLC for the provision of Narcotic Replacement Therapy Services for Fiscal Year 2013-2014.

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DISCUSSION:

The California Department of Alcohol and Drug Programs notified Behavioral Health and Recovery Services (BHRS) in 2010 that the State would no longer contract with separate local providers of Narcotic Replacement Therapy (NRT) services and instead would require BHRS to enter into, administer and monitor contracts with other local providers of NRT services in Stanislaus County. Narcotic treatment services are an entitlement for qualified patients for which the County can claim Drug Medi-Cal funding.

Following County procedure, a Request for Proposal (RFP) 10-62-SAS was issued in December 2010 and the first NRT contract was negotiated with Aegis Medical Systems, Inc., the only respondent to the RFP, for the Fiscal Year 2011-2012. The contract was renewed for the Fiscal Years 2012-2013, 2013-2014 and 2014-2015.

Aegis Medical Systems, Inc. had an ownership change in Fiscal Year 2013-2014 and was assigned to the new entity, Aegis Treatment Centers, LLC. As part of the Third Quarter Financial Review, on May 6, 2014 the Board of Supervisors approved the first 2013-2014 contract amendment with Aegis, increasing their contract maximum from \$2,700,000 to \$3,000,000 due to increased demand for services. The approved increase was based on staff's estimate of funding requirements known at that time. Subsequently, the June 2014 invoice from Aegis was substantially higher than previous months, indicating a higher demand for services. In particular, there has been a significant increase in the number of Medi-Cal beneficiaries receiving treatment.

In order to seek reimbursement from the federal government, the invoice to Aegis must first be paid. There is a 30-day period in which the Department can file the reimbursement claim – in this case, no later than July 30, 2014. Without authority to increase the existing agreement with Aegis and make the appropriate payment to the vendor, the Department would be ineligible to claim \$147,461 or more, from the federal government.

At this time, BHRS is requesting approval of a second amendment to the 2013-2014 agreement with Aegis Treatment Centers, LLC to increase the contract maximum by \$100,000 from \$3,000,000 to \$3,100,000 due to the demand for services exceeding year-end projections. It is important to note that although the contract has a maximum amount, the County's obligation to reimburse the provider for essentially mandated narcotic treatment services is not capped.

As required by the Board of Supervisors, the following table includes a cumulative value of prior contracts with this vendor for the period of July 1, 2011 through June 30, 2014.

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Budget Unit	Contractor	Description of Service Provided or Position Held	Contract Amount for Previous Contractual Period. List Amount and Time Period.	Proposed Contract Amendment Amount and Time Period	Cumulative Contract Total
Mental Health	Aegis Treatment Centers, LLC.	Narcotic Treatment Program	\$5,300,000 (7/1/11-6/30/13)	\$100,000 (7/1/13-6/30/14)	\$8,400,000
			\$3,000,000 (7/1/13-6/30/14)		

POLICY ISSUE:

Approval of this request supports the Board of Supervisors' priorities of A Healthy Community, Effective Partnerships and Efficient Delivery of Public Services by contracting with community providers to deliver the needed services at an appropriate level of care in a cost effective manner.

STAFFING IMPACT:

Existing BHRS staff is available to manage the Aegis Treatment Centers, LLC contract.

CONTACT PERSON:

Madelyn Schlaepfer, Ph.D., Director. Telephone 525-6205.

**AMENDMENT
TO PROVIDER AGREEMENT**

This Amendment is made and entered into in the City of Modesto, State of California, by and between the County of Stanislaus, through Behavioral Health and Recovery Services (hereinafter referred to as "COUNTY"), and Aegis Treatment Centers, LLC (hereinafter referred to as "CONTRACTOR"), effective the date of the last signature, for and in consideration of the premises, and the mutual promises, covenants, terms, and conditions hereinafter contained.

WHEREAS, COUNTY and CONTRACTOR entered into an Agreement dated July 1, 2013 to provide Narcotic Replacement Therapy (NRT) services in Stanislaus County; and

WHEREAS, CONTRACTOR has experienced an increase in the NRT services it is providing in Stanislaus County and has provided approximately \$3,100,000 in Drug Medi-Cal services before the end of the term of the Agreement on June 30, 2014, which is \$100,000 more than the current contract maximum of \$3,000,000; and

WHEREAS the State of California, Department of Health Care Services provides Drug Medi-Cal funding for the services provided by CONTRACTOR;

NOW, THEREFORE, in consideration of mutual promises, covenants, terms, and conditions hereinafter contained, the Agreement, which was entered into on July 1, 2013, is amended and incorporated into the Agreement as follows:

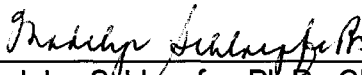
- I. Exhibit A, Section C.2. of the Agreement is deleted in its entirety and replaced with the following:
 3. The maximum amount payable by COUNTY to CONTRACTOR during the term of this Agreement is \$3,100,000.

- II. All other terms and conditions of said Agreement shall remain in full force and effect.

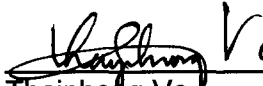
IN WITNESS WHEREOF, the parties have executed this Amendment on the date(s) shown below.

**County of Stanislaus
Behavioral Health and Recovery Services**

Aegis Treatment Centers, LLC.



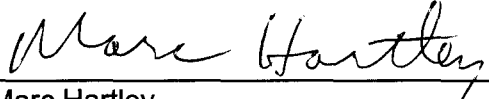
Madelyn Schlaepfer, Ph.D., CEAP 7-30-2014 Date
Behavioral Health Director



Thaiphong Vo 7/17/2014 Date
In-House Counsel



APPROVED AS TO FORM:
John P. Doering, County Counsel



Marc Hartley
Deputy County Counsel

BOS Action Item: 2014-395 Date: July 29, 2014