



**Edwin M. Lee**  
Mayor

**Barbara A. Garcia, MPA**  
Director of Health

TO: Angela Calvillo, Clerk of the Board of Supervisors

FROM: Colleen Chawla, Director of Policy and Planning  
Deputy Director of Health

THROUGH: Barbara A. Garcia, MPA  
Director of Health

DATE: February 22, 2016

SUBJECT: California Department of Healthcare Services Contract amendments A0-2 and A-03 for Substance Use Disorder Services for FY 2014-17 Contract # 14-90096

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**Purpose of this memorandum:**

This memorandum provides an explanation of the Amendments A-02 and A-03 to the Substance use Disorder Services (SUDS) 2014-17 Multi-year Contract between San Francisco and the California Department of Health Care Services (DHCS), a contract that is handled by the San Francisco Department of Public Health, Behavioral Health Services. The previous contract was approved by the Board of Supervisors in September 2015 (File No. 150785).

**Changes from previous (original) version of this contract:**

A-02 Amendment:

The Department of Healthcare Services (DHCS) has issued a \$7,215,023 amendment to this contract consisting primarily of an increase of \$7,121,875 Drug Medi-Cal Federal Share to FY 2014-15. This amendment increases the entire contract from \$40,371,901 to \$47,586,924. The DHCS has known since July, 2014, that an increase of this magnitude would be required, but waited until the middle of the fiscal year to make the change, presumably to avoid having to make multiple changes as a better estimate of the final liability became available.

Other changes to the contract are:

- 1) State General Fund \$302,549 local match addition for Residential Treatment, which is newly D/MC billable;
- 2) \$209,401 HIV+ Set-Aside reduction, formula is driven by case rate;
- 3) Discretionary fund increase of \$471; Adolescent decrease of \$358; and Perinatal decrease of \$113. The three small changes have an intentional net zero balance.

A-03 Amendment:

DHCS has further issued an Amendment A-03 to the 2014-17 contract. The purpose of the A-03 amendment is to update contract language, DHCS section names, DHCS section contact information, and provide updated references to federal and state regulations. In several places DHCS has included language to clarify specific regulations. None of the



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changes represent any change in either federal or California regulations, nor do they impose any new duties or restrictions on the county.

**Mandatory nature, and type of contract:**

- This is a mandatory contract between the State and each California County. The contract includes federal pass-through dollars (Substance Abuse Prevention and Treatment Block Grant, or SAPT grant). It is also the payment mechanism for Drug Medi-Cal Services.
- This is not a budget document, and does not interfere with the usual budget process. The contract includes terms and conditions for budgeted, allocated and fee for service items.

**Retroactivity:**

Retroactivity of this contract only refers to the fact that the State is encumbering additional Federal Medicaid Funds to this contract after July 1, 2014, the original start date of the contract. This is done to assure the adequacy of the contract to reimburse all the services billed by The City and County. Contract Amendment A-02 covers services the County has been providing since July of 2014.