

File No. 240799

Committee Item No. 1

Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

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Committee: Government Audit and Oversight

Date: October 17, 2024

Board of Supervisors Meeting:

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Prepared by: Monique Crayton

Date: October 11, 2024

Prepared by: _____

Date: _____

Prepared by: _____

Date: _____

1 [Administrative Code - “Cash Not Drugs” Sobriety and Recovery Pilot Program]

2

3 **Ordinance amending the Administrative Code to authorize the Human Services**
 4 **Agency, in coordination with the Department of Public Health, to establish a voluntary**
 5 **three-year sobriety and recovery incentive treatment program, known as “Cash Not**
 6 **Drugs,” to provide a weekly payment of up to \$100 to eligible beneficiaries of the**
 7 **County Adult Assistance Programs (“CAAP”) who have been screened for a substance**
 8 **use disorder and referred to substance use disorder treatment as a condition of further**
 9 **receipt of CAAP benefits, and who test negative for illicit drugs once per week;**
 10 **exempting the Cash Not Drugs payments from the CAAP eligibility calculation;**
 11 **providing for a six-month implementation plan before the program becomes**
 12 **operational; and revising the Homelessness and Supportive Housing Fund to include**
 13 **the Cash Not Drugs program as a permitted use of funds.**

14

15 NOTE: **Unchanged Code text and uncodified text** are in plain Arial font.
 16 **Additions to Codes** are in *single-underline italics Times New Roman font*.
 17 **Deletions to Codes** are in *strikethrough italics Times New Roman font*.
 18 **Board amendment additions** are in double-underlined Arial font.
 19 **Board amendment deletions** are in ~~strikethrough Arial font~~.
 20 **Asterisks (* * * *)** indicate the omission of unchanged Code
 21 subsections or parts of tables.

19

20 Be it ordained by the People of the City and County of San Francisco:

21

22 Section 1. The Administrative Code is hereby amended by revising Article VII of
 23 Chapter 20, Section 20.7-14, to read as follows:

24

SEC. 20.7-14. EXEMPT INCOME OR RESOURCES.

25

1 For the purpose of this Article VII, the following types of income and resources shall
2 not be considered available to the Applicant or Recipient in determining eligibility:

3 * * * *

4 (h) Payments made to the Applicant or Recipient as part of a locally-funded work
5 incentive program;~~and~~

6 (i) Payments made to the Applicant or Recipient as a result of participation in a
7 Guaranteed Income Pilot Program, provided the Applicant or Recipient has not declared
8 themselves to be homeless, as set forth in Section 20.7-34 of this Article VII.; and

9 (j) Payments made to the Applicant or Recipient under the Cash Not Drugs Pilot Program,
10 pursuant to Article XX of Chapter 20 of the Administrative Code.

11
12 Section 2. The Administrative Code is hereby amended by adding Article XX of
13 Chapter 20, consisting of Sections 20.20-1 to 20.20-7, to read as follows:

14 **ARTICLE XX:**

15 **CASH NOT DRUGS PILOT PROGRAM**

16
17 **SEC. 20.20-1. BACKGROUND, FINDINGS, AND PURPOSE.**

18 (a) The Human Services Agency (“HSA”) administers the City’s County Adult Assistance
19 Programs (“CAAP”), consisting of General Assistance, Personal Assisted Employment Services
20 Program, Cash Assistance Linked to Medi-Cal Program, and Supplemental Security Income Pending
21 Program, which together provide financial assistance and social services to eligible indigent adults
22 who have no other source of income or benefits.

23 (b) The incidence of substance use disorders among San Francisco’s CAAP population is
24 higher than among the general population. According to HSA, from 2018 to 2020, approximately 20%
25 of CAAP recipients self-disclosed in an initial interview with HSA staff that they have substance abuse

1 issues. By comparison, the federal Substance Abuse and Mental Health Services Administration
2 reported that, from 2005 to 2010, 10.8% of the San Francisco-Oakland-Fremont metropolitan
3 statistical area had a substance use disorder. Based on publicly available information, the incidence of
4 substance use disorder among CAAP recipients who are experiencing homelessness is concerning.
5 Further, in 2022, the San Francisco Homeless Count and Survey released by the Department of
6 Homelessness and Supportive Housing found that 52% of individuals experiencing homelessness
7 reported their drug or alcohol use as a disabling health condition, representing a 10% increase from
8 2019. In its Accidental Drug Overdose Reports for 2020 through 2023, the Office of the Chief Medical
9 Examiner has determined that at least 25% of drug overdose decedents have no fixed address.

10 (c) Among programs intended to support recovery from substance use disorders, medical
11 literature widely supports contingency management strategies as effective treatments. In contingency
12 management strategies, patients receive tangible incentives to reinforce positive behaviors such as
13 abstinence from addictive substances or behaviors, or adherence to Medication-Assisted Treatment
14 (“MAT”) where patients are prescribed medications, such as buprenorphine, methadone, and
15 naltrexone, to treat opioid use disorders.

16 (d) The San Francisco Department of Public Health (“DPH”) currently offers contingency
17 management programs, including programs authorized by the California Department of Health Care
18 Services. DPH’s 2022 Overdose Prevention Plan proposed to increase the number of programs
19 offering contingency management from three to five, and increase the number of people participating in
20 contingency management programs by 25%.

21 (e) On March 5, 2024, the voters passed Proposition F, which, as of January 1, 2025, will
22 require all adult CAAP recipients to undergo screening for substance abuse when HSA determines that
23 there is reasonable suspicion to believe that an individual is dependent upon illegal drugs. If the
24 screening indicates there is reason to believe the recipient is abusing or dependent on illegal drugs,
25 Proposition F will require that recipient to undergo a professional evaluation for substance abuse to

1 receive further CAAP benefits. If, as a result of the professional evaluation, a provider determines the
2 recipient requires substance abuse treatment, the provider will refer the recipient to a treatment
3 program.

4 (f) The purpose of the Pilot Program established in this Article XX is to incentivize both
5 drug-free and medically-assisted recovery from substance use disorders for those individuals who,
6 under Proposition F, must undergo substance abuse treatment, and to strengthen drug overdose
7 prevention efforts using contingency management methods.

8
9 **SEC. 20.20-2. DEFINITIONS.**

10 For purposes of this Article XX, the following terms have the following meanings:

11 “CAAP” means the County Adult Assistance Programs, set forth in Article VII of Chapter 20
12 of the Administrative Code.

13 “City” means the City and County of San Francisco.

14 “CLIA” means the Clinical Laboratory Improvement Amendments, codified at 42 U.S.C.
15 § 263a, as may be amended from time to time, and including any implementing regulations.

16 “CND Participant” means a person participating in the Cash Not Drugs Pilot Program and
17 meeting the eligibility criteria in Section 20.20-3.

18 “DPH” means the San Francisco Department of Public Health.

19 “Drug Test” means a test that detects the presence of illicit substances without referral to or
20 analysis by a CLIA laboratory, such as but not limited to a rapid, at-home test or testing by a non-CLIA
21 certified forensic laboratory.

22 “Executive Director” means the Executive Director of HSA or the Executive Director’s
23 designee.

24 “HSA” means the San Francisco Human Services Agency.

25 “MAT” means Medication-Assisted Treatment.

1 “Negative Drug Test” means a Drug Test that is negative for any of the controlled substances
2 listed in California Health and Safety Code Section 11054, as may be amended from time to time, with
3 the exception of the following substances: Cannabis; Psilocybin; Psilocyn; Dimethyltryptamine (DMT);
4 Mescaline; or any controlled substance used in connection with a prescribed MAT program, including,
5 but not limited to, Buprenorphine and Methadone.

6 “Pilot Program” means the Cash Not Drugs Pilot Program, as set forth in this Article XX.

7
8 **SEC. 20.20-3. THE CASH NOT DRUGS PILOT PROGRAM.**

9 (a) HSA, in collaboration with DPH, shall establish the Cash Not Drugs Pilot Program as a
10 three-year pilot program.

11 (b) To establish initial eligibility for assistance under the Pilot Program, a person must:

12 (1) receive financial assistance through CAAP;

13 (2) be evaluated and determined to need substance abuse treatment as required by
14 Section 20.7-26.5(c) of the Administrative Code to receive further CAAP benefits; and

15 (3) enroll in the Pilot Program, subject to program availability, by producing an initial
16 Negative Drug Test.

17 (c) To maintain eligibility for weekly assistance under the Pilot Program, a person must:

18 (1) have established initial eligibility under subsection (b);

19 (2) thereafter produce one Negative Drug Test per week;

20 (3) participate in a contingency management substance use treatment program; and

21 (4) meet any additional requirements established by HSA, in collaboration with DPH,
22 in its discretion, that are reasonably necessary or appropriate to implement the Pilot Program.

23 (d) Subject to the fiscal and budgetary provisions of the Charter, HSA shall collaborate with
24 DPH to implement the Pilot Program as follows:

1 (1) HSA shall administer the Pilot Program as a voluntary program. The Executive
2 Director may limit eligibility for the Pilot Program, including, but not limited to, offering the Pilot
3 Program on a first-come, first-served basis and capping participation in the Pilot Program. In
4 designing and implementing the Pilot Program, HSA shall partner with DPH to incorporate the seven
5 core principles of contingency management, which are target behavior, target population, type of
6 reinforcer, magnitude (or amount) of reinforcer, frequency of reinforcement distribution, timing of
7 reinforcement distribution, and duration of reinforcement.

8 (2) Subject to the civil service provisions of the Charter, HSA or DPH may contract for
9 the administration of the Pilot Program through a competitive bidding process, provided that, the
10 contractor shall have experience in recovery supporting services and substance use disorder treatment
11 programs.

12 (3) Starting the first full week after a CND Participant satisfies the initial eligibility
13 criteria set forth in subsection (b), HSA may, in its discretion, provide to such person payments in an
14 amount of up to \$100 per week for as long as such CND Participant maintains eligibility in the Pilot
15 Program. HSA may provide payments using methods to safeguard against fraud and abuse, including
16 but not limited to, smart debit cards with anti-relapse protections.

17 (4) HSA, in coordination with DPH, may offer CND Participants in the Pilot Program
18 access to a protocol-driven and evidence-based treatment recovery program that includes an
19 abstinence-based or MAT program for substance use disorder.

20 (5) HSA may, in its discretion, disenroll from the Pilot Program CND Participants who
21 fail to meet the Pilot Program eligibility requirements in subsection (c), provided that, if HSA
22 determines, in its discretion, that the CND Participant is making a good-faith effort to maintain or
23 achieve sobriety, HSA may continue the CND Participant's eligibility in the Pilot Program.
24 Disenrolled CND Participants shall not have the right to appeal HSA's decision. Disenrolled CND
25

1 Participants may re-enter the Pilot Program at any time provided that they meet the initial eligibility
2 criteria set forth in subsection (b).

3 (6) CND Participants may only participate in the Pilot Program using Drug Tests
4 funded exclusively by the City and may not seek reimbursement for the Drug Tests from any other payer
5 source. Any Drug Test used in the Pilot Program may not be sent to a CLIA laboratory for testing.

6 (e) Notwithstanding subsections (b) and (c), CND Participants shall be ineligible for further
7 participation in the Pilot Program if HSA determines the CND Participant has, by means of fraud or
8 willful noncompliance with Pilot Program requirements, obtained payments under the Pilot Program.

9
10 **SEC. 20.20-4. CASH NOT DRUGS IMPLEMENTATION PLAN.**

11 (a) By no later than six months from the effective date of this ordinance, HSA shall work with
12 the City Attorney, City Controller, DPH, and other relevant City agencies as necessary to prepare an
13 implementation plan (“Implementation Plan”) for the Pilot Program. Before implementing the Pilot
14 Program, HSA shall provide a copy of the Implementation Plan to the Mayor and the Board of
15 Supervisors.

16 (b) The Implementation Plan shall include, but is not limited to, the following elements:

17 (1) An implementation timeline and operative date;

18 (2) An initial numerical cap on CND participants, if necessary and appropriate,
19 together with an analysis of factors that may allow for expanded participation in the Pilot Program
20 during the operative period;

21 (3) The Pilot Program’s plan to conduct Drug Tests, together with details on any
22 necessary interdepartmental work orders or outside contractors for implementation and possible
23 expansion;

24 (4) Estimated costs to conduct Drug Tests and payments for successful CND
25 Participants, with an estimation of funds available to the Pilot Program from the Homelessness and

1 Supportive Housing Fund, codified at Administrative Code Section 10.100-77 or other eligible funding
2 sources;

3 _____ (5) Estimated costs to administer the substance abuse treatment program and
4 associated staffing, with an estimation of funds available to the Pilot Program from the CAAP
5 Treatment Fund, in accordance with Proposition F, adopted by the voters at the March 5, 2024
6 election, which becomes operative on January 1, 2025 and to be codified at Administrative Code
7 Section 10.100-45.5; and

8 _____ (6) Implementation and incorporation of the seven core principles of contingency
9 management, referenced in subsection(d)(1) of Section 20.20-3, into the Pilot Program.

10
11 **SEC. 20.20-5. ANNUAL ASSESSMENT REPORT.**

12 HSA may work with a clinical research partner to prepare periodic assessments to submit to
13 the Board of Supervisors and the Mayor no less than annually. Each such report shall describe the
14 number of individuals who received benefits under the Pilot Program and evaluate the effectiveness of
15 the Pilot Program at incentivizing drug-free recovery, MAT, and drug-use prevention, and include
16 recommendations for further changes to the Pilot Program as appropriate. HSA shall submit the first
17 report no later than 12 months after the start date of the Pilot Program and the second report no later
18 than 12 months after the first report. A report shall be submitted between six and eight months prior to
19 the sunset date for the Pilot Program, as stated in Section 20.20-7, so that the Mayor and Board of
20 Supervisors will have adequate time to consider whether to transform the Pilot Program into a
21 permanent program.

22
23 **SEC. 20.20-6. PROMOTION OF GENERAL WELFARE.**

24 In establishing the Pilot Program, the City is assuming an undertaking only to promote the
25 general welfare. It is not assuming, nor is it imposing on its officers and employees, an obligation for

1 breach of which it is liable in money damages to any person who claims that such a breach proximately
2 caused injury.

3
4 **SEC. 20.20-7. SUNSET PROVISION.**

5 Unless the Board of Supervisors by ordinance extends the term of the Pilot Program, this
6 Article XX and subsection (j) of Section 20.7-14 of Article VII of Chapter 20 of the Administrative Code
7 shall expire by operation of law three years after the effective date of the ordinance in Board File No.
8 240799 enacting this Article and Section 20.7-14(j). Upon expiration of Article XX and Subsection (j)
9 of Section 20.7-14, the City Attorney is authorized to cause such provisions to be removed from the
10 Administrative Code.

11
12 Section 3. The Administrative Code is hereby amended by revising Article XIII of
13 Chapter 10, Section 10.100-77, to read as follows:

14 **SEC. 10.100-77. HOMELESSNESS AND SUPPORTIVE HOUSING FUND.**

15 * * * *

16 (d) **Uses of the Fund.** The Fund shall be used by the Department to provide: (1)
17 housing, utilities, and meals; (2) drug and alcohol treatment, including contingency management
18 programs, such as a program established under the Cash Not Drugs Pilot Program, codified in Article
19 XX of Chapter 20 of the Administrative Code, that include direct cash payments as a component of the
20 program; (3) mental health care; and, (4) job training, for homeless CAAP recipients whose
21 monthly cash payments have been reduced. In providing these services, the Department may
22 use monies in the Fund to pay for master lease contracts for SRO hotels, expanded shelter
23 operation contracts, meal contracts, and other agreements to provide in-kind benefits. Nothing
24 in this section shall be construed to prevent the City or the Department from providing the
25 same services to other classes of recipients from other funding sources.

1 To the extent that the Department has met its obligations to provide the basic in-
2 kind benefits listed above, it may also use money in the Fund to pay for job training, SSI
3 advocacy, rental/move-in assistance, and any other services the Department deems
4 necessary or appropriate to help move CAAP recipients in the City's shelter system into
5 permanent housing or self-sufficiency.

6 The Department may not use any other portion of its overall budget for the direct
7 costs of new care associated with the implementation of Proposition N, or any other legislation
8 that provides in-kind benefits in lieu of a full cash grant; provided, however, that the City may
9 continue to use any other source of funds to provide the same level of such services to
10 homeless CAAP recipients as it already provided, without any reduction in cash assistance,
11 before June 30, 2003 for Proposition N, or before the effective date for any other legislation
12 covered by this ordinance. The Department may only use monies within the Fund for the
13 provision of new care required to implement Proposition N, the Cash Not Drugs Pilot Program,
14 codified in Article XX of Chapter 20 of the Administrative Code, or any other legislation that
15 provides in-kind benefits in lieu of a full cash grant.

16 * * * *

17
18 Section 4. Effective Date. This ordinance shall become effective 30 days after
19 enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the
20 ordinance unsigned or does not sign the ordinance within ten days of receiving it, or the Board
21 of Supervisors overrides the Mayor's veto of the ordinance.

22
23 Section 5. Scope of Ordinance. In enacting this ordinance, the Board of Supervisors
24 intends to amend only those words, phrases, paragraphs, subsections, sections, articles,
25 numbers, punctuation marks, charts, diagrams, or any other constituent parts of the Municipal

1 Code that are explicitly shown in this ordinance as additions, deletions, Board amendment
2 additions, and Board amendment deletions in accordance with the “Note” that appears under
3 the official title of the ordinance.

4

5 APPROVED AS TO FORM:
6 DAVID CHIU, City Attorney

7 By: /s/ Henry L. Lifton
8 HENRY L. LIFTON
9 Deputy City Attorney

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LEGISLATIVE DIGEST

[Administrative Code - “Cash Not Drugs” Sobriety and Recovery Pilot Program]

Ordinance amending the Administrative Code to authorize the Human Services Agency, in coordination with the Department of Public Health, to establish a voluntary three-year sobriety and recovery incentive treatment program, known as “Cash Not Drugs,” to provide a weekly payment of up to \$100 to eligible beneficiaries of the County Adult Assistance Programs (“CAAP”) who have been screened for a substance use disorder and referred to substance use disorder treatment as a condition of further receipt of CAAP benefits, and who test negative for illicit drugs once per week; exempting the Cash Not Drugs payments from the CAAP eligibility calculation; providing for a six-month implementation plan before the program becomes operational; and revising the Homelessness and Supportive Housing Fund to include the Cash Not Drugs program as a permitted use of funds.

Existing Law

The proposed ordinance has not previously been codified.

Amendments to Current Law

The proposed ordinance would create a three-year pilot program run by the Human Services Agency (“HSA”), in collaboration with the Department of Public Health (“DPH”), where HSA and DPH would operate a contingency management program for County Adult Assistance Programs (“CAAP”) beneficiaries who are required to receive substance abuse treatment as a condition of receiving further CAAP benefits. Participants in the pilot program must produce a negative drug test every week, in addition to any other requirements established by HSA to run the contingency management program. HSA, in its discretion, would then provide to program participants payments of up to \$100 per week as part of the contingency management treatment program.

The proposed ordinance would also exempt the weekly payments from the CAAP eligibility calculation. During the first six months of the pilot program, HSA would collaborate with the City Attorney, Controller, DPH, and any other relevant City agencies to develop an implementation plan. Finally, the ordinance would amend the Homelessness and Supportive Housing Fund to include the pilot program as an authorized use of the fund.

Background Information

HSA administers CAAP, which together provide financial assistance and social services to eligible indigent adults who have no other source of income or benefits. According to HSA,

from 2018 to 2020, approximately 20% of CAAP recipients self-disclosed in an initial interview with HSA staff that they have substance abuse issues.

Among substance use treatment programs, medical literature supports contingency management as an effective treatment. In contingency management strategies, patients receive tangible incentives to reinforce positive behaviors such as abstinence from addictive substances or behaviors, or adherence to medication-assisted treatment where patients are prescribed medications, such as buprenorphine, methadone, and naltrexone, to treat opioid use disorders. DPH currently offers contingency management programs, including programs authorized by the California Department of Health Care Services. DPH's 2022 Overdose Prevention Plan proposed to increase the number of programs offering contingency management from three to five, and increase the number of people participating in contingency management programs by 25%.

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CITY AND COUNTY OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET AND LEGISLATIVE ANALYST

1390 Market Street, Suite 1150, San Francisco, CA 94102 (415) 552-9292
FAX (415) 252-0461

October 11, 2024


TO: Government Audit and Oversight Committee
FROM: Budget and Legislative Analyst 
SUBJECT: October 17, 2023 Government Audit and Oversight Committee Meeting

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<p>Item 1 File 24-0799</p>	<p>Department: Human Services Agency</p>
<p>EXECUTIVE SUMMARY</p>	
<p style="text-align: center;">Legislative Objectives</p> <ul style="list-style-type: none"> The proposed ordinance would amend the Administrative Code and establish the Cash Not Drugs (CND) program, to be administered by the Human Services Agency (HSA), to provide County Adult Assistance Program (CAAP) recipients that are required to undergo substance use treatment up to \$100/week if they pass weekly drug tests. <p style="text-align: center;">Key Points</p> <ul style="list-style-type: none"> According to the Department of Public Health, there are approximately ten programs and contracts across the City that provide contingency management treatment. The average cost to administer a standalone contingency management program is \$7,952 per person. Approximately 780 CAAP recipients will be eligible for the proposed program based on HSA estimates of the number of CAAP recipients per year that will be required to undergo substance use treatment. <p style="text-align: center;">Fiscal Impact</p> <ul style="list-style-type: none"> The estimated annual cost of operating a contingency management program for 50 people would be \$220,513 for a 12-week treatment and \$411,075 for a 24-week treatment. The estimated annual cost of operating a program for 150 people would be \$661,538 for a 12-week treatment and \$1.2 million for a 24-week treatment. These costs are estimated based on existing contingency management program costs and adjusted for the program rules defined in the proposed ordinance. <p style="text-align: center;">Policy Consideration</p> <ul style="list-style-type: none"> Medi-Cal may be a possible funding source for the proposed program. To utilize Medi-Cal funds, the program rules would need to align with the program structure outlined in the policy guidance from the Department of Health Care Services, which have a stricter program design than in the proposed ordinance. <p style="text-align: center;">Recommendation</p> <ul style="list-style-type: none"> Approval of the proposed ordinance is a policy matter for the Board of Supervisors. 	

MANDATE STATEMENT

City Charter Section 2.205 states that all legislative acts shall be by ordinance, approved by a majority of the members of the Board of Supervisors.

BACKGROUND

San Francisco's Human Services Agency provides cash aid and services to low-income adults through the County Adult Assistance Program (CAAP). This program generally serves adults age 65 and under with no dependent children. There were approximately 5,700 monthly CAAP recipients in Fiscal Year 2022-2023.¹ As estimated 30 percent of CAAP recipients have a substance use disorder.²

Proposition F

In March 2024, San Francisco voters passed Proposition F, which requires CAAP recipients to undergo substance use treatment if they have been identified as being dependent on illegal drugs and referred to treatment. If recipients do not comply with treatment, they will lose their benefits. This legislation becomes effective January 1, 2025.

Contingency Management

Contingency management is an evidence-based treatment that incentivizes recovery from drug use. Most commonly, this is a behavioral treatment for a substance use disorder which provides an incentive (e.g. gift cards) for a predetermined behavior change (e.g. providing a negative drug test if the goal is to stop using a substance). Robust evidence exists showing this approach to be effective at decreasing drug use among a wide range of substance use disorders.³

According to the Department of Public Health, there are approximately ten programs and contracts across the City that provide contingency management treatment. Most programs provide numerous substances use disorder treatment services in addition to contingency management. To estimate program cost for contingency management treatment, we evaluated the costs of two standalone contingency management programs, PROP and PROP 4 ALL. As shown by Exhibit 1 below, the cost of operating a standalone contingency management program ranges from \$5,168 to \$10,737 per person. These costs are reflective of 12-week programs that provided a maximum incentive amount of \$330 per participant and required participants to test

¹ Figure from Proposition F ballot measure. More recent CAAP client load data can be found at the Safety Net Services Performance Scorecard: <https://www.sf.gov/data/caap-active-caseload#city-performance-scorecards->

² The 30% estimate of CAAP clients with substance abuse disorder is based on a 28.9% match of CAAP clients and DPH diagnosis/treatment records from October 2022 to September 2023. Data included alcohol-related substance use disorder.

³ AshaRani, P. V., Hombali, A., Seow, E., Ong, W. J., Tan, J. H., & Subramaniam, M. (2020). Non-pharmacological interventions for methamphetamine use disorder: a systematic review. *Drug and alcohol dependence*, 212, 108060. <https://doi.org/10.1016/j.drugalcdep.2020.108060>; Brown, H. D., & DeFulio, A. (2020). Contingency management for the treatment of methamphetamine use disorder: A systematic review. *Drug and alcohol dependence*, 216, 108307. <https://doi.org/10.1016/j.drugalcdep.2020.108307>; Ronsley, C., Nolan, S., Knight, R., Hayashi, K., Klimas, J., Walley, A., Wood, E., & Fairbairn, N. (2020). Treatment of stimulant use disorder: A systematic review of reviews. *PLoS one*, 15(6), e0234809. <https://doi.org/10.1371/journal.pone.0234809>

three times per week. The costs of the standalone contingency management programs are primarily for clinical staff and testing.

Exhibit 1: Annual Operating Costs of Existing Standalone Contingency Management Programs

	PROP	PROP 4 ALL
Employee Salaries and Benefits	\$137,094	\$782,253
Operating Expenses	\$65,136	\$151,390
Indirect Expenses	\$30,336	\$140,045
Total	\$232,566	\$1,073,688
Participant Capacity	45	100
Cost Per Person Per Year	\$5,168	\$10,737

Source: DPH

Note: Positive Reinforcement Opportunity Project (PROP) and PROP 4 ALL are two standalone contingency management programs administered by the San Francisco AIDS Foundation in partnership with the Department of Public Health. Both programs aimed to reduce the use of methamphetamine, opioids, and other substances.

DETAILS OF PROPOSED LEGISLATION

The proposed ordinance would amend the Administrative Code to establish a contingency management program as one option for CAAP recipients who must participate in substance use treatment to maintain CAAP eligibility, as mandated by Proposition F. This proposed program, called Cash Not Drugs, would be a 3-year pilot that gives eligible CAAP recipients with a substance use disorder up to \$100 per week incentive for cessation of substance use as demonstrated by a negative urine toxicology test. The program would be managed and funded by the Human Services Agency (HSA) in collaboration with the Department of Public Health (DPH).

Estimating Program Eligibility

Section 20.20-3(c)(1) of the proposed ordinance gives HSA authority to limit program eligibility, including capping participation, which would be voluntary. HSA estimates approximately 780 clients per year will be subject to proposition F requirements, after adjusting for exempt CAAP clients, natural drop off rates, screening accuracy, and illegal versus legal substance use disorder estimates.

Implementation

HSA would work with necessary departments to prepare an implementation plan. Prior to implementing the plan, HSA is required to provide a copy of the plan to the mayor and to the Board of Supervisors. HSA is required to submit annual reports.

Drug Test

Section 20.20-3(c)(2) of the proposed ordinance requires participants to provide one negative drug test per week to maintain eligibility.

Incentive Payments

Section 20.20-3(d)(3) of the proposed ordinance gives HSA the authority to provide payments of up to \$100 per week for program participants.

Annual Reporting

Section 20.20-5 of the proposed ordinance requires HSA to submit annual reports to the Board of Supervisors and the Mayor to evaluate the program’s effectiveness. HSA is authorized to collaborate with a third party to prepare these reports.

FISCAL IMPACT

Exhibit 2 presents a cost estimate of the Cash Not Drugs program. To create the estimate, we accounted for a capped incentive amount of \$599 per participant and weekly drug test requirements.⁴ Based on treatment periods of existing programs, we have included cost estimates for a 12-week and 24-week treatment period.⁵ Because it is likely that not all estimated 780 eligible CAAP clients would participate in this program and due to HSA’s ability to limit enrollment, the estimate reflects costs for 50 and 150 clients per year. Estimates in Exhibit 2 below incorporate cost of existing contingency management programs noted in Exhibit 1, adjusted for the lower testing intensity required by the proposed ordinance (once per week instead of three times per week of existing programs).

Exhibit 2: Estimate of Annual Program Costs

	12-Week Treatment		24-Week Treatment	
	50 Clients	150 Clients	50 Clients	150 Clients
Operating costs	\$190,563	\$571,688	\$381,125	\$1,143,376
Incentive costs	\$29,950	\$89,850	\$29,950	\$89,850
Total	\$220,513	\$ 661,538	\$411,075	\$1,233,226

Source: Budget & Legislative Analyst

In addition, we estimate \$100,000 in annual program evaluation costs as required by Section 20.20-5 of the proposed ordinance.

Funding Strategy

The proposed ordinance amends Section 10.100-77(d) of the Administrative Code to authorize funds from the HSH Fund to be utilized for the Cash Not Drugs Pilot Program.⁶ According to the Department of Homelessness and Supportive Housing (HSH), there are no funds available in the current budget to support this ordinance and HSH is not projecting a revenue increase in the near-term.

Proposition F established the CAAP Treatment Fund, which will be composed of aid savings from recipients who are discontinued due to noncompliance with Proposition F. According to HSA, the

⁴ The \$599 maximum reflects the cap offered by programs participating in Medi-Cal’s contingency management pilot program. According to HSA, this figure is a suitable estimate that accounts for various factors HSA would need to consider when determining the incentive amount, including ensuring the incentive does not affect income eligibility for other public benefit programs, the incentive range of existing contingency management programs, and programmatic restrictions aimed at maximizing Medi-Cal funding.

⁵ Treatment periods vary. For example, PROP and PROP 4 ALL are both 12-week programs. Medi-Cal’s pilot contingency management programs are 24-month programs.

⁶ The HSH Fund accounts for cash benefits to low-income residents that is used to fund homeless services.

CAAP Treatment Fund will receive an estimated \$400k in FY 2025. HSA projects this fund will be insufficient to cover all Proposition F costs.⁷ As a result, HSA anticipates that there will be no excess funding to support the proposed program, which would therefore likely require support from the General Fund. Homelessness Gross Receipts Tax Revenue and Opioid Settlement Funds could also be used to fund the proposed pilot program.

POLICY CONSIDERATION

Type of Substance Use Disorder

Contingency management can be used as a standalone treatment or combined with other treatments to enhance its effectiveness. It has proven effective as a standalone treatment for stimulant use disorder. Conversely, contingency management is particularly effective for opioid use disorder when paired with medication-assisted treatment.⁸ HSA should take these factors into account when recruiting program participants to ensure the most effective treatment approach is provided. Adding supplemental treatment services to the Cash not Drugs contingency management program would increase program costs.

Size of Incentive Payment

Section 20.20-3(d)(3) of the proposed ordinance sets the Cash Not Drugs program's incentive payments at up to \$100 per week.

For budgetary considerations, the Board of Supervisors and/or the Human Services Agency may want to consider more modest incentive payments than the proposed maximum of \$100 per week per participant. As of this writing, CAAP benefits are up to \$109 per month for homeless recipients and \$712 per month for housed recipients. With a \$100 weekly incentive, an individual's monthly income would increase significantly—by nearly 400% for those experiencing homelessness. This significant increase in income would make CAAP recipients' ineligible for other public benefits, such as CalFresh, which many CAAP clients also receive.

Other contingency management programs, such as PROP and PROP 4 ALL, offered more modest payments that averaged to \$27.50 per week.⁹ Research shows that higher incentives increase the effectiveness of contingency management.¹⁰ Therefore, it is important to balance incentive levels to both maximize program success and manage program costs.

Medi-Cal Funding

Medi-Cal may be a possible funding source for the proposed program. Medi-Cal typically funds 50-90 percent of eligible program costs. California became the first state to receive federal approval to offer contingency management as a Medicaid benefit through its Recovery Incentives

⁷ HSA projects total costs related to Proposition F in FY 24-25 to be approximately \$632,888. HAS projects these costs to be funded with CAAP Treatment Funds (\$393,971) and General Funds (\$238,917).

⁸ Proctor SL. Rewarding recovery: the time is now for contingency management for opioid use disorder. *Ann Med.* 2022 Dec.

⁹ Administered in FY 2023-2024, PROP and PROP4ALL were 12-week contingency management programs that capped the cost per participant per year at \$330.

¹⁰ Lussier JP, Heil SH, Mongeon JA, Badger GJ, Higgins ST. A meta-analysis of voucher-based reinforcement therapy for substance use disorders. *Addiction.* 2006 Feb.

Program pilot.¹¹ To utilize Medi-Cal funds, the program rules would need to align with the program structure outlined in the policy guidance from the Department of Health Care Services.¹² Key modifications include:

- Restricting eligibility to individuals with a Stimulant Use Disorder
- Limiting eligibility to Medi-Cal beneficiaries
- Mandating that participants drug test twice a week
- Require that the treatment provider be operated by a Drug Medi-Cal Organized Delivery System certified provider
- Ensuring participants are provided continued care for six months or more following the completion of contingency management treatment

These additional requirements would increase the cost of the contingency management programs, offset by reimbursements from Medi-Cal. Federal funding for the Recovery Incentives Program is due to expire in December 2026. While DPH indicates that federal funding may continue based on further good results of the demonstration and federal approval, it has not been extended beyond that date. Therefore, Medi-Cal funds are not guaranteed for the duration of the proposed three-year program.

RECOMMENDATION

Approval of the proposed ordinance is a policy matter for the Board of Supervisors.

¹¹ [DMC-ODS Contingency Management \(ca.gov\)](https://www.dhcs.ca.gov/Documents/BHIN-24-031-Updated-Guidance-for-the-RI-Program.pdf)

¹² <https://www.dhcs.ca.gov/Documents/BHIN-24-031-Updated-Guidance-for-the-RI-Program.pdf>

BOARD of SUPERVISORS



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MEMORANDUM

TO: Trent Rhorer, Executive Director, Human Services Agency
Dr. Grant Colfax, Director, Dept. of Public Health

FROM: Victor Young, Assistant Clerk *Victor Young*

DATE: August 30, 2024

SUBJECT: LEGISLATION INTRODUCED

The Board of Supervisors' Rules Committee received the following proposed Ordinance:

File No. 240799

Ordinance amending the Administrative Code to authorize the Human Services Agency, in coordination with the Department of Public Health, to establish a voluntary three-year sobriety and recovery incentive treatment program, known as "Cash Not Drugs," to provide a weekly payment of up to \$100 to eligible beneficiaries of the County Adult Assistance Programs ("CAAP") who have been screened for a substance use disorder and referred to substance use disorder treatment as a condition of further receipt of CAAP benefits, and who test negative for illicit drugs once per week; exempting the Cash Not Drugs payments from the CAAP eligibility calculation; providing for a six-month implementation plan before the program becomes operational; and revising the Homelessness and Supportive Housing Fund to include the Cash Not Drugs program as a permitted use of funds.

If you have comments or reports to be included with the file, please forward them to Victor Young at the Board of Supervisors, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102 or by email at: victor.young@sfgov.org.

c: Elizabeth LaBarre, Human Services Agency
Susie Smith, Human Services Agency
Dr. Naveena Bobba, Public Health
Sneha Patil, Public Health
Ana Validzic, Public Health

President, District 3
BOARD of SUPERVISORS



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Aaron Peskin

PRESIDENTIAL ACTION

Date: 9/11/24

To: Angela Calvillo, Clerk of the Board of Supervisors

Madam Clerk,
Pursuant to Board Rules, I am hereby:

Waiving 30-Day Rule (Board Rule No. 3.23)

File No. _____

(Primary Sponsor)

Title. _____

Transferring (Board Rule No 3.3)

File No. _____

240799

Dorsey

(Primary Sponsor)

Title. _____

Administrative Code - "Cash Not Drugs" Sobriety and Recovery Pilot Program

From: Rules _____

Committee

To: Government Audit & Oversight _____

Committee

Assigning Temporary Committee Appointment (Board Rule No. 3.1)

Supervisor: _____

Replacing Supervisor: _____

For: _____

(Date)

(Committee)

Meeting

Start Time: _____

End Time: _____

Temporary Assignment: Partial Full Meeting



Aaron Peskin, President
Board of Supervisors

Introduction Form

(by a Member of the Board of Supervisors or the Mayor)



I hereby submit the following item for introduction (select only one):

- 1. For reference to Committee (Ordinance, Resolution, Motion or Charter Amendment)
- 2. Request for next printed agenda (For Adoption Without Committee Reference)
(Routine, non-controversial and/or commendatory matters only)
- 3. Request for Hearing on a subject matter at Committee
- 4. Request for Letter beginning with "Supervisor inquires..."
- 5. City Attorney Request
- 6. Call File No. from Committee.
- 7. Budget and Legislative Analyst Request (attached written Motion)
- 8. Substitute Legislation File No.
- 9. Reactivate File No.
- 10. Topic submitted for Mayoral Appearance before the Board on

The proposed legislation should be forwarded to the following (please check all appropriate boxes):

- Small Business Commission Youth Commission Ethics Commission
- Planning Commission Building Inspection Commission Human Resources Department

General Plan Referral sent to the Planning Department (proposed legislation subject to Charter 4.105 & Admin 2A.53):

- Yes No

(Note: For Imperative Agenda items (a Resolution not on the printed agenda), use the Imperative Agenda Form.)

Sponsor(s):

Subject:

Long Title or text listed:

Signature of Sponsoring Supervisor: