



# County of San Mateo

## Inter-Departmental Correspondence

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**Department:** HEALTH

**File #:** 24-534

Board Meeting Date: 6/25/2024

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**Special Notice / Hearing:** None  
**Vote Required:** Majority

**To:** Honorable Board of Supervisors

**From:** Louise F. Rogers, Chief, San Mateo County Health  
Jei Africa, Director, Behavioral Health, and Recovery Services

**Subject:** Agreement with Horizon Services, Inc. for Residential Substance Use Disorder Detoxification Services

**RECOMMENDATION:**

Adopt a resolution authorizing an agreement with Horizon Services, Inc. for residential substance use disorder detoxification services, for the term of July 1, 2024 through June 30, 2025, in an amount not to exceed \$3,739,626.

**BACKGROUND:**

For over 35 years, Palm Avenue Detox (Palm Avenue), a program of Horizon Services, Inc. (Horizon), has been serving residents of San Mateo County. Horizon assists clients in connecting to ongoing substance use disorder treatment programs, primary and psychiatric care, housing, and other health-related services.

In July 2019, Horizon began providing services under the Drug Medi-Cal Organized Delivery System (DMC-ODS) waiver, allowing Horizon and other providers to bill for many more services than they were previously able.

In early 2021, the California Department of Health Care Services (DHCS) issued an Immediate Temporary Suspension Order (Order) on Palm Avenue's license to operate, for violations of the Health and Safety Code and applicable regulations and rules, subsequent to the death of a Palm Avenue client. In June 2021, DHCS and Horizon executed a Stipulated Settlement Agreement (SSA) to resolve all the issues pertaining to the Order. In the SSA, Palm Avenue agreed to remain closed through August 14, 2021, and could reopen thereafter under a probationary status for three years.

During the closure of Palm Avenue, Horizon completed an extensive re-organization and hired all new staff, from line staff to their Executive Director and Medical Director. Horizon also created new standard operating procedures, implemented new training requirements, increased staffing levels to ensure client safety, and has become Incidental Medical Services certified within Drug Medi-Cal, so

that it can provide a higher quality of services to clients.

**DISCUSSION:**

Residential withdrawal management services are defined by DHCS as urgent. Clinically managed residential withdrawal management services, such as those offered by Palm Avenue provide 24-hour support for moderate withdrawal symptoms that are not manageable in an outpatient setting. The services are medically necessary to protect life, to prevent significant illness or significant disability, or to alleviate severe pain. BHRS is required to provide these services per the DMC-ODS regulations.

Palm Avenue program is a 22-bed co-ed residential treatment program facility with established expertise in serving clients who have Substance Use Disorders (SUD). It is the only program in San Mateo County offering this essential service, other than StarVista, which has a small, four-bed women’s facility that is unable to sufficiently meet the needs of all San Mateo County residents.

Palm Avenue’s facility license was temporarily suspended by DHCS on May 22, 2024, and the facility was closed immediately, due to DHCS finding violations of the Health and Safety Code and applicable regulations and rules. Horizon has appealed the suspension and requested an administrative hearing.

If Palm Avenue’s facility license is restored, it is critical that these services be available immediately in order to meet urgent client withdrawal management needs, to reduce the risk of overdose and possibly death, and to assure the County complies with state and federal requirements. To this end, BHRS will continue to fund Palm Avenue’s facility operations during the administrative hearing process, for a period not to exceed three months. This contract shall be revisited after the result of the administrative appeal process, at the time of denial or reinstatement, and no later than September 30, 2024, to determine next steps.

There continues to be a shortage of facilities in San Mateo County that specialize in residential services for SUD, leading Behavioral Health, and Recovery Services to consider contracts with any and all qualified providers. These Housing Services and Related Supports are exempt from the competitive procurement process under Administrative Memo B-1.

The resolution contains the County’s standard provisions allowing amendment of the County’s fiscal obligations by a maximum of \$25,000 (in aggregate).

The agreement and resolution have been reviewed and approved by the County Attorney as to form.

Successful discharge occurs when a program participant completes detoxification services and is in transition to the next appropriate level of care. Research shows that the longer participants are retained in an appropriate level of treatment, the more likely they are to achieve long-term recovery. A participant’s willingness to continue in treatment is a key element to successful stabilization and progress towards sustained recovery. It is anticipated that 90% of program participants will achieve a successful detoxification discharge.

**PERFORMANCE MEASURE:**

Measure	FY 2023-24 Estimated	FY 2024-25 Projected
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Percentage of program participants that achieve a successful detoxification discharge	90% 135 of 150 participants	90% 135 of 150 participants
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**EQUITY IMPACT**

This contract will positively impact the behavioral health of low-income residents in need of SUD treatment services. BHRS’ outpatient and residential providers offer bilingual and bicultural substance use treatment services in convenient locations across San Mateo County, with the aim of helping residents to achieve long term wellness and recovery. These SUD providers are essential to assure equitable access to quality care to underserved and vulnerable people in San Mateo County. Most of clients have co-occurring mental health needs and other complex needs including homelessness, justice system involvement, and other physical health conditions. These SUD providers reach out to clients that have been historically underserved, especially the LatinX and Asian Pacific Islander (API) communities.

To advance health equity, improve quality, and help eliminate health disparities, San Mateo County requires providers to comply with National Culturally and Linguistically Appropriate Services Standards. Each provider is required to submit an annual cultural competence plan that details current and future efforts to address the diverse needs of clients, families, and the workforce in San Mateo County.

**FISCAL IMPACT:**

The term of the agreement is July 1, 2024, through June 30, 2025. The amount of the agreement is not to exceed \$3,739,626 for the one-year term. For FY 2024-25 the maximum amount is \$3,739,626 and is included in the BHRS FY 2024-25 Recommended Budget. Of that amount, it is anticipated that \$861,115 is funded with Federal Financial Participation Medi-Cal revenue, \$2,236,500 with 2011 Realignment, \$172,807 with Substance Abuse Block Grant and \$469,204 with Net County Cost.

For the three-month period related to the State Department of Health Care Services Administrative Appeal, the maximum obligation of \$934,905 is Net County Cost.