

**COUNTY OF SAN DIEGO
BOARD OF SUPERVISORS
TUESDAY, MARCH 24, 2026**

MINUTE ORDER NO. 3

SUBJECT: SHERIFF - REQUEST APPROVAL TO AUTHORIZE AN AMENDMENT WITH UNITED HEALTHCARE (AMERICHOICE) AND AUTHORIZE A COMPETITIVE SOLICITATION FOR AN ADMINISTRATIVE SERVICES ORGANIZATION (DISTRICTS: ALL)

OVERVIEW

The San Diego Sheriff's Office (Sheriff's Office) has a need for an Administrative Services Organization (ASO) to support the Medical Services Division and seeks approval to negotiate with United HealthCare Services, Inc. (AmeriChoice) for the management of health care services provided to individuals in custody. The Sheriff's Office contracted medical services provider, NaphCare, currently performs limited administrative functions related to off-site medical care; however, the operational needs of the Sheriff's Office have significantly evolved due to increasing need for hospital care for incarcerated individuals, higher-acuity cases, and the expanded requirements of California Advancing and Innovating Medi-Cal (CalAIM).

The Sheriff's Office is currently facing three significant challenges under the existing contract: (1) administrative and operational capacity is no longer sufficient to manage the increased volume and acuity of off-site hospital care; (2) lack of implementation of CalAIM prerelease Medi-Cal claiming, resulting in potentially missing reimbursement opportunities and compliance risk that will take effect in the future; and (3) off-site medical expenditures are trending toward exceeding NaphCare's annual \$20,600,000 cap, creating substantial unbudgeted fiscal burden for the Sheriff's Office. Therefore, the Sheriff's Office requires an ASO with the expertise and infrastructure to manage off-site medical services, process timely CalAIM billing and claims, and support the Medical Services Division moving forward. Contracting with an ASO, such as AmeriChoice, will also provide the Sheriff's Office with enhanced authority and flexibility to negotiate agreements with hospitals and health care organizations. AmeriChoice's established provider network and contracting expertise will enable the Sheriff's Office to negotiate more favorable rates with hospitals and specialty providers, improving cost control and access to care. This approach aligns with the County's strategic goals of improving health equity and fiscal sustainability by leveraging AmeriChoice's experience to streamline care coordination and reduce off-site medical costs. In addition to reducing expenditures, this approach will enhance fiscal oversight, improve operational control, and ensure continuity of high-quality care for individuals in custody.

To ensure immediate CalAIM compliance and alignment with countywide Medi-Cal claiming requirements, today's action requests to establish appropriations of \$13,800,000 in the Sheriff's Office, for medical and mental health services for the incarcerated population, to bridge the costs that have exceeded NaphCare's off-site medical cap of \$20,600,000. Today's action also requests to authorize the Director of Purchasing and Contracting to amend the competitively procured administrative service organization contract (#574374) with AmeriChoice, managed by the Health and Human Services Agency (HHS), to include the San Diego Sheriff's Office participation and align with the existing HHS contract term, which ends June 30, 2030, and to amend the contract as required to reflect changes in services and funding allocations subject to the approval of the Sheriff's Office.

In anticipation of future billing opportunities through CalAIM, HHSa included an option in this procurement to add a future scope of work for CalAIM billing. Approval of this agreement will ensure continuity of care for individuals in custody, maintain compliance with legal and regulatory mandates, safeguard the County's financial and operational interests, and partially mitigate the excess costs identified in the Fiscal Year 2025-26 Second Quarter Operational Plan Status Report. With the addition of the Sheriff's Office scope of work, HHSa's ASO contract is projected to increase by approximately \$25,000,000 annually. It is with the understanding that the Sheriff's Office will assume as the lead Contracting Officer Representative (COR) role moving forward to avoid any operational challenges for HHSa. The Sheriff's Office will discontinue the administrative services portion of the NaphCare contract upon transition of ASO services to the HHSa contract, eliminating exposure to over-cap charges under NaphCare's \$20,600,000 annual hospital cost cap and annual fixed rate charge of \$19,349,255. When comparing avoided over-cap liabilities and the costs embedded within the current comprehensive medical contract, transitioning these functions to AmeriChoice is expected to result in a net fiscal benefit.

In addition, recognizing the countywide need to maximize efficiencies through a unified ASO model, today's action requests authority for the Director, Department of Purchasing and Contracting to conduct a future countywide competitive solicitation for ASO services on behalf of the County, in coordination with the Sheriff's Office, HHSa, and/or the Probation Department and any other department requiring ASO services. This two-phase approach ensures immediate CalAIM readiness through the amendment to the existing HHSa contract, while enabling a future competitive process that provides consistent opportunities across County justice-involved and health programs, ensuring long-term alignment, and operational efficiency in how off-site medical services and Medi-Cal claims are administered.

RECOMMENDATION(S)

SHERIFF

1. Establish appropriations of \$13,800,000 in the San Diego Sheriff's Office (Sheriff's Office), Other Charges, for medical and mental health services for the incarcerated population, based on Local Revenue Fund 2011, Community Corrections Subaccount. **(4 VOTES)**
2. Waive Board Policy A-87, Competitive Procurement, and approve and authorize the Director, Department of Purchasing and Contracting, subject to successful negotiations and a determination of a fair and reasonable price, to amend the administrative service organization contract (#574374) with United HealthCare Services, Inc. (AmeriChoice), managed by the Health and Human Services Agency (HHSa), to include the Sheriff's Office's participation and align with the existing contract term; and amend the contract as required in order to reflect changes to services and funding allocations, subject to the approval of Sheriff's Office.
3. In accordance with Section 401, Article XXIII of the County Administrative Code, authorize the Director, Department of Purchasing and Contracting, to conduct a future Countywide competitive solicitation at the conclusion of the existing administrative service organization contract (#574374) for administrative services organization services on behalf of the County and upon successful negotiations and determination of a fair and reasonable price, award contracts for a term of one initial year, with four option years, and up to an additional six months if needed, and to amend the contract to reflect changes in program, funding, or service requirements, subject to the availability of funds and the approval of the Sheriff's Office.

EQUITY IMPACT STATEMENT

This request for AmeriChoice to act as an administrative services organization (ASO) for the San Diego County Sheriff's Office (Sheriff's Office). Medical Services builds greater health equity for our incarcerated population. The Sheriff's Office prioritizes the health and safety of those in custody and an ASO would streamline and enhance delivery of services, which will improve outcomes and reduce health disparities. Above and beyond the constitutional minimum requirements, jail facilities should reflect the community standard of integrated health care and support incarcerated persons with a holistic approach.

SUSTAINABILITY IMPACT STATEMENT

The San Diego County Sheriff's Office is continually creating efficiencies in County of San Diego (County) detention facilities to enhance the level of care, ensure timeliness of delivery, and increase access. This request supports the County's sustainability goal of providing just and equitable access by improving service delivery to those in its custodial care. An administrative services organization (ASO) such as AmeriChoice would be providing essential administration and management of the medical and mental health contracted services which are necessary to the health and well-being of all incarcerated persons. With this amendment, the Sheriff's Office will discontinue payment for the administrative services component currently embedded in the NaphCare contract. These services will transition to AmeriChoice, and the Sheriff's Office will no longer incur over-cap costs above the \$20,600,000 annual threshold under NaphCare's off-site medical structure. This approach maximizes the service delivery to incarcerated persons and better supports reentry to the community upon release. The Sheriff's Office is dedicated to advancing health equity outcomes for incarcerated persons and having an ASO allows timely and effective management and accountability of contracted services.

FISCAL IMPACT

Funds for this request are partially included in the Fiscal Year 2025-26 Operational Plan for the San Diego County Sheriff's Office (Sheriff's Office). If approved, this request will result in costs and revenue of \$13,800,000 in Fiscal Year 2025-26. The funding source will be Local Revenue Fund 2011, Community Corrections Subaccount. The requested amendment will increase the overall value of the existing administrative service organization contract (#574374) with United HealthCare Services, Inc. (AmeriChoice), managed by the Health and Human Services Agency, by approximately \$25,000,000 annually from July 1, 2026, thru June 30, 2030, to incorporate the Sheriff's Office scope of work. The current comprehensive medical services contract with NaphCare includes a fixed annual allocation of \$19,349,255 for off-site hospital and specialty care; under the proposed action, this fixed payment will be discontinued and replaced with an estimated \$25,000,000 annual cost for AmeriChoice to administer and manage off-site medical services and claims. In addition, there is also a cap of \$20,600,000, which once met, any additional off-site medical expenditures become the direct responsibility of the Sheriff's Office, contributing to the significant liabilities. Those overages will be avoided in the future contract. Future year costs associated with ongoing operational needs and off-site hospital costs and related medical claims, through the remaining contract term with AmeriChoice, will be included in future Operational Plans for the Sheriff's Office. There will be no additional staff years associated with this action.

BUSINESS IMPACT STATEMENT

N/A

ACTION 3.1:

A motion was made by Supervisor Desmond, seconded by Supervisor Anderson, for the Board of Supervisors to take action as recommended.

(A substitute motion was introduced.)

ACTION 3.2:

ON MOTION of Supervisor Aguirre, seconded by Supervisor Lawson-Remer, the Board of Supervisors took the following actions:

1. Waived Board Policy A-87, Competitive Procurement, and approve and authorize the Director, Department of Purchasing and Contracting, subject to successful negotiations and a determination of a fair and reasonable price, to amend the administrative service organization contract (#574374) with United HealthCare Services, Inc. (AmeriChoice), managed by the Health and Human Services Agency (HHS), to include the Sheriff's Office's participation and align with the existing contract term; and amend the contract as required in order to reflect changes to services and funding allocations, subject to the approval of Sheriff's Office. (Board Letter Recommendation No. 2)
2. In accordance with Section 401, Article XXIII of the County Administrative Code, authorized the Director, Department of Purchasing and Contracting, to conduct a future Countywide competitive solicitation at the conclusion of the existing administrative service organization contract (#574374) for administrative services organization services on behalf of the County and upon successful negotiations and determination of a fair and reasonable price, award contracts for a term of one initial year, with four option years, and up to an additional six months if needed, and to amend the contract to reflect changes in program, funding, or service requirements, subject to the availability of funds and the approval of the Sheriff's Office; and further direct that any such future solicitation incorporate appropriate fiscal controls, reporting requirements to the Board of Supervisors, performance metrics, and accountability measures to ensure effective contract management and minimize County fiscal risk. (Board Letter Recommendation No. 3)
3. Directed the Chief Administrative Officer, in coordination with the Sheriff's Office and the Director of Purchasing and Contracting, to provide regular written reports to the Board of Supervisors on the performance and fiscal impacts of the Administrative Services Organization (ASO) model, as follows:
 - a) Reporting shall include, at a minimum:
 - I. Bimonthly off-site medical expenditures, including a comparison of projected versus actual costs;
 - II. Utilization data related to hospital admissions and care, transport services, and specialty care services;
 - III. Medi-Cal, CalAIM, and County Inmate Program (MCIP) billing activity, including amounts billed, approved, and reimbursed;
 - IV. Monthly Medi-Cal enrollment data;
 - V. Identification of any cost overruns, fiscal risks, or deviations from projections, along with proposed corrective action strategies; and
 - VI. Performance metrics related to timeliness of care coordination, claims processing, and provider payments.

- b) The first report back shall come to the Board within 90 days of implementation, followed by quarterly reports thereafter. The Board shall be notified in writing within 30 days if off-site medical expenditures exceed projected monthly thresholds and shall return to the Board with recommended corrective actions to address such variances.
- c) Require that the County not be responsible for cost overruns.

AYES: Aguirre, Anderson, Lawson-Remer, Desmond

NOES: Montgomery Steppe

ACTION 3.3:

A motion was made by Supervisor Desmond, seconded by Supervisor Anderson, for the Board of Supervisors to adopt Board Letter Recommendation No. 1:

1. Establish appropriations of \$13,800,000 in the San Diego Sheriff's Office (Sheriff's Office), Other Charges, for medical and mental health services for the incarcerated population, based on Local Revenue Fund 2011, Community Corrections Subaccount.

AYES: Anderson, Desmond

NOES: Aguirre, Lawson-Remer, Montgomery Steppe

(This motion failed due to lack of majority vote.)

State of California)
County of San Diego) §

I hereby certify that the foregoing is a full, true and correct copy of the Original entered in the Minutes of the Board of Supervisors.

ANDREW POTTER
Clerk of the Board of Supervisors



Signed
by Andrew Potter