



COUNTY OF SAN DIEGO

AGENDA ITEM

BOARD OF SUPERVISORS

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First District

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Fifth District

DATE: March 3, 2026

01

TO: Board of Supervisors

SUBJECT

SHERIFF - REQUEST APPROVAL FOR A SINGLE SOURCE CONTRACT WITH UNITED HEALTHCARE (AMERICHOICE) FOR 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 their 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. Contracting with AmeriChoice will 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.

Furthermore, the Sheriff's Office will ensure the following measures are implemented: provisions in all hospital contracts requiring participation in the Medi-Cal County Inmate Program (MCIP); renegotiation of outpatient emergency department rates; and the provision of case management services to coordinate hospital inpatient visits, discharge planning, and dispositions for cost-efficient step-down care, including skilled nursing facilities, long-term and acute care facilities. Some measures, such as participation in the Medi-Cal County Inmate Program (MCIP) are already in place. However, AmeriChoice will expand compliance efforts and renegotiate outpatient emergency rates to achieve full alignment with County, State, and Federal requirements, ensuring timely reimbursement for medical services, which will in turn support operational efficiency.

United HealthCare has successfully partnered with the County for over 30 years as an ASO, providing operational stability and expertise in managing complex health care needs for vulnerable populations, including those in custody. Both the County of San Diego Health and Human Services Agency and Probation Department have current contracts with AmeriChoice. The Sheriff's Office also previously contracted with AmeriChoice from 2002 to 2022 but transitioned to NaphCare as

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its ASO starting in June of 2022 as part of the comprehensive health care delivery contract. Off-site medical costs have seen a significant increase under the current contract with NaphCare and are projected to rise due to differences in care coordination and cost management approach.

By leveraging AmeriChoice's established network and expertise, the Sheriff's Office can achieve greater cost efficiency for off-site medical services compared to the current contract with NaphCare. The Sheriff Office's expected activities of the ASO include:

- Provider network development and oversight, ensuring access to quality care through the procurement of health care service contracts within the community to ensure access to off-site, outpatient specialty care services, and inpatient services at hospitals. This activity is critical to maintaining continuity of care for individuals in custody ensuring timely access to medically necessary services beyond on-site capabilities.
- Claims processing and provider reimbursement for inpatient and outpatient medical care, which may include claims adjudication, payment processing, and financial analysis and management.
- Eligibility verification and enrollment coordination to ensure services are medically necessary and cost-effective.
- Grievance and appeals administration, utilization management, care coordination, and compliance with HIPAA and other regulatory standards.
- Management Information System (MIS) operations, including secure data management, reporting, and integration with County systems.
- California Advancing and Innovating Medi-Cal (CalAIM) billing and coordination, ensuring proper alignment with CalAIM requirements for reimbursement and reporting.

Today's action requests to establish appropriations of \$13,900,000 in the Sheriff's Office, for medical and mental health services for the incarcerated population, and requests to authorize the Director of Purchasing and Contracting to enter negotiations with United Healthcare Services, Inc. (AmeriChoice), and subject to successful negotiations and determination of a fair and reasonable price, to award a contract for up to ten years, and an additional six months if needed, and to amend the agreement as required to reflect changes in services and funding allocations subject to the approval of the Sheriff's Office. The new contract is anticipated to begin by December 2026 and extend through December 2036. 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 and Budget Adjustments letter also being submitted to the Board on March 3, 2026.

RECOMMENDATIONS

SHERIFF

1. Establish appropriations of \$13,900,000 in the 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)**

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2. In accordance with Board Policy A-87, Competitive Procurement, authorize the Director, Department of Purchasing and Contracting to enter negotiations with United Healthcare Services Inc. (AmeriChoice), and subject to successful negotiations and determination of a fair and reasonable price, award a contract for an administrative services organization for up to ten years, and an additional six months if needed, and amend the agreement as required to reflect changes in services and funding allocations, subject to the approval of the San Diego Sheriff's Office.

EQUITY IMPACT STATEMENT

This request for a single source 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 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. This approach maximizes the overall health and life trajectory of 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). Off-site hospital costs are budgeted at a fixed level in the current agreement with NaphCare. Once the threshold of \$20,000,000 has been met any costs incurred over that cap are additional costs to the Sheriff's Office. The cap was exceeded as of the start of January 2026. The Sheriff's Office will owe NaphCare for any costs exceeding the cap for the remaining contract term, from January through May 2026 and for amounts that exceeded the cap in Fiscal Year 2024-25. The combined additional current and prior year costs, estimated at \$13,900,000, were not included in the Sheriff's budget. If today's requested actions are approved, appropriations of \$13,900,000 will be established within the Sheriff's Office, for a new contract with AmeriChoice to provide medical and mental health services for the incarcerated population. The funding source will be Local Revenue Fund 2011, Community Corrections Subaccount. If approved, this action will partially mitigate the excess costs identified in the Fiscal Year 2025-26 Second Quarter Operational Plan Status Report and Budget Adjustments letter also being heard today. Future year costs associated with ongoing

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operational needs and off-site hospital costs and related medical claims will be included in future Operational Plans for the Sheriff's Office. The funding sources considered for future costs will be Local Revenue Fund 2011, Community Corrections Subaccount and other available revenue sources identified by the Sheriff's Office. There will be no additional staff years associated with this action at this time.

BUSINESS IMPACT STATEMENT

N/A

ADVISORY BOARD STATEMENT

N/A

BACKGROUND

The San Diego County Sheriff's Office (Sheriff's Office) Medical Services Division provides a full range of on-site and off-site health care services for incarcerated persons. Services are provided through contracted and non-contracted vendors and County of San Diego (County) providers and facilities. An administrative services organization (ASO) would contribute to this effort by acting as the Sheriff's Office fiscal intermediary, reviewing and adjudicating medical claims and reimbursing contract/non-contract and other outside providers for various health care services rendered to incarcerated persons. The ASO would also perform an array of case management and utilization review services.

On September 23, 2003 (8), the Board approved to conduct a competitive solicitation for contracted services to continue administrative services for County Medical Services (CMS) and other County health programs, and to authorize negotiations to extend the AmeriChoice contract for up to 12 months if needed for transition purposes. This was in response to the County not owning or operating any acute care hospitals or clinics nor did the County have the medical personnel necessary to provide or manage physical health services for approximately 20,000 medically indigent and low-income adults. It was determined that the cost to the County of obtaining health care facilities and staffing these facilities as well as managing the operation of CMS would exceed the cost of contracting for such services, which are already available in the health care community. Additionally, the County would assume financial risk if direct services to patients were provided.

On May 24, 2011 (12), the Board authorized the Director, Purchasing and Contracting, to enter into negotiations with AmeriChoice to extend Contract 507645 for an approved period through December 31, 2016, and up to six additional months if needed. This was in response with the passage of the Affordable Care Act (ACA) in 2010. The California Department of Health Care Services was able to implement a provision of federal law which allows for the claiming of Medicaid funds for inpatient services provided to incarcerated persons when those services are provided at a medical facility located off the grounds of the correctional facility for a stay of more than 24 hours and the inmate is found to be Medicaid eligible.

On March 17, 2017 (2), the Board approved the request to authorize the Director of the Department of Purchasing and Contracting to extend the current Contract 507645 with AmeriChoice for five

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additional years, with a six month option if necessary, to provide administrative services to support the Sheriff's Office and HHSa health care programs.

On November 15, 2022 (8), the Board approved an extension of the existing administrative services contract for one year with one option year and up to six months if needed to allow HHSa to evaluate its current and future needs to better inform a new scope(s) of work for ASO services, and authorized issuance of a competitive solicitation for those services and to award a new contract, subject to successful negotiations and determination of fair and reasonable pricing. HHSa became the lead for managing AmeriChoice services to the County through Contract 507645.

Single Source Justification

Based on Board Policy A-87(3)(A)(3) for Continuity, competition is precluded because the procurement is for services where continuity of providers will allow the County an opportunity to leverage previously initiated work, and benefit from efficiency or critical knowledge, that other sources of the service cannot provide or would require substantial re-work to perform. Contracting with United Health Care Inc. (AmeriChoice) provides continuity of services across the County. The San Diego Sheriff's Office (Sheriff's Office) was utilizing AmeriChoice as its primary ASO from 2002 through 2022. In June 2022, the Health and Human Services Agency (HHSa) assumed the lead in managing the current Countywide contract with AmeriChoice. During this same timeframe, NaphCare became the ASO role as part of the comprehensive health care delivery contract with the Sheriff's Office. AmeriChoice has extensive experience working with the Sheriff's Office and its unique detentions and medical operations. This continued critical operational knowledge will allow AmeriChoice to resume the ASO role, while minimizing risks of a lapse in service. Introducing a new organization would require significant onboarding, thus introducing risks in maintaining the same level of service that AmeriChoice has proven they can provide. A ten-year contract term, estimated at \$25,000,000, will enhance both operational and budgetary stability, while aligning with the County's long-term strategic planning. Procuring these services from AmeriChoice also aligns with the County's Strategic Initiatives by focusing efforts to reduce disparities and disproportionality across the justice system and ensuring access for all through a fully optimized health delivery system. Fair and reasonable pricing will be determined through a comparison of other government agency invoices and comparable quotes for similar services.

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excess costs identified in the Fiscal Year 2025-26 Second Quarter Operational Plan Status Report and Budget Adjustments letter also being submitted to the Board on March 3, 2026.

LINKAGE TO THE COUNTY OF SAN DIEGO STRATEGIC PLAN

Today's board actions advance the Equity and Justice Strategic Initiatives in the County of San Diego's 2026-2031 Strategic Plan by taking steps to increase the overall well-being of individuals who are currently in custody in San Diego County detention facilities and ensuring we have modern facilities to deliver quality care, reduce recidivism, and improve public safety. In addition, this action also supports the Sustainability Strategic Initiative by aligning the County's available resources with services to maintain fiscal stability and ensure long-term solvency.

Respectfully submitted,

A handwritten signature in black ink that reads "Kelly A. Martinez". The signature is written in a cursive style with a large initial "K" and "M".

KELLY A. MARTINEZ
Sheriff

ATTACHMENT(S)

N/A