



County of Santa Cruz

BOARD OF SUPERVISORS

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MANU KOENIG
FIRST DISTRICT

KIMBERLY DE SERPA
SECOND DISTRICT

JUSTIN CUMMINGS
THIRD DISTRICT

FELIPE HERNANDEZ
FOURTH DISTRICT

MONICA MARTINEZ
FIFTH DISTRICT

September 24, 2025

The Honorable Katherine Hansen
Santa Cruz Courthouse
701 Ocean Street
Santa Cruz, CA 95060

RE: Response to the 2024-2025 Grand Jury Report "If You Can't Measure It, You Can't Manage It: The Challenges Facing the Management of High-Cost Beneficiaries in the Health Services Agency"

Dear Judge Hansen,

The purpose of this letter is to formally transmit the Santa Cruz County Board of Supervisors' response to the 2024-2025 Grand Jury Report "If You Can't Measure It, You Can't Manage It: The Challenges Facing the Management of High-Cost Beneficiaries in the Health Services Agency."

Sincerely,

FELIPE HERNANDEZ, Chair
Santa Cruz County Board of Supervisors

Attachments

CC: Clerk of the Board
Santa Cruz County Grand Jury



The 2024-2025 Santa Cruz County Civil Grand Jury
Requires the

Santa Cruz County Board of Supervisors

to Respond by September 24, 2025

to the Findings and Recommendations listed below
which were assigned to them in the report titled

If You Can't Measure It, You Can't Manage It.

The Challenges Facing the Management of High-Cost
Beneficiaries in the Health Services Agency

Required Responses apply to elected officials, elected agencies or department heads, elected boards, councils, and committees. The respondent is **required** to respond and to make the response available to the public under California Penal Code [\(PC\) §933\(c\)](#). A required response will be considered **compliant** under [PC §933.05](#) if it contains an appropriate comment on **all** findings and recommendations **which were assigned to you** in this report.

Invited Responses are encouraged but are not required by the California Penal Code.

Please follow the instructions below when preparing your response.

Instructions for Respondents

Your assigned [Findings](#) and [Recommendations](#) are listed on the following pages with check boxes and an expandable space for summaries, timeframes, and explanations. Please follow these instructions, which paraphrase [PC §933.05](#):

1. ***For the Findings, mark one of the following responses with an “X” and provide the required additional information:***
 - a. **AGREE** with the Finding, or
 - b. **PARTIALLY DISAGREE with the Finding** – specify the portion of the Finding that is disputed and include an explanation of the reasons why, or
 - c. **DISAGREE with the Finding** – provide an explanation of the reasons why.
2. ***For the Recommendations, mark one of the following actions with an “X” and provide the required additional information:***
 - a. **HAS BEEN IMPLEMENTED** – provide a summary of the action taken, or
 - b. **HAS NOT YET BEEN IMPLEMENTED BUT WILL BE IN THE FUTURE** – provide a timeframe or expected date for completion, or
 - c. **REQUIRES FURTHER ANALYSIS** – provide an explanation, scope, and parameters of an analysis to be completed within six months, or
 - d. **WILL NOT BE IMPLEMENTED** – provide an explanation of why it is not warranted or not reasonable.
3. ***Please confirm the date on which the assigned responses were approved during an official meeting:***

We approved these responses in a regular public meeting as shown in our minutes dated September 9, 2025.

4. ***Please attach a PDF version of your completed responses to an email sent to:***

The Honorable Judge: Katherine Hansen Katherine.Hansen@santacruzcourt.org
and

The Santa Cruz County Grand Jury: grandjury@scgrandjury.org.

If you have questions about this response form, please contact the Grand Jury by calling (831) 454-2099 or by sending an email to grandjury@scgrandjury.org.

Findings

- F1 .** Data: The Health Services Agency has not developed and deployed analytic, data-driven reports to address the financial challenges in managing the Behavioral Health and Substance Use Disorder services, despite recommendations from accreditation reviews. Data driven tools and regular reporting are required for the County to manage High-Cost Beneficiaries as well as all Behavioral Health and Substance Use Disorder clients.

☐ **AGREE**
☒ **PARTIALLY DISAGREE**
☐ **DISAGREE**

Response explanation (required for a response other than **Agree**):

Santa Cruz County Behavioral Health Division (BHD) has been actively working to understand and address service patterns among high-cost beneficiaries, particularly in the Adult Mental Health system. This includes close monitoring of individuals in residential settings, collaboration with providers to ensure appropriate documentation, and regular case reviews to identify opportunities for step-down care.

While most efforts have focused on residential care, BHD recognizes the need to expand data analysis to outpatient clients with recurring or intensive service patterns, as well as to psychiatric inpatient services. The division has also implemented a dedicated team to address the needs of unhoused individuals who more frequently utilize crisis services. These strategies demonstrate ongoing progress, though additional work remains to broaden and deepen data-driven approaches.

F2 . Administrative: The Jury finds that many programs, such as the Focus Intervention Team, Integrated Housing And Recovery Team, 24/7 Mobile Crisis Response Team, and Enhanced Care Management, provide critical services to High-Cost Beneficiaries. Although they have overlapping goals there is little to no coordination for tracking clients that receive services from one or more of these programs. The lack of coordination leads to higher costs in an era of shrinking resources.

<input type="checkbox"/>	AGREE
<input type="checkbox"/>	PARTIALLY DISAGREE
<input checked="" type="checkbox"/>	DISAGREE

Response explanation (required for a response other than **Agree**):

Multiple mechanisms ensure coordination among programs serving high-cost beneficiaries, including case conferences, electronic messaging, and shared access to the Behavioral Health Electronic Health Record (EHR). Adult Mental Health (AMH) and Crisis and Access leadership meet weekly, and both coordinate regularly with providers such as Encompass, local board-and-care homes, and Telecare (CSP and PHF). These practices ensure client needs are addressed without duplication.

Enhanced Care Management (ECM) operates as an adjunctive, not duplicative, service under the Managed Care Plan, and AMH coordinates with ECM providers for alignment. To further strengthen coordination, the County is pursuing several data-sharing initiatives, including piloting a new EHR, developing a Countywide cross-departmental system, and working with CCAH and SCHIO to establish a closed-loop referral ecosystem.

F3 . Clinical: Santa Cruz County does not have a Level of Care Tool to track and manage High-Cost Beneficiaries. The Central California Alliance for Health does have a Level of Care Tool to track and manage High-Cost Beneficiaries. The parties are partners in the delivery of services and their resources could be leveraged to create a unified Level of Care tool.

☐ **AGREE**
☒ **PARTIALLY DISAGREE**
☐ **DISAGREE**

Response explanation (required for a response other than **Agree**):

Since January 1, 2023, the State has required the use of the *Screening and Transition of Care Tools for Medi-Cal Mental Health Services* to ensure timely and coordinated services between specialty and non-specialty mental health providers. Both the Central California Alliance for Health (CCAH) and the County Behavioral Health Division (BHD) utilize these tools.

However, the factors driving high costs differ significantly between Managed Care Plans (MCPs), which focus on physical health needs, and Behavioral Health Plans (BHPs), which serve individuals with higher-level behavioral health needs. For this reason, a single, unified tool to track high-cost beneficiaries across MCPs and BHPs would not be functional.

Within BHD, additional tools are already in use or under consideration. For adults, the Level of Care Utilization System (LOCUS) is being evaluated as a possible standard for level-of-care determinations. Currently, Adult Mental Health uses the *Adult Needs and Strengths Assessment (ANSA)* to assess needs, impairment, and treatment progress. Children's Behavioral Health and contracted providers use the *Intensive Support Services (ISS) Screening Tool* and regularly assess for eligibility for services such as Intensive Care Coordination, Intensive Home-Based Services, Therapeutic Foster Care, and Therapeutic Behavioral Services.

- F4 .** Administrative: Santa Cruz County programs and resources for High-Cost Beneficiaries, and all Health Services Agency behavioral health and substance use disorder services, are siloed and fragmented across HSA departments and contract providers. For example, clinical, financial, and operational benchmarks are not being used to report the cost of services and track patient acuity. As new programs are being developed, the financial, operational, and administrative targets are not established in advance or integrated into operations. County and Alliance collaboration and coordination can pave the way to overcome fragmentation.

☐ **AGREE**
☒ **PARTIALLY DISAGREE**
☐ **DISAGREE**

Response explanation (required for a response other than **Agree**):

The siloed design of health care delivery systems is primarily the result of state and federal mandates, funding streams, and oversight from multiple agencies, which constrain how local services can be structured. At the local level, however, the Health Services Agency (HSA) and Central California Alliance for Health (CCAH) actively work to strengthen coordination. For example, the Behavioral Health Division (BHD)—which operates the County’s Mental Health Plan and Drug Medi-Cal Organized Delivery System—partners with CCAH to improve follow-up care after inpatient hospitalizations and emergency department visits, helping reduce costs for high-need beneficiaries.

BHD also incorporates clinical, financial, and operational benchmarks into its provider contracts and emphasizes collaboration with agency partners. Regular coordination occurs with the Sheriff’s Office, Jail, Adult Protective Services, Public Guardian, Housing for Health, Child Welfare/Family and Children’s Services, Juvenile Probation, County Office of Education, and the San Andreas Regional Center to ensure services are aligned across systems.

F5 . Data, Clinical & Administrative: The Central California Alliance for Health (Alliance) has substantial financial reserves, and Santa Cruz County has seats on the governing board of the Alliance. Clinical, financial and operational collaboration between these agencies, who are both insurers and providers, needs to be better coordinated and integrated at all levels to improve treatment and outcomes for all clients.

☐ **AGREE**
☐ **PARTIALLY DISAGREE**
☒ **DISAGREE**

Response explanation (required for a response other than **Agree**):

The Behavioral Health Division (BHD) operates the Mental Health Plan (MHP) and the Drug Medi-Cal Organized Delivery System (DMC-ODS), while the Central California Alliance for Health (CCAH) administers the Medi-Cal Managed Care Plan (MCP). Each of these plans is subject to distinct state requirements, mandates, and oversight, which limits the possibility of full integration. However, collaboration between the plans is required and actively occurs to support continuity of care for shared clients.

BHD and CCAH hold regularly scheduled meetings for both the MHP and DMC-ODS to coordinate care, resolve complex cases, and ensure communication across systems. In addition, BHD and CCAH are developing a process for BHD to invoice CCAH for inpatient costs attributable to medical conditions. Historically, BHD has assumed these costs to prevent vulnerable clients from losing placements, which would increase their risk of homelessness and worsening health.

F6 . Administrative: The Jury finds that the Serving Communities Health Information Organization and the Mental Health Advisory Board partnerships with Santa Cruz County could be better leveraged to have greater impact on Behavioral Health. Failure to leverage these partnerships results in missed opportunities to coordinate programs and services.

<input type="checkbox"/>	AGREE
<input type="checkbox"/>	PARTIALLY DISAGREE
<input checked="" type="checkbox"/>	DISAGREE

Response explanation (required for a response other than **Agree**):

The Behavioral Health Division (BHD) engages in multiple coordination efforts with both the Serving Communities Health Information Organization (SCHIO) and the Behavioral Health Advisory Board (BHAB).

BHD leverages SCHIO for data collaboration on required Healthcare Effectiveness Data and Information Set (HEDIS) measures for both the Mental Health Plan (MHP) and the Drug Medi-Cal Organized Delivery System (DMC-ODS), specifically follow-up after hospitalization for substance use challenges (FUA) and for mental health challenges (FUM).

BHD also maintains an active partnership with the BHAB, participating in monthly board meetings and collaborating on community priorities. Within its advisory role, BHAB supports BHD in raising community awareness and advancing opportunities to strengthen the behavioral health system of care.

F7 . Compassion: Throughout the Grand Jury investigation, the Jury found that the staff and leadership of the Health Services Agency, Santa Cruz County Sheriff's Office, and the Central California Alliance for Health are compassionate in the treatment of people experiencing behavioral health or substance use disorder. Patients are treated with dignity and respect, despite sometimes difficult conditions.

<input checked="checked" type="checkbox"/>	AGREE
<input type="checkbox"/>	PARTIALLY DISAGREE
<input type="checkbox"/>	DISAGREE

Response explanation (required for a response other than **Agree**):

Recommendations

- R1 .** Administrative Integration. The Board of Supervisors recently adopted Operational Plan #91 which calls for establishing a financial plan for the County behavioral Health system by December 31, 2025. Given the urgency of reduced funding, the Santa Cruz County Health Services Agency should provide a monthly progress report beginning August 1, 2025 to the Santa Cruz County Board of Supervisors on Operational Plan #91.

- ☐ **HAS BEEN IMPLEMENTED** – summarize what has been done
- ☐ **HAS NOT YET BEEN IMPLEMENTED BUT WILL BE IN THE FUTURE** – summarize what will be done and the timeframe
- ☐ **REQUIRES FURTHER ANALYSIS** – explain the scope and timeframe (not to exceed six months)
- ☒ **WILL NOT BE IMPLEMENTED** – explain why

Required response explanation, summary, and timeframe:

The County Executive Office and Health Services Agency (HSA) have collaborated to develop a Behavioral Health System Improvement Plan, which includes the goal of financial sustainability and has been incorporated into the County Operational Plan (Operational Plan #91). HSA's Behavioral Health Division is actively engaged in this effort, and progress will be reported through the County's established Operational Plan reporting process, as defined by the County Executive Office.

Adding a separate monthly reporting requirement would divert limited staff resources and place additional administrative burdens on an already under-resourced system, potentially detracting from the core work of service delivery and system improvement.

- R2 .** Ongoing External Reporting. Given the urgency of diminishing funding, the Santa Cruz County Health Services Agency should publish a monthly report on its public website no later than October 1, 2025. The website should summarize patient volumes, cost benchmarks, quality benchmarks, provider productivity, number of patients being tracked for high utilization, and number of patients enrolled in Enhanced Care Management (through the Alliance). An appropriate subset of reports specific to Behavioral Health and Substance Use Disorder should be provided to the Mental Health Advisory Board beginning October 1, 2025.

- ☐ **HAS BEEN IMPLEMENTED** – summarize what has been done
- ☐ **HAS NOT YET BEEN IMPLEMENTED BUT WILL BE IN THE FUTURE** – summarize what will be done and the timeframe
- ☐ **REQUIRES FURTHER ANALYSIS** – explain the scope and timeframe (not to exceed six months)
- ☒ **WILL NOT BE IMPLEMENTED** – explain why

Required response explanation, summary, and timeframe:

Health Services Agency (HSA) is contracted with the Central California Alliance for Health (CCAH) to implement an Enhanced Care Management (ECM) program for patients who receive primary care through HSA's Health Centers Division (including the Emeline Health Center, Watsonville Health Center, and the Homeless Persons' Health Project). HSA's Behavioral Health Division (BHD) does not operate an ECM program directly; instead, BHD collaborates with the community network of ECM providers to coordinate care for shared clients. Clients may be enrolled with County or non-County ECM providers. Because ECM programs are managed by the Medi-Cal Managed Care Plans (locally, CCAH and Kaiser), the County does not have direct access to enrollment data.

At the state level, a major transformation of the behavioral health system is underway following the passage of Proposition 1. The Behavioral Health Services Act (BHSA) reforms funding structures, expands equitable access to care, and establishes new transparency and accountability standards. As part of BHSA, counties will be required to submit Behavioral Health Outcomes, Accountability, and Transparency Reports (BHOATRs) to the Department of Health Care Services (DHCS). These reports will include data on behavioral health spending, service utilization, and progress toward defined goals, and will be made publicly available through a state-developed dashboard. The first required BHOATR will cover fiscal year 2026–27.

Compiling and reporting the data required by BHSA will be a major undertaking, requiring new infrastructure, technology, staffing, and funding. Given this state-mandated reporting framework and the significant resources needed to implement it,

BHD will not divert capacity to create an additional local reporting website. Imposing duplicative reporting obligations would place unnecessary strain on an already under-resourced system.

R3 . Ongoing External Reporting: In order to leverage their partnership with the Mental Health Advisory Board (MHAB) and raise public awareness around Behavioral Health in Santa Cruz County, the Health Services Agency and the Central California Alliance for Health should jointly report to the MHAB. Their reporting should occur at least bi-annually starting no later than June 30, 2026. Their report should discuss their collaborative efforts towards implementing a LoC tool, their progress towards developing value-based financing and should include Year-to-Date statistics on HCBs.

- ☐ **HAS BEEN IMPLEMENTED** – summarize what has been done
- ☐ **HAS NOT YET BEEN IMPLEMENTED BUT WILL BE IN THE FUTURE** – summarize what will be done and the timeframe
- ☐ **REQUIRES FURTHER ANALYSIS** – explain the scope and timeframe (not to exceed six months)
- ☒ **WILL NOT BE IMPLEMENTED** – explain why

Required response explanation, summary, and timeframe:

The Behavioral Health Advisory Board (BHAB), formerly the Mental Health Advisory Board, is legally defined under California Welfare and Institutions Code (WIC) 5604(a)(1) et seq. as an advisory body to the Behavioral Health Director and Board of Supervisors, with responsibility for reviewing public behavioral health needs, services, and facilities. The BHAB has no legal advisory or oversight role with Medi-Cal Managed Care Plans (MCPs) in California, including the Central California Alliance for Health.

The Behavioral Health Division (BHD) maintains an ongoing relationship with the BHAB and actively participates in monthly meetings to provide updates and engage in dialogue about behavioral health needs. Imposing additional reporting requirements beyond this advisory framework would place an unnecessary burden on an already under-resourced system.

R4 . Ongoing External Reporting: At least bi-annually beginning no later than September 30, 2025, Health Services Agency (HSA) and the Central California Alliance for Health (Alliance) should meet jointly with Serving Communities Health Information Organization (SCHIO). The meeting agenda should include a review of the data HSA and the Alliance submit to SCHIO and the SCHIO data and reporting features that HSA and the Alliance use. The goal is to leverage their partnership and better integrate the dissemination of accurate information to health care professionals and law enforcement about the treatment and needs of their clients. The outcome of the meeting should be reported to the Mental Health Advisory Board.

- ☐ **HAS BEEN IMPLEMENTED** – summarize what has been done
- ☐ **HAS NOT YET BEEN IMPLEMENTED BUT WILL BE IN THE FUTURE** – summarize what will be done and the timeframe
- ☐ **REQUIRES FURTHER ANALYSIS** – explain the scope and timeframe (not to exceed six months)
- ☒ **WILL NOT BE IMPLEMENTED** – explain why

Required response explanation, summary, and timeframe:

As noted in R2, statewide reforms under Proposition 1 and the Behavioral Health Services Act will make local behavioral health data publicly available through state dashboards. Adding a duplicative local reporting process would place unnecessary strain on an under-resourced system.

The Behavioral Health Division (BHD) currently works with SCHIO on required HEDIS measures for both the Mental Health Plan and Drug Medi-Cal Organized Delivery System, including follow-up after hospitalizations for mental health (FUM) and substance use challenges (FUA). BHD will continue collaborating with SCHIO and the Alliance to support operational needs of patient care.

R5 . Clinical Integration. Annually, beginning January 1, 2026, the Santa Cruz County Health Services Agency and the Central California Alliance for Health should review, align, and jointly publish their aligned clinical and program delivery methods and goals for all levels of Behavioral Health and Substance Use Disorder patients.

- X HAS BEEN IMPLEMENTED –** summarize what has been done
- HAS NOT YET BEEN IMPLEMENTED BUT WILL BE IN THE FUTURE –** summarize what will be done and the timeframe
- REQUIRES FURTHER ANALYSIS –** explain the scope and timeframe (not to exceed six months)
- WILL NOT BE IMPLEMENTED –** explain why

Required response explanation, summary, and timeframe:

Annually, the Behavioral Health Division (BHD) and the Central California Alliance for Health (CCAH) execute a Memorandum of Understanding (MOU) that establishes processes for alignment and coordination of services for shared members, ensuring consistency in behavioral health and substance use disorder care delivery.

R6 . Administrative, Financial & Clinical. By July 1, 2026, the Santa Cruz Health Services Agency and the Central California Alliance for Health should have a shared database and shared criteria for identifying potential High-Cost Beneficiaries. This Level of Care tool should track costs, services, and outcomes for not only Behavioral Health and Substance Use Disorder High-Cost Beneficiaries, but for all clients. The following California Health Care Foundation brief provides a starting point for building a more integrated system of care over the long term: Better Integrate Physical and Behavioral Health Care.

- ☐ **HAS BEEN IMPLEMENTED** – summarize what has been done
- ☐ **HAS NOT YET BEEN IMPLEMENTED BUT WILL BE IN THE FUTURE** – summarize what will be done and the timeframe
- ☐ **REQUIRES FURTHER ANALYSIS** – explain the scope and timeframe (not to exceed six months)
- ☒ **WILL NOT BE IMPLEMENTED** – explain why

Required response explanation, summary, and timeframe:

As detailed in R2, significant statewide efforts are underway to expand reporting and transparency of behavioral health services through Proposition 1 reforms and forthcoming state-required reporting. These efforts will make local data publicly available. Creating a separate shared database and reporting structure at the county level would be duplicative and would unnecessarily tax an under-resourced system.

R7 . Administrative Integration. The Santa Cruz County Health Services Agency and the Central California Alliance for Health should develop a seamless administrative process that uses standardized and shared data, reports and goals. No later than December 31, 2026, a report shall be submitted to the respective governing boards outlining the processes established to integrate network management, provider payment, and data collection and reporting.

- ☐ **HAS BEEN IMPLEMENTED** – summarize what has been done
- ☐ **HAS NOT YET BEEN IMPLEMENTED BUT WILL BE IN THE FUTURE** – summarize what will be done and the timeframe
- ☐ **REQUIRES FURTHER ANALYSIS** – explain the scope and timeframe (not to exceed six months)
- ☒ **WILL NOT BE IMPLEMENTED** – explain why

Required response explanation, summary, and timeframe:

The Managed Care Plan (Alliance) and the County’s Mental Health Plan (MHP)/Drug Medi-Cal Organized Delivery System (DMC-ODS) have distinct statutory requirements, administrative structures, funding streams, claiming systems, and provider networks. While some data sharing is addressed through an existing memorandum of understanding, deeper integration—such as unifying network management and provider payment—would pose significant functional and regulatory challenges.

R8 . Financial Integration. On or before July 1, 2027, the County Health Services Agency and the Central California Alliance for Health should report to their respective governing boards the steps they have taken towards financial integration of all behavioral health services and substance use services using a value based financing process. Braiding Medicaid Funds described in the August 2024 Brief from the California Health Care Foundation provides a framework for achieving this necessary integration.

- ☐ **HAS BEEN IMPLEMENTED** – summarize what has been done
- ☐ **HAS NOT YET BEEN IMPLEMENTED BUT WILL BE IN THE FUTURE** – summarize what will be done and the timeframe
- ☐ **REQUIRES FURTHER ANALYSIS** – explain the scope and timeframe (not to exceed six months)
- ☒ **WILL NOT BE IMPLEMENTED** – explain why

Required response explanation, summary, and timeframe:

As noted in the California Health Care Foundation report *How California Can Build on CalAIM to Better Integrate Physical and Behavioral Health Care* (2022), “To realize CalAIM’s vision for integration, stakeholders will need further direction on how to navigate the fragmented systems of care at the county–MCP interface.” The experience in San Mateo County highlights the challenges: even limited administrative integration, such as case management, proved too complex given the distinct statutory and structural requirements of Managed Care Plans and County behavioral health plans.

Currently, the state does not have a framework that supports full financial integration between MCPs and County BH plans. The Department of Health Care Services convened a workgroup to explore a Full Integration Plan, but no public updates have been issued since January 31, 2020.

Finally, while the *Braiding Medicaid Funds* report (2024) outlines potential approaches for coordinating Medicaid funding, it does not propose braiding funds between MCPs and County BH plans. Without state-level structures or direction, financial integration of this type is not feasible at the local level.