

Item Title: Approval of FY 2026 Funding Agreement with Alliance Health for Behavioral Health Services

Specific Action Requested:

That the Board of Commissioners authorizes the County Manager to enter into a funding agreement not to exceed \$27,946,007 with Alliance Health that provides funding for behavioral health services subject to terms and conditions acceptable to the County Attorney.

Item Summary:

Purpose: While not required by statute, the Board of Commissioners traditionally approves the funding agreement with Alliance Health because of the priority placed on behavioral health services.

Background: Wake County contracts with Alliance Health (Alliance) to engage the services of community providers for specific programs and services that might not otherwise be available to Wake County residents. The Board is asked to approve an annual contract in the amount of \$27,946,007 for services described below.

Since 2012, Wake County has provided local county resources to Alliance to assist in the provision of mental health, developmental disability and substance abuse (MH/DD/SA) services in Wake County. Wake County and Alliance work together to establish the service areas that will receive County funding and leverage state and federal dollars. These services address identified gaps in the service continuum in the key areas of crisis services, criminal justice, housing, familiar faces and system access/coordination.

Strategic Plan: This action supports Community Health and Wellbeing Goal 3: By 2029, 5% more residents asked will indicate low barriers to healthcare and behavioral health services, such as access to providers, insurance coverage, affordability and appointment wait times.

Fiscal Impact: \$27,946,007 is included in the FY 2026 budget for behavioral health services through the funding agreement with Alliance Health. No additional appropriation is required

Additional Information:

Contract with Alliance Behavioral Healthcare = \$27,946,007

Wake County will provide Alliance with up to \$27,946,007 in FY 2026 for the purchase of services supporting six service categories and administrative fees. A brief description of each category is identified below with the associated County funds that will support each program. Alliance will enter annual contracts with community providers.

In FY26, staff have reallocated savings from programs now covered by Medicaid to support the Board of Commissioners' goals and the Wake County Behavioral Health Strategic Plan. This reallocation allows the County to maintain its level of commitment to behavioral health services for uninsured and underinsured individuals in Wake County. Highlights of the newly funded programs are included in the funding categories below.

Alliance will pay each provider as services are delivered and Wake County will reimburse Alliance on a quarterly basis. The funding agreement requires Alliance to bill all other funding sources before billing Wake County. Behavioral Health funds unspent at the end of the fiscal year are moved to a designated fund balance for future support of behavioral health services. The funding agreement requires Alliance to obtain approval from Wake County if funds need to be moved between the programs. Alliance oversees service quality and performance outcomes and is required to provide Wake County with regular program performance reports.

Funding Category	Amount
Crisis Services	\$ 14,825,000
Treatment	\$ 6,000,000
Criminal Justice	\$ 430,250
Residential	\$ 1,908,396
Supports	\$ 3,706,797
Recovery	\$ 527,603
Administrative Support	\$ 547,961
Total	\$ 27,946,007

Crisis Services \$14,825,000

Crisis services funding in FY26 will support both WakeBrook and mobile response alternatives. With Medicaid expansion increasing access to services, the County responsibility for crisis services funding has decreased, as more previously uninsured residents gain coverage and Medicaid expanded coverage for inpatient care. These savings enable the County to increase support for targeted outpatient and other specialty programs that have received little or no funding through Medicaid.

Treatment \$ 6,000,000

Treatment will fund outpatient services for adults who have a behavioral health diagnosis or co-occurring MH/SA diagnosis and have no payor source. Services will be available in Raleigh, Cary, and Wake County Human Service centers. Services include assessments, individual and group therapy, and medication management. Additionally, funding will be used to support special needs of families/children in the foster care system and adults in Wake County guardianship with unmet behavioral health needs. Funding also supports the Behavioral Health Urgent Care that provides walk in behavioral health services with evening hours during the week and some weekend hours and provides behavioral health assessments at Oak City Cares. In FY26, funding will support a pilot program to launch the Center for Living Skills and Belonging, which will help individuals build independent living skills and foster a sense of community through occupational therapy and experiential learning.

Criminal Justice

\$ 430,250

Support for the criminal justice system provides outpatient/post-release treatments of adults who have co-occurring mental health and substance use diagnosis and are being discharged from the Wake County Detention Center. For FY26, additional funding is provided to pilot a new re-integration bridging program to improve discharge planning at the Wake County Detention Center and connecting individuals to existing re-entry programs.

Residential

\$ 1,908,396

Residential programs and support will provide funding to support substance abuse transitional living beds, short term supportive housing and case management and peer support for adults with severe mental illness living in permanent supportive housing. For FY26, additional funding is provided to pilot a new homeless community liaison team to coordinate with Raleigh's Bringing Neighbors Home pilot to increase access to care for individuals living in homelessness.

Supports

\$ 3,706,797

Support services assist programs that are not standalone treatment programs but are designed to complement and enhance other behavioral health initiatives. These include the School-Based Mental Health Program, CASAWORKS perinatal services, recreation programs for children and adults with intellectual and developmental disabilities, efforts to increase access to Social Security benefits for eligible adults, care coordination for individuals involved in the court system, and the continued delivery of Mental Health First Aid and other behavioral health trainings. Additional funding in FY26 will fund a pilot program with a three-member team focused on connecting familiar faces to available community resources. This supports a pilot effort between SouthLight and WakeMed to address the complex needs of some of the highest utilizers of WakeMed's emergency department.

Recovery

\$ 527,603

Recovery will support recovery focused services including a peer-led recovery center using evidenced-based practices, in order to serve adults with severe mental illness with a focus on physical health education and support.

Administrative Fees

\$ 547,961

Provide Alliance with 2% of the funding for all contract services to cover administrative costs associated with administering the obligations set forth in the FY26 funding agreements (2% of \$27,398,046.)

The key terms of the agreement include:

- Term covers July 1, 2025 through June 30, 2026.
- Funding designated by service category as described above.
- Alliance may redistribute funding within program categories with written approval from the Wake County.
- Funding will be distributed in quarterly payments to Alliance based on actual expenditures.
- Quarterly performance reports will be provided by Alliance.

Attachments:

1. Recommended FY26 Annual Funding Agreement with Alliance Health