

Mental Health Services Oversight and Accountability Commission

Innovative Projects Initial Statement of Reasons

SUBJECT MATTER OF PROPOSED REGULATIONS:

Innovative Projects of the Mental Health Services Act

SECTION(S) AFFECTED: 3200.182, 3200.183, 3200.184, 3510.020, 3580, 3580.010, 3580.020, 3900, 3905, 3910, 3910.010, 3910.015, 3910.020, 3915, 3920, 3925, 3930, 3935.

INTRODUCTION

California voters approved Proposition 63 in the November 2004 General Election. Proposition 63 became effective on January 1, 2005 as the Mental Health Services Act (MHSA). The MHSA intends to reduce the long-term adverse impact on individuals, families and state and local budgets resulting from untreated serious mental illness through imposition of a 1% tax on personal income in excess of \$1 million.

The MHSA established the Mental Health Services Oversight and Accountability Commission (MHSOAC) to oversee the Adult and Older Adult Mental Health System of Care Act; the Children's Mental Health Services Act; Human Resources, Education, and Training Programs; Innovative Projects; and Prevention and Early Intervention Programs.

The MHSA directs county mental or behavioral health programs to develop a Three-Year Program and Expenditure Plan (Plan), to be adopted by the County Board of Supervisors and submitted to the MHSOAC. The Plan is comprised of Adult and Children's System of Care programs for children, transition-age youth, adults, and older adults with serious mental illness (Community Services and Supports or CSS); Prevention and Early Intervention for individuals at risk of or with early onset of a potentially serious mental illness (PEI); Innovative Projects; programs for Capital Facilities and Technological Needs (CFTN); and programs for mental health Workforce Education and Training (WET).

The MHSA Innovation Component requires counties to design, pilot, assess, refine, and evaluate a "new or changed application of a promising approach to solving persistent, seemingly intractable mental health challenges" (Welfare and Institutions Code Section 5830, subdivision (c)). The eventual goal is for counties to implement successful practices without Innovation Funds and to disseminate successful practices to other counties. In this way, the Innovation Component provides the opportunity for all counties to contribute to strengthening and transforming the local and statewide mental health system and contributes to developing new effective mental health practices. Funding for the Innovation Component is derived from five percent of CSS funds and five percent of PEI funds (Welfare and Institutions Code Section 5892, subdivision (a)(6)).

MHSA Innovative Projects are time-limited with a focus on evaluation: "If an innovative project has proven to be successful and a county chooses to continue it, the project work plan shall transition to another category of funding as appropriate" (Welfare and Institutions Code Section 5830, subdivision (d)). The MHSA defines Innovative Projects as: (A) Introducing new mental

health practices or approaches, including, but not limited to, prevention and early intervention; (B) Making a change to an existing mental health practice or approach, including, but not limited to, adaptation for a new setting or community; or (C) Introducing a new application to the mental health system of a promising community-driven practice or an approach that has been successful in non-mental health contexts or settings” (Welfare and Institutions Code Section 5830, subdivision (b)(2)(A) through (C)). A MHSAs Innovative Project must address “one of the following as its primary purpose: (A) Increase access to underserved groups; (B) Increase the quality of services, including measurable outcomes; (C) Promote interagency and community collaboration; or (D) Increase access to services” (Welfare and Institutions Code Section 5830, subdivision (b)(1)).

According to subdivision (c) of Welfare and Institutions Code Section 5830, a MHSAs Innovative Project, “may affect virtually any aspect of mental health practices” by creating, piloting, and evaluating new or changed mental health practices in a broad variety of areas or contexts. The MHSAs provides the following examples: “administrative, governance, and organizational practices, processes, or procedures; advocacy; education and training for service providers, including nontraditional mental health practitioners; outreach, capacity building, and community development; system development; public education efforts; research; services and interventions, including prevention, early intervention, and treatment” (Welfare and Institutions Code Section 5830, subdivision (c)(1) through (8)).

On June 26, 2013 Governor Brown signed into law Assembly Bill 82, which went into effect immediately. Seeing that regulations were necessary to implement the MHSAs-funded Innovation component, the Legislature amended subdivision (a) of Section 5846 to require the MHSOAC to adopt regulations for programs and expenditures for the Innovation Component.

The MHSOAC will hold a public hearing to consider regulations to implement and make clear the Innovation Component provisions of the MHSAs. The date, time and location for the public hearing, as well as applicable contact information are set forth in the Notice of Proposed Action for this rulemaking.

SPECIFIC PURPOSE AND REASONABLE NECESSITY OF REGULATION

The purpose of these regulations is to provide a clear framework for counties to determine, describe, implement, evaluate, and report on their Innovative Projects. These regulations are necessary because the MHSAs’s Innovation Component goals are described in broad, general terms, without definitions, specific program specifications, or standards for describing, evaluating, and reporting on pilot projects, outcomes, and key project elements most associated with positive outcomes that, as a result, the County elects to adopt without Innovation funds and to recommend to other counties.

The California State Auditor, in its August 2013 report, *Mental Health Services Act Report 2012-122*, explicitly addressed the issue of the lack of appropriate regulatory guidance to counties regarding standards for evaluating their programs, pointing out a lack of “explicit direction to the counties on how to evaluate their programs effectively, including directions for setting reasonable goals, establishing specific objectives, and gathering the data necessary to meaningfully measure program performance. When the responsible state entities do not provide

guidance to counties for effective program evaluation, the public cannot be sure that MHSA programs are achieving their intended purposes.”¹

A general overview of how counties develop and select their Innovative Projects is helpful context for these regulations. The process begins when the County develops the Three-Year Program and Expenditure Plan or Annual Update to the Plan, with required engagement of and partnership with specified local community stakeholders. The community planning process is the basis for developing the Three-Year Program and Expenditure Plan and Annual Update (Title 9, California Code of Regulations, section 3300). The local Mental Health Board reviews each Three-Year Program and Expenditure Plan and Annual Update after a 30-day period of public comment. The Mental Health Director certifies that the County has complied with all pertinent regulations, laws, and statutes of the Mental Health Services Act, including stakeholder participation and non-supplantation requirements. Both the County Mental Health Director and the County Auditor/Controller certify that the County has complied with fiscal accountability requirements as directed by the State Department of Health Care Services and that all expenditures are consistent with the requirements of the Mental Health Services Act. The County Board of Supervisors approves the Annual Update or Three-year Program and Expenditure Plan, which the County then submits to the MHSOAC within thirty days of approval.

The Innovation Component is the only MHSA component that provides ongoing funds for time-limited projects. For this reason, it is possible that a County might implement more than one Innovative Project, with varying timeframes. Also for this reason, a County is required periodically to design new Innovative Projects to address varying mental health challenges.

The Innovation Component is also the only MHSA component that requires MHSOAC approval before the County may spend Innovation Funds.

BENEFITS

This regulatory proposal in its entirety helps to ensure that all projects funded with Innovation Funds reflect the intended outcomes articulated in the MHSA and promotes statewide consistency and conformity in the administration and reporting of program data and evaluation results of Innovative Projects. Consistent program and evaluation data will enable the MHSOAC to conduct more effective oversight and evaluation. Reliable and consistent data will also support local and statewide quality improvement efforts, which, for the Innovation Component, will lead to a higher probability that successful Innovative Projects will be adopted by the originating County as well as other counties. Overall, the quality of mental health services programs will increase, which will benefit California residents with and at risk of serious mental illness and their families, as well as the population as a whole, who is affected in various ways by untreated and inadequately treated mental illness.

STATEMENT FOR EACH PROPOSED ADOPTION, AMENDMENT, OR REPEAL

The following sections set forth the specific purpose of each adoption and the rationale for the MHSOAC’s determination that each adoption is reasonably necessary to carry out the purpose for which it is proposed.

¹ California State Auditor. (August, 2013), *Mental Health Services Act Report 2012-122*, p. 29.

Section 3200.182. Innovation.

3200.182(a)

Specific Purpose:

The purpose of this provision is to adopt the definition of “Innovation” as the component of the Three-year Program and Expenditure Plan that consists of one or more Innovative Projects.

Rationale/Necessity:

This definition is necessary to identify Innovation as a component of the Three-Year Program and Expenditure Plan in accordance with Welfare and Institutions Code Section 5830.

Section 3200.183. Innovation Funds.

3200.083(a)

Specific Purpose:

The purpose of this section is to provide a definition of “Innovation Funds” to mean the specific Mental Health Services Funds allocated for this purpose in accordance with Welfare and Institutions Code Section 5892.

Rationale/Necessity:

This definition is necessary to differentiate the allocations of the MHSA funds in accordance with Welfare and Institutions Code Section 5892, subdivision (a)(6).

Section 3200.184. Innovative Project.

3200.184(a)

Specific Purpose:

The purpose of this regulation is to clarify for the County the definition of an Innovative Project to mean a project that a county designs and implements for a defined time period and evaluates to develop new best practices in mental health.

Rationale/Necessity:

This provision is necessary in order to ensure that the Innovation Component fulfills its potential to discover, test, adopt, and disseminate new effective mental health practices that increase access especially for underserved populations, improve quality and outcome of services, and enhance collaboration.

Section 3510.020. Innovative Project Annual Revenue and Expenditure Report.

3510.020(a) – 3510.020(a)(1)(E)

Specific Purpose:

The purpose of these provisions is to clarify for the County the specific reporting requirements regarding the funding sources expended by the County to fund individual Innovative Projects as part of the Annual Revenue and Expenditure Report by the

following sources of funding: Innovation Funds; Medi-Cal Federal Financial Participation (FFP); 1991 Realignment; Behavior Health Subaccount; and other funds.

Rationale/Necessity:

These provisions are necessary for state fiscal oversight of the MHSA funds, and specifically for the Innovation Funds, and to ensure the County is using Innovation Funds for required and allowable purposes. Requesting the County to report on the other specified funds is necessary because counties use a braided funding system to pay for local mental health services. It is not possible to see the impact of the use of MHSA funds on the mental health system without knowing the amount of the other funds that are also being used. In addition, it is necessary to ensure that the County is complying with Welfare and Institutions Code Section 5891 and is not using MHSA funding to supplant existing state or county funds utilized to provide mental health services. Sufficient fiscal information is also necessary to support local decision-making and approval by county Boards of Supervisors and the MHSOAC.

3510.020(a)(2) - 3510.020(a)(2)(E)

Specific Purpose:

The specific purpose of these provisions is to specify that the County report the funding expended for the administration of each Innovative Project by the following funding sources: Innovation Funds, Medi-Cal FFP, 1991 Realignment, Behavioral Health Subaccount, and other funds.

Rationale/Necessity:

Administrative costs are traditionally seen as the costs associated with doing the business of a program, project, a county, or even a government. The requirement to report these amounts by funding source is necessary to determine that a reasonable amount of funding is being spent on each of the program elements (programmatic versus administrative), of a County's Innovation Component.

3510.020(a)(3) - 3510.020(a)(3)(E)

Specific Purpose:

The specific purpose of these provisions is to specify the requirement that the County report the amount of funding expended for evaluation of each Innovative Project by the following funding sources: Innovation Funds, Medi-Cal FFP, 1991 Realignment, Behavioral Health Subaccount, and other funds.

Rationale/Necessity:

Evaluation of all MHSA components, not only the Innovation Component, is a key element of the MHSA. Having the County document the amount of funds that are used and/or allocated for evaluation is necessary to support state and local level fiscal oversight to ensure that the County is spending sufficient resources to meet evaluation requirements. This is especially important for the Innovation Component because the key element of an Innovative Project is its evaluation.

Section 3580. Innovative Project Reports.

3580(a)

Specific Purpose:

The purpose of this provision is to provide a list of the reports the County is required to submit for each approved Innovative Project.

Rationale/Necessity:

This list is necessary for organizational purposes and to make it easier for the County to locate quickly the required reports for the Innovation Component. The section differentiates the requirement to report results of a completed Innovative Project within six months of completion from requirements to report annually continuing Innovative Projects as part of the Three-Year Program and Expenditure Plan or Annual Update.

3580(a)(1) – 3580(a)(1)(A)

Specific Purpose:

The purpose of this provision is to specify for the County the requirement to submit an Annual Innovative Project Report for each continuing Innovative Project, as specified in Section 3580.010. The County has the option to submit the Annual Innovative Project Report as part of the Three-Year Program and Expenditure Plan or Annual Update.

Rationale/Necessity:

The requested information is essential for local decision-making and for use by both local decision-makers and the MHSOAC for oversight, review, training and technical assistance, accountability, evaluation, and quality improvement purposes. The information about progress and learning from ongoing Innovative Projects informs local decision-makers about whether to continue the Innovative Project and about needed course corrections indicated by interim evaluation results. The information can also inform local decision-makers about early indications of successful Innovative Projects, allowing for timely advance planning about how to continue successful projects without Innovation Funds and what to recommend to other counties. At a state level, the information informs planning about areas of mental health practice that counties' Innovative Projects are influencing or could influence, and supports quality improvement, communication, evaluation, and policy development.

Including the Annual Innovative Project Report as a part of the Annual Update or the Three-Year Program and Expenditure Plan consolidates this report with these MHSOAC-required documents. The counties already have a well established local process for submitting Annual Update and the Three-Year Program and Expenditure Plan. Consolidating reports streamlines the process and reduces the burden on the County.

3580(a)(2) – 3580(a)(2)(A)

Specific Purpose:

The purpose of these provisions is to specify for the County the requirement that upon completion of an Innovative Project, a County shall submit to the MHSOAC a Final Innovative Project Report as specified in Section 3580.020. The County has the option to submit the Final Innovative Project Report as part of the Three-Year Program and Expenditure Plan or Annual Update.

Rationale/Necessity:

Submission of a Final Innovative Project Report is necessary to document the learning that occurred as a result of the Innovative Project and the impact of the evaluation and of lessons learned on the County's decision about whether to implement the Innovative Project, or elements of the Project, without Innovation Funds, and to disseminate newly demonstrated successful mental health practices to other counties.

Including the Final Innovative Project Report as a part of the Annual Update or the Three-Year Program and Expenditure Plan consolidates this report with these MHSA-required documents. The counties already have a well established local process for submitting Annual Update and the Three-Year Program and Expenditure Plan. Consolidating reports streamlines the process and reduces the burden on the County.

3580(a)(2)(B)

Specific Purpose:

The purpose of this provision is to specify for the County that it has the requirement to disseminate the Final Innovative Project Report by at a minimum, posting it on the County's website.

Rationale/Necessity:

Posting the Final Innovative Project Report on the County's web site supports dissemination of the results of the evaluation and associated decision-making within the County for the benefit of local stakeholders. The County's web site is also a logical place for interested members of the general public to search for descriptions of completed County Innovative Projects. Counties regularly post information about their MHSA programs, including evaluation results, on their local web sites, so the requirement does not pose a particular burden on a County.

3580.010. Annual Innovative Project Report.

3580.010(a)(1)

Specific Purpose:

The purpose of this provision is to specify for the County the requirement that the Annual Innovative Project Report include information regarding whether changes were made to the Innovative Project during the reporting period, if so what specific changes were made, and the reasons for the changes.

Rationale/Necessity:

This provision is necessary to support both local and state accountability. Local stakeholders need to be informed about changes to ongoing Innovative Projects in order to ensure that the Project's learning goals continue to be addressed and to have the opportunity to contribute to the evaluation, quality improvement, and communication. This function is consistent with the MHSA requirement for "meaningful stakeholder involvement on mental health policy, program planning, and implementation, monitoring, quality improvement, evaluation, and budget allocations" (Welfare and Institutions Code 5848, subsection (a)). The provision is also necessary for state oversight, to ensure that the Innovative Project is proceeding consistent with the plan approved by the MHSOAC and to support statewide evaluation, quality improvement, assistance to counties including technical assistance, and communication.

3580.010(a)(2)

Specific Purpose:

The purpose of this provision is to specify for the County the requirement that the Annual Innovative Project Report include available evaluation data, including available information about outcomes of the Innovative Project and about which elements of the Project are contributing to outcomes.

Rationale/Necessity:

This provision is necessary to support evaluation of new or changed mental health approaches as the core purpose of MHS Innovation Funds. Information about progress toward outcomes or interim outcomes is necessary to demonstrate whether or not the Innovative Project is meeting its goals. Information about which elements of the Project are contributing to outcomes is necessary to support counties as they progress toward deciding which elements of the Innovative Project to continue without Innovation Funds and which to recommend to other counties.

3580.010(a)(3), and 3580.010(a)(3)(A) - 3580.010(a)(3)(H)

Specific Purpose:

The purpose of these provisions is to specify for the County the requirement to disaggregate data by age group, race, ethnicity, primary language spoken, sexual orientation, any disability, veteran status, gender identity, for Innovative Projects that serve individuals.

Rationale/Necessity:

Disaggregation of data is necessary to ensure that new and changed mental health practices developed, tested, adopted, and disseminated through the Innovation Component apply to, reflect, and are relevant for the broad diversity of California residents, which includes a majority of people of color and those who, on the whole, are at greater than average risk for mental illness as a consequence of trauma, including veterans; Lesbian, gay, transgender, and questioning (LGBTQ) individuals; and individuals with a non-traditional gender identity. Members of all of these groups are disproportionately unserved, underserved, and/or inappropriately served by the public mental health system. The information is necessary for local and state oversight and accountability, including tracking, evaluation, quality improvement, support, and communication.

According to the Institute of Medicine, addressing mental health disparities must begin with the fundamental step of bringing the existence and nature of the disparities and identifying the groups experiencing those disparities to light by collecting mental health quality information by race, ethnicity and language. Then attention can be focused on where interventions might be best applied, and on planning and evaluating those efforts to inform the development of policy and application of resources. For these reasons it is important to standardize categories of race, ethnicity, and language. .

The five race categories and the Hispanic ethnicity are the minimum set of standardized categories for reporting on race set by the federal Office of Management and Budget (OMB).

Because research shows that not all individuals identify with the current OMB race categories, the MHSOAC added a sixth category, "other." The OMB encourages the collection of more detailed data provided those data can be aggregated back to the minimum categories. The MHSOAC worked with stakeholders to determine the list of the ethnicity categories and the specific additional non-race and ethnicity categories requested.

3580.010(a)(4)

Specific Purpose:

The purpose of this provision is to specify that the County may include in the Annual Innovative Project Report, any other data or lessons learned that the County considers relevant.

Rationale/Necessity:

This provision is necessary to provide the County with necessary flexibility to include relevant information that is specific to the particular Innovative Project. Innovative Projects by definition are new or changed mental health practices and therefore each is unique. This provision reflects and supports the fact that learning and contributions from each Innovative Project by design will differ greatly, and supports creative variation in how they are described in annual reports.

Section 3580.020. Final Innovative Project Report.

3580.020(a)(1)

Specific Purpose:

The purpose of this provision is to specify for the County the requirement that the Final Innovative Project Report include a brief summary of the priority issue related to mental illness or to an aspect of the mental health service system for which the County chose to design and test the Innovative Project that is the subject of the Final Innovative Project Report.

Rationale/Necessity:

This provision supports the central purpose of the Innovation Component: to create, test, adopt, and disseminate new and changed mental health practices. Requiring the County in the Final Innovative Project Report to specify the mental health issue that is the focus of the Innovative Project is necessary to support local and statewide adoption of the new practice.

3580.020(a)(2)

Specific Purpose:

The purpose of this provision is to specify for the County the requirement that the Final Innovative Project Report include a description of any changes that the County made to the Innovative Project during the course of its implementation and evaluation, and the reasons for and impact of the changes, including any changes in the timeline.

Rationale/Necessity:

This provision is necessary to provide a complete record of the evolution and final formulation of the Innovative Project to support statewide dissemination of newly

developed and demonstrated mental health practices, as well as local and state oversight and accountability. Without this report of changes made during the course of implementation, there would be no available record of the program in its completed form and of the course corrections and process of development that led to this final formulation to guide other counties that might want to adopt the practice and apply valuable lessons learned.

3580.020(a)(3)

Specific Purpose:

The purpose of this provision is to specify for the County the requirement that the Final Innovative Project Report include the same demographic information as required in the Annual Innovative Project Report.

Rationale/Necessity:

Because, the County will not submit an Annual Innovative Project Report in the year in which it submits a Final Innovative Project Report, the Final Innovative Project Report is the only opportunity to report critical program data. As specified in more detail in the rationale for inclusion of data about program participants in the Annual Innovative Project Report, the information is necessary for local and statewide tracking regarding the total numbers and demographics of individuals served, both by Innovative Projects and by MHSA-funded programs overall. This information is vital for purposes of evaluation, quality improvement, and communication, and to ensure that the diverse population of California is served proportionally by MHSA-funded programs.

3580.020(a)(4)(A)

Specific Purpose:

The purpose of this provision is to specify for the County the requirement that the Final Innovative Project Report include a description of the evaluation methodology.

Rationale/Necessity:

This provision is necessary to document that the evaluation results that served as the basis by which the County determined whether to continue the Innovative Project, or elements of the project, without Innovation Funds and to recommend successful approaches to other counties is the result of a methodologically sound evaluation. The requirement supports outcomes-based decision-making based on evaluations that are conducted using effective practices.

3580.020(a)(4)(B)

Specific Purpose:

The purpose of this provision is to specify for the County the requirement that the Final Innovative Project Report include outcomes of the Innovative Project including those related to the selected primary purpose, with a focus on whatever was new or changed compared to established mental health practices.

Rationale/Necessity:

This provision is necessary to document the basis by which the County determined whether to continue the Innovative Project, or elements of the project, without Innovation Funds. The requirement is also necessary to support the County's recommendation to

other counties to adopt successful Innovative Projects or project elements, and to guide other counties in their consideration of possible adoption and implementation of the new effective mental health practices developed through the Innovation Component. The requirement supports outcomes-based decision-making.

The provision is consistent with findings from the California State Auditor's August 2013 report on use of MHSA funds, which observed that "Assessing and reporting on program effectiveness is therefore critical to ensure that only effective programs are continued and that the taxpayers and the public are assured that MHSA funds are put to the best use" (p. 4).²

The specific requirement to include outcomes that reflect the chosen primary purpose is necessary to demonstrate whether and how the purpose has been achieved. For example, it is impossible to demonstrate whether an Innovative Project that intended to improve access to services has accomplished its purpose without data regarding changes in access to services with an appropriate comparison group.

Since the goal of the Innovation Component is to design, develop, pilot, and test new and changed mental health practices in order to implement those practices that prove to be effective and cost-effective, it is necessary that evaluation designs support conclusions regarding the impact of elements of adapted Innovative Projects that are new or changed. For example, if a county demonstrates positive outcomes from a peer-focused adaptation of Functional Family Therapy, an evidence-based practice, it is impossible just by examining outcomes to discern the impact of the adaptation (new roles for peers) as opposed to the known positive impacts of Functional Family Therapy as administered by professionals, without a peer component. This provision is particularly important because fifty-eight percent of counties' initial Innovative Projects made a change to an existing mental health practice/approach that had already demonstrated its effectiveness in the field of mental health.

3580.020(a)(4)(C)

Specific Purpose:

The purpose of this provision is to specify for the County the requirement that the Final Innovative Project Report describe any variation in outcomes.

Rationale/Necessity:

It is essential to demonstrate not only what works with regard to a County's Innovative Project, but what works for whom, the extent to which the program or approach is effective or ineffective for whom, and ideally the ways in which the approach benefits or fails to benefit different groups. Such analysis can reveal differences in effectiveness for different groups; without such analysis, it is possible for evaluators or practitioners to accept a pattern of demographic differences in outcomes as natural rather than exploring reasons to explain the differences. For example, differences might reflect confounding factors such as socio-economic status, educational background, conceptions of mental health or mental illness, levels of trauma, treatment or service

² California State Auditor. (August, 2013)., *Mental Health Services Act Report 2012-122*, p. 4.

preferences, levels of support or isolation, capacity to make use of program features, appropriateness of program features, or many other potentially essential factors.³

3580.020(a)(4)(D)

Specific Purpose:

The purpose of this provision is to specify for the County the requirement that the Final Innovative Project Report include an assessment of which activities or elements of the Innovative Project contributed to successful outcomes.

Rationale/Necessity:

Without a specific evaluation method to assess which program elements contributed to positive outcomes, it is impossible for the County to determine which elements to continue without Innovation Funds and to recommend to others. In some instances, the County will choose to recommend the entire program; in other instances, there might be specific elements of the approach that are most associated with success and are most important to continue. Given scarce public resources, it is essential to use effective methods not only to demonstrate outcomes of Innovative Projects, but to identify the most critical or effective program elements. The question is not just whether the program has achieved its outcomes but how and why it has achieved the results.

3580.020(a)(4)(E) and 3580.020(a)(4)(F)

Specific Purpose:

The purpose of these provisions is to specify for the County the requirement that the Final Innovative Project Report include an explanation of how the evaluation was culturally appropriate and how stakeholders contributed to the evaluation.

Rationale/Necessity:

The American Evaluation Association has affirmed the significance of cultural competence in evaluation, noting the impact of culture on all phases of evaluation, including staffing, development, and implementation, as well as communication and use of results of evaluations.”⁴

These provisions are necessary to specify that the County effectively evaluate the impact of Innovative Projects for diverse individuals and families struggling with risk of or onset of mental illness, including the majority of California residents who are of color, with a wide range of cultural backgrounds. The section is necessary for consistency with the MHSA General Standard of cultural competence as codified at Title 9, California Code of Regulations, Sections 3320 and 3200.100.

This provision is also necessary to support and demonstrate compliance with the Welfare and Institutions Code Section 5848 subdivision (a) mandate that the County “demonstrate a partnership with constituents and stakeholders” that includes

³ Campbell PB & Jolly EJ. (accessed 2014). Beyond rigor: Appropriate analysis. Campbell-Kibler Associates, Inc. and Science Museum of Minnesota.

⁴ American Evaluation Association. (2011). American Evaluation Association statement on cultural competence in evaluation.

“meaningful involvement” in a variety of areas, including “monitoring, quality improvement, and evaluation.”

3580.020(a)(5)

Specific Purpose:

The purpose of this provision is to specify for the County the requirement that the Final Innovative Project Report include whether the County will continue the Innovative Project, the source of ongoing funding, if applicable, the reason for the decision, and how the county involved stakeholders in the decision.

Rationale/Necessity:

This information is essential to assess the overall effectiveness of the Innovation Component in generating and evaluating new and changed mental health practices that are adopted by the originating County. It is also essential to understand the extent to which adoption of successful Innovative Projects and practices requires shifts in funding and/or involves incorporation of new or changed practices into existing services, without the need for additional funds. This information is essential for overall assessment of the success and impact of the Innovation Component.

3580.020(a)(6)

Specific Purpose:

The purpose of this provision is to specify for the County the requirement that the Final Innovative Project Report include whether or not the Innovative Project achieved its intended outcomes and a summary of what was learned.

Rationale/Necessity:

This provision is necessary to support evaluation of new or changed mental health approaches as the core purpose of the Innovation Component. Information about outcomes and about what was learned is necessary to demonstrate whether or not and how the Innovative Project met its goals.

3580.020(a)(7)

Specific Purpose:

The purpose of this provision is to specify for the County the requirement that the Final Innovative Project Report include a description of how the County disseminated the results of the Innovative Project to stakeholders, and how the County communicated to other counties successful mental health approaches developed through the Innovation Component and lessons learned.

Rationale/Necessity:

This provision is necessary to support and document one of the critical functions of the Innovative Project, that of disseminating successful Innovative Projects to other counties, as well as within the originating County. Information about how the County disseminated successful Innovative Projects is necessary to allow the MHSOAC to support communication efforts related to successful approaches, thereby increasing the potential reach and use of newly developed and demonstrated successful mental health practices.

3580.020(a)(8)

Specific Purpose:

The purpose of this provision is to specify that the County has the option to include in the Final Innovative Project Report any other data or information the County considers relevant.

Rationale/Necessity:

This provision is necessary to provide the County with necessary flexibility to include in the Final Innovative Project Report relevant information that is specific to the particular Innovative Project. Innovative Projects by definition are new or changed mental health practices and therefore each is unique. This provision reflects and supports the fact that learning and contributions from each Innovative Project by design will differ greatly, and supports creative variation in how they are described in the Final Innovation Report. Also, different counties have different concerns or questions about Innovative Projects and the results of their evaluations, and this requirement provides the County with the flexibility to respond to these specific needs and interests.

3580.020(b)

Specific Purpose:

The purpose of this provision is to specify for the County the requirement that the Final Innovative Project Report include a copy of any presentations, reports, articles, manuals, CDs, DVDs, videos, or any other materials developed to communicate lessons learned and evaluation results of the Innovative Project.

Rationale/Necessity:

This provision is necessary to support the critical function of disseminating successful Innovative Projects to other counties, as well as within the originating County. This requirement also supports the County's creativity in determining the most appropriate format for sharing the results of their work, including evaluation results, specific information about program implementation, lessons learned, etc. Different kinds of audiences will require and make use of materials in a broad range of formats.

Section 3900. Rule of General Application.

3900(a)

Specific Purpose:

The purpose of this provision is to specify for the County the requirement that the County use Innovation Funds only to implement programs consistent with the all the MHSA regulations, unless otherwise specified.

Rationale/Necessity:

This provision is necessary to assure that the Innovation Component conforms with the current regulations that apply to all of the components of the MHSA. Articles 1 through 5 apply to all of the components of the MHSA.

Section 3905. Required Approval.

3905(a) and 3905(b)

Specific Purpose:

The purpose of these provisions is to specify for the County the requirement that the County use Innovation Funds only after the MHSOAC approves the Innovative Project and to limit the use of Innovation Funds to implement one or more Innovative Projects.

Rationale/Necessity:

These provisions are necessary to clarify the requirement set forth in subdivision (e) of Welfare and Institutions Code Section 5830 that the County “expend funds for the innovation programs upon approval by the Mental Health Services Oversight and Accountability Commission.” These provisions are also necessary in order to clarify the requirement in paragraph (6) of subdivision (a) of Welfare and Institutions Code Section 5892 that Innovation Funds “shall be utilized for innovative programs in accordance with Sections 5830, 5847, and 5848.”

Section 3910. Innovative Project General Requirements.

3910(a)(1) – 3910(a)(3)

Specific Purpose:

The purpose of these provisions is to require the County to design and implement an Innovative Project to do one of the things specified in paragraph (2) of subdivision (b) of Welfare and Institutions Code Section 5830.

Rationale/Necessity:

These provisions, which list for the County the three options available to define an Innovative Project, are necessary to ensure that the County uses Innovation Funds only for the MHSA’s intended purpose of developing and evaluating new or changed mental health practices. The provisions are also necessary to differentiate the Innovative Project from practices that have already demonstrated their effectiveness within the field of mental health, which is the purpose of programs funded by the Adult and Children’s Systems of Care and Prevention and Early Intervention.

Eighteen percent of counties’ initial Innovative Projects tested a completely new mental health approach. Fifty-eight percent of counties’ initial Innovative Projects were changes to existing mental health practices. Twenty-four percent of counties’ initial Innovative Projects consisted of existing community practices that the County introduced into the field of mental health for the purpose of bringing about mental health outcomes.

3910(b)

Specific Purpose:

The purpose of this provision is to clarify for the County that a mental health practice or approach that has already demonstrated its effectiveness is not eligible for funding as an Innovative Project.

Rationale/Necessity:

Mental health practices that have already demonstrated their effectiveness are eligible for funding with service dollars, including with MHSA dollars within the Adult and Children's Systems of Care and Prevention and Early Intervention. They do not require the piloting and evaluation of new and changed practices that is the purpose of the Innovation Component. The Innovation Component requires the County to design, pilot, and evaluate new or changed mental health practices in order to assess the advisability of funding the practice with service dollars or otherwise incorporating the newly established effective practice into the service delivery system.

3910(c)(1) – 3910(c)(4)

Specific Purpose:

The purpose of these provisions is to list the four options specified in Welfare and Institutions Code Section 5830 available for a County to select as the Innovative Project's primary purposes.

Rationale/Necessity:

These provisions are necessary to ensure that the County uses Innovation Funds for the intended purposes set forth in Welfare and Institutions Code Section 5830. Welfare and Institutions Code Section 5830(b)(1) requires the County to designate one of the listed purposes for Innovative Projects as the primary purpose.

The option of selecting increasing access to underserved groups as the primary purpose is necessary because there is considerable evidence that communities of color experience disparities in access to mental health services, that the quality of care they receive when they do have access is lower, and that their mental health needs are frequently unmet.^{5 6 7 8 9 10 11} In addition, the cross-reference to the current definition of "underserved" in Title 9 California Code of Regulation section 3200.00 is necessary to ensure this section is consistent with current MHSA regulations.

⁵ Council of National Psychological Associations for the Advancement of Ethnic Minority Interests. (2003). *Psychological treatment of ethnic minority populations*. Association of Black Psychologists, Washington, DC.

⁶ U.S. Department of Health and Human Services. (2001). *Mental Health: Culture, race and ethnicity – A supplement to Mental health: A report of the Surgeon General*. Rockville, MD: U.S. Department of Health and Human Services, Public Health Service, Office of the Surgeon General.

⁷ U.S. Department of Health and Human Services. (2011). HHS Action plan to reduce racial and ethnic health disparities: A nation free of disparities in health and health care. *Health Affairs* 30(10), 1822-1829.

⁸ Snowdon L. (2012). Health and mental health policies' role in better understanding and closing African American-White American disparities in treatment, access, and quality of care. *American Psychologist* 67(7), 524-531.

⁹ Lopez SR, et al. (2012). From documenting to eliminating disparities in mental health care for Latinos. *American Psychologist* 67(7), 511-523.

¹⁰ Sue S, et al. (2012). Asian American mental health: A call to action. *American Psychologist* 67(7), 532-544.

¹¹ McGuire TG & Miranda J. (2008). New evidence regarding racial and ethnic disparities in mental health: Policy implications. *Health Affairs* 27(2), 393-403.

The option of selecting increasing the quality of services including measurable outcomes as the primary purpose is necessary because there is considerable evidence that recovery from mental illness, including serious mental illness, is possible.^{12 13 14} Significant gaps remain between the potential for recovery from mental illness and the quality and outcome of available mental health services, with great need to develop and evaluate new effective mental health approaches.^{15 16 17}

The option of selecting promoting interagency and community collaboration as the primary purpose is necessary because there is considerable evidence that collaboration is a hallmark of effective behavioral health treatment and is essential for improving access to, quality of, and outcomes from mental health services,^{18 19} especially for underserved communities^{20 21} and for the many individuals with co-occurring mental and substance use disorders.^{22 23 24} According to the Surgeon General's Report on Mental Health, the most fundamental shift in service delivery has been from institutions to the

¹² Davidson L, et al. (2006). Recovery from severe mental illness: Research evidence and implications for practice. Center for Psychiatric Rehabilitation, Trustees of Boston University.

¹³ State of Illinois Department of Human Services. The expectation is recovery: Evidence-based practices: State-of-the-art strategies to help recover from mental illnesses.

¹⁴ MHPA Center for Best Practices. (2012). Best practices compendium for serious mental illness. Washington, DC.

¹⁵ Kazdin AE & Rabbitt SM. (2013). Novel models for delivering mental health services and reducing the burdens of mental illness. *Clinical Psychological Science* 1(2), 170-191.

¹⁶ National Institute of Mental Health. (2005). Treatment research in mental illness: Improving the nation's public mental health care through NIMH funded interventions research. Report of the National Advisory Mental Health Council's Workgroup on Clinical Trials. U.S. Department of Health and Human Services.

¹⁷ Kavita K, Patel BB, and Wells KB. (2006). What is necessary to transform the quality of mental health care? *Health Affairs* 25(3). 681-693.

¹⁸ Institute of Medicine. (2001). *Crossing the quality chasm: The new health system for the 21st century*. Washington, DC: National Academy Press.

¹⁹ American Academy of Child & Adolescent Psychiatry. (2010). A guide to building collaborative mental health care partnerships in pediatric primary care. AACAP Council.

²⁰ Sanchez K et al. (2012). Eliminating disparities through the integration of behavioral health and primary care services for racial and ethnic minorities, including populations with limited English proficiency: A review of the literature. U.S. Department of Health and Human Services, Office of Minority Health and the Hogg Foundation for Mental Health.

²¹ Collins PY. (2012). Using collaborative care to reduce racial and ethnic disparities in mental health care. NAMHC Concept Clearance. National Institute of Mental Health.

²² Wenzel et al. (2006). A collaboration between researchers and practitioners to improve care for co-occurring mental health disorders in outpatient substance abuse treatment. RAND Health.

²³ SAMHSA. (2002). Report to Congress on the prevention and treatment of co-occurring substance abuse disorders and mental disorders. U.S. Department of Health and Human Services.

²⁴ Parks J & Pollack D (Eds.). Integrating behavioral health and primary care services: Opportunities and challenges for state mental health authorities. (2005). National Association of State Mental Health Program Directors Medical Directors Council. Alexandria, VA.

community.²⁵ There is evidence that despite requirements to collaborate, mental health services in California are fragmented and uncoordinated.²⁶ There is a great deal to be learned about how to design, implement, and evaluate the effectiveness of collaborations in the field of behavioral health.²⁷

The option of selecting increasing access to services as the primary purpose is necessary because there is considerable evidence that most people with mental illness, including serious mental illness, do not receive treatment or other mental health services: about half of adults and two-thirds of adolescents with mental health conditions. In California, mental illness is more prevalent in poverty-stricken counties, which often lack psychiatrists and other treatment resources, according to a study by the California Healthcare Foundation.²⁸

3910(d)

Specific Purpose:

The purpose of this provision is to clarify for the County that an Innovative Project may affect virtually any aspect of mental health practices or assess a new or changed application of a promising approach to solve persistent mental health challenges, including but not limited to, administrative, governance, and organizational practices, processes, or procedures; advocacy; education and training for service providers, including nontraditional mental health practitioners; outreach, capacity building, and community development; system development; public education efforts; research; services and interventions, including prevention, early intervention, and treatment.

Rationale/Necessity:

This provision provides the County with flexibility to innovate in any area of mental health service delivery that promotes one of the four primary purposes specified in subdivision (c) of this section. This flexibility is necessary because the need and potential for new and changed approaches exists in a wide range of dimensions of mental health delivery and practices and counties differ greatly from one another in their priority needs, populations, and preferred strategies. Maximum creativity and flexibility are essential to “foster innovative thinking and ensure that a full array of novel scientific perspectives are used to further discovery in the evolving science of brain, behavior, and experience” toward a “world in which mental illnesses are prevented and cured.”²⁹

²⁵ Office of the Surgeon General. (2001). *Mental Health: Culture, Race, and Ethnicity: A Supplement to Mental Health: A Report of the Surgeon General*. Center for Mental Health Services (US); National Institute of Mental Health (US). Rockville (MD): Substance Abuse and Mental Health Services Administration (US); 2001 Aug.

²⁶ Disability Rights Education and Defense Fund. *Mental health services for children with disabilities: The story in California*. Washington, DC.

²⁷ Miller BF, et al. (2011). *A national agenda for research in collaborative care: Papers from the Collaborative Care Research Network Research Development Conference*. AHRQ Publication No. 11-0067. Rockville, MD.

²⁸ California Healthcare Foundation. (2013). *Mental health care in California: Painting a picture*. California Health Care Almanac.

²⁹ National Institute of Mental Health. (2008). *The National Institute of Mental Health Strategic Plan*.

3910(d)(1)

Specific Purpose:

The purpose of this provision is to clarify for the County the definition of “persistent mental health challenge” as a priority issue related to mental illness or to an aspect of the mental health service system that the county, with meaningful stakeholder involvement, decides to address by designing and evaluating an applicable Innovative Project.

Rationale/Necessity:

This specification that all Innovative Projects must address a priority issue related to mental illness or to an aspect of the mental health service system is necessary to ensure that Innovation Funds and the approaches developed and evaluated through the Innovation Component support the overall purpose of the Mental Health Services Act: “To reduce the long-term adverse impact on individuals, families and state and local budgets resulting from untreated serious mental illness” as set forth in uncodified Section 3(b) of the MHSA.

The requirement for meaningful stakeholder involvement in deciding the specific Innovative Project that will be the focus of the County’s design, pilot, and evaluation is necessary to ensure compliance with subdivision (b) of Section 5847 and subdivision (a) of Section 5848 of the Welfare and Institution Code which require stakeholder engagement including a demonstration of “a partnership with constituents and stakeholders throughout the process that includes meaningful stakeholder involvement on mental health policy, program planning, and implementation, monitoring, quality improvement, evaluation, and budget allocations.”

3910(d)(2)

Specific Purpose:

The purpose of this provision is to clarify the requirement that the persistent mental health challenge addressed must be consistent with the selected primary purpose for Innovative Projects referenced in subdivision (c) of this section.

Rationale/Necessity:

This requirement is necessary to provide a clear mental health context and clarify for the County that the four primary purposes listed in Welfare and Institutions Code 5830 subsections (a) and (b) refer to mental health services or outcomes. This provision is necessary to assure that all Innovative Projects are consistent with the overall purpose of the Mental Health Services Act: “To reduce the long-term adverse impact on individuals, families and state and local budgets resulting from untreated serious mental illness” as set forth in uncodified Section 3(b) of the MHSA. For example, “to increase access to underserved groups” (Welfare and Institutions Code 5830 subsections (a)(1) and (b)(1)(A)) refers to access to mental health services, supports, collaborations, or systems that intend to fulfill the overall purpose of the MHSA.

Section 3910.010. Time-Limited Pilot Project.

3910.010(a) – 3910.010(a)(2)

Specific Purpose:

The purpose of these provisions is to clarify for the County the requirement that an Innovative Project shall have an end date that is not more than four years from the start date of the project unless extended under subdivision (b) of this section.

Rationale/Necessity:

Four years is a sufficient time, in most instances, for the County to demonstrate the viability of the idea being tested and decide whether to continue the Innovative Project, or elements of the project, without Innovative Funds and what to recommend and disseminate to other counties. A specific and reasonable time limit is necessary to prevent the use of Innovation Funds for ongoing service delivery, which is not the purpose of this MHPA component. If a County wishes to test an approach that is more complicated and that as a result will take more than four years to demonstrate results, the County can divide the project into smaller elements and fund and evaluate each as a distinct Innovative Project, implementing newly demonstrated successful practices incrementally. All current Innovative Projects are for four years or less.

Since the County is required to complete the Innovative Project within the agreed-upon timeframe, it is necessary to have a consistent definition of when the timeframe begins and when it ends. The start date is the date the County begins implementation because if there are unavoidable delays in implementation it is necessary to give counties flexibility to change their start date from the date envisioned in the Innovative Project Plan to the date that the County actually began implementation of the Innovative Project. Defining “begins implantation” as the date the county begins offering a service or expends Innovation funds on the project, whichever occurs first, is necessary to provide a consistent framework based on concrete actions that apply to all Innovative Projects.

Because the ultimate goal of the Innovation Component is to develop and test time-limited Innovative Projects and, if proven successful, to continue new effective practices it is reasonable to have the end date be the date the County finalizes the decision whether to continue the project.

3910.010(b)

Specific Purpose:

The purpose of this provision is to specify for the County that the timeframe to complete the Innovative Project is to be based on the complexity of the evaluation and of the approach to be evaluated.

Rationale/Necessity:

This provision is necessary to give the County the flexibility needed to design, develop, pilot, and evaluate Innovative Projects of varying complexity with evaluation designs that take varying lengths of time to implement and complete. Counties must be free to use their Innovation Funds to test new and changed mental health approaches that vary significantly from one another, reflecting their local needs and resources. One size does not fit all in terms of the length of time counties require to complete the needed work to allow them to make data-driven decision based on their evaluation results.

3910.010(b)(1)

Specific Purpose:

The purpose of this provision is to specify for the County that if, after the Innovative Project has been approved by the MHSOAC, the County determines a need to extend the total time to complete the Innovative Project, the County shall, within 30 days of the decision, notify the MHSOAC of the new start date and/or end date of the Innovative Project. In no case shall the Innovative Project last longer than five years.

Rationale/Necessity:

This provision clarifies that for a variety of reasons the County might need to extend the length of the total Innovative Project to complete the implementation and evaluation, and provides a simple, streamlined notification process if the need for a change occurs. The requirement to inform the MHSOAC is necessary to provide a central statewide record of the current status and timetables for completion of all MHSA-funded Innovative Projects to support such oversight and accountability functions as tracking, communication, support, and evaluation.

The requirement that the County complete the Innovative Project within a five-year period from the time the Innovative Project is implemented is necessary to preserve the MHSA purpose for the Innovation Component: to develop and test time-limited Innovative Projects and, if proved successful, to continue new effective practices without Innovation Funds and to disseminate these successful practices to other counties. Five years provides the County with one additional year and is a specific and reasonable time limit that is necessary to prevent the County's use of Innovation funds for ongoing service delivery, which is not the purpose of this MHSA component. If a County wishes to test an approach that is more complicated and that, as a result, will take more than five years to demonstrate results, the County can divide the project into smaller elements and fund and evaluate each as a distinct Innovative Project, implementing and disseminating newly demonstrated successful practices incrementally.

3910.010(c)

Specific Purpose:

The purpose of this provision is to specify for the County the requirement to have a preliminary plan from the outset about how it will decide whether to continue an Innovative Project.

Rationale/Necessity:

This provision is necessary because the entire logic of the County's development of an Innovative Project with the evaluation as the central element rests on generating the necessary information for local decision-makers to determine whether to continue the Innovative Project, or elements of the project, without Innovation Funds. For this reason, it is necessary that the County have a preliminary plan from the outset about how it plans to decide whether to continue an Innovative Project, though it is understandable and expected that this preliminary plan might evolve during the course of the Project's implementation and evaluation.

3910.010(d)

Specific Purpose:

The purpose of this provision is to specify for the County the requirement that, if applicable, the County shall have a plan about how to protect and provide continuity for individuals with serious mental illness who are receiving services from the Innovative Project at the conclusion of Innovation funding.

Rationale/Necessity:

Because Innovative Projects are time-limited pilots, it is likely that some will be providing direct services to individuals at the conclusion of the project. In order to protect vulnerable individuals with serious mental illness, it is essential that the County formulate a plan to transition those who need ongoing services and supports to other resources to avoid harm, abandonment, stress, or other negative consequences. Ethical planning for the best interest of clients is a critical element of designing and conducting a time-limited pilot project.

Section 3910.015. Continuation of an Innovative Project.

3910.015(a) – 3910.015(c)

Specific Purpose:

The purpose of these provisions is to specify for the County the requirement that, after completion of the evaluation, the County, with meaningful involvement of stakeholders, shall decide whether and how an Innovative Project or elements of an Innovative Project will be continued and incorporated into the local mental health delivery system and without Innovation Funds.

Rationale/Necessity:

The provision is necessary to clarify for the County the applicability of the requirement set forth in subdivision (d) of Welfare and Institutions Code Section 5830, which states that, “if an innovative project has proven to be successful and a county chooses to continue it, the project work plan shall transition to another category of funding as appropriate.” While some successful Innovative Projects will require funding from other sources, others can be implemented into existing services or systems without the need for additional funding.

The provision to require meaningful involvement of stakeholders in the County’s decision about whether and how to continue the Innovative Project or elements of the Innovative Project is necessary to make it clear that the Welfare and Institutions Code Section 5848, subsection (a) requirement for “meaningful stakeholder involvement on mental health policy, program planning, and implementation, monitoring, quality improvement, evaluation, and budget allocations” applies to decisions regarding the continuation of an Innovative Project without Innovation Funds.

Section 3910.020. Early Termination of an Innovative Project.

3910.020(a) – 3910.020(a)(2)

Specific Purpose:

The purpose of these provisions is to clarify that a County, with meaningful involvement from stakeholders, may terminate an Innovative Project prior to the planned end date and to set forth the parameters for the requirement to notify stakeholders and the MHSOAC of the early termination. The provision also clarifies the steps a County must take to protect individuals with a serious mental illness who are participating in and receiving services from the Innovative Project.

Rationale/Necessity:

By definition, some Innovative Projects will not be successful in the sense that they will not bring about their intended outcomes. A key purpose of the Innovation Component is to provide the County the opportunity to try out a new or changed mental health approach that has not yet demonstrated its effectiveness and that might not be effective. It is possible that the lack of viability of an implemented Innovative Project might become evident through results of in-process evaluations before the project's anticipated end date. If this is the case, the County needs to have the option to terminate the Innovative Project prematurely and re-direct the project's unused Innovation Funds to develop and evaluate other Innovative Projects. What the County learns about what does not work can be as useful as learning about what does work.

The provision to require the meaningful involvement of stakeholders in a decision to terminate an Innovative Project prior to the planned end date is necessary to respect the planning process that formed the basis for the original decision to use Innovation Funds to implement and evaluate the project. The requirement is also necessary to implement the Welfare and Institutions Code 5848, subsection (a) requirement for "meaningful stakeholder involvement on mental health policy, program planning, and implementation, monitoring, quality improvement, evaluation, and budget allocations."

Because Innovative Projects are time-limited pilots, it is likely that some will have been providing direct services to individuals at the conclusion of the project. In order to protect vulnerable individuals with serious mental illness, it is essential that the County take all reasonably necessary steps to transition any individuals with serious mental illness who need ongoing services and supports to other resources to avoid harm, abandonment, stress, or other negative consequences. County notification to the MHSOAC about how the project transitioned any clients with serious mental illness who needed other resources is necessary to support the MHSOAC's oversight and accountability responsibility to ensure a client-focused and ethical approach to service delivery, including for services delivered during the pilot implementation phase of Innovative Projects. Thirty days notice is a reasonable time period that will not impose a burden on the County.

3910.020(b) – 3910.020(b)(1)(A)

Specific Purpose:

The purpose of these provisions is to authorize the County to terminate an Innovative Project prior to the planned end date without involvement of stakeholders in the event of

unforeseen legal, ethical or other risk-related reasons and to set forth the parameters for the requirement to notify stakeholders and the MHSOAC of the early termination.

Rationale/Necessity:

This provision is necessary to provide flexibility for a County to terminate an Innovative Project immediately for unforeseen legal, ethical, or other risk-related reasons to protect vulnerable clients or to protect the County.

It is imperative that the County informs stakeholders as soon as possible and in all instances within 30 days in order for stakeholders to be involved in discussions about the best use of the learning that occurred as a result of the terminated Innovative Project, opportunities for local quality improvement, as well as decisions about what to do with unspent Innovation Funds. Because the early termination was the result of unforeseen legal, ethical, or other-risk-related reasons it is imperative that the County inform the MHSOAC as soon as possible to support statewide tracking of the current status of all Innovative Projects and Innovation Funds for oversight and accountability purposes including evaluation, communication, support, and statewide quality improvement.

In order to protect vulnerable individuals, it is essential that the County take all reasonably necessary steps to transition any individuals with serious mental illness who need ongoing services and supports to other resources to avoid harm, abandonment, stress, or other negative consequences.

Section 3915. Innovative Project Evaluation.

3915(a)

Specific Purpose:

The purpose of this provision is to clarify for the County the requirement to design a method for evaluating the effectiveness and feasibility of the Innovative Project and to conduct the evaluation according to the method designed.

Rationale/Necessity:

For the County to assess whether or not the Innovative Project has proven to be successful requires an effective, feasible evaluation. Using sound methodology for evaluations is essential both for the appropriate use of Innovation Funds to test the County's new and changed mental health approaches and also to ensure that the County's decision to continue the Innovative Project without Innovation Funds is the result of methodologically sound evaluations. The California State Auditor's 2012 report charged the State to ensure that counties "identify meaningful data that measure the achievement of all their goals, set specific objectives, require their program providers to capture those data, and use those data to verify and report on the effectiveness of their MHA programs."³⁰ This responsibility is especially important for the Innovation Component, where evaluation plays such a central role.

³⁰ California State Auditor. (August, 2013)., *Mental Health Services Act Report 2012-122*, p. 5.

3915(b) and 3915(c)

Specific Purpose:

The purpose of these provisions is to clarify for the County the requirement that the evaluation measure the achievement of intended mental health outcomes for individuals and families related to a risk of or manifestation of serious mental illness and/or for the mental health system, using appropriate indicators selected by the county. The provision also clarifies that the evaluation is to include a measurement related to the selected primary purpose.

Rationale/Necessity:

These provisions are necessary both to ensure that the County's evaluation of the Innovative Project focuses on specific outcomes and that the intended outcomes have a clear relationship to risk or onset of mental illness and/or to an aspect of the mental health service system. The provision also clarifies the requirement that the County's evaluation of its Innovative Project includes a measurement of the selected primary purpose.

The provision regarding the evaluation's focus on outcomes is necessary because all program evaluations do not necessarily focus on outcomes, but can address other questions such as efficiency or fidelity of implementation. Outcome evaluation in the context of Innovative Projects "is a *systematic* examination of the *outcomes* (changes, usually benefits), resulting from a set of activities implemented to achieve a stated goal, and a systematic examination of the *extent* to which those activities actually caused those outcomes to occur. The intent of outcome evaluation is to assess the *effectiveness* of these activities with respect to the benefits achieved, suggest *improvements* and possibly provide direction for future activities."³¹

The provision regarding ensuring that selected outcomes demonstrate a relationship to potential or actual mental illness or to the mental health system is necessary to ensure consistency of Innovative Projects with the overall purpose of the Mental Health Services Act: "To reduce the long-term adverse impact on individuals, families and state and local budgets resulting from untreated serious mental illness" (MHSA Section 3, Purpose and Intent, (b)).

The specific requirement that the evaluation include outcomes that reflect the chosen Innovation primary purpose is necessary in order for the County to demonstrate whether and how the purpose has been achieved. For example, it is impossible to demonstrate whether an Innovative Project intended to improve access to services has accomplished its purpose without data regarding changes in access to services, with an appropriate comparison group.

³¹ Sonpal-Valias N. (2009). *Measuring the difference: An outcome evaluation resource for the disability sector: Module 1 Outcome evaluation: Definition and overview*. Alberta Council of Disability Services. P. 1.

3915(d)

Specific Purpose:

The purpose of this provision is to clarify for the County the requirement that the evaluation assess the impact of whatever element(s) of the Innovative Project were new and/or changed, compared to established practices in the field of mental health.

Rationale/Necessity:

Since the goal of the Innovation Component is to design, develop, pilot, and test new and changed mental health practices in order to implement those practices that prove to be effective and cost-effective, it is necessary that evaluation designs allow conclusions to be drawn regarding the elements of adapted Innovative Projects that are new or changed. This is especially necessary since fifty-eight percent of counties' initial Innovative Projects made a change to an existing mental health practice/approach that had already demonstrated its effectiveness in the field of mental health. For example, if a rural county demonstrates positive outcomes from an adaptation of the Improving Depression Care for Elders (IMPACT) model of integrated physical-behavioral healthcare to reduce depression in older adults, an evidence-based practice, it is impossible just by examining outcomes to discern the impact of the rural-focused adaptation, as opposed to the known positive impacts of the IMPACT model without the adaptation.

3915(e)

Specific Purpose:

The purpose of this provision is to clarify for the County the requirement that the evaluation use quantitative and qualitative research methods to determine which elements of the Innovative Project contributed to successful outcomes in order to support data-driven decisions about incorporating new and/or changed mental health practices into the County's existing systems and services and disseminating successful practices.

Rationale/Necessity:

Because the County, through the Innovation Component, designs and evaluates a new or changed practice in order to make decisions about long-term implementation and dissemination, it is essential not only to measure outcomes but to assess the elements of the project that contributed most substantially to success or lack of success. This approach is necessary to allow results-based programs to answer such questions as what is the value of the program and its various components, what difference does it make, why did it work, should the program continue and if so what elements should continue without Innovation Funds?³² To contribute to decision-making, Innovation evaluation and performance measures must be designed to tell a performance story through which results can be attributed to the program and to specific program

³² University of Wisconsin-Extension. (2003). Welcome to enhancing program performance with logic models.

elements.³³ Both quantitative and qualitative methods can contribute to the County's understanding of the impact of various elements of the Innovative Project.³⁴

3915(f)

Specific Purpose:

The purpose of this provision is to clarify for the County the requirement that the County collect necessary data to complete the evaluation.

Rationale/Necessity:

Collecting data regarding program outcomes and the programmatic elements that contributed to program outcomes is an essential component of sound program evaluation. The Center for Disease Control's evaluation model refers to this data collection phase of evaluation as "gathering credible evidence."³⁵ There are many possible methods for collecting data, including direct observation.³⁶

3915(g)

Specific Purpose:

The purpose of this provision is to clarify for the County the requirement that the evaluation be culturally appropriate and include meaningful involvement by diverse community stakeholders.

Rationale/Necessity:

The requirement that the evaluation be culturally appropriate is a key element of an effective evaluation, especially to evaluate new and changed mental health approaches intended to benefit the diverse population in California at risk of or with a serious mental illness. The American Evaluation Association has affirmed the significance of cultural competence in evaluation, noting the impact of culture on all phases of evaluation, including staffing, development, and implementation, as well as communication and use of results of evaluations.³⁷

This provision is necessary to specify that the County effectively evaluate the impact of Innovative Projects for diverse individuals and families struggling with risk or onset of mental illness, including the majority of California residents who are of color, with a wide range of cultural backgrounds. The section is necessary for consistency with the MHSA

³³ McLaughlin JA and Jordan GB. (2010). Using logic models. In Wholey JS et al (Eds.), *Handbook of Practical Program Evaluation*, 55-81.

³⁴ Garbarino S and Holland J. (2009). Quantitative and qualitative methods in impact evaluation and measuring results: Issues paper. UK Department for International Development. Social Development Direct.

³⁵ Centers for Disease Control and Prevention. (1999). Framework for program evaluation in public health. MMWR 48(No. RR-11), p. 4.

³⁶ Taylor-Powell E and Steele S. (1996), Collecting evaluation data: Direct observation. University of Wisconsin-Extension Cooperative Extension.

³⁷ American Evaluation Association. (2011). American Evaluation Association statement on cultural competence in evaluation.

General Standard of cultural competence as codified at Title 9, California Code of Regulations, sections 3320 and 3200.100.

The requirement to include diverse community stakeholders in meaningful roles in Innovation evaluations is necessary to apply Welfare and Institutions Code 5848(a), which requires “meaningful stakeholder involvement on mental health policy, program planning, and implementation, monitoring, quality improvement, evaluation, and budget allocations.”

Section 3920. Innovative Project Expenditure Plan.

3920(a) – 3920(c)

Specific Purpose:

The purpose of these provisions is to clarify for the County the requirement that the Innovative Project have a budget (expenditure plan) that is consistent with the time-limited, evaluation focus of the project and includes sufficient funds for the entire length of the project as well as for all of the phases of the project such as development and refinement, piloting, evaluation, decision-making, and dissemination of the results.

Rationale/Necessity:

The Innovation Component is the only MHSA component with ongoing funding for time-limited projects. It is important that the County construct and communicate a budget for the total timeframe of the Innovative Project, both for its own planning purposes and also to allow local decision-makers and the MHSOAC to approve funds for the entire project. The budget’s funding sources in most instances will include currently available Innovation Funds as well as anticipated, estimated Innovation Funds from future years’ distribution.

Information about the County’s expected expenditures for the Innovative Project in each fiscal year is a critical aspect of the County’s logic regarding its Innovative Project. For example, a County might plan to spend more funds at the conclusion of the Project to complete its evaluation or might designate funds in the last year of the project to communicate information about successful new or changed mental health approaches. The County might plan to conclude its pilot of the Innovative Project before the conclusion of the evaluation, decision-making, and communication. All of these decisions would have an effect on the budget for the various fiscal years and is critical information for decision-makers, as well as for local and state oversight and accountability functions including evaluation, communication, and quality improvement.

Data-driven decision-making about what to continue without Innovation Funds and what to recommend to other counties requires that the County devote sufficient funds or other resources to conduct an effective, well designed evaluation. This provision also serves to communicate to counties the centrality of evaluation to the Innovation Component and supports a sound basis for decisions to adopt and disseminate newly developed and demonstrated effective mental health practices.

While there is great flexibility about what counties pilot and test, the scale of the budget must be consistent with a short-term demonstration project. It is not appropriate to fund major infrastructure, capital investments, or purchases for a project that might or might not be successful and might or might not continue.

3920(d)

Specific Purpose:

The purpose of this provision is to clarify for the County the requirement that a County may not expend Innovation Funds for an Innovative Project beyond the amount of funding approved by the MHSOAC.

Rationale/Necessity:

This provision is necessary to implement Welfare and Institutions Code 5830(e), which states that "County mental health programs shall expend funds for their innovation programs upon approval by the Mental Health Services Oversight and Accountability Commission." This provision is critical because beginning July 1, 2012, the State Controller distributes the Mental Health Service Funds, which includes Innovation Funds, to counties on a monthly basis pursuant to Welfare and Institutions Code Section 5891(c). As a result, counties have access to Innovation Funds before they are authorized to spend them on an Innovative Project, which makes this clarification particularly important.

Section 3925. Changed Innovative Project.

3925(a) – 3925(a)(3)

Specific Purpose:

The purpose of these provisions is to clarify for the County what changes to an Innovative Project that was approved by the Mental Health Services Oversight and Accountability Commission triggers the requirement for approval from the Commission before the change may be made.

Rationale/Necessity:

These provisions are necessary to clarify for the County that there is a defined threshold for what constitutes a change to an Innovative Project that requires submission to the MHSOAC of an Innovative Project Change Request and approval by the MHSOAC to make the change. This section differentiates minor changes in Innovative Projects that are likely to occur as services and strategies implement, mature, and evolve and as the evaluation produces interim data from substantial changes that fundamentally alter the focus and intent of an Innovative Project. Minor changes and course corrections to a developing Innovative Project, consistent with the original learning goals, are to be expected and do not need to be approved by the MHSOAC. However, a modification of an approved Innovative Project that changes the project's intended primary purpose or the project's basic mental health practice or approach that the County is piloting and evaluating is fundamental and sufficiently significant to require submission to the MHSOAC of the Innovative Project Change Request and requires approval by the MHSOAC to make the change.

In addition, the MHSOAC approves the County's total budget for the entire duration of each Innovative Project. For a County to spend additional funds for the project beyond the amount approved by the MHSOAC would violate Welfare and Institutions Code 5830, subsection (e).

Section 3930. Innovation Component of the Three-Year Program and Expenditure Plan and Annual Update.

Specific Purpose:

The purpose of this section, including all subdivisions, is to provide the County the direction required to understand the specific information to include in the Innovative Project Plan for each Innovative Project that the County is seeking approval from the MHSOAC as part of the County's Innovation Component of the Three-Year Program and Expenditure Plan (Innovation Component Plan) and Annual Update.

Rationale/Necessity:

This section, including all subdivisions, is necessary to ensure that the MHSOAC and local decision-makers, including county Mental Health Boards and Boards of Supervisors, have the requisite information to conclude that the County's planned Innovative Projects meet MHSA, especially Welfare and Institutions Code Section 5830, requirements and support MHSA Innovation definitions, primary purposes, goals, and concepts. The documentation required for the Innovative Project Plan of the County's Innovation Component Plan enables both the County and the State to assure that the new or changed mental health practice being piloted will be evaluated in accordance with recommended best practices, subject to local and state oversight, to ensure accountability to taxpayers and to the public, in accordance with uncodified Section 3, subdivision (e), of the MHSA. The documentation is essential to allow the MHSOAC to make an informed decision when considering approval of the County's Innovative Projects.

This section is also necessary to provide the MHSOAC with information necessary to track Innovation-funded projects for purposes of accountability, communication, evaluation, quality improvement, and support. Systematic information about counties' use of Innovation Funds, their planned methods to evaluate the success and viability of their Innovative Projects, and the results of these evaluations for both adoption and dissemination of successful practices that result is essential to fulfill the recommendation in the California State Auditor's report for "the state entities responsible for oversight to better demonstrate the effectiveness of the MHSA" (cover letter) and the need for the MHSOAC to assure "that the funds directed to counties for MHSA programs have been used effectively and appropriately" (p. 2). It is also necessary to provide a foundation for the MHSOAC to "advise the Governor or the Legislature regarding actions the state may take to improve care and services for people with mental illness" under Welfare and Institutions Code Section 5845, subdivision (d)(9).

Providing explicit, consistent direction to the County about what to include in the County's Innovative Project Plans is necessary to fulfill all of these purposes. This section limits the requested information to basic information that is necessary to assure approval and accountability and support communication about statewide trends, while providing a basis for both local and statewide evaluation and quality improvement.

3930(b)(1) and 3930(b)(2)

Specific Purpose:

The purpose of these provisions is to clarify for the County the requirement that as part of the Three-Year Program and Expenditure Plan or Annual Update, the County shall include in the Innovative Project Plan a description of how the County ensured that staff

and stakeholders involved in the Community Program Planning process required by Title 9 California Code of Regulations section 3300 were informed about and understood the purpose and requirements of the Innovation Component and a description of how the County plans to involve stakeholders meaningfully in all phases of the Innovative Project.

Rationale/Necessity:

These provisions are necessary to document that community planning for Innovation-funded projects was informed and that it fulfilled the Welfare and Institutions Code 5847 subsection (b) requirement that, “The three-year program and expenditure plan shall be...in accordance with established stakeholder engagement and planning requirements.” The provision helps ensure that the County met the requirement in Title 9, California Code of Regulations, Section 3300(c)(3)(B) to provide “training to those stakeholders, clients, and when appropriate the client’s family, who are participating in the Community Program Planning Process,” and that the training included information that was specific and relevant to the MHS Innovation Component as articulated in Welfare and Institutions Code Section 5840 and in these regulations.

This provision is particularly essential for community planning with regard to the Innovation Component, which requires planning participants to ask and answer different questions than community planning for ongoing service delivery. The MHS Innovation Component provides the County with the opportunity to learn how to do something and to design and try out a potentially valuable idea to assess whether and how it will work. Planning for an Innovative Project, like planning for service delivery, starts with assessing the County’s unmet priority service needs. The crucial next steps involve identifying the subset of local needs and issues for which there are no demonstrated, applicable approaches in the field of mental health that the County could fund with service dollars without developing new approaches or modifying existing approaches. Mental health approaches applicable to the County’s service that have already established their effectiveness and that could be applied without modification do not require the County to design, pilot, and test a new or changed approach to determine its viability and therefore are not appropriate for or eligible for use of Innovation funds. A clear understanding of the purpose of Innovation Funds is essential for meaningful community planning for the Innovation Component, which taps the knowledge and wisdom of community members to generate creative solutions to solve “persistent, seemingly intractable mental health challenges” (Welfare and Institutions Code Section 5830(c)).

3930(c)(1)

Specific Purpose:

The purpose of this provision is to clarify for the County the requirement that the County shall include in the Innovative Project Plan a description of the selected primary purpose as required by Welfare and Institutions Code Section 5830 and the reasons that this purpose is a priority for the County for which there is a need for the county to design, develop, pilot, and evaluate approaches not already demonstrated as successful within the mental health system.

Rationale/Necessity:

This information is necessary for local decision-makers and the MHSOAC to conclude that the selected primary purpose is consistent with subdivision (b) of Section 5830 of

the Welfare and Institutions Code and is central to the new or changed mental health approach that the County is piloting. The information also provides the opportunity to conclude that the primary purpose is relevant to a risk of or onset of a mental illness. The information serves the local and state oversight and accountability functions of tracking, evaluation, quality improvement, support, and communication.

3930(c)(2) - 3930(c)(2)(B)

Specific Purpose:

The purpose of these provisions is to clarify for the County the requirement to include in the Innovative Project Plan a description of which MHSA definition of an Innovative Project applies: specifically, whether and how the Innovative Project introduces a new mental health practice or approach; makes a change to an existing mental health practice that has not yet been demonstrated to be effective; or introduces a new application to the mental health system of a promising practice or an approach that has been successful in a non-mental health context or setting.

Rationale/Necessity:

This information is necessary for local decision-makers and the MHSOAC to conclude that the County's Innovative Project is consistent with one of the three Welfare and Institutions Code 5830 subsection (b)(2) definitions of an Innovative Project as new or changed within the field of mental health. It also provides the opportunity to understand how the County is creating a new practice or adapting an existing practice with the intention of evaluating the practice for possible adoption without Innovation funds and disseminating to other counties. The information serves the local and state oversight and accountability functions of tracking, evaluation, quality improvement, support, and communication.

3930(c)(3) – 3930(c)(3)(A)

Specific Purpose:

The purpose of these provisions is to clarify for the County the requirement that the County include in the Innovative Project Plan a description of the new or changed mental health approach the County will develop, pilot, and evaluate, including differentiating the elements that are new or changed from existing practices in the mental health fields that are already known to be effective.

Rationale/Necessity:

These provisions are necessary to allow local decision makers and the MHSOAC to conclude that the mental health approach the County intends to pilot is or includes elements that are new or changed within the field of mental health, with the potential, if proven successful, to support the County's service and system goals. The information is also necessary to ensure that the County clearly specifies the element(s) of the Innovative Project that is new or changed and that constitutes basis for an evaluation that can support data-driven decision making. The County's clear description of the new or changed mental health approach that is being tested allows the MHSOAC to track and communicate a statewide picture of the areas of transformation within the field of mental health to which California counties are contributing through the Innovation

component. The information serves the local and state oversight and accountability functions of evaluation, quality improvement, support, and communication.³⁸

3930(c)(3)(B) – 3930(c)(3)(C)

Specific Purpose:

The purpose of these provisions is to clarify for the County the requirement that the County shall, if relevant to the specific Innovative Project, describe the estimated number of clients expected to be served and applicable demographic information such as age, gender, race, ethnicity, and language spoken.

Rationale/Necessity:

The requirement for the County to specify demographic information for applicable Innovative Projects that intend to serve specific individuals is necessary in order for the MHSOAC to track and communicate information about whom programs funded with Innovation Funds intend to serve. Because the majority of the population of California is a member of a non-white racial or ethnic group (projected in 2014 population estimates to be 39% Hispanic, 38.8% white non-Hispanic, 13% Asian American or Pacific Islander, 5.8% Black non-Hispanic, and less than 1% Native American³⁹), and because there is extensive documentation that people of color are underserved by the mental health system nationally and in California,^{40 41 42 43 44 45} it is essential to help understand the extent to which Innovative Projects are directed toward the diversity of individuals with risk or early onset of a mental illness.

The estimated number of individuals to be included in the pilot and evaluation of the new or changed mental health approach is useful for local decision-makers in determining

³⁸ Perlman SB & Dougherty RH. (2006). State behavioral health innovations: Disseminating promising practices. The Commonwealth Fund.

³⁹ Lopez MH. (2014). In 2014, Latinos will surpass whites as largest racial/ethnic group in California. *Factank: News in the Numbers*. Pew Research Center. Washington, DC.

⁴⁰ California Bridge to Reform Waiver. (2013). *California mental health and substance use system needs assessment and service plan: Volume 2, Service Plan, September 30, 2013*. California Department of Health Care Services.

⁴¹ Aguilar-Gaxiola S, et al. (2012). *Community-defined solutions for Latino mental health care disparities: California reducing disparities project, Latino strategic planning workgroup population report*. Sacramento, CA: UC Davis.

⁴² Cheng, R. (2012). California reducing disparities project Asian-Pacific Islander population report. Pacific Clinics. Prepared for Office of Health Equity, California Department of Public Health.

⁴³ African American Health Institute of San Bernardino county. (2012). *Population report of the California reducing disparities project: African American strategic planning workgroup: Reducing mental health disparities in black Californians using community-defined practices: "We ain't crazy."*

⁴⁴ Native American Health Center. (2012). Native vision: A focus on improving behavioral health wellness for California Native Americans. California reducing disparities project: Native American Strategic Planning Workgroup Report.

⁴⁵ Mikalson P, et al. (2012). First do no harm: Reducing disparities for lesbian, gay, bisexual, transgender; queer and questioning populations in California. The California LGBTQ reducing mental health disparities population report.

how best to invest the County's Innovation Funds. The information is also useful for statewide tracking of the number of individuals served by MHSA-funded programs, since some Innovative Projects during their pilot phase will serve individuals.

3930(c)(3)(D)

Specific Purpose:

The purpose of this provision is to clarify for the County the requirement to describe briefly, with specific examples, how the Innovative Project will reflect and be consistent with all relevant (potentially applicable) MHSA General Standards set forth in Title 9 California Code of Regulations, Section 3320.

Rationale/Necessity:

This provision is necessary because all MHSA-funded services and programs are required to meet all applicable MHSA General Standards. This specific provision is necessary to confirm that the County's Innovative Project is consistent with the applicable MHSA General Standards, and therefore express and reflect the principles, values, and fundamental intent of the MHSA. The provision is also important because a pilot of a new or changed mental health approach that does not meet all MHSA General Standards cannot be adopted as an ongoing MHSA-program if proven successful.

3930(c)(4) – 3930(c)(4)(C)

Specific Purpose:

The purpose of these provisions is to clarify for the County the requirement to include in the Innovative Project Plan a description of the method the County will use to evaluate the effectiveness of the Innovative Project.

Rationale/Necessity:

These provisions are necessary to document that evaluation results that will serve as the basis by which the County will determine whether to continue the Innovative Project, or elements of the project, without Innovation Funds, is methodologically sound. While specific evaluation methods will vary for different Innovative Projects, strong methodology is essential for outcomes to be valid, credible, and useful for the County. County decisions about whether to continue a project and what to recommend to other counties, as well as local and state oversight, depend on being able to rely on evaluation results to assess whether programs are working, for whom they are working, how and why they are working, which project elements are most useful and successful, the ratio of program costs and benefits compared to other approaches, and the specific impact of whatever is new or changed compared to approaches in the field that have already demonstrated their effectiveness. None of these questions can be answered reliably without the County describing its approach to evaluation in order to support conclusions that methods used were effective and to lend credibility and integrity to evaluation results.

3930(c)(5)

Specific Purpose:

The purpose of this provision is to clarify for the County the requirement to include in the Innovative Project Plan a description of how the County will decide whether and how to

continue the Innovative Project, or elements of the Project with funds other than Innovation Funds if funds are required.

Rationale/Necessity:

This provision is necessary because the entire logic of the County's development of an Innovative Project, with the evaluation as the central element, rests on generating the necessary information for local decision-makers to determine whether to continue the Innovative Project, or elements of the project, with funds other than Innovation Funds if required, and whether to recommend the Innovative Project, or successful elements, to other counties. The County's initial decision to pilot a particular new or changed mental health approach, the evaluation design, the designation of the total timeframe, and the project's budget all are for the purpose of informing the County's decision about whether and how to continue an Innovative Project without Innovation Funds. For these reasons, it is necessary that the County communicate a preliminary conception of how it plans to decide whether to continue an Innovative Project, though it is understandable and expected that this preliminary plan might evolve during the course of implementation and evaluation. The information clarifies for the County the need to devise an Innovative Project to support this intention and provides essential information for local and MHSOAC decision-making and oversight.

3930(c)(6)

Specific Purpose:

The purpose of this provision is to clarify for the County the requirement to include in the Innovative Project Plan a description, if applicable, of how the County plans to protect and provide continuity for individuals with serious mental illness who are receiving services from the Innovative Project after the end of the implementation with Innovation Funds.

Rationale/Necessity:

Because Innovative Projects are time-limited pilots, it is likely that some will be providing direct services to individuals at the conclusion of the project. It is essential that the County communicate a plan to transition any vulnerable individuals with serious mental illness who need ongoing services and supports to other resources to promote continuity and avoid harm, abandonment, stress, or other negative consequences. This information is necessary to support the MHSOAC's oversight and accountability responsibility to ensure a client-focused and ethical approach to service delivery, including for services delivered during the pilot implementation phase of Innovative Projects.

3930(c)(7) – 3930(c)(7)(B)

Specific Purpose:

The purpose of these provisions is to clarify for the County the requirement to specify in the Innovative Project Plan the total timeframe, including a timeline that specifies key milestones and an explanation of how the total timeframe of the Innovative Project will allow sufficient time for the development, time-limited implementation, evaluation, decision making, and communication to other counties of results and recommended effective practices.

Rationale/Necessity:

Innovation is the only MHSA component that provides ongoing funds for time-limited projects. The requirements to specify the total timeframe and to include sufficient details about key activities and milestones are necessary to allow local decision-makers and the MHSOAC to conclude that the County has allotted sufficient time to pilot, refine, and evaluate its new or changed mental health practice and to make decisions about its ongoing implementation and dissemination. The provision is necessary to implement Welfare and Institutions Code 5830 subsection (d), which states that “if an innovative project has proven to be successful and a county chooses to continue it, the project work plan shall transition to another category of funding as appropriate.” For local decision-makers and the MHSOAC, understanding the timeframe and key milestones of the Innovative Project is essential for purposes of approval, tracking, support, and communication.

3930(d) - 3930(d)(1) - 3930(d)(5)

Specific Purpose:

The purpose of these provisions is to clarify for the County the requirement that the Innovative Project Plan shall include a budget for the entire length of the Innovative Project and also for each fiscal year, including expected Innovative Project expenditures by funding sources. The provision also specifies the requirement to estimate the amount the County will use on evaluation and administration of the Innovative Project, by each fiscal year and source of funding.

Rationale/Necessity:

These provisions are necessary to implement Welfare and Institutions Code 5830, subsection (d), which states that “County mental health programs shall expend funds for their innovation programs upon approval by the Mental Health Services Oversight and Accountability Commission.” The Innovation Component uniquely provides ongoing MHSA funds for time-limited projects. Local and MHSOAC decision-making for local planning and for basic fiscal oversight and accountability requires consideration of the total projected budget for the Innovative Project.

The provision requiring information about the County’s expected expenditures for the Innovative Project in each fiscal year is a critical aspect of the County’s logic regarding its Innovative Project, necessary for local and MHSOAC approval and for oversight and accountability. For example, a County might spend more funds at the conclusion of the Innovative Project to complete its evaluation or might include funds in the last year of the project to communicate to other counties information about successful new or changed mental health approaches. The County might plan to conclude its pilot of the Innovative Project before the conclusion of the evaluation, decision-making, and communication. All of these decisions would have an effect on the budget for the various fiscal years and is critical information for decision-makers, as well as for local and state oversight and accountability, including evaluation, quality improvement, support, and communication.

The provisions related to documenting funding sources are necessary for state fiscal oversight of the MHSA funds, and specifically for the Innovation Funds, and to ensure the County is using Innovation Funds for required and allowable purposes. Requiring the County to report on the other specified funds is necessary because counties use a braided funding system to pay for local mental health services. It is not possible to see the impact of the use of MHSA funds on the mental health system without knowing the

amounts of other funds that are also being used. In addition, it is necessary to ensure that the County is complying with Welfare and Institutions Code Section 5891 and is not using MHSA funding to supplant existing state or county funds utilized to provide mental health services. Sufficient fiscal information is also necessary to support local decision-making and approval by county Boards of Supervisors.

Evaluation is essential for all MHSA components, and is the key activity of an Innovative Project in order to assess the value and efficacy of the new and changed mental health approach that the County is piloting. Data-driven decision-making requires that the County devote sufficient funds or other resources to conduct a sound evaluation. Documenting the amount of funds or other resources that the County intends to allocate for evaluation is necessary to support state and local fiscal oversight to ensure that the County is spending sufficient resources to evaluate the impact and efficacy of the Innovative Project, both at the conclusion of the project and during its implementation to assess possible revisions and course corrections.

Administrative costs are traditionally seen as the costs associated with doing the business of a program, project, a county, or even a government. The requirement to report these amounts by fiscal year and by funding source is necessary to determine that a reasonable amount of funding is being spent on each of the program elements (programmatic versus administrative) of a County's Innovation Component.

3930(d)(5)

Specific Purpose:

The purpose of this provision is to clarify for the County the requirement to document that the source of Innovation Funds is five percent of the County's Prevention and Early Intervention allocation and five percent of the CSS allocation.

Rationale/Necessity:

This provision is necessary to ensure local and state fiscal oversight and accountability that the County's planned expenditures of Innovation Funds are consistent with Welfare and Institutions Code Section 5892 subsection (a)(6), which states that "Five percent of the total funding for each county mental health program for Part 3 (commencing with Section 5800), Part 3.6 (commencing with Section 5840), and Part 4 (commencing with Section 5850) of this division, shall be utilized for innovative programs in accordance with Sections 5830, 5847, and 5848."

Section 3935. Innovative Project Change Request.

3935(a) and 3935(b)

Specific Purpose:

The purpose of these provisions is to clarify for the County when the County must submit to the MHSOAC an Innovative Project Change Request and what information must be included in the request.

Rationale/Necessity:

Providing information about the basis for a substantial change to a previously approved Innovative Project and obtaining MHSOAC approval ensures accountability to taxpayers and to the public, consistent with uncodified section 3, subdivision (e) of the MHSA. The

information is also necessary to support statewide oversight and accountability of the Innovation Component as a whole, including tracking the status of all Innovative Projects, as well as evaluation, quality improvement, support, and communication.

CONSISTENCY AND COMPATIBILITY WITH EXISTING STATE REGULATIONS

The MHSOAC reviewed existing MHSR regulations to ensure that the proposed regulations were not duplicative, inconsistent, or incompatible. The MHSOAC also met with the Department of Health Care Services to ensure the proposed regulations were not duplicative, inconsistent, or incompatible with the regulations in development by DHCS. Based on these reviews, the MHSOAC determined that the proposed regulations, if adopted, would not be duplicative, inconsistent, or incompatible with existing regulations.

ECONOMIC IMPACT ANALYSIS

Creation or elimination of jobs within the state

These regulations apply only to county behavioral and mental health departments. As of July 1, 2014, 55 of 59 counties⁴⁶ have 172 approved Innovative Projects. These Innovative Projects were created by counties based on existing Innovation Guidelines developed by the former California Department of Mental Health in 2009, in collaboration with the Mental Health Services Oversight and Accountability Commission. These guidelines, the main elements of which have been codified in Welfare and Institutions Code 5830, are entirely compatible with these proposed regulations. Because of the continuity of the existing requirements, there is no reason to believe that adoption of these regulations will have any impact on the creation or elimination of jobs within California.

Creation of new businesses or the elimination of existing businesses within the state

The MHSOAC has determined that there is no impact on the creation or elimination of new businesses within the state because there are no changes proposed in these regulations that are sufficiently different from counties' current practices based on existing Innovation Guidelines issued by the now former Department of Mental Health in 2009 that would be likely to create or eliminate existing businesses within the state.

Expansion of businesses currently doing business within the state

The MHSOAC has determined that there is no impact on the expansion of businesses currently doing business within the state because there are no changes proposed in these regulations that are sufficiently different from counties' current practices based on existing Innovation Guidelines issued by the now former Department of Mental Health in 2009 that would be likely to affect the expansion of businesses currently doing business within the state.

Benefits of the regulations to the health and welfare of California residents, worker safety, and the state's environment

There are no expected benefits to worker safety. There are expected benefits to the health, safety, and welfare of California residents and to the state's quality of life by developing, piloting, evaluating, and implementing Innovative Projects that increase access to mental health services especially for underserved populations, improve the quality and outcome of mental health

⁴⁶ The 59 counties include Sutter and Yuba Counties operating jointly; the cities of Pomona, Claremont, and La Verne operating as Tri-City, and the City of Berkeley. The four counties that, as of July 1, 2014, do not have an approved Innovative Project are Alpine, Mendocino, Plumas, and Siskiyou.

services, and improve inter-agency and community collaboration. Developing and adopting new practices with demonstrated effectiveness to address intractable mental health challenges can be expected to benefit the health, safety, and welfare of California residents, including those with unidentified serious mental illness; the larger number with unaddressed risk of or early onset of a potentially serious mental illness; and the still larger number of friends, colleagues, loved ones, and the many service sectors that are adversely affected by unrecognized, unaddressed, and untreated mental illness.

These regulations specify basic standards for evaluating Innovative Projects, including measuring and reporting on both outcomes and the program elements most responsible for contributing to those outcomes. The regulations also make it explicit that the timeframe and funding for the Innovative Project includes dissemination of successful mental health approaches, as well as lessons learned, to other counties, thereby disseminating the potential benefits.

IDENTIFICATION OF EACH TECHNICAL, THEORETICAL, AND EMPIRICAL STUDY, REPORT, OR SIMILAR DOCUMENT, IF ANY, UPON WHICH THE AGENCY RELIES IN PROPOSING THE RULEMAKING ACTION

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Innovative Projects Regulations
Initial Statement of Reasons

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REASONABLE ALTERNATIVES TO THE REGULATORY ACTION AND REASONS FOR REJECTION

The MHSOAC has determined that an alternative to this rulemaking action would be to include more evaluation requirements for Innovative Projects. For example, ideally the County would develop for each Innovative Project a clearly articulated logic model specifying the hypothesized relationship between project elements and outcomes, which would contribute to the evaluation design. Also, ideally each evaluation would specify a relevant comparison group and would include quantitative as well as qualitative assessment. However, it is premature to take this step, given the nascent state of many county and state information systems and the limited resources of many counties for evaluation, and therefore more stringent requirements would not be reasonable now. These basic and essential first steps toward consistent reporting and accountability through evaluation of outcomes and the project elements that contribute to outcomes are the only reasonable alternative at this time.

ALTERNATIVES PROPOSED AS LESS BURDENSOME AND EQUALLY EFFECTIVE AND REASON FOR REJECTION

The MHSOAC has determined that there are no alternatives proposed as less burdensome and equally effective in achieving the purposes of the regulation. Requirements for what needs to be included in the Innovation Component Plan are the minimum necessary for decision-makers to ensure accountability. Requirements for program and evaluation reporting are also minimal because of counties' varying readiness, capacity, and systems.

IF THE USE OF SPECIFIC TECHNOLOGIES OR EQUIPMENT IS MANDATED, REASONS WHY THE AGENCY BELIEVES THESE MANDATES OR PRESCRIPTIVE STANDARDS ARE REQUIRED

The regulations do not mandate the use of any specific technologies or equipment.

FACTS, EVIDENCE, DOCUMENTS, TESTIMONY, OR OTHER EVIDENCE RELIED UPON TO SUPPORT INITIAL DETERMINATION IN THE NOTICE THAT THE REGULATION WILL NOT HAVE SIGNIFICANT ECONOMIC IMPACT ON BUSINESS

The MHSOAC has no evidence indicating any potential significant adverse impact on business as a result of this proposed action. These regulations only apply to county behavioral and mental health departments. Further, there are no changes proposed in these regulations that are sufficiently different from counties' current practices based on existing Innovation Guidelines issued by the former Department of Mental Health that would have any significant impact on business.