

Fiscal Policy Implications of Senate Bill 1136

MHSOAC staff reviewed Senate Bill 1136 for proposed changes that might have fiscal policy implications for the Commission and included those items, along with a brief comment, below for Committee discussion. The sections listed below are summarized and are not verbatim. Proposed new language is underlined in the text.

Innovation:

5830(e) County mental health programs shall ~~receive~~ expend funds for their innovation programs upon approval by the Mental Health Services Oversight and Accountability Commission.

(Comment) All plan review was discontinued with AB 100. This amendment reinstates MHSOAC Innovation Plan approval which would assist with tracking Innovation expenditures and provide the Commission with improved oversight of Innovation programming. Counties will continue to receive Innovation funds on a monthly basis but will not be able to expend Innovation funds until the MHSOAC approves their Innovation plan.

Three-Year Program and Expenditure Plan:

5847. Integrated Plans for Prevention, Innovation, and System of Care Services.

5847. (a) Each county mental health program shall prepare and submit a three-year program and expenditure plan, and annual updates, adopted by the county board of supervisors, to the Mental Health Services Oversight and Accountability Commission within 30 days after adoption.

(b) The three-year program and expenditure plan shall be based on available unspent funds and estimated revenue allocations provided by the state and in accordance with established stakeholder engagement and planning requirements. The three-year program and expenditure plan and annual updates shall include all of the following:

- (1) A program for prevention and early intervention.
- (2) A program for services to children.
- (3) A program for services to adults and seniors.
- (4) A program for innovations.
- (5) A program for technological needs and capital facilities needed to provide services.
- (6) Identification of shortages in personnel to provide services pursuant to the above programs and the additional assistance needed from the education and training programs.
- (7) Establishment and maintenance of a prudent reserve to ensure the county program will continue to be able to serve children, adults, and seniors that it is currently serving,

during years in which revenues for the Mental Health Services Fund are below recent averages.

(Comment) This amendment requires counties to submit to the Commission their three-year Plan and annual updates which include both program and expenditure information. These Plans will provide the Commission with an important tool to track expenditures, and improve oversight of programming

5847(b)(9) Certification by the county mental health director and by the county auditor controller that the county has complied with any 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.

(Comment) This amendment will provide a layer of accountability at the local level to ensure MHSA funds are spent according to the requirements of the three-year program and expenditure plan.

5847(d) Each year the State Department of Health Care Services shall inform the California Mental Health Directors Association and the Mental Health Services Oversight and Accountability Commission of the methodology used for revenue allocation to the counties.

(Comment) This amendment replaces the prior provision which provided that the DMH, in consultation with the Commission, the Mental Health Planning Council, and CMHDA would inform the counties of the amount of MHS funds available for each year. This new language removes the Commission's role as consultant in determining allocations. This amendment states that the Department of Health Care Services will determine county allocations.

Evaluation:

5848(c) Each three year program and expenditure plan shall include reports on the achievement of performance outcomes for services funded by the Mental Health Services Fund and established jointly by the Department of Health Care Services and the Mental Health Services Oversight and Accountability Commission, in collaboration with the California Mental Health Directors Association.

(Comment) This amendment makes clear that performance outcomes for services are to be a part of counties three-year program and expenditure plan and clarifies the Commission's role in establishing the performance outcomes.

Fund Allocation:

5891(c) Commencing July 1, 2012, on or before the 15th day of each month, pursuant to a methodology provided by the State Department of Health Care Services, the Controller shall distribute to each Local Mental Health Service Fund established by counties, all unexpended and unreserved funds on deposit as of the last day of the prior

month in the Mental Health Services Fund for the provision of programs and other related activities.

(Comment) Pursuant to AB 100 MHS funds starting July 1, 2012 will be distributed on a monthly basis. There was a need to determine a formula for county distributions. The amendment to this section indicates the distribution methods determined by the State Department of Health Care Services pursuant to section 5847(d) will be used.

5891(d) Counties shall base their expenditures on the county mental health program's three-year program and expenditure plan or annual update,

(Comment) This amendment clarifies that expenditures must be spent according to the three-year program and expenditure plan or annual update. This will assist with ensuring that programs are implemented and operated as approved by the County Board of Supervisors.

Regulations:

5898. The State Department of Health Care Services, in consultation with the Mental Health Services Oversight and Accountability Commission, shall develop regulations, as necessary, for the State Department of Mental Health Care Services, the Mental Health Services Oversight and Accountability Commission, or designated state and local agencies to implement this act. Regulations adopted pursuant to this section shall be developed with the maximum feasible opportunity for public participation and comments.

(Comment) This amendment puts the Commission in a consultation role during the regulatory process which includes fiscal regulations.

Revenue and Expenditure Report:

5899. (a) The State Department of Health Care Services, in consultation with the Mental Health Services Oversight and Accountability Commission and the California Mental Health Directors Association, shall develop and administer instructions for the Annual Mental Health Services Act Revenue and Expenditure Report. This report shall be submitted electronically to the department and to the Mental Health Services Oversight and Accountability Commission.

(b) The purpose of the Annual Mental Health Services Act Revenue and Expenditure Report is as follows:

(1) Identify the expenditures of Mental Health Services Act (MHSA) funds that were distributed to each county.

(2) Quantify the amount of additional funds generated for the mental health system as a result of the MHSA.

(3) Identify unexpended funds, and interest earned on MHSA funds.

(4) Determine reversion amounts, if applicable, from prior fiscal year distributions.

(c) This report is intended to provide information that allows for the evaluation of all of the following:

- (1) Children's systems of care.
- (2) Prevention and early intervention strategies.
- (3) Innovative projects.
- (4) Workforce education and training.
- (5) Adults and older adults systems of care.
- (6) Capital facilities and technology needs.

(Comment) The information provided in the Annual Revenue and Expenditure Report (ARER), is vital in the Commission's statutory oversight of the MHSA activities through tracking financial information such as expenditures by component, Prudent Reserve information, Reversion information, unexpended funds and interest earned. This new section provides the Commission the extremely valuable opportunity to provide input into the development and maintenance of the instructions regarding the ARER.

Other Important Policy Implications:

Data Access:

5845(d)(6) The Mental Health Services Oversight and Accountability Commission can obtain data and information from the State Department of Mental Health Care Services, the Office of Statewide Health Planning and Development, or other state or local entities that receive Mental Health Services Act funds, for the commission to utilize in its oversight, review, training and technical assistance, accountability, and evaluation capacity regarding projects and programs supported with Mental Health Services Act funds

(Comment) It is imperative that the Commission have access to data to perform its statutory role with evaluation and oversight. This amendment would provide the Commission the ability to continue to retrieve data as needed from the two departments proposed to receive DMH functions.

Evaluation:

5845(d)(12) The Mental Health Services Oversight and Accountability Commission may work in collaboration with the State Department of Health Care Services and the California Mental Health Planning Council, and in consultation with the California Mental Health Directors Association, in designing a comprehensive joint plan for a coordinated evaluation of client outcomes in the community-based mental health system. The California Health and Human Services Agency shall lead this comprehensive joint plan.

(Comment) This amendment sets up the requirement for a comprehensive joint plan for a coordinated evaluation of client outcomes in the community-based mental health system. Prior to this proposed section the Mental Health Services Oversight and Accountability Commission (MHSOAC) at the November 17, 2011 meeting, approved proceeding with the development of a statewide community mental health system evaluation master plan recommended by the Evaluation Committee. The MHSOAC embarked on a search to retain a person or organization with the unique skills and knowledge to assist with the development of the Evaluation Master Plan and has retained Joan Meisel, Ph.D to lead this endeavor.