

MHSOAC

Mental Health Services
Oversight and Accountability Commission



AB 5 XXX

Sheri Whitt, Executive Director

June 25, 2009



OPTION 1

- **Status Quo**
 - No changes will be made to how the MHSOAC's operations are administered
- **Fiscal Impact**
 - Cost: None
 - We do not “pay” DMH for providing these functions. Ultimately, they are paid for out of MHSA-5% Administrative Funds

PROS



1. No increased costs-could be perceived as fiscally prudent during these difficult budget times
2. Can continue to work on stabilizing MHSOAC without additional major changes in staffing, function, budget
3. No increases in staffing means we do not have added costs associated with re-locating (no room for staff growth in current location)



CONS

1. Not in keeping with legislative intent as described by Senator Steinberg in his letter (“separate and apart” language)
2. Could be perceived as placing the MHSOAC under undue influence from DMH
3. Administration of key functions by DMH is currently dysfunctional: poor quality of work, losing documents, lack of access to timely decisions, conflicting policy directives (examples – not an exhaustive list)



OTHER CONSIDERATIONS



1. This was the original recommendation of staff with the addition of a recommendation that the “status quo” be formalized via an interagency agreement (use as a tool to address “cons”)
2. This is no longer the staff recommendation

OPTION 2



- **Inter-Agency**
 - Enter into an inter-agency agreement with a State entity
- **Fiscal Impact**
 - Cost: \$200,000 - \$240,000
 - The estimated cost for having the state entity/ies administer functions currently administered by DMH: Budgets/Accounting, Contracts/Procurement, Personnel, Labor Relations, Training and IT



PROS

1. Can continue to work on stabilizing MHSOAC (elimination of DMH challenges described in Option 1)
2. No increases in staffing means we do not have added costs associated with relocating (no room for staff to growth in current location)
3. Addresses perception of MHSOAC being under undue influence from DMH by separating MHSOAC and DMH
4. Less fiscal impact than Option 3

CONS



1. Perhaps still not in keeping with legislative intent as described by Senator Steinberg in his letter (“separate and apart” language). Would depend on who performs administrative functions.



OTHER CONSIDERATIONS



1. This is the current staff recommendation



OPTION 3

- **Own Administration**
 - The MHSOAC will administer all administrative functions
- **Fiscal Impact**
 - Cost: \$384,000 - \$634,000
 - The estimated costs for hiring staff, training that staff, and for purchasing necessary hardware/software to take over these functions in-house

PROS



1. More closely represents intent of legislature as described in Senator Steinberg's letter
2. Removes perception of undue influence by another State entity (mostly)



CONS

1. Requires asking for positions and additional resources during a difficult budget time. One of those resources would include necessities to successfully relocate the MHSOAC office. Huge change on all levels – large reduction in capacity of staff to focus on MHSOAC Strategic plan work.
2. Could be perceived as the MHSOAC becoming too bureaucratic and tapping into resources desperately needed for direct services
3. More expensive than Option 2



OTHER CONSIDERATIONS



1. This represents the “Cadillac” model of independence. It is more expensive than Option 2 but there are questionable advantages to taking on the kinds of administrative tasks in-house that can easily be done via a less expensive interagency agreement with an entity that already has the capacity to provide these services efficiently.

MIISOAC

Mental Health Services
Oversight and Accountability Commission

- **OPTIONS:**
 - Status Quo
 - Inter-Agency
 - Own Administration

AB 5 XXX
STAKEHOLDER
CONFERENCE CALL COMMENTS
June 16, 2009

- “...Autonomy for the MHSOAC is the best option; however, State Administrative funds should be used for direct services...”
- “...Need to know how other bodies (i.e., commission/boards) were developed – are there other models..?”
- “...Transformation cannot be achieved if the MHSOAC is part of DMH...”
- “...The priority of the 5% State Administrative fund is direct services – can Option 2 be sustained...?”

AB 5 XXX
STAKEHOLDER
CONFERENCE CALL COMMENTS
June 16, 2009
-Continued-

- “...The oversight capacity of the MHSOAC requires independence – Option 2 appears to be the best option...”
- “...The MHSOAC should use a different relationship model than the Planning Council with DMH...”
- “...Need to be efficient and effective with MHSA dollars – declines are projected in the future and direct services should receive priority...”



MIISOAC

Mental Health Services
Oversight and Accountability Commission



Alternative Models



MIISOAC

Mental Health Services
Oversight and Accountability Commission



Three Models:

- Managed Risk Management Insurance Board (MRMIB)
- State Council on Developmental Disabilities (SCDD)
- California Institute for Regenerative Medicine (CIRM)



Managed Risk Medical Insurance Board (MRMIB)

- Created in 1990 with a broad mandate to advise the Governor and the Legislature on strategies for reducing the number of uninsured persons in the State
- Board is comprised of volunteer members appointed by the Governor and the Legislature.



Managed Risk Medical Insurance Board (MRMIB) (Cont.)

Insurance Plans/Programs

- A. The Major Risk Medical Insurance Program (MRMIP)
Provides health insurance for Californians unable to obtain coverage in the individual health insurance market because of their pre-existing conditions.

- B. County Children's Health Initiative Program (C-CHIP)
Provides federal funding for low cost health coverage to uninsured children through age 19.

- C. The Healthy Families Program (HFP)
Low cost insurance that provides health, dental and vision coverage to uninsured children through age 19.



Managed Risk Medical Insurance Board (MRMIB) (Cont.)

Programs are funded using multiple funding sources including:

- ✓ General Funds in the amount of \$406,352 for FY 2009-10
- ✓ Federal Trust Funds in the amount of \$801,579 for FY 2009-10
- ✓ Mental Health Services Funds in the amount of \$181,000 for FY 2009-10

➤ MRMIB currently has 81 State positions.

* Source: MRMIB's website and
Email Communication



Managed Risk Medical Insurance Board (MRMIB) (Cont.)

Functions Performed utilizing Internal Resources

- Human Resources
- Contracts/Procurement
- Information Technology (IT)
- Fiscal (Budgets and Fiscal Forecasting)
- Program Policy and Operations

Interagency Agreement with DGS

- Accounting Services



Managed Risk Medical Insurance Board (MRMIB) (Cont.)

Functions Performed Using 2 Contracts with Outside Entities

- **Information Technology (IT) Consultants**
- **Legal Consultants**
- **Budget/Fiscal Consultants**



State Council on Developmental Disabilities (SCDD)



- Established by State and federal law as an independent State agency to ensure that people with developmental disabilities and their families receive the services and supports they need.



State Council on Developmental Disabilities (SCDD) (Cont.)

- The SCDD has 104 staff positions (FY 2009-10)
- To fulfill administrative functions, the SCDD currently utilizes Interagency Agreements
- Internal Resource functions include management and oversight of Interagency Agreements
- The SCDD is funded using Federal Trust Funds in the amount of \$7,365,000



California Institute for Regenerative Medicine (CIRM)



- Established in early 2005 following the passage of Proposition 71 the California Stem Cell Research and Cures Initiative.
- Provided \$3 billion in funding for stem cell research at California universities and research institutions.
- CIRM develops grants and provides loans for stem cell research, research facilities and other vital research opportunities.
- CIRM is specially funded using the California Stem Cell Research and Cures Fund in the amount of \$189,380,000 for FY 2009-10



California Institute for Regenerative Medicine (CIRM) Cont.



- The CIRM has 42.8 staff positions (FY 2009-10)
- **The Majority of CIRM's Functions are performed using**
 - 8 Interagency Agreements (IAs)
 - 6 IAs for Administrative Functions
 - 2 IAs for Legal Services
 - 51 contracts



California Institute for Regenerative Medicine (CIRM) (cont.)



Functions Performed Utilizing Internal Resources

- Administrative Functions (Budgets, Contracts, Procurement)
- Communications (Managerial/Oversight Functions)
- Program Operations



California Institute for Regenerative Medicine (CIRM) (Cont.)



Functions Performed Using Interagency Agreements

- **With Department of General Services (DGS)**
 - Accounting Services
 - Payroll
 - Personnel Services

- **With Department of Justice (DOJ)**
 - Legal Counsel



California Institute for Regenerative Medicine (CIRM) (Cont.)



Functions Performed Using Contracts with Outside Entities

- Legal Services
- Information Technology (IT)
- Human Resources Consulting
- Communication Services (Public Relations)



In Conclusion



- All three models use a combination of:
 - ✓ Interagency Agreements
 - ✓ Contracts
 - ✓ Internal Resources (i.e., established positions)

- The three models differ only in the degree that each option is utilized.