MENTAL HEALTH SERVICES
OVERSIGHT AND ACCOUNTABILITY COMMISSION (MHSOAC)
Mental Health Funding & Policy Committee

September 15, 2011
MHSOAC Conference Room
1300 17th Street, Suite 1000
Sacramento, CA 95811
2:00 PM to 3:30 PM

Committee Members Present:	Staff:	Other Attendees:
Andrew Poat*, Chair Ann Arneill-Py* Paul Stansbury* Camille Schraeder* Crystal Crawford Gwen Wilson* Jack Joiner* Kathleen Derby Patricia Ryan Wayne Clark*	Committee Staff: Kevin Hoffman Carol Hood Vivian Lee Other Staff: Filomena Yeroshek Jose Oseguera Lauren Quintero	Don Kingdon Cecilia Badger Cynthia Burt Karen Hurley* Robert Balma* Manuel Orozco* Mary Alice Wilford*

* Participated via telephone

Welcome/General Introductions

- Andrew Poat, Committee Chair, convened the meeting at 2:00 PM.
  All meeting participants introduced themselves.
  Chair Poat reviewed the meeting objectives.

Adoption of the May 23, 2011 Meeting Minutes

- Interest was expressed in a Mental Health Services Oversight and Accountability Commission (MHSOAC) analysis on how the $862 million in diverted funds satisfies the Mental Health Services Act (MHSA) as was suggested during the May 23, 2011 meeting. Chair Poat put this item in the Parking Lot for the end of the meeting.
- The May 23, 2011 meeting minutes were adopted unanimously.

Prudent Reserve Report Development

MHSOAC staff went through the draft Prudent Reserve Policy PowerPoint which is intended to be presented at the September MHSOAC meeting.

Committee discussion including public comment:

- It was suggested that MHSOAC staff work with California Mental Health Directors Association (CMHDA) and Mike Geiss to obtain the year end fiscal data that each county submits to the Auditor Controller for the annual report. This may be a better source of data than the Revenue and Expenditure Report (RER) and would not create an additional administrative burden on the counties. MHSOAC staff will need to review the report and make sure the report shows Prudent Reserve as a separate amount.
- County Auditors will need guidance on how to divide the local accounts for Fiscal Year (FY) 12/13. The Department of Finance (DOF) and the State Controller's Office (SCO) will need to provide the Auditor Controller with guidance on how to divide the money.
- It was felt that the Commission has responsibility for advocating the intent of Prudent Reserve, which is to help counties with navigating through funding volatility.
- Key items for the Commission to focus on are:
    1. Ensure transparency of Prudent Reserve funding and expenditure decisions
    2. Provide summary data on how the Prudent Reserve funds are being used
    3. Assure taxpayers that the revisions to the Prudent Reserve Policy are the most effective strategy moving forward
- It was voiced that there is a need to provide regulation to the counties and require that they document how they arrived at their Prudent Reserve level and why they feel that the level they have chosen will be adequate as well as how they use the Prudent Reserve fund. This information should be posted for their constituents to review and provide input.
- Chair Poat reinforced that the Commission is interested in transparency in the decision making process in the counties with respect to how Prudent Reserves are kept and spent and whether that decision process is made consistent with the principles of the MHSA.
- A concern was raised that existing processes and reports are unclear to the stakeholders. An explanation of how and why the Prudent Reserve level is used is necessary for transparency to the stakeholders and would be consistent to the MHSA. Now that the approval is not required at the State level, it should be done in the local district. This should not place additional burdens on the counties as these requirements are not new. The MHSA requires that money going in or coming out of Prudent Reserve to be done through a plan update, which requires stakeholder input.
- MHSOAC may wish to inventory the county processes that are already in place and integrate our Prudent Reserve recommendations into them.
- Chair Poat directed staff to add a slide to the PowerPoint explaining how the current law dictates the use of Prudent Reserve funds.

- There are two areas of next steps regarding Prudent Reserve Policy:
    1. County decision making process requirements that we want to protect
    2. System wide impact review in later fiscal years
- The State Performance Contract might be used as a vehicle to hold counties accountable for following the law.
- Chair Poat directed staff to add a slide to the PowerPoint that explains that the reason we are looking at this policy is because the law and processes are changing and evolving.
- The PowerPoint Presentation should establish the following principles:
    - Stakeholder input
    - Stakeholder engagement
    - Transparency
    - Accountability
    - Explain how things should work under the new law

Innovation Reversion Status Report

MHSOAC staff went through the draft Innovation Reversion PowerPoint which is intended to be presented at the September MHSOAC meeting.

Committee discussion including public comment:

- The Department of Mental Health (DMH) Information Notice 08-07 which describes the current reversion timeline needs to be rescinded.
- CMHDA noted that unlike slide 9 of the PowerPoint presentation, they did not use the word "solely" in their proposed change to the Innovation Reversion calculation.
- Innovation Reversion, as it is set up now, is not consistent with AB 100 or the MHSA. A larger discussion of the consequences of the broader proposal of having Innovation not be a separate component is needed.
- The chart explaining reversion calculation on slide ten of the PowerPoint needs further explanation to be effective.
- In regards to changing the Innovation Reversion calculation, a larger discussion of the potential impact, unintended consequences, and how it would work needs to be had.
- Chair Poat directed MHSOAC Staff to work with Committee member Camille Schraeder to incorporate her thoughts on potential consequences into the PowerPoint presentation.
- It was mentioned that the MHSOAC Services Committee might also wish to look at the broader issue of not having Innovation as a separate component. Chair Poat indicated that he would be willing to discuss this with the Services Committee Chair.
- Chair Poat asked the Committee whether this item should be pulled from the September Commission meeting to allow the Committee more time for discussion on the broader issue. It was voiced by Committee members including representatives from CMHDA that from the counties perspective

reversion is a critical issue and should not be postponed. MHSOAC needs to give counties the direction on reversion and it needs to be separated out from the broader issue and handled as soon as possible. It was decided by a unanimous vote that the Innovation Reversion presentation would be presented at the September Commission meeting and further recommendations from the Committee would be made in the future on the broader innovation issue.

- Further discussion on Innovation Reversion will be agenized for the November Committee meeting.

Status Report on DMH MHSA Fiscal Audits and Onsite Program Reviews

This item will be moved to the next MHSOAC Funding and Policy Committee Meeting.

Closing/ Next Steps

Items for the November 2, 2011 Committee Meeting:

- Innovation Reversion Discussion
- Discussion on $862 Million in Diverted Funds - How it Satisfies the MHSA
- Status Report on DMH MHSA Fiscal Audits and Onsite Program Reviews

Adjournment

- Meeting adjourned at 3:29 PM.