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Update on the Implementation of Proposition 63: The Mental Health Services Act (MHSA)

Background

In November 2004, voters approved Proposition 63, the “Mental Health Services Act,” which increased funding personnel and other resources to support county mental health programs for children, teens, adults, seniors and families with mental health needs.

The MHSA imposes an 1 percent income tax on personal income in excess of \$1 million a year. The new tax has generated more than \$2.1 billion in additional revenues for mental health services through the end of fiscal year 2006-07 and is anticipated to generate an additional \$1.6 billion in fiscal year 2007-08 and \$1.7 billion in 2008-09, according to the Department of Finance.

More than \$645 million has been distributed to local agencies through the end of fiscal year 2006-07 and close to \$1 billion is anticipated to be distributed in 2007-08 and 2008-09.

Overview of MHSA Components and Administration

The MHSA funds a broad continuum of prevention, early intervention and service needs for county mental health programs and provides funding for the necessary infrastructure, technology, and training elements to support the local mental health systems administered by the counties.

The MHSA allocates specified amounts of funding for five specified program areas:

Community Services and Supports (CSS): The CSS are the programs, services and strategies that are being identified by each County Mental Health Department through its stakeholder process to serve underserved populations, with the goal of eliminating the disparity in access and improving mental health outcomes for racial/ethnic populations, among others.

Prevention and Early Intervention (PEI): This component funds new county prevention and early intervention programs to provide treatment to persons showing early signs of a mental illness before their illness becomes more severe and disabling.

Workforce Education and Training (WET): This component funds workforce development programs to provide stipends, student loan forgiveness, scholarship programs, and other efforts to address existing shortages of mental health professionals in county programs, and help provide additional staffing needed to carry out the program expansions proposed in this measure.

Capital Facilities and Technological Needs (CAPTECH): This component allocates funding to counties for technology improvements and capital facilities that are needed to provide mental health services.

”Innovation” Programs: This component allocates funding to new county programs that experiment with ways to improve access to mental health services, including underserved groups, to improve program quality, or to promote interagency collaboration in the delivery of services to clients.

The MHSA required the DMH to establish requirements for the use of funds in each of these program areas. In addition the MHSA allows for up to five percent of the total revenues allowable in each fiscal year to be used to support the Department of Mental Health, the newly created Mental Health Oversight and Accountability Commission (MHSOAC), and the California Mental Health Planning Council (CMHPC).

The MHSA requires each county mental health program to prepare and submit a Three-Year Program and Expenditure Plan which must be updated annually, reviewed by MHSOAC and approved by the DMH. The Act requires the DMH to establish requirements for the content of the plans and the plans include reports on the achievement of performance outcomes for services. Each plan and its updates shall be developed through a local community stakeholder process.

Table 1: Mental Health Services Act (MHSA) Estimated Revenues
 Estimated Based on Governor's 2008 May Revise Budget
 (Dollars in Millions)

	Fiscal Year		
	Actual Receipts	Estimated Receipts	Projected Receipts
	2006-07	2007-08	2008-09
Community Services and Supports (Excluding Innovation)	\$514.3	\$779.5	\$1,069.9
Workforce Education & Training	\$98.4	\$149.2	\$0.0
Capital Facilities and Technological Needs	\$98.4	\$149.2	\$0.0
Prevention & Early Intervention (Excluding Innovation)	\$187.0	\$283.5	\$267.5
Innovation	\$37.0	\$56.0	\$70.5
State Administration	\$49.2	\$74.6	\$74.1
Total Estimated Revenue Receipts	\$984.3	\$1,492.0	\$1,482.0

Update on Implementation of MHSA

In June 2008, the Department of Finance, Office of State Audits and Evaluations, completed a performance audit of the MHSA which found that there were numerous problems with the implementation of the Act.

The audit found that the Community Services and Supports (CSS) component has been fully implemented but that the distributions and services for the other components has been limited. Moreover, the audit found that the CSS plan review and approval process is consistent with the MHSA but has been cumbersome and lengthy and the fund distributions to the counties have been untimely.

As of March 31, 2008, approximately \$3.2 billion has been collected and \$2.9 has been allocated for county use, but, of the \$2.9 billion allocation, only \$1 billion has been approved for distribution and only \$726 million has been distributed to the counties.

Here is a summary of the major implementation problems noted in the audit:

There is no documented plan for the development and implementation of the MSCA. Upon enactment of the MHSA, DMH conducted numerous meetings with stakeholders and counties to develop a vision and plan for development and implementation. Interview with DMH staff indicate that these meetings resulted in a mutual agreement to deviate from certain MHSA requirements. These deviations resulted in the staggered implementation of the components, delayed issuance of component guidelines, and funding distributions that are not in compliance with the MHSA. These decisions were not documented and made available to the public.

Staggered Implementation of Components. The MHSA called for its five components to be integrated into a single implementation plan during the initial development and implementation stages. The DMH's decision to issue "stand-alone" component guidelines and stagger their release deviates from this requirement.

For example, the community planning process requires counties to coordinate and conduct various meetings with stakeholders in their communities, which is labor intensive and timely. Under the current DMH implementation process, counties are required to conduct planning meetings for each component individually as opposed to collaboratively. The audit found this to be an "inefficient process" that is "not in compliance with the MHSA."

Delayed Issuance of Component Guidelines. "If a fully developed and documented plan was created, the issuance of guidelines would have been timely and strategically planned," states the audit. The DMH issued the Community Program Planning (CPP) guidelines for the counties in January 2005 and issued the CSS guidelines in July 2005. The WET and PEI guidelines were issued in August 2007 and September 2007 respectively. The CAPTECH guidelines were issued in March 2008. Three years after enactment, the Innovation and Integrated Component Guidelines have not been issued.

Delayed Fund Distribution. The delayed issuance of the component guidelines has delayed the distribution of funds because counties are prohibited from seeking funds until a specific component guideline is released. For example, in 2005-06 and 2006-07 funds were allocated for CSS, PEI, WET, CAPTECH and state Implementation, however, only CSS and State Implementation funds were distributed.

Ineffective Communication and Coordination. The audit noted that ineffective communication and coordination exists among the DMH, the counties and the OAC. This has “hindered the implementation of the MHSA, and has resulted in inconsistent internal processes, confusing and inconsistent guidance to counties, and untrained DMH staff,” states the audit.

Undefined Roles and Responsibilities of MHSA Entities. The MHSA identifies the implementation participants—DMH, OAC, Mental Health Planning Council, counties, and stakeholder groups—and stipulates that the DMH shall develop regulations, as necessary, for itself and designated local agencies to implement the MHSA. The DMH states that “they have been working on clarifying roles since enactment” but “the roles and responsibilities for itself and each involved entity have yet to be defined and communicated as of May 2008,” states the audit.

Deficiencies in Application of CSS Guidelines. The MHSA charges DMH with developing guidelines and regulations to assist counties with the implementation of the MHSA, but the DOF’s web-based survey found that 72 percent of respondents observed major weaknesses in the development and implementation of MHSA guidelines. “Counties reported that the CSS guidelines created by the DMH are complex, require excessive detail, and include repetitive and redundant information requests,” states the audit. The guidelines have forced counties to tailor their CSS plans to fit the specific guidelines rather than meeting the needs of their communities.

Inefficient Plan Review Process. As stated above, the excessively detailed requirements and inflexible application of the guidelines impairs DMH’s ability to timely review local plans and reduces the effective and efficient implementation of MHSA programs and services in communities. The DMH routinely takes long than its 90 established period to review local plans.

The audit proposed a series of recommendations to remedy the above problems including the following:

- A. Create and document a strategic development and implementation plan which includes clear guidance on component integration, performance measures, and program monitoring efforts. Ensure that this plan is adhered to and communicated to the public and all affected entities.
- B. Create one set of comprehensive integrated guidelines that addresses all program components which provides for the submittal of one integrated plan.
- C. Develop and document a funding distribution plan and ensure that funds are distributed to the counties timely and in compliance with the MHSA.
- D. Work collaboratively with program entities to come to an agreement on the roles and responsibilities. Develop regulations that define the roles and responsibilities of these entities and communicate this to the affected parties.

- E. Review and revise guidelines to eliminate repetitive and redundant requirements and allow for the customization of templates to fit the specific needs of the community being served. Allow counties to submit integrated plans based on broad concepts rather than exact details.

In a June 2, 2008 letter, Stephen Mayberg, Director of the California Department of Mental Health, wrote that “we find your observations to be helpful and we are optimistic that DMH can and will work successfully with our partners to streamline our processes, clarify roles and responsibilities and improve the approval of county plans and the distribution of need funds to local mental health programs.”

On October 1, 2008, the DMH issued a framework for the MHSA that provides a three-year program and expenditure plan. The DMH is planning to release the 2010-11 Integrated Plan Guidelines in July 2009.

This document states that between the July 2009 and March 2010, the counties will conduct planning and the required review processes for the 2010-11 to 2012-13 Integrated Plan. Counties will submit these plans to DMH in March 2010. In July 2010, the DMH will provide funding for the approved Integrated Plans for 2010-11.

Implementation of Proposition 63 In Sacramento County: A Local Case Study

To implement Prop. 63 in Sacramento County, the county established a steering committee and four task force groups comprised of a diverse group of community members to develop and prioritize recommendations to the Division of Mental Health.

The steering committee completed this process in July 2005. The Division of Mental Health was charged with using the rankings to develop and write the county’s plan based upon available funding, themes identified by the steering committee and community surveys and service integration.

It was determined that there was sufficient funding for six local mental programs:

- Transitional Community Opportunities for Recover and Engagement (TCORE)
- Older Adult Intensive Services
- Older Adult Multidisciplinary Crisis Team
- Permanent Supportive Housing (PSH)
- Transcultural Wellness Center
- Wellness and Recovery Center

A seventh program, Psychiatric Emergency Response Team (PERT) was included in the plan but not recommended for funding due to budget constraints. This program was later included in the funded list. The Sacramento County Board of Supervisors approved the plan and the plan was submitted to the DMH for approval. In May 2006, the DMH sent a letter back applauding the plan as a “job well done” and said the county had proposed to implement the plan in a manner consistent with the MHSA.

The county Division of Mental Health completed a competitive process to select agencies to administer the program areas in the local plan. Since 2007, the agencies have been ramping up services towards full implementation.

Approximately \$7 million in MHSA funding will be available in Sacramento County in 2009. The county is preparing to request applications for the funding.

The county's planning process is in the data collection stage and is preparing: to conduct a series of focus groups with underserved racial/ethnic and cultural groups; to conduct Community Education Forums on selected key community mental health needs and priority populations; and requesting input from system partners who see mental health issues in individuals they are charged with serving.

The county is still collecting data to implement the Prevention and Early Intervention (PEI) component. Once the data is collected and analyzed, the county is planning to establish a PEI task force and workgroups to begin identifying strategies and activities to include in Sacramento County's PEI work plan. Once finalized, the Sacramento Division of Mental Health will submit the PEI work plan to the DMH and the Mental Health Services Oversight and Accountability Commission for approval.

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