

AMENDED IN SENATE JUNE 25, 2012

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

ASSEMBLY BILL

No. 1474

Introduced by Committee on Budget (Blumenfield (Chair), Alejo, Bonilla, Brownley, Buchanan, Butler, Cedillo, Chesbro, Dickinson, Gordon, Huffman, Mitchell, Monning, and Swanson)

January 10, 2012

~~An act relating to the Budget Act of 2012. An act to amend Sections 11755, 11757.59, 11757.61, 11758.10, 11758.20, 11760.5, 11772, 11775, 11776, 11792, 11794.1, 11796, 11797, 11798.1, 11801, 11811.5, 11811.6, 11812, 11812.6, 11814, 11817.1, 11817.3, 11817.6, 11817.8, 11818, 11818.5, 11820, 11825, 11827, 11828, 11830.1, 11833, 11835, 11839, 11839.2, 11848.5, 11851.5, 11852.5, 11853, 11876, and 11999.6 of, to add Sections 11798.2, 11798.3, and 11803 to, to add Article 1 (commencing with Section 11970) and Article 2 (commencing with Section 11975) to Chapter 2 of Part 3 of Division 10.5 of, to add Chapter 2.1 (commencing with Section 11757.65) to Part 1 of Division 10.5 of, to repeal Sections 11758.12, 11758.13, 11758.23, 11758.25, 11758.29, 11760.3, 11760.4, 11817.4, 11848, 11852, 11853.5, 11860, and 11875 of, to repeal Article 1 (commencing with Section 11840) and Article 2 (commencing with Section 11840.1) of Chapter 11 of Part 2 of Division 10.5 of, to repeal Article 2 (commencing with Section 11970.1) and Article 3 (commencing with Section 11970.45) of Chapter 2 of Part 3 of Division 10.5 of, to repeal Chapter 3.4 (commencing with Section 11758.40) of Part 1 of Division 10.5 of, and to repeal and add Sections 11756.8 and 11798 of, the Health and Safety Code, and to amend Sections 4369.4, 14021, 14021.30, 14021.35, and 14021.9 of, to add Sections 10605.1, 14021.33, 14021.51, 14021.52, and 14021.53 to, and to add Article 3.2 (commencing with Section 14124.20) to Chapter 7 of Part 3 of Division 9 of, the Welfare and Institutions Code, relating~~

to public social services, and making an appropriation therefor, to take effect immediately, bill related to the budget.

LEGISLATIVE COUNSEL'S DIGEST

AB 1474, as amended, Committee on Budget. ~~Budget Act of 2012.~~
Public social services: alcohol and drug programs.

Under existing law, the State Department of Alcohol and Drug Programs is responsible for administering prevention, treatment, and recovery services for alcohol and drug abuse and problem gambling. Existing law requires the department to issue allocations of state and federal funds available to counties to provide alcohol and other drug programs. Existing law also requires counties that utilize these funds to adopt and submit to the department a county plan and negotiated net amount contract for department review and approval or disapproval, as specified.

This bill would, among other things, provide that, effective July 1, 2013, the administrative and programmatic functions that were previously performed by the department are transferred to departments within the California Health and Human Services Agency. It would also provide that the ultimate placement of these functions is contingent upon the Budget Act of 2013 and implementing legislation.

The bill would, operative July 1, 2012, delete the county plan and negotiated net amount contract requirements and instead require counties that apply for funds to submit to the department a contract for federal funding from the state to provide alcohol and other drug prevention, treatment, and recovery services. It would declare that the state has an interest in a specified women and children's residential treatment services program, funded by federal grants, and state the Legislature's intent for the department to work with counties under the 2011 realignment to develop reporting requirements. The bill would generally remove references to state involvement and funding in reference to alcohol and drug abuse prevention, treatment, and recovery services in a county. The bill would authorize counties to establish drug courts subject to certain requirements and state oversight. This bill would also revise provisions pertaining to apportionment of penalties among counties.

Existing law provides for the Medi-Cal Drug Treatment Program (Drug Medi-Cal), under which counties enter into contracts with a department within the California Health and Human Services Agency

for the provision of various drug treatment services to Medi-Cal recipients, or the department directly arranges for the provision of these services if a county elects not to do so. Existing law requires, commencing July 1, 2012, that the administrative functions of the Drug Medi-Cal Program performed by the State Department of Alcohol and Drug Programs be transferred to the State Department of Health Care Services in accordance with an administrative and programmatic transition plan.

This bill would, operative July 1, 2012, make various changes to the statutory provisions regulating the Drug Medi-Cal program to conform these provisions to the above-described transfer requirement.

This bill would appropriate \$1,000 from the General Fund to the State Department of Health Care Services.

This bill would declare that it is to take effect immediately as a bill providing for appropriations related to the Budget Bill.

~~This bill would express the intent of the Legislature to enact statutory changes relating to the Budget Act of 2012.~~

Vote: majority. Appropriation: ~~no~~ yes. Fiscal committee: ~~no~~ yes. State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. This act shall be titled and may be cited as 2011
- 2 Realignment Legislation.
- 3 SEC. 2. Section 11755 of the Health and Safety Code is
- 4 amended to read:
- 5 11755. The department shall do all of the following:
- 6 (a) Adopt regulations pursuant to Section 11152 of the
- 7 Government Code.
- 8 (b) Employ administrative, technical, and other personnel as
- 9 may be necessary for the performance of its powers and duties.
- 10 (c) Do or perform any of the acts that may be necessary,
- 11 desirable, or proper to carry out the purpose of this division.
- 12 (d) Provide funds to counties for the planning and
- 13 implementation of local programs to alleviate problems related to
- 14 alcohol and other drug use.
- 15 (e) Review and execute ~~negotiated net amount contracts and~~
- 16 ~~Drug Medi-Cal contracts, and approve or disapprove county plans~~
- 17 ~~for drug and alcohol services submitted for state and federal funds~~
- 18 ~~allocated or administered by the department.~~

1 (f) Provide for technical assistance and training to local alcohol
2 and other drug programs to assist in the planning and
3 implementation of quality services. ~~The department may charge~~
4 ~~a fee to cover the cost of providing technical assistance to these~~
5 ~~alcohol and other drug programs.~~

6 (g) Review research in, and serve as a resource to provide
7 information relating to, alcohol and other drug programs.

8 (h) In cooperation with the Department of Personnel
9 Administration, encourage training in other state agencies to assist
10 the agencies to recognize employee problems relating to alcohol
11 and other drug use that affects job performance and encourage the
12 employees to seek appropriate services.

13 (i) Assist and cooperate with the Office of Statewide Health
14 Planning and Development and the California Health Policy and
15 Data Advisory Commission in the drafting and adoption of the
16 state health plan to ~~assure~~ *ensure* inclusion of appropriate
17 provisions relating to alcohol and other drug problems.

18 (j) In the same manner and subject to the same conditions as
19 other state agencies, develop and submit annually to the
20 Department of Finance a program budget for the ~~state-funded~~
21 alcohol and other drug program, which budget shall include
22 expenditures proposed to be made under this division, and may
23 include expenditures proposed to be made by any other state agency
24 relating to alcohol and other drug problems, pursuant to an
25 interagency agreement with the department.

26 (k) Review and certify alcohol and other drug programs meeting
27 state standards pursuant to Chapter 7 (commencing with Section
28 11830) and Chapter 13 (commencing with Section 11847) of Part
29 2.

30 (l) Develop standards for ~~assuring~~ *ensuring* minimal statewide
31 levels of service quality provided by alcohol and other drug
32 programs.

33 (m) Review and license narcotic treatment programs.

34 (n) Develop and implement, in partnership with the counties,
35 alcohol and other drug prevention strategies especially designed
36 for youth.

37 (o) Develop and maintain a centralized alcohol and drug abuse
38 indicator data collection system that shall gather and obtain
39 information on the status of the alcohol and other drug abuse

1 problems in the ~~State of California~~ *state*. This information shall
2 include, but not be limited to, all of the following:

3 (1) The number and characteristics of persons receiving recovery
4 or treatment services from alcohol and other drug programs
5 providing publicly funded services or services licensed by the
6 ~~department~~ *state*.

7 (2) The location and types of services offered by these programs.

8 (3) The number of admissions to hospitals on both an emergency
9 room and inpatient basis for treatment related to alcohol and other
10 drugs.

11 (4) The number of arrests for alcohol and other drug violations.

12 (5) The number of Department of ~~the Youth Authority~~
13 *Corrections and Rehabilitation, Division of Juvenile Facilities*
14 commitments for drug violations.

15 (6) The number of Department of *Corrections and Rehabilitation*
16 commitments for drug violations.

17 (7) The number or percentage of persons having alcohol or other
18 drug problems as determined by survey information.

19 (8) The amounts of illicit drugs confiscated by law enforcement
20 in the state.

21 (9) The statewide alcohol and other drug program distribution
22 and the fiscal impact of alcohol and other drug problems upon the
23 state.

24 Providers of publicly funded services or services licensed by the
25 department to clients-participants shall report data in a manner, in
26 a format, and under a schedule prescribed by the department.

27 (p) Issue an annual report that portrays the drugs abused,
28 populations affected, user characteristics, crime-related costs,
29 socioeconomic costs, and other related information deemed
30 necessary in providing a problem profile of alcohol and other drug
31 abuse in the state.

32 (q) (1) Require any individual, public or private organization,
33 or government agency, receiving federal grant funds, to comply
34 with all federal statutes, regulations, guidelines, and terms and
35 conditions of the grants. The failure of the individual, public or
36 private organization, or government agency, to comply with the
37 statutes, regulations, guidelines, and terms and conditions of grants
38 received may result in the department's disallowing noncompliant
39 costs, or the suspension or termination of the contract or grant
40 award allocating the grant funds.

(2) Adopt regulations implementing this subdivision in accordance with Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code. For the purposes of the Administrative Procedure Act, the adoption of the regulations shall be deemed necessary for the preservation of the public peace, health and safety, or general welfare. Subsequent amendments to the adoption of emergency regulations shall be deemed an emergency only if those amendments are adopted in direct response to a change in federal statutes, regulations, guidelines, or the terms and conditions of federal grants. Nothing in this paragraph shall be interpreted as prohibiting the department from adopting subsequent amendments on a nonemergency basis or as emergency regulations in accordance with the standards set forth in Section 11346.1 of the Government Code.

SEC. 3. Section 11756.8 of the Health and Safety Code is repealed.

~~11756.8. The department shall provide semiannual updates to the Legislature on its progress in implementing the systems of care redesign project, including, but not limited to, an updated timeline for the project.~~

SEC. 4. Section 11756.8 is added to the Health and Safety Code, to read:

11756.8. (a) It is the intent of the Legislature to ensure that the impacts of the 2011 realignment of alcohol and drug program services are identified and evaluated initially and over time. It is further the intent of the Legislature to ensure that information regarding these impacts is publicly available and accessible and can be utilized to support the state's and counties' effectiveness in delivering these critical services and supports.

(b) (1) The State Department of Alcohol and Drug Programs and the State Department of Health Care Services, which administers the Drug Medi-Cal Program, shall annually report to the appropriate fiscal and policy committees of the Legislature, and publicly post, a summary of outcome and expenditure data that allows for monitoring of changes over time and indicates the degree to which programs are meeting state- and county-defined outcome measures.

(2) This report shall be submitted and posted each year by April 15 and shall contain expenditures for each county for the programs described in clauses (i) to (iv), inclusive, of subparagraph (B) of

1 *paragraph (16) of subdivision (f) of Section 30025 of the*
2 *Government Code.*

3 *(3) The department shall consult with legislative staff and with*
4 *stakeholders to develop a reporting format consistent with the*
5 *Legislature's desired level of outcome and expenditure reporting*
6 *detail.*

7 *SEC. 5. Section 11757.59 of the Health and Safety Code is*
8 *amended to read:*

9 11757.59. (a) Funds distributed under this chapter shall be
10 used by counties to fund residential and nonresidential alcohol and
11 other drug treatment programs for pregnant women, postpartum
12 women, and their children and to fund other support services
13 directed at bringing pregnant and postpartum women into treatment
14 and caring for alcohol and other drug exposed infants. Funds may
15 also be used to provide case management services to alcohol and
16 other drug abusing women and their children and special
17 recruitment, training, and support services for foster care parents
18 of substance exposed infants.

19 (b) In carrying out its responsibilities under this chapter, the
20 office may include in its guidelines the special needs of pregnant
21 women and postpartum women who are chemically dependent and
22 who are in need of treatment services. These special needs include,
23 but are not limited to, the following:

24 (1) Provision for medical services, which may include, but not
25 be limited to, the following:

26 (A) Low-risk and high-risk prenatal care.

27 (B) Pediatric followup care, including preventive infant health
28 care.

29 (C) Developmental followup care.

30 (D) Nutrition counseling.

31 (E) Methadone.

32 (F) Testing and counseling relating to AIDS.

33 (G) Monthly visits with a physician and surgeon who specializes
34 in treating persons with chemical dependencies.

35 (2) Provision for nonmedical services, which may include, but
36 not be limited to, the following:

37 (A) Case management.

38 (B) Individual or group counseling sessions, which occur at
39 least once a week.

1 (C) Family counseling, including, but not limited to, counseling
2 services for partners and children of the women.

3 (D) Health education services, including perinatal chemical
4 dependency classes, addressing topics that include, but are not
5 limited to, the effects of drugs on infants, AIDS, addiction in the
6 family, child development, nutrition, ~~self-esteem~~ *self-esteem*, and
7 responsible decisionmaking.

8 (E) Parenting classes.

9 (F) Adequate child care for participating women.

10 (G) Encouragement of active participation and support by
11 spouses, domestic partners, family members, and friends.

12 (H) Opportunities for a women-only treatment environment.

13 (I) Transportation to outpatient treatment programs.

14 (J) Followup services, which may include, but not be limited
15 to, assistance with transition into housing in a drug-free
16 environment.

17 (K) Child development services.

18 (L) Educational and vocational services for women.

19 (M) Weekly urine testing.

20 (N) Special recruitment, training, and support services for foster
21 care parents of substance exposed infants.

22 (O) Outreach which reflects the cultural and ethnic diversity of
23 the population served.

24 *SEC. 6. Section 11757.61 of the Health and Safety Code is*
25 *amended to read:*

26 11757.61. (a) Any county that receives funds distributed under
27 this chapter may establish a perinatal coordinating council that
28 consists of persons who are experts in the areas of alcohol and
29 other drug treatment, client outreach and intervention with alcohol
30 and other drug abusing women, child welfare services, maternal
31 and child health services, and developmental services, and
32 representatives from other community-based organizations. ~~The~~
33 ~~county board of supervisors shall select an agency or department~~
34 ~~of the county to be the lead agency. The~~

35 (b) ~~The~~ coordination efforts provided by the lead agency through
36 the council ~~shall~~ *may* include, ~~but not be limited to,~~ the following:

37 (1) The identification of the extent of the perinatal alcohol and
38 other drug abuse problem in the county based on existing data.

39 (2) The development of coordinated responses by county health
40 and social service agencies and departments, which responses shall

1 address the problem of perinatal alcohol and other drug abuse in
2 the county.

3 (3) The definition of the elements of an integrated alcohol and
4 other drug abuse recovery system for pregnant women, postpartum
5 women, and their children.

6 (4) The identification of essential support services to be included
7 into the integrated recovery system defined pursuant to paragraph
8 (3).

9 (5) The promotion of communitywide understanding of the
10 perinatal alcohol and other drug abuse problem in the county and
11 appropriate responses to the problem.

12 (6) The communication with policymakers at both the state and
13 federal level about prevention and treatment needs for pregnant
14 women, postpartum women, and their children for alcohol and
15 other drug abuse that need to be addressed.

16 (7) The utilization of services that emphasize coordination of
17 treatment services with other health, child welfare, child
18 development, and education services.

19 *SEC. 7. Chapter 2.1 (commencing with Section 11757.65) is*
20 *added to Part 1 of Division 10.5 of the Health and Safety Code,*
21 *to read:*

22
23 *CHAPTER 2.1. WOMEN AND CHILDREN'S RESIDENTIAL*
24 *TREATMENT SERVICES*
25

26 *11757.65. (a) The Legislature hereby finds and declares both*
27 *of the following:*

28 *(1) The state has an interest in the women and children's*
29 *residential treatment services (WCRTS) program.*

30 *(2) In 2012, there are eight local WCRTS programs established*
31 *through grants from the federal Center for Substance Abuse*
32 *Treatment, Residential Women and Children, and Pregnant and*
33 *Postpartum Women Demonstration Program. WCRTS programs*
34 *pursue the following four primary goals:*

35 *(A) Demonstrate that alcohol and other drug abuse treatment*
36 *services delivered in a residential setting and coupled with primary*
37 *health, mental health, and social services for women and children,*
38 *can improve overall treatment outcomes for women, children, and*
39 *the family unit as a whole.*

1 (B) Demonstrate the effectiveness of six-month or 12-month
2 stays in a comprehensive residential treatment program.

3 (C) Develop models of effective comprehensive service delivery
4 for women and their children that can be replicated in similar
5 communities.

6 (D) Provide services to promote safe and healthy pregnancies
7 and perinatal outcomes.

8 (b) It is the intent of the Legislature for the following outcomes
9 to be achieved through the WCRTS program:

10 (1) Preserving family unity.

11 (2) Promoting healthy pregnancies.

12 (3) Enabling children to thrive.

13 (4) Freeing women and their families from substance abuse.

14 (c) It is also the intent of the Legislature for the State
15 Department of Alcohol and Drug Programs to work collaboratively
16 with counties and the eight WCRTS programs receiving funds from
17 the Women's and Children's Residential Treatment Services
18 Special Account under the 2011 realignment to develop reporting
19 requirements. It is the intent of the Legislature that, to the extent
20 that WCRTS programs report to the counties, the counties annually
21 report data on the outcomes achieved by the WCRTS program to
22 the department and for the department to annually report to the
23 appropriate budget committees of the Legislature on the fiscal and
24 programmatic status of the WCRTS program.

25 (d) Any county may establish a WCRTS program designed to
26 meet the goals and produces the same outcomes as described in
27 this section.

28 SEC. 8. Section 11758.10 of the Health and Safety Code is
29 amended to read:

30 ~~11758.10. (a) (1) Within 60 days after notification of the final~~
31 ~~allocation of each fiscal year pursuant to Section 11814, the board~~
32 ~~of supervisors of each county that receives funds under this division~~
33 ~~shall adopt and submit to the department, in accordance with the~~
34 ~~planning process approved by the county board of supervisors and~~
35 ~~Section 11798, a county plan.~~

36 (2)

37 11758.10. (a) Within 60 days after notification of the final
38 allocation of each fiscal year pursuant to Section 11814, the board
39 of supervisors of each county requesting to participate contract
40 for federal funding from the state to provide alcohol and other

drug prevention, treatment, and recovery services shall submit to the department, in accordance with Section 11798, a ~~negotiated net amount~~ contract for alcohol and other drug abuse ~~these~~ services.

(b) ~~The approved county plan, or executed negotiated net amount contract, as amended,~~ shall remain in effect to provide the basis for advance payment until the next year's ~~plan is approved or contract amendment~~ is executed. The purpose of these county ~~plans~~ and contracts shall be to provide the basis for reimbursements pursuant to this division and to coordinate services pursuant to Part 2 (commencing with Section 11760) in a manner that avoids fragmentation of services and unnecessary expenditures.

~~(c) The department, after consultation with county alcohol and drug program administrators, shall develop standardized forms to be used by the counties in the submission of the county plan and negotiated net amount contract. The forms shall include terms and conditions relative to county compliance with applicable laws, regulations, guidelines, and Budget Act requirements.~~

(c) *A contract for alcohol and other drug abuse services shall not become final until executed by both the contracting county and the department. The contract shall be executed by September 30 of the fiscal year in which the contract will be effective, and shall cover the fiscal year period from July 1 to June 30, inclusive.*

(d) *The payments shall be based on appropriations made by the Legislature, and monthly payments shall be adjusted to reflect reductions and deletions made by the Legislature. The department shall have the option to either terminate or amend the contract to reflect the reduced funding. The payments shall continue at the adjusted level until the contract is amended to reflect the final Budget Act enacted for the fiscal year and the final allocation to the counties.*

SEC. 9. *Section 11758.12 of the Health and Safety Code is repealed.*

~~11758.12. (a) A negotiated net amount, for the purposes of this chapter, shall be determined by calculating the total budget for services less the amount of projected revenue. These net amounts for alcohol or other drug services, or both, shall be negotiated for each year of the contract between the participating county and the department and shall be disbursed to participating counties monthly in arrears, upon enactment of the Budget Act. Monthly disbursements to the participating county at the beginning~~

1 of each fiscal year shall be based on the preliminary allocation of
2 funds issued by the department. The payments shall be based on
3 appropriations made by the Legislature and monthly payments
4 shall be adjusted to reflect reductions and deletions made by the
5 Legislature. The department shall have the option to either
6 terminate this agreement or amend the contract to reflect the
7 reduced funding. The payments shall continue at the adjusted level
8 until the negotiated contract is amended to reflect the final State
9 Budget for the fiscal year and the final allocation to the counties.

10 (b) Where the State Department of Health Services adopts
11 regulations for determining reimbursement of county alcohol and
12 other drug program plan services allowable under the Medi-Cal
13 program, those regulations shall be controlling only as to the rates
14 for reimbursement of these services allowable under the Medi-Cal
15 program and rendered to Medi-Cal beneficiaries.

16 (c) Participating counties shall report to the department any
17 information required by the department in accordance with, but
18 shall not exceed, any statutory restrictions, limitations, or
19 conditions enacted by the Legislature, including the applicable
20 Budget Act, or federal law and regulations.

21 (d) Absent a finding of fraud, abuse, or failure to achieve
22 contract objectives, no restrictions, other than any contained in an
23 executed negotiated net amount contract, a Drug Medi-Cal contract,
24 and an approved county plan, whichever is applicable, shall be
25 placed upon a county's expenditure or retention of state General
26 Fund funds received pursuant to this chapter, with the exception
27 of state General Fund funds used as a match for Drug Medi-Cal
28 federal financial participation.

29 (e) Unspent state General Fund moneys identified after a date
30 specified in the contract shall be retained by the county and spent
31 on identifiable drug and alcohol service priorities in accordance
32 with the contract.

33 *SEC. 10. Section 11758.13 of the Health and Safety Code is*
34 *repealed.*

35 11758.13. The terms of a negotiated net amount contract shall
36 contain a provision defining and expanding upon dedicated
37 capacity. At a minimum "dedicated capacity" shall be defined as
38 a historically calculated service modality and service capacity that
39 is adjusted for the projected expansion or reduction in services
40 that the counties agree to make available to provide alcohol and

1 ~~other drug services to persons otherwise eligible for county~~
2 ~~services. The department shall base its contract negotiations on~~
3 ~~the availability of a mutually agreeable dedicated capacity.~~

4 *SEC. 11. Section 11758.20 of the Health and Safety Code is*
5 *amended to read:*

6 11758.20. (a) The department shall negotiate ~~net amount~~
7 ~~contracts with each county that requests to participate, in lieu of~~
8 ~~county plans, budgets, and reports enter into a contract to provide~~
9 ~~alcohol and other drug abuse services.~~

10 (b) The department shall allocate funds for the purpose of
11 ~~establishing negotiated net amount contracts, Drug Medi-Cal~~
12 ~~contracts, or both, a contract with each participating contracting~~
13 ~~county in accordance with Sections 11814 and 11817.3.~~

14 *SEC. 12. Section 11758.23 of the Health and Safety Code is*
15 *repealed.*

16 11758.23. (a) The department and counties shall calculate the
17 ~~negotiated net amount, for the purposes of Section 11758.20, by~~
18 ~~calculating the total budget for services less the amount of projected~~
19 ~~revenue. These net amounts for alcohol and other drug services~~
20 ~~shall be negotiated each fiscal year between the participating~~
21 ~~counties and the department and shall be disbursed to participating~~
22 ~~counties on a monthly basis.~~

23 (b) ~~No contract shall become final until executed by both the~~
24 ~~participating county and the department. A contract shall be~~
25 ~~executed by September 30, and shall cover the fiscal year period~~
26 ~~from July 1 to June 30, inclusive. In the event the participating~~
27 ~~county or the department does not execute the contract by~~
28 ~~September 30, or in the event a contract is timely executed, but~~
29 ~~the county does not meet the performance requirements of the~~
30 ~~contract, the county shall be compensated for work performed~~
31 ~~upon submission by the county of a county plan in accordance~~
32 ~~with Section 11798.~~

33 (c) ~~When a negotiated net amount contract is executed by the~~
34 ~~department, all participating government funding sources, except~~
35 ~~for the Medi-Cal program (Chapter 7 (commencing with Section~~
36 ~~14000) of Part 3 of Division 9 of the Welfare and Institutions Code)~~
37 ~~and federal funds, shall be bound to that amount as the cost of~~
38 ~~providing alcohol or other drug services, subject to meeting the~~
39 ~~performance requirements in the contract.~~

1 *SEC. 13. Section 11758.25 of the Health and Safety Code is*
2 *repealed.*

3 ~~11758.25. (a) Performance requirements shall be included~~
4 ~~within the terms of the negotiated net amount contract and shall~~
5 ~~include, at a minimum, all of the following:~~

6 ~~(1) Provision for an adequate quality and quantity of service.~~

7 ~~(2) Provision for access to services by persons residing within~~
8 ~~the contracting county.~~

9 ~~(3) A provision requiring that all funds paid by the state for~~
10 ~~alcohol and other drug programs shall be used exclusively for the~~
11 ~~purpose for which the payment was made.~~

12 ~~(4) A provision requiring that performance be in compliance~~
13 ~~with applicable state and federal laws, regulations, and standards.~~

14 ~~(b) When a minimum required utilization level is measured to~~
15 ~~dedicated capacity, “dedicated capacity” shall be the available~~
16 ~~capacity based on historical data and department-approved~~
17 ~~projected expansion of a service modality identified in the contract.~~

18 ~~(c) The terms of the contract shall include a provision that allows~~
19 ~~the department access to county and subcontractor financial and~~
20 ~~service records for the purpose of auditing the requirements in the~~
21 ~~contract and establishing the data necessary for prospective contract~~
22 ~~negotiations.~~

23 ~~(d) The terms of the contract shall include a provision for~~
24 ~~resolution of disputed audit findings.~~

25 *SEC. 14. Section 11758.29 of the Health and Safety Code is*
26 *repealed.*

27 ~~11758.29. (a) A county with an executed negotiated net amount~~
28 ~~contract shall bear the financial risk in providing any alcohol or~~
29 ~~other drug services to the population described and enumerated in~~
30 ~~the executed contract within the net amount.~~

31 ~~(b) The participating county shall not be precluded from~~
32 ~~subcontracting to purchase all or part of the delivery of alcohol~~
33 ~~and other drug services from noncounty providers.~~

34 ~~(c) The participating county shall comply with Sections 11840~~
35 ~~and 11840.1 to provide matching funds for programs and services.~~

36 ~~(d) The participating county shall submit to the department~~
37 ~~statistical data, as required in the contract, and end-of-year cost~~
38 ~~data no later than 60 days after the close of the fiscal year.~~

39 *SEC. 15. Chapter 3.4 (commencing with Section 11758.40) of*
40 *Part 1 of Division 10.5 of the Health and Safety Code is repealed.*

1 *SEC. 16. Section 11760.3 of the Health and Safety Code is*
2 *repealed.*

3 ~~11760.3. The Legislature recognizes that state government's~~
4 ~~role should be limited for several reasons including, but not~~
5 ~~restricted to:~~

6 ~~(a) State government should intervene in the activities of~~
7 ~~individuals only where those individuals' inappropriate use of~~
8 ~~alcoholic beverages and other drug use is likely to cause significant~~
9 ~~harm to other persons, families, or the community.~~

10 ~~(b) The resources available to alleviate problems related to~~
11 ~~inappropriate alcohol use and other drug use are limited.~~

12 ~~(c) Significant private resources, economic incentives, and~~
13 ~~voluntary actions of individuals and groups in the community are~~
14 ~~available and should be utilized and encouraged to preclude the~~
15 ~~necessity for governmental involvement.~~

16 *SEC. 17. Section 11760.4 of the Health and Safety Code is*
17 *repealed.*

18 ~~11760.4. (a) The Legislature finds that, in order to utilize~~
19 ~~effectively the limited state funds available for programs whose~~
20 ~~purpose is to alleviate the problems related to inappropriate alcohol~~
21 ~~use and other drug use and to overcome the barriers to their solution~~
22 ~~as described in Section 11760.1, the responsibility and authority~~
23 ~~for the encouragement of the planning for, and the establishment~~
24 ~~of, county-based programs and statewide alcohol and other drug~~
25 ~~projects be concentrated primarily in one state department.~~

26 ~~(b) The Legislature further recognizes the department's limited~~
27 ~~role in state government in trying to alleviate the problems related~~
28 ~~to inappropriate alcohol use and other drug use because of both of~~
29 ~~the following:~~

30 ~~(1) The department's limited budget and staff.~~

31 ~~(2) The important role played by other state agencies in trying~~
32 ~~to alleviate the problems related to inappropriate alcohol use and~~
33 ~~other drug use.~~

34 *SEC. 18. Section 11760.5 of the Health and Safety Code is*
35 *amended to read:*

36 11760.5. (a) The Legislature recognizes that alcohol and other
37 drug abuse should be viewed and treated as a health problem, as
38 well as a law enforcement *public safety* problem. The alcohol and
39 other drug abuse problem has significant public impact and must,
40 in addition to law enforcement *public safety*, be given community,

1 education, social, and health attention if prevention and
2 amelioration ~~is~~ *are* to be achieved. These approaches should be
3 coordinated into a multiagency and multifaceted program for
4 alcohol and other drug abuse control in the counties of the state.

5 (b) It is the intent of the Legislature that community alcohol
6 and other drug abuse services shall be organized ~~in the counties~~
7 ~~for alcohol and other drug abusers~~ through locally administered
8 and locally controlled community alcohol and other drug abuse
9 programs. The community alcohol and other drug abuse programs
10 shall operate under the principle that services are designed to be
11 equally accessible to all persons, including persons who because
12 of differences in language, cultural differences in language, cultural
13 traditions, or physical disabilities, confront barriers to knowing
14 about or to using the alcohol and other drug abuse services that
15 are offered.

16 *SEC. 19. Section 11772 of the Health and Safety Code is*
17 *amended to read:*

18 11772. (a) (1) The department may enter into agreements and
19 contracts with any person or public or private agency, corporation,
20 or other legal entity, including contracts to pay these entities in
21 advance or reimburse them for alcohol and other drug services
22 provided to alcohol and other drug abusers and their families and
23 communities.

24 (2) The department may make grants to public and private
25 entities that are necessary or incidental to the performance of its
26 duties and the execution of its powers. The department may pay
27 these entities in advance or reimburse them for services provided.

28 (3) The Legislature directs the department to contract with any
29 person or public or private agency, corporation, or other legal
30 entity to perform its duties whenever that expertise is available
31 and appropriate to utilize.

32 (b) Notwithstanding any other provision of this part, the
33 department may not contract directly for the provision of alcohol
34 and other drug services except as follows:

35 ~~(1) To provide referral and monitoring services for recipients~~
36 ~~of Supplemental Security Income in those counties that choose~~
37 ~~not to provide these services.~~

38 (2)

39 (1) For demonstration programs of limited duration and scope,
40 which programs, wherever possible, shall be administered through

1 the counties, and which shall be specifically authorized and funded
2 by the Budget Act or other statutes.

3 ~~(3)~~

4 (2) To provide supportive services, such as technical assistance,
5 on a statewide basis, or management and evaluation studies to help
6 assure more effective implementation of this part.

7 (3) *When a county decides not to enter into a contract to provide*
8 *alcohol and drug abuse services or programs, or both, the*
9 *department shall determine the need for the services or programs,*
10 *or both, and provide the services or programs, or both, directly*
11 *or through contract.*

12 ~~(c) The Legislature strongly encourages all counties to apply~~
13 ~~for funds under this part because of the seriousness of alcohol and~~
14 ~~other drug problems in California and the necessity for affirmative~~
15 ~~governmental involvement to help alleviate alcohol and other drug~~
16 ~~problems. However, the Legislature has chosen not to mandate~~
17 ~~that counties provide those services and programs. In the absence~~
18 ~~of local community control of the services and programs, the state~~
19 ~~shall not intervene to operate, directly or through contract, services~~
20 ~~and programs that the elected county board of supervisors has~~
21 ~~chosen not to provide to its constituents.~~

22 (c) (1) *Notwithstanding the rulemaking provisions of Chapter*
23 *3.5 (commencing with Section 11340) of Part 1 of Division 3 of*
24 *Title 2 of the Government Code, the department may implement,*
25 *interpret, or make specific the amendments to this section made*
26 *by the act that added this subdivision by means of all-county letters,*
27 *plan letters, plan or provider bulletins, or similar instructions from*
28 *the department until regulations are adopted pursuant to that*
29 *chapter of the Government Code.*

30 (2) *The department shall adopt emergency regulations no later*
31 *than July 1, 2014. The department may subsequently readopt any*
32 *emergency regulation authorized by this subdivision that is the*
33 *same as or is substantially equivalent to an emergency regulation*
34 *previously adopted pursuant to this section.*

35 (3) *The initial adoption of emergency regulations and the one*
36 *readoption of emergency regulations authorized by this subdivision*
37 *shall be deemed an emergency and necessary for the immediate*
38 *preservation of the public peace, health, safety, or general welfare.*
39 *Initial emergency regulations and the one readoption of emergency*
40 *regulations authorized by this subdivision shall be exempt from*

1 review by the Office of Administrative Law. The initial emergency
2 regulations and the one readoption of emergency regulations
3 authorized by this subdivision shall be submitted to the Office of
4 Administrative Law for filing with the Secretary of State and each
5 shall remain in effect for no more than 180 days, by which time
6 final regulations may be adopted.

7 SEC. 20. Section 11775 of the Health and Safety Code is
8 amended to read:

9 11775. (a) Each year the department shall apply for federal
10 block grant funds from the ~~Alcohol, Drug Abuse, and Mental~~
11 ~~Health~~ federal Substance Abuse and Mental Health Services
12 Administration and may expend those funds only upon
13 appropriation of, and approval by, the Legislature pursuant to the
14 Budget Act.

15 (b) Whenever the ~~Alcohol, Drug Abuse, and Mental Health~~
16 ~~federal Substance Abuse and Mental Health Services~~
17 Administration conditions its allocation of funds to the department
18 in a manner which would conflict with any ~~provisions~~ provision
19 of this part, the department shall specifically describe the conflict
20 in its application for federal funds.

21 (c) The department may receive other federal funds and expend
22 them, upon appropriation by the Legislature, pursuant to this
23 division.

24 SEC. 21. Section 11776 of the Health and Safety Code is
25 amended to read:

26 11776. The department shall confer and cooperate with other
27 state agencies whose responsibilities include alleviating the
28 problems related to inappropriate alcohol use and other drug use
29 in order to maximize the state's effectiveness and limited resources
30 in these efforts. These agencies shall include, but are not limited
31 to, the Departments of Alcoholic Beverage Control, Corrections
32 and Rehabilitation, Industrial Relations, Motor Vehicles, and
33 Rehabilitation, ~~and the Youth Authority~~, the State Departments of
34 Developmental Services, Education, Health Care Services, ~~Mental~~
35 Public Health, and Social Services, the Employment Development
36 Department, and the Office of Traffic Safety.

37 SEC. 22. Section 11792 of the Health and Safety Code is
38 amended to read:

39 11792. (a) The department, in consultation with the State
40 Department of ~~Public Health Services~~, shall use existing materials

1 to distribute a brochure *informational materials* on the care and
2 treatment of infants under the age of six months who have been
3 exposed to alcohol and other drugs. The ~~brochure~~ *informational*
4 *materials* shall include, but not be limited to, the following:

5 (1) The signs and symptoms of an infant who has been exposed
6 to alcohol and other drugs.

7 (2) The health problems of infants who have been exposed to
8 alcohol and other drugs.

9 (3) The special feeding needs of infants who have been exposed
10 to alcohol and other drugs.

11 (4) The special care needs of infants who have been exposed to
12 alcohol and other drugs, such as not overstimulating those infants
13 who ~~are addicted~~ *have been exposed* to cocaine.

14 (b) The ~~brochure~~ *informational materials* developed pursuant
15 to subdivision (a) may be distributed through hospitals, public
16 health nurses, child protective services, alcohol and other drug
17 facilities, educational networks, foster parent groups, medical
18 professional offices, Medi-Cal programs, and county interagency
19 task force groups, as well as any other agency that the department
20 selects.

21 *SEC. 23. Section 11794.1 of the Health and Safety Code is*
22 *amended to read:*

23 11794.1. It is the intent of the Legislature that the department,
24 in collaboration with the State Department of *Public Health*
25 ~~Services~~ and stakeholders in the medical and treatment provider
26 communities, work to identify methods for better informing
27 medical doctors *and other health professionals* of the benefits of
28 diagnosing and treating ~~substance abuse~~ *alcohol misuse and*
29 *substance use* among their patient population, including, but not
30 limited to, improved outreach efforts at the state and local levels
31 and the use of information dissemination strategies, where
32 appropriate.

33 *SEC. 24. Section 11796 of the Health and Safety Code is*
34 *amended to read:*

35 11796. (a) (1) Two or more counties, ~~each with a population~~
36 ~~of under 200,000~~, may jointly establish county alcohol and other
37 drug programs pursuant to Article 1 (commencing with Section
38 6500) of Chapter 5 of Division 7 of Title 1 of the Government
39 Code.

1 (2) ~~Subject to the department's approval, any~~ Any county may,
2 by contract, furnish alcohol and other drug services to another
3 county.

4 (b) Unless otherwise expressly provided for or required by the
5 context, this part relating to county alcohol and other drug
6 programs shall apply to alcohol and other drug programs operated
7 jointly by two or more counties.

8 *SEC. 25. Section 11797 of the Health and Safety Code is*
9 *amended to read:*

10 11797. (a) Funds allocated to the county pursuant to this part
11 shall be used exclusively for county alcohol and other drug services
12 as identified in the ~~executed negotiated net amount contract, Drug~~
13 ~~Medi-Cal contract, and the approved county plan, whichever is~~
14 ~~applicable, contract for alcohol and other drug services~~ and shall
15 be separately identified and accounted for.

16 ~~(b) Of the funds allocated to each county in accordance with~~
17 ~~Sections 11817.1, 11817.3, 11818, and 11840, the department shall~~
18 ~~allocate to each county the amount required by that county to carry~~
19 ~~out its local alcohol and other drug abuse program in accordance~~
20 ~~with the executed negotiated net amount contract or Drug Medi-Cal~~
21 ~~contract, as described in Section 11758.20, and the approved county~~
22 ~~plan, whichever is applicable.~~

23 ~~(b) The funds contained in each county's Behavioral Health~~
24 ~~Subaccount of the Support Services Account of the Local Revenue~~
25 ~~Fund 2011 established pursuant to Section 30025 of the~~
26 ~~Government Code shall be considered state funds distributed by~~
27 ~~the principle state agency for the purposes of receipt of the federal~~
28 ~~block grant funds for prevention and treatment of substance abuse~~
29 ~~described in Subchapter XVII of Chapter 6A of Title 42 of the~~
30 ~~United States Code to the extent that these funds are used for~~
31 ~~authorized alcohol and drug prevention and treatment activities.~~

32 *SEC. 26. Section 11798 of the Health and Safety Code is*
33 *repealed.*

34 ~~11798. Counties that receive funds shall prepare and submit a~~
35 ~~county plan, negotiated net amount contract, and Drug Medi-Cal~~
36 ~~contract, whichever is applicable, that shall include a budget of all~~
37 ~~funds allocated to the county by the department pursuant to this~~
38 ~~part, and shall report utilization of those funds in an annual cost~~
39 ~~report pursuant to subdivision (q) of Section 11755.~~

1 SEC. 27. Section 11798 is added to the Health and Safety Code,
2 to read:

3 11798. (a) Counties that apply for funds to provide alcohol
4 and other drug abuse services shall prepare and submit a contract
5 for alcohol and other drug abuse services to the department. The
6 contract shall include a budget for all funds sources to be used to
7 provide alcohol and other drug abuse services. The funds identified
8 in the contract shall be used exclusively for county alcohol and
9 other drug abuse services to the extent that the activities meet the
10 requirements for receipt of the federal block grant funds for
11 prevention and treatment of substance abuse described in
12 Subchapter XVII of Chapter 6A of Title 42 of the United States
13 Code and shall be separately identified and accounted for. The
14 county shall report utilization of those funds in an annual cost
15 report pursuant to subdivision (b) of Section 11798.1.

16 (b) The contract shall include provisions to ensure both of the
17 following:

18 (1) The appropriate expenditures of funds necessary to meet
19 the requirements for receipt of federal block grant funds for
20 prevention and treatment of substance abuse described in
21 Subchapter XVII of Chapter 6A of Title 42 of the United States
22 Code and other applicable federal provisions for funds.

23 (2) The provision of information necessary for the department
24 to meet its oversight function, including, but not limited to, any
25 required auditing, reporting, and data collection.

26 (c) The contract shall specify the type, scope, and cost of the
27 services to be provided.

28 (d) The department, after consultation with county alcohol and
29 drug program administrators, shall develop standardized forms
30 to be used by the counties in the development and submission of
31 the contracts. The forms shall include terms and conditions relative
32 to county compliance with applicable laws.

33 (e) Net negotiated amount contracts that are in effect at the time
34 that the act that added this section is enacted shall be deemed
35 contracts for alcohol and other drug abuse services for purposes
36 of this section.

37 (f) Performance requirements shall be included within the terms
38 of the contract and shall include, at a minimum, all of the
39 following:

40 (1) A provision for an adequate quality and quantity of service.

1 (2) A provision for access to services for at-risk populations.

2 (3) A provision requiring that all funds allocated by the state
3 for alcohol and other drug programs shall be used exclusively for
4 the purpose for which those funds are distributed.

5 (4) A provision requiring that performance be in compliance
6 with applicable state and federal laws, regulations, and standards.

7 (5) Estimated numbers and characteristics of clients-participants
8 by type of service.

9 (g) The contract shall include a provision that allows the
10 department access to financial and service records of the county
11 and contractors of the county for the purpose of auditing the
12 requirements in the contract and establishing the data necessary
13 to meet federal auditing and reporting requirements.

14 (h) The contract shall include a provision for resolution of
15 disputed audit findings.

16 (i) Where two or more counties jointly establish substance use
17 programs or where a county contracts to provide services in
18 another county pursuant to Section 11796, information regarding
19 the arrangement shall be included in the contract for alcohol and
20 other drug abuse services.

21 (j) The contract shall include a provision requiring the county
22 to ensure the security of client records as required by state and
23 federal law.

24 (k) The contract shall be presented for public input, review, and
25 comment, and the final contract shall be posted on the county's
26 Internet Web site.

27 (l) (1) Notwithstanding the rulemaking provisions of Chapter
28 3.5 (commencing with Section 11340) of Part 1 of Division 3 of
29 Title 2 of the Government Code, the department may implement,
30 interpret, or make specific this section by means of all-county
31 letters, plan letters, plan or provider bulletins, or similar
32 instructions from the department until regulations are adopted
33 pursuant to that chapter of the Government Code.

34 (2) The department shall adopt emergency regulations no later
35 than July 1, 2014. The department may subsequently readopt any
36 emergency regulation authorized by this section that is the same
37 as or is substantially equivalent to an emergency regulation
38 previously adopted pursuant to this section.

39 (3) The initial adoption of emergency regulations implementing
40 this section and the one readoption of emergency regulations

1 authorized by this subdivision shall be deemed an emergency and
 2 necessary for the immediate preservation of the public peace,
 3 health, safety, or general welfare. Initial emergency regulations
 4 and the one readoption of emergency regulations authorized by
 5 this section shall be exempt from review by the Office of
 6 Administrative Law. The initial emergency regulations and the
 7 one readoption of emergency regulations authorized by this section
 8 shall be submitted to the Office of Administrative Law for filing
 9 with the Secretary of State and each shall remain in effect for no
 10 more than 180 days, by which time final regulations may be
 11 adopted.

12 SEC. 28. Section 11798.1 of the Health and Safety Code is
 13 amended to read:

14 11798.1. (a) Counties ~~shall~~ may each develop and operate their
 15 alcohol and other drug abuse programs that would otherwise be
 16 required under this division, as one coordinated program in each
 17 county. Counties may combine their alcohol and drug advisory
 18 boards, their alcohol and other drug plans, their alcohol and drug
 19 budgets, and the submission deadlines for alcohol and other drug
 20 budgets and cost reports pursuant to subdivision (b), and the
 21 administration of programs at both the county and provider levels.

22 (b) A county may, by resolution of its board of supervisors,
 23 develop and operate alcohol and other drug abuse programs as one
 24 coordinated system. In establishing coordinated systems with
 25 combined alcohol and other drug services counties shall do all of
 26 the following:

27 ~~(1) Submit a county plan, including, but not limited to, a budget~~
 28 ~~of all funds allocated to the county by the department.~~

29 ~~(2)~~

30 (1) Report all of the following to the department:

31 (A) Utilization of all funds allocated by the department to the
 32 county in a combined annual ~~expenditure~~ cost report pursuant to
 33 state and federal requirements.

34 (B) All information necessary for the department to administer
 35 this section, including, but not limited to, information needed to
 36 meet federal reporting requirements. This information shall be
 37 reported on a form developed by the department in consultation
 38 with the County Alcohol and Drug Programs Administrators
 39 Association of California.

40 ~~(3)~~

1 (2) Combine drug and alcohol administrations in performance
2 of alcohol and other drug program administrative duties pursuant
3 to Section 11801.

4 (4)

5 (3) Require combined programs, for planning and reimbursement
6 purposes, to assess or categorize program participants at the time
7 of admission and discharge with regard to whether their primary
8 treatment needs are related to abuse of alcohol or of other drugs.

9 (5)

10 (4) Ensure that combined programs comply with statewide
11 program standards developed pursuant to regulations adopted by
12 the department in consultation with the alcohol and drug
13 administrators.

14 (c) A county operating a coordinated system under this section
15 shall assess or categorize a program participant at the time of
16 admission and discharge as having problems primarily with abuse
17 of either alcohol or of other drugs for purposes of federal
18 reimbursement as required by federal law and report information
19 to the department in a form consistent with existing data collection
20 systems.

21 (d) (1) *Notwithstanding the rulemaking provisions of Chapter*
22 *3.5 (commencing with Section 11340) of Part 1 of Division 3 of*
23 *Title 2 of the Government Code, the department may implement,*
24 *interpret, or make specific the amendments to this section made*
25 *by the act that added this subdivision by means of all-county letters,*
26 *plan letters, plan or provider bulletins, or similar instructions from*
27 *the department until regulations are adopted pursuant to that*
28 *chapter of the Government Code.*

29 (2) *The department shall adopt emergency regulations no later*
30 *than July 1, 2014. The department may subsequently readopt any*
31 *emergency regulation authorized by this section that is the same*
32 *as or is substantially equivalent to an emergency regulation*
33 *previously adopted pursuant to this section.*

34 (3) *The initial adoption of emergency regulations implementing*
35 *this section and the one readoption of emergency regulations*
36 *authorized by this subdivision shall be deemed an emergency and*
37 *necessary for the immediate preservation of the public peace,*
38 *health, safety, or general welfare. Initial emergency regulations*
39 *and the one readoption of emergency regulations authorized by*
40 *this section shall be exempt from review by the Office of*

1 *Administrative Law. The initial emergency regulations and the*
2 *one readoption of emergency regulations authorized by this section*
3 *shall be submitted to the Office of Administrative Law for filing*
4 *with the Secretary of State and each shall remain in effect for no*
5 *more than 180 days, by which time final regulations may be*
6 *adopted.*

7 *SEC. 29. Section 11798.2 is added to the Health and Safety*
8 *Code, to read:*

9 *11798.2. (a) A county with an approved contract for alcohol*
10 *and other drug abuse services shall bear the financial risk in*
11 *providing any alcohol or other drug services to the population*
12 *described and enumerated in the approved contract.*

13 *(b) The county shall not be precluded from contracting to*
14 *purchase all or part of the delivery of alcohol and other drug*
15 *services from noncounty providers.*

16 *(c) Counties receiving funds shall submit to the department*
17 *statistical data, as required in the contract, and end-of-year cost*
18 *data no later than November 1 following the close of the fiscal*
19 *year.*

20 *(d) Whenever a county receives funds under a grant program*
21 *for alcohol and other drug abuse services, as well as under the*
22 *county contract from either the federal or state government, or*
23 *from any other grantor, public or private, and fails to include that*
24 *grant program in the county budget for its alcohol and other drug*
25 *program, the director shall not thereafter approve any, or provide,*
26 *advance payment claims submitted by the county for state*
27 *reimbursement under this part until the contract and county budget*
28 *for its alcohol and other drug program has been reviewed to*
29 *include that grant program, and the revised contract and budget*
30 *are approved by the director.*

31 *(e) (1) Except as provided in paragraphs (2) and (3),*
32 *regulations adopted by the State Department of Alcohol and Drug*
33 *Programs pursuant to former Section 11758.29 shall remain in*
34 *effect unless amended or repealed by regulation adopted pursuant*
35 *to this section.*

36 *(2) Notwithstanding the rulemaking provisions of Chapter 3.5*
37 *(commencing with Section 11340) of Part 1 of Division 3 of Title*
38 *2 of the Government Code, the department may implement,*
39 *interpret, or make specific this section to the extent that this section*
40 *differs from former Section 11758.29 by means of all-county letters,*

1 plan letters, plan or provider bulletins, or similar instructions from
2 the department until regulations are adopted pursuant to that
3 chapter of the Government Code.

4 (3) (A) The department shall adopt emergency regulations no
5 later than July 1, 2014. The department may subsequently readopt
6 any emergency regulation authorized by this section that is the
7 same as or is substantially equivalent to an emergency regulation
8 previously adopted pursuant to this section.

9 (B) The initial adoption of emergency regulations implementing
10 the article and the one readoption of emergency regulations
11 authorized by this subdivision shall be deemed an emergency and
12 necessary for the immediate preservation of the public peace,
13 health, safety, or general welfare. Initial emergency regulations
14 and the one readoption of emergency regulations authorized by
15 this section shall be exempt from review by the Office of
16 Administrative Law. The initial emergency regulations and the
17 one readoption of emergency regulations authorized by this section
18 shall be submitted to the Office of Administrative Law for filing
19 with the Secretary of State and each shall remain in effect for no
20 more than 180 days, by which time final regulations may be
21 adopted.

22 SEC. 30. Section 11798.3 is added to the Health and Safety
23 Code, to read:

24 11798.3. The department shall review each county's contract
25 for alcohol and other drug abuse services to determine that the
26 contract complies with this division and with the standards adopted
27 under this division. The department shall approve a contract that
28 is in compliance.

29 SEC. 31. Section 11801 of the Health and Safety Code is
30 amended to read:

31 11801. The alcohol and drug program administrator, acting
32 through administrative channels designated pursuant to Section
33 11795, shall do all of the following:

34 (a) Coordinate and be responsible for the ~~planning process,~~
35 ~~including preparation of the county plan executing the negotiated~~
36 ~~net amount contract, and Drug Medi-Cal contract, whichever is~~
37 ~~applicable contract.~~

38 ~~(b) (1) Recommend to the board of supervisors the provision~~
39 ~~of services, establishment of facilities, contracting for services or~~

1 facilities, and other matters necessary or desirable in accomplishing
2 the purposes of this part.

3 ~~(2) Exercise general supervision over the alcohol and other drug~~
4 ~~program services provided under the county plan, negotiated net~~
5 ~~amount contract, and Drug Medi-Cal contract, whichever is~~
6 ~~applicable.~~

7 ~~(c) Assure~~

8 ~~(b) Ensure~~ compliance with applicable laws relating to
9 discrimination against any person because of any characteristic
10 listed or defined in Section 11135 of the Government Code.

11 ~~(d) (1) Provide reports and information periodically to the~~
12 ~~advisory board regarding the status of alcohol and other drug~~
13 ~~programs in the county and keep the advisory board informed~~
14 ~~regarding changes in relevant state, federal, and local laws or~~
15 ~~regulations or improvements in program design and services that~~
16 ~~may affect the county alcohol and other drug program.~~

17 ~~(2)~~

18 ~~(c)~~ Submit an annual report to the board of supervisors reporting
19 all activities of the alcohol and other drug program, including a
20 financial accounting of expenditures, *number of persons served*,
21 and a forecast of anticipated needs for the upcoming year.

22 ~~(e)~~

23 ~~(d)~~ Be directly responsible for the administration of all alcohol
24 or other drug program funds allocated to the county under this
25 part, administration of county operated programs, and coordination
26 and monitoring of programs that have contracts with the county
27 to provide alcohol and other drug services.

28 ~~(f) Encourage the appropriate utilization of all other public and~~
29 ~~private alcohol and other drug programs and services in the county~~
30 ~~in coordination with the programs funded pursuant to this part.~~

31 ~~(g) Coordinate the activities of the county alcohol and other~~
32 ~~drug program with appropriate health planning agencies pursuant~~
33 ~~to Chapter 5 (commencing with Section 11820).~~

34 ~~(h) Assure~~

35 ~~(e)~~ *Ensure* the evaluation of alcohol and other drug programs,
36 including the collection of appropriate and necessary *client data*
37 *and program* information, pursuant to Chapter 6 (commencing
38 with Section 11825).

39 ~~(i) Participate in the process to assure~~

1 (f) Ensure program quality in compliance with appropriate
2 standards pursuant to Chapter 7 (commencing with Section 11830).

3 ~~(j) Participate in the regulations process pursuant to Chapter 8~~
4 ~~(commencing with Section 11835).~~

5 ~~(k)~~

6 (g) Participate and represent the county in meetings of the
7 County Alcohol and Drug Program ~~Administrators~~ *Administrators'*
8 Association of California pursuant to Section 11811.5 for the
9 purposes of representing the counties in their relationship with the
10 state with respect to policies, standards, and administration for
11 alcohol and other drug abuse services.

12 ~~(l) Provide for the orientation of the members of the advisory~~
13 ~~board, including, but not limited to, the provision of information~~
14 ~~and materials on alcohol and other drug problems and programs,~~
15 ~~planning, procedures, and site visits to local programs.~~

16 ~~(m)~~

17 (h) Perform any other acts that may be necessary, desirable, or
18 proper to carry out the purposes of this part.

19 SEC. 32. Section 11803 is added to the Health and Safety Code,
20 to read:

21 11803. If the county has an alcohol and other drug advisory
22 board, the alcohol and drug program administrator, acting through
23 administrative channels designated pursuant to Section 11795,
24 may do either or both of the following:

25 (a) Provide reports and information periodically to the advisory
26 board regarding the status of alcohol and other drug programs
27 in the county and keep the advisory board informed regarding
28 changes in relevant state, federal, and local laws or regulations
29 or improvements in program design and services that may affect
30 the county alcohol and other drug program.

31 (b) Provide for the orientation of the members of the advisory
32 board, including, but not limited to, the provision of information
33 and materials on alcohol and other drug problems and programs,
34 planning, procedures, and site visits to local programs.

35 SEC. 33. Section 11811.5 of the Health and Safety Code is
36 amended to read:

37 11811.5. ~~A~~ To the extent the activities meet the provisions for
38 receipt of the federal block grant funds for prevention and
39 treatment of substance abuse described in Subchapter XVII of
40 Chapter 6A of Title 42 of the United States Code and other

1 *applicable federal provisions for funds, a county may also utilize*
2 *funds for the following:*

3 (a) Planning, program development, and administration by the
4 county. The department shall establish uniform definitions of the
5 elements of county alcohol and other drug program administration
6 and shall set the minimum and maximum levels of administrative
7 services, taking into account the total funds expended pursuant to
8 ~~the county plan, negotiated net amount contract, and Drug~~
9 ~~Medi-Cal contract, whichever is applicable contract.~~

10 (b) In conducting planning, evaluation, and research activities
11 to develop and implement the county alcohol and other drug
12 program, counties may contract with appropriate public or private
13 agencies.

14 (c) Actual and necessary expenses incurred by the alcohol and
15 drug program administrator relating to attendance at not more than
16 four meetings each year of the administrators, *any other meetings*
17 *called by the director*, and reasonable dues for any related activities
18 and meetings. Each administrator of a county ~~that applies for~~ *who*
19 *receives* funds under this part shall attend each quarterly meeting,
20 unless a waiver is provided for by the department.

21 *SEC. 34. Section 11811.6 of the Health and Safety Code is*
22 *amended to read:*

23 11811.6. ~~(a)~~ The department shall consult with alcohol and
24 drug program administrators in establishing standards pursuant to
25 Chapter 7 (commencing with Section 11830) and regulations
26 pursuant to Chapter 8 (commencing with Section 11835), shall
27 consult with alcohol and drug program administrators on matters
28 of major policy and administration, and may consult with alcohol
29 and drug program administrators on other matters affecting persons
30 with alcohol and other drug problems. The alcohol and drug
31 program administrators may organize, adopt bylaws, and annually
32 elect officers. The administrators shall consist of all legally
33 appointed alcohol and drug administrators in the state as designated
34 pursuant to subdivision (a) of Section 11800.

35 ~~(b) Actual and necessary expenses for attendance at special~~
36 ~~meetings of the committees of the alcohol and drug program~~
37 ~~administrators called by the director shall be legally charged against~~
38 ~~any funds available for the administration of this section.~~

39 *SEC. 35. Section 11812 of the Health and Safety Code is*
40 *amended to read:*

11812. The following conditions apply to county expenditures of-state funds pursuant to this part:

(a) Where the services specified in the ~~approved county plan contract for alcohol and other drug abuse services~~ are provided pursuant to other general health or social programs, only that portion of the services dealing with alcohol and other drug problems may be financed under this part.

(b) (1) Each county shall utilize available privately operated alcohol and other drug programs and services in the county prior to utilizing new county-operated programs and services, or city-operated programs and services pursuant to Section 11796.1, when the available privately operated programs and services are as favorable in quality and cost as are those operated by the county or city. When these privately operated programs and services are not available, the county shall make a reasonable effort to encourage the development of privately operated programs and services prior to developing county-operated or city-operated programs and services.

(2) The county alcohol and drug program administrator shall demonstrate to the board of supervisors, and to the department, prior to development of any new program or service, that reasonable efforts have been made to comply with paragraph (1). All available local public or private programs and services, as described in paragraph (1), that are appropriate shall be utilized prior to using services provided by hospitals.

(c) All personal information and records obtained by the county, any program that has a contract with the county, or the department pursuant to this section are confidential and may be disclosed only in those instances designated in Section 5328 of the Welfare and Institutions Code.

(1) Any person may bring an action against an individual who has willingly and knowingly released confidential information or records concerning that person in violation of this section, for the greater of the following amounts:

(A) Five hundred dollars (\$500).

(B) Three times the amount of actual damages, if any, sustained by the plaintiff.

(2) (A) Any person may, in accordance with Chapter 3 (commencing with Section 525) of Title 7 of Part 2 of the Code of Civil Procedure, bring an action to enjoin the release of

confidential information or records in violation of this chapter, and may in the same action seek damages as provided in this section.

(B) It is not a prerequisite to an action under this section that the plaintiff suffer or be threatened with actual damages.

(d) The department may require that each county and any public or private provider of alcohol and other drug services that receives any state funds under this part provide any information requested by the department relating to any application for or receipt of federal or other nonstate funds, including fees, donations, grants, and other revenues, for alcohol and other drug abuse services provided by these agencies.

SEC. 36. Section 11812.6 of the Health and Safety Code is amended to read:

11812.6. (a) In addition to any other services authorized under this chapter, the department shall urge the county, ~~in the county plan,~~ to develop within existing resources specific policies and procedures to address the unique treatment problems presented by persons who are both mentally disordered and chemically dependent. ~~If contained in the county plan, priority shall~~ *Priority* may be given to developing policies and procedures that relate to the diagnosis and treatment of homeless persons who are mentally disordered and chemically dependent.

(b) The director shall consult with the Director of ~~Mental Health~~ *Health Care Services* in developing guidelines for county mental health and alcohol and drug treatment programs in order to comply with this section.

SEC. 37. Section 11814 of the Health and Safety Code is amended to read:

11814. (a) The department shall issue allocations to *contracting* counties for alcohol and other drug programs.

(b) In issuing allocations to *contracting* counties, it is the intent of the Legislature that counties shall allocate all funds received pursuant to state and federal laws and regulations.

(c) The department shall estimate an allocation of ~~state and federal funds available for each county to implement the approved county plan, executed negotiated net amount contract, and Drug Medi-Cal contract, whichever is applicable~~ *use as the basis for submission of the contract.* In making allocations, the department shall base its allocations on the population of each county.

1 However, the department shall ~~assure~~ *ensure* that each small
2 population county receives a minimum amount of funds to provide
3 adequate alcohol and other drug services. The department may
4 take into account other factors in making the allocations ~~if the~~
5 ~~department finds that the~~, *including, but not limited to*, factors *that*
6 relate to the level of alcohol and other drug problems in the county.
7 No later than 45 days after introduction of the Budget Bill, the
8 department shall notify each county regarding its preliminary
9 allocation under this division *and estimated amount of the federally*
10 *required maintenance of effort statewide expenditure levels on*
11 *authorized activities, as defined in the federal Substance Abuse*
12 *Prevention and Treatment Block Grant funds (42 U.S.C. Sec.*
13 *300x-30)*, pending enactment of the Budget Bill. The 1984–85
14 fiscal year shall establish the base funding for the county alcohol
15 and drug allocation for local programs. Beginning with the 1985–86
16 fiscal year, cost-of-living adjustments, if granted, shall be
17 considered as tied to the base allocation established in the 1984–85
18 fiscal year, plus any subsequent cost-of-living adjustments. The
19 department shall notify each county regarding its final allocation
20 after enactment of the Budget Bill.

21 ~~(d) Notwithstanding any other provision in this section, the~~
22 ~~director may reduce funding below the base year amounts of~~
23 ~~counties that underspend their allocation for two consecutive years~~
24 ~~by more than 5 percent. Any reduction shall be limited to the~~
25 ~~difference between 5 percent of the allocation and the total amount~~
26 ~~unspent. The amounts underspent shall be determined based on~~
27 ~~the most recent cost reports.~~

28 *(d) (1) Notwithstanding any other provision in this section, the*
29 *director may reduce federal funding allocations, on a*
30 *dollar-for-dollar basis, to a county that has reduced or anticipates*
31 *reducing expenditures in a way that would result in a decrease in*
32 *the federal Substance Abuse Prevention and Treatment Block*
33 *Grant funds (42 U.S.C. Sec. 300x-30).*

34 *(2) Prior to making any reductions pursuant to this subdivision,*
35 *the director shall notify all counties that county underspending*
36 *will reduce the federal Substance Abuse Prevention and Treatment*
37 *Block Grant maintenance of effort (MOE). Upon receipt of*
38 *notification, a county may submit a revision to the county budget*
39 *initially submitted pursuant to subdivision (a) of Section 11798 in*

1 *an effort to maintain the statewide Substance Abuse Prevention*
2 *and Treatment Block Grant MOE.*

3 *(3) Pursuant to subdivision (b) of Section 11798.1, a county*
4 *shall notify the department in writing of proposed local changes*
5 *to the county's expenditure of funds. The department shall review*
6 *and may approve the proposed local changes depending on the*
7 *level of expenditures needed to maintain the statewide Substance*
8 *Abuse Prevention and Treatment Block Grant MOE.*

9 *(e) (1) Notwithstanding the rulemaking provisions of Chapter*
10 *3.5 (commencing with Section 11340) of Part 1 of Division 3 of*
11 *Title 2 of the Government Code, the department may implement,*
12 *interpret, or make specific the amendments to this section made*
13 *by the act that added this subdivision by means of all-county letters,*
14 *plan letters, plan or provider bulletins, or similar instructions from*
15 *the department until regulations are adopted pursuant to that*
16 *chapter of the Government Code.*

17 *(2) The department shall adopt emergency regulations no later*
18 *than July 1, 2014. The department may subsequently readopt any*
19 *emergency regulation authorized by this section that is the same*
20 *as or is substantially equivalent to an emergency regulation*
21 *previously adopted pursuant to this section.*

22 *(3) The initial adoption of emergency regulations implementing*
23 *the amendments to this section and the one readoption of*
24 *emergency regulations authorized by this subdivision shall be*
25 *deemed an emergency and necessary for the immediate*
26 *preservation of the public peace, health, safety, or general welfare.*
27 *Initial emergency regulations and the one readoption of emergency*
28 *regulations authorized by this section shall be exempt from review*
29 *by the Office of Administrative Law. The initial emergency*
30 *regulations and the one readoption of emergency regulations*
31 *authorized by this section shall be submitted to the Office of*
32 *Administrative Law for filing with the Secretary of State and each*
33 *shall remain in effect for no more than 180 days, by which time*
34 *final regulations may be adopted.*

35 *SEC. 38. Section 11817.1 of the Health and Safety Code is*
36 *amended to read:*

37 *11817.1. The department may reallocate among counties any*
38 *savings unexpended federal funds that occur during the fiscal year*
39 *in programs or services or any allocations either not applied for*
40 *by a county or not in compliance with this part. Reallocations may*

1 be made to counties by amendment to their county ~~plans or~~
2 ~~negotiated net amount~~ contracts.

3 *SEC. 39. Section 11817.3 of the Health and Safety Code is*
4 *amended to read:*

5 11817.3. (a) There shall be an appropriation from the Budget
6 Act to the department to fund programs and services to alleviate
7 problems related to inappropriate alcohol use or other drug use as
8 provided for in this part. However, if the state receives additional
9 funds from the federal government after the enactment of the
10 Budget Act, which funds may be augmented by the Director of
11 Finance to the appropriation described in this section in accordance
12 with the Budget Act, then the department shall determine the
13 amount of those funds to be used for allocation to counties, and
14 shall allocate that amount to counties ~~with approved amended~~
15 ~~county plans, executed negotiated net amount contracts, and~~
16 ~~amended Drug Medi-Cal contracts, whichever is applicable through~~
17 *amendments to executed contracts*, within 90 days of receipt of
18 the additional funds to support programs and services to alleviate
19 alcohol-related and other drug-related problems as described in
20 this subdivision. The allocation of all funds pursuant to this
21 subdivision shall comply with federal requirements and with any
22 requirements pursuant to Section 28.00 of the Budget Act.

23 (b) The requirement set forth in subdivision (a) that the
24 department determine the amount of additional funds to be used
25 for allocation to counties and allocate that amount to counties
26 within 90 days, shall be waived when the 90-day period does not
27 allow sufficient time for completion of the notification period
28 pursuant to Section 28.00 of the Budget Act.

29 (c) ~~As used in this section, “approved amended county plan”~~
30 ~~means a county plan amended by a county to describe the county’s~~
31 ~~proposed use of the additional or reduced funds available pursuant~~
32 ~~to this section, which plan is approved by the department.~~

33 (d) ~~As used in this section, “executed negotiated net amount~~
34 ~~contract” or “amended Drug Medi-Cal contract” refers to a contract~~
35 ~~that is amended by a county to describe the county’s proposed use~~
36 ~~of the additional or reduced funds available pursuant to this section,~~
37 ~~which contract is approved by the department.~~

38 *SEC. 40. Section 11817.4 of the Health and Safety Code is*
39 *repealed.*

1 ~~11817.4. Alcohol and other drug service expenditures made~~
2 ~~by counties pursuant to this part shall be paid by the state pursuant~~
3 ~~to this part.~~

4 *SEC. 41. Section 11817.6 of the Health and Safety Code is*
5 *amended to read:*

6 11817.6. Payments or advances of funds to counties or other
7 state agencies, which are properly chargeable to appropriations to
8 the department may be made by a Controller's warrant drawn
9 against ~~state~~ funds appropriated to the department or ~~federal~~ funds
10 administered by the department.

11 *SEC. 42. Section 11817.8 of the Health and Safety Code is*
12 *amended to read:*

13 11817.8. (a) It is the intent of the Legislature that the state and
14 the counties work together to minimize audit exceptions. Audit
15 findings as contained in the department audit reports may be
16 appealed by counties directly to the department. Counties may
17 retain disputed audit amounts ~~of state and federal funds unless an~~
18 ~~audit appeal is filed, and then until the audit appeal is resolved, in~~
19 ~~whole or in part, against the county while an audit appeal is~~
20 ~~pending and then only to the extent that the audit appeal is resolved~~
21 ~~in favor of the county and the amount is in the county's favor.~~

22 (b) The department shall audit the expenditures of counties,
23 direct contractors, and *county* subcontractors. The department shall
24 develop an annual audit plan that will identify the counties, direct
25 contractors, and *county* subcontractors funded in whole or in part
26 with the funds administered by the department. The annual audit
27 plan shall consist of a sufficient number of audits and financial
28 reviews to provide reasonable assurance that federal and state
29 funds have been used for their intended purpose in accordance
30 with applicable funding requirements and restrictions contained
31 in statutes, regulations, and contracts.

32 (c) The department may conduct *investigations*, audits, and
33 financial related reviews on other than a routine basis of any
34 county, direct contractor, or county subcontractor funded in whole
35 or in part with funds administered by the department, as the
36 department deems necessary and appropriate.

37 (d) Counties may audit the expenditures of organizations funded
38 in whole or in part with funds administered by the department.

39 ~~(e) Notwithstanding subdivision (e) of Section 11758.12,~~
40 ~~counties~~ A county shall repay to the department amounts of state

1 and federal funds found, as a result of an audit, not to have been
2 expended in accordance with the requirements set forth in this
3 part, federal block grant law, federal or state regulations pertaining
4 to alcohol or other drug abuse services, and the conditions set forth
5 in any contract *for alcohol and other drug abuse services or an*
6 *interagency agreement*. For organizations or services and the
7 conditions set forth in any combination of state, federal, or other
8 public funds, where a clear audit trail shows that the source and
9 application of these funds is not maintained, repayment shall be
10 determined by prorating audit findings between each funding
11 source.

12 (f) For those audits conducted by the department, the director
13 shall administratively establish policies and procedures for the
14 resolution of disputed audit findings. The department shall consult
15 with county administrators when proposing changes in the
16 procedures for the resolution of disputed audit findings.

17 (g) There is established in the State Treasury an Audit
18 Repayment Trust Fund. ~~All undisputed repayments of state funds~~
19 ~~made pursuant to subdivision (e) and all repayments of state funds~~
20 ~~resulting from an audit resolution procedure established pursuant~~
21 ~~to subdivision (f) shall be deposited in this fund.~~ The money in
22 the fund shall be available upon appropriation by the Legislature.

23 (h) The department may deny or withhold payments or advances
24 of funds to a county if the department finds, by audit or otherwise,
25 that a program is not in compliance with this part, ~~the net amount~~
26 ~~contract, and Drug Medi-Cal contract, whichever is applicable or~~
27 ~~the contract.~~

28 (i) Notwithstanding subdivision (a) of Section 53134 of the
29 Government Code, audits performed pursuant to this section shall
30 be conducted by qualified state or local government auditors or
31 independent public accountants in accordance with generally
32 accepted governing auditing standards, as prescribed by
33 Government Auditing Standards, issued by the Comptroller General
34 of the United States. These audits shall be completed no later than
35 six months after the completion of the audit fieldwork.

36 (j) (1) *Notwithstanding the rulemaking provisions of Chapter*
37 *3.5 (commencing with Section 11340) of Part 1 of Division 3 of*
38 *Title 2 of the Government Code, the department may implement,*
39 *interpret, or make specific the amendments to this section made*
40 *by the act that added this subdivision by means of all-county letters,*

1 *plan letters, plan or provider bulletins, or similar instructions from*
2 *the department until regulations are adopted pursuant to that*
3 *chapter of the Government Code.*

4 (2) *The department shall adopt emergency regulations no later*
5 *than July 1, 2014. The department may subsequently readopt any*
6 *emergency regulation authorized by this section that is the same*
7 *as or is substantially equivalent to an emergency regulation*
8 *previously adopted pursuant to this section.*

9 (3) *The initial adoption of emergency regulations implementing*
10 *the amendments to this section and the one readoption of*
11 *emergency regulations authorized by this subdivision shall be*
12 *deemed an emergency and necessary for the immediate*
13 *preservation of the public peace, health, safety, or general welfare.*
14 *Initial emergency regulations and the one readoption of emergency*
15 *regulations authorized by this section shall be exempt from review*
16 *by the Office of Administrative Law. The initial emergency*
17 *regulations and the one readoption of emergency regulations*
18 *authorized by this section shall be submitted to the Office of*
19 *Administrative Law for filing with the Secretary of State and each*
20 *shall remain in effect for no more than 180 days, by which time*
21 *final regulations may be adopted.*

22 SEC. 43. *Section 11818 of the Health and Safety Code is*
23 *amended to read:*

24 11818. (a) (1) ~~Expenditures made by counties and contract~~
25 ~~providers a county and a county's provider that may be paid~~
26 ~~reimbursed using appropriated funds subject to payment include~~
27 ~~salaries of personnel, approved facilities and services provided~~
28 ~~through contract, operation, maintenance, and service costs,~~
29 ~~depreciation of county facilities as established in the State of~~
30 ~~California's Auditing Standards and Procedures for Counties,~~
31 ~~disregarding depreciation on the county facility to the extent it was~~
32 ~~financed by state funds under this part, lease of facilities where~~
33 ~~there is no intention to, nor option to, purchase, and other~~
34 ~~expenditures that may be approved by the director.~~

35 (2) ~~Expenditures made by counties and contract providers a~~
36 ~~county and a county's provider that may not be paid using~~
37 ~~appropriated funds subject to payment include expenditures for~~
38 ~~initial capital improvement, the purchase or construction of~~
39 ~~buildings, except for equipment items and remodeling expenses~~
40 ~~as may be provided in regulations of the department, compensation~~

1 to members of a local advisory board on drug programs, except
2 actual and necessary expenses incurred in the performance of
3 official duties, and expenditures for a purpose for which state
4 reimbursement is claimed under any other law.

5 (b) (1) Except as provided in Chapter 3 (commencing with
6 Section 11758.10), the cost of services specified in the county
7 ~~plan, negotiated net amount contract, and Drug Medi-Cal contract;~~
8 ~~whichever is applicable;~~ shall be based upon reimbursement of
9 actual costs as determined with standard accounting practices. The
10 county may enter into contracts with providers at actual cost or a
11 negotiated rate. ~~Negotiated rate is a specific and fixed dollar rate~~
12 ~~for a specified unit of service provided. Negotiated rates may be~~
13 ~~used as the cost of services only between the county and private~~
14 ~~providers. The negotiated rate shall be approved by the county~~
15 ~~prior to commencing services for reimbursement and the rate shall~~
16 ~~be based upon the projected cost of providing the services and~~
17 ~~projected revenues realized as a result of providing the services.~~
18 The provider shall make available to the county information on
19 prior years' actual cost of providing the services and actual
20 revenues.

21 (2) (A) Providers that receive a combination of Medi-Cal
22 funding and other federal or state funding for the same service
23 element and location shall be reimbursed for actual costs as limited
24 by Medi-Cal reimbursement requirements, as specified in Title
25 XIX of the federal Social Security Act (42 U.S.C. Sec. 1396 et
26 seq.), the ~~medicaid~~ *Medicaid* state plan, subdivisions (c) and (d)
27 of Section 51516 of Title 22 of the California Code of Regulations,
28 except that reimbursement for non-Medi-Cal *reimbursable* services
29 shall not be limited by Medi-Cal rate requirements or customary
30 charges to privately paying clients.

31 (B) For those providers who operate under a negotiated rate for
32 non-Medi-Cal *reimbursable* services, the rates shall be treated as
33 provisional rates, subject to yearend settlement of actual costs.

34 ~~(3) Notwithstanding any other provision of law, during yearend~~
35 ~~settlements, the department may pay, from both state and federal~~
36 ~~funds, prior fiscal year allowable Medi-Cal costs incurred by June~~
37 ~~30 of the prior fiscal year that exceed the amount timely~~
38 ~~encumbered in the prior fiscal year contract.~~

39 *SEC. 44. Section 11818.5 of the Health and Safety Code is*
40 *amended to read:*

1 11818.5. (a) Counties shall submit a cost report reflecting the
2 expenditure of funds ~~allocated by the department~~ *expended*
3 *pursuant to the county contract*. An annual cost report for the fiscal
4 year ending June 30 shall be submitted to the department by
5 November 1.

6 (b) Each county shall be responsible for reviewing its contracts
7 with providers of services and the department may audit these
8 contracts. The cost reports shall be reviewed by the department
9 and interim settlements of claims shall be made expeditiously with
10 each county. Final settlement shall be made at the time of audit,
11 which shall be completed within three years of the date the cost
12 report was accepted for interim settlement by the department. If
13 the audit is not completed within three years, the interim settlement
14 shall be considered as the final settlement.

15 (c) Counties shall report estimated numbers and characteristics
16 of clients-participants by type of service ~~in the county plan~~ and
17 shall report actual numbers and characteristics of
18 clients-participants served by type of service with the annual cost
19 report. The department shall specify forms and procedures to be
20 followed in reporting this information. The fiscal reporting system
21 established pursuant to this section shall supersede the requirements
22 of paragraph (2) of subdivision (b) of Section 16366.7 of the
23 Government Code for a quarterly fiscal reporting system.

24 *SEC. 45. Section 11820 of the Health and Safety Code is*
25 *amended to read:*

26 11820. The Legislature recognizes the potential positive impact
27 that federal, state, and local ~~health planning~~ agencies can have on
28 the alleviation of alcohol and other drug problems through better
29 coordinated planning and utilization of limited health resources.
30 The Legislature encourages persons concerned with alcohol and
31 other drug problems to become involved as much as possible ~~as~~
32 ~~representatives on health planning agencies, and committees~~
33 ~~thereof, and~~ in providing advice and comments on health plans of
34 those agencies.

35 *SEC. 46. Section 11825 of the Health and Safety Code is*
36 *amended to read:*

37 11825. The department may establish reasonable criteria to
38 evaluate the performance of programs and services that are
39 described in the county ~~plan~~ *contract for alcohol and other drug*
40 *abuse services*.

1 SEC. 47. Section 11827 of the Health and Safety Code is
2 amended to read:

3 11827. The Legislature recognizes that local program
4 effectiveness may be evaluated in a variety of ways, but should
5 reflect the needs and priorities of the local community and attempt
6 to measure the achievement of objectives determined through the
7 planning process described in this part. The Legislature further
8 recognizes that the conducting of these evaluations is essential to
9 holding county alcohol and other drug programs accountable for
10 their use of ~~state~~ funds and increasing program effectiveness. The
11 Legislature recognizes the beneficial results of the local evaluation
12 process to those participating in this process, ~~as described in the~~
13 ~~county plan.~~

14 The Legislature desires to encourage experimentation and
15 diversity in the methods utilized by counties to evaluate the county
16 alcohol and other drug programs' achievement of their objectives,
17 including, but not limited to, evaluations of individuals' progress,
18 changes in utilization rates, changes in community attitudes, and
19 measurement of specific programmatic goals in order to advance
20 our knowledge about the effectiveness of programs in alleviating
21 alcohol and other drug problems.

22 SEC. 48. Section 11828 of the Health and Safety Code is
23 amended to read:

24 11828. Each county shall ~~assure~~ *ensure* the evaluation of all
25 ~~state-funded~~ *funded* programs to determine whether they have
26 achieved their objectives as determined in the planning process.
27 In addition, recognizing the difficulty and expense of conducting
28 effective county alcohol and other drug program evaluation, the
29 department may assist counties in developing evaluation designs
30 for implementation by counties to measure progress of alcohol or
31 other drug users, changes in community attitudes toward
32 inappropriate alcohol use and other drug problems, changes in the
33 incidence and prevalence of alcohol and other drug problems within
34 the county, or other objectives identified in the planning process.
35 The department, in cooperation with counties that choose to
36 participate, may assist and fund counties to implement the
37 evaluation designs developed. Counties may contract with public
38 or private agencies and utilize funds allocated under this part for
39 purposes of conducting the evaluations.

1 *SEC. 49. Section 11830.1 of the Health and Safety Code is*
2 *amended to read:*

3 11830.1. In order to ensure quality assurance of alcohol and
4 other drug programs and expand the availability of funding
5 resources, the department shall implement a program certification
6 procedure for alcohol and other drug treatment recovery services
7 ~~funded under this part~~. The department, after consultation with the
8 County Alcohol and Drug Program Administrators Association of
9 California, and other interested organizations and individuals, shall
10 develop standards and regulations for the alcohol and other drug
11 treatment recovery services describing the minimal level of service
12 quality required of the service providers to qualify for and obtain
13 state certification. The standards shall be excluded from the
14 rulemaking requirements of the Administrative Procedure Act
15 (Chapter 3.5 (commencing with Section 11340) of Part 1 of
16 Division 3 of Title 2 of the Government Code). Compliance with
17 these standards shall be voluntary on the part of programs. For the
18 purposes of Section 2626.2 of the Unemployment Insurance Code,
19 certification shall be equivalent to program review.

20 *SEC. 50. Section 11833 of the Health and Safety Code is*
21 *amended to read:*

22 11833. The department shall have the sole authority in state
23 government to determine the qualifications, including the
24 appropriate skills, education, training, and experience of personnel
25 working within alcoholism or drug abuse recovery and treatment
26 programs *licensed, certified, or funded under this part*.

27 *SEC. 51. Section 11835 of the Health and Safety Code is*
28 *amended to read:*

29 11835. (a) The purposes of any regulations adopted by the
30 department shall be to implement, interpret, or make specific the
31 provisions of this part and shall not exceed the authority granted
32 to the department pursuant to this part. To the extent possible, the
33 regulations shall be written in clear and concise language and
34 adopted only when necessary to further the purposes of this part.

35 (b) Except as provided in this section *and Sections 11772,*
36 *11798, 11798.2, 11814, 11817.8, 11852.5,* the department may
37 adopt regulations in accordance with the rulemaking provisions
38 of the Administrative Procedure Act (Chapter 3.5 (commencing
39 with Section 11340) of Part 1 of Division 3 of the Title 2 of the
40 Government Code) necessary for the proper execution of the

1 powers and duties granted to and imposed upon the department
2 by this part. However, these regulations may be adopted only upon
3 the following conditions:

4 (1) Prior to adoption of regulations, the department shall consult
5 with county alcohol and drug program administrators and may
6 consult with any other appropriate persons relating to the proposed
7 regulations.

8 (2) If an absolute majority of the designated county alcohol and
9 drug program administrators who represent counties that have
10 submitted county plans, ~~negotiated net amount contracts, or Drug~~
11 ~~Medi-Cal~~ contracts, vote at a public meeting called by the
12 department, for which 45 days' advance notice shall be given by
13 the department, to reject the proposed regulations, the department
14 shall refer the matter for a decision to a committee, consisting of
15 a representative of the county alcohol and drug program
16 administrators, the director, the secretary, and one designee of the
17 secretary. The decision shall be made by a majority vote of this
18 committee at a public meeting convened by the department. Upon
19 a majority vote of the committee recommending adoption of the
20 proposed regulations, the department may then adopt them. Upon
21 a majority vote recommending that the department not adopt the
22 proposed regulations, the department shall then consult again with
23 the county alcohol and drug program administrators and resubmit
24 the proposed regulations to the administrators for a vote pursuant
25 to this subdivision.

26 (3) In the voting process described in paragraph (2), no proxies
27 shall be allowed nor may anyone other than the designated county
28 alcohol and drug program administrator, director, secretary, and
29 secretary's designee vote at the meetings.

30 *SEC. 52. Section 11839 of the Health and Safety Code is*
31 *amended to read:*

32 11839. The department, with the approval of the Secretary of
33 ~~the California Health and Human Services Agency~~, may contract
34 with any public or private agency for the performance of any of
35 the functions vested in the department by this chapter. Any
36 department of the state is authorized to enter into ~~such~~ a contract
37 *described in this section.*

38 *SEC. 53. Section 11839.2 of the Health and Safety Code is*
39 *amended to read:*

11839.2. The following controlled substances are authorized for use in replacement narcotic therapy by licensed narcotic treatment programs:

(a) Methadone.

(b) Levoalphacetylmethadol (LAAM) as specified in paragraph (10) of subdivision (c) of Section 11055.

(c) *Buprenorphine products or combination of products approved by the federal Food and Drug Administration for maintenance or detoxification of opioid dependence.*

(d) *Any other federally approved, controlled substances used for the purpose of narcotic replacement treatment.*

SEC. 54. *Article 1 (commencing with Section 11840) of Chapter 11 of Part 2 of Division 10.5 of the Health and Safety Code is repealed.*

SEC. 55. *Article 2 (commencing with Section 11840.1) of Chapter 11 of Part 2 of Division 10.5 of the Health and Safety Code is repealed.*

SEC. 56. *Section 11848 of the Health and Safety Code is repealed.*

~~11848. (a) (1) Alcohol and other drug abuse services allowable under the Medi-Cal program (Chapter 7 (commencing with Section 14000) of Part 3 of Division 9 of the Welfare and Institutions Code) as approved by the department and the State Department of Health Services as qualified for financial participation under Title XIX of the federal Social Security Act (42 U.S.C. Sec. 1396 et seq.) shall be funded, notwithstanding Sections 11817.3, 11840, and 11840.1, at 100 percent of the state and federal cost by using the county's existing state General Fund allocation, as appropriated in the department's annual budget, to first fund the state's portion of the allowable costs.~~

~~(2) For each fiscal year there shall be a separate state General Fund appropriation in Item 4200-101-0001 of the department's annual budget for non-Drug Medi-Cal nonperinatal services. There shall also be an appropriation in Item 4200-102-0001 of the department's annual budget for Drug Medi-Cal nonperinatal services.~~

~~(3) For each fiscal year there shall be a separate state General Fund appropriation in Item 4200-103-0001 of the department's annual budget for Drug Medi-Cal perinatal services. Non-Drug~~

1 ~~Medi-Cal perinatal services shall be appropriated in Item~~
2 ~~4200-104-0001 of the department's annual budget.~~

3 ~~(4) The department shall maintain a contingency reserve of~~
4 ~~unexpended state General Funds appropriated for Drug Medi-Cal~~
5 ~~allowable services pursuant to subdivision (e) of Section 14132.90~~
6 ~~of the Welfare and Institutions Code.~~

7 ~~(5) Unexpended moneys appropriated from the state General~~
8 ~~Fund for Drug Medi-Cal expenditures may be transferred for use~~
9 ~~by counties for non-Drug Medi-Cal expenditures. Unexpended~~
10 ~~moneys appropriated for Drug Medi-Cal expenditures may not be~~
11 ~~used to provide matching funds for federal financial participation.~~

12 ~~(b) The intent of the Legislature in enacting this section is to~~
13 ~~provide a funding source for counties to establish alcohol and other~~
14 ~~drug abuse services without any increased costs to the state General~~
15 ~~Fund and at the same time not to require the county to provide~~
16 ~~additional matching funds in order for the county to use a portion~~
17 ~~of its state share of local drug programs Medi-Cal funds now~~
18 ~~available to counties without a required 10-percent match.~~

19 *SEC. 57. Section 11848.5 of the Health and Safety Code is*
20 *amended to read:*

21 11848.5. (a) Once the negotiated rate *with service providers*
22 *has been approved by the county, all participating governmental*
23 *funding sources, except the Medi-Cal program (Chapter 7*
24 *(commencing with Section 14000) of Part 3 of Division 9 of the*
25 *Welfare and Institutions Code), shall be bound to that rate as the*
26 *cost of providing all or part of the total county alcohol and other*
27 *drug program as described in the county-plan contract for each*
28 *fiscal year to the extent that the governmental funding sources*
29 *participate in funding the county alcohol and other drug program.*
30 *Where the State Department of Health Services adopts regulations*
31 *for determining reimbursement of alcohol and other drug program*
32 *services formerly allowable under the Short-Doyle program and*
33 *reimbursed under the Medi-Cal Act, those regulations shall be*
34 *controlling only as to the rates for reimbursement of alcohol and*
35 *other drug program services allowable under the Medi-Cal program*
36 *and rendered to Medi-Cal beneficiaries. Providers under this*
37 *section shall report to the department and the county any*
38 *information required by the department in accordance with the*
39 *procedures established by the director of the department.*

(b) The Legislature recognizes that alcohol and other drug abuse services differ from mental health services provided through the State Department of ~~Mental Health Care Services~~ and therefore should not necessarily be bound by rate determination methodology used for reimbursement of those services formerly provided under the Short-Doyle program and reimbursed under the Medi-Cal Act. ~~The department and the State Department of Health Services shall, pursuant to Section 14021.5 of the Welfare and Institutions Code, develop a ratesetting methodology suitable for alcohol and other drug services reimbursed under the Medi-Cal program using an all-inclusive rate encompassing the costs of reimbursable service functions provided by each authorized modality.~~

SEC. 58. *Section 11851.5 of the Health and Safety Code is amended to read:*

11851.5. In addition to those expenditures authorized under Section 11851, expenditures ~~subject to payment~~ shall include expenses incurred by members of the local advisory board on alcohol and other drug programs in providing alcohol and other drug program services through the implementation of *an* executed ~~negotiated net amount contracts, and Drug Medi-Cal contracts, or approved county plans county contract.~~ Payment shall be made of actual and necessary expenses of members incurred incident to the performance of their official duties and may include travel, lodging, and meals while on official business.

SEC. 59. *Section 11852 of the Health and Safety Code is repealed.*

~~11852. Whenever a county receives funds under a grant program for alcohol and other drug abuse services, as well as under the county plan, negotiated net amount contract, and Drug Medi-Cal contract, whichever is applicable, from either the federal or state government, or from any other grantor, public or private, and fails to include that grant program in the county plan, negotiated net amount contract, and Drug Medi-Cal contract, whichever is applicable, and alcohol and other drug program budget, the director shall not thereafter approve any, or provide, advance payment claims submitted by the county for state reimbursement under this part unless and until the county plan, negotiated net amount contract, and Drug Medi-Cal contract, whichever is applicable, and alcohol and other drug program budget has been reviewed to include that grant program and the revised~~

1 ~~county plan, negotiated net amount contract, and Drug Medi-Cal~~
2 ~~contract, whichever is applicable, and budget is approved by the~~
3 ~~director.~~

4 *SEC. 60. Section 11852.5 of the Health and Safety Code is*
5 *amended to read:*

6 11852.5. (a) Charges shall be made for services rendered to
7 each person under a county-plan *contract* in accordance with this
8 section. Charges for the care and treatment of each client receiving
9 service under a county-plan, ~~negotiated net amount contract, and~~
10 ~~Drug Medi-Cal contract, whichever is applicable,~~ shall not exceed
11 the actual cost thereof as determined by the director in accordance
12 with standard accounting practices. The fee requirement shall not
13 apply to prevention and early intervention services. The director
14 is not prohibited from including the amount of expenditures for
15 capital outlay or the interest thereon, or both, in his or her
16 determination of actual cost. The responsibility of a client, his or
17 her estate, or his or her responsible relatives to pay the charges
18 shall be determined in accordance with this section.

19 (b) Each county shall determine the liability of clients rendered
20 services under a county-plan, ~~negotiated net amount contract, and~~
21 ~~Drug Medi-Cal contract, whichever is applicable,~~ and of their
22 estates or responsible relatives, to pay the charges according to
23 ability to pay. Each county shall collect the charges. The county
24 shall establish and maintain policies and procedures for making
25 the determinations of liability and collections, by collecting
26 third-party payments and from other sources to the maximum
27 extent practicable. The written criteria shall be a public record and
28 shall be made available to the department or any individual. Fees
29 collected shall be retained at the local level and be applied toward
30 the purchase of additional drug services.

31 (c) Services shall not be denied because of a client's ability or
32 inability to pay. County-operated and contract providers of
33 treatment services shall set and collect fees using methods approved
34 by the county alcohol and drug program administrator. All
35 approved fee systems shall conform to all of the following
36 guidelines and criteria:

- 37 (1) The fee system used shall be equitable.
38 (2) The fee charged shall not exceed actual cost.
39 (3) Systems used shall consider the client's income and
40 expenses.

1 (4) Each provider fee system shall be approved by the county
2 alcohol and drug program administrator. A description of each
3 approved system shall be on file in the county board office.

4 (d) To ensure an audit trail, the county or provider, or both, shall
5 maintain all of the following records:

6 (1) Fee assessment schedules and collection records.

7 (2) Documents in each client's file showing client's income and
8 expenses, and how each was considered in determining fees.

9 (e) Each county shall furnish the director with a cost report of
10 information the director shall require to enable the director to
11 maintain a cost-reporting system of the costs of alcohol and other
12 drug program services in the county funded in whole or in part by
13 ~~state-administered funds~~ *identified in the county contract with the*
14 *department*. The cost-reporting system established pursuant to this
15 section shall supersede the requirements of paragraph (2) of
16 subdivision (b) of Section 16366.7 of the Government Code for a
17 quarterly fiscal reporting system. An annual cost report, for the
18 fiscal year ending June 30, shall be submitted to the department
19 by November 1.

20 (f) The Legislature recognizes that alcohol and other drug
21 programs may provide a variety of services described in this part,
22 which services will vary depending on the needs of the
23 communities that the programs serve. In devising a system to ~~assure~~
24 ~~ensure~~ that a county has expended its funds pursuant to ~~any~~
25 ~~applicable executed negotiated net amount contract, Drug Medi-Cal~~
26 ~~contract, and an approved county plan contract~~, including the
27 budget portions of the ~~plan contract~~, the department shall take into
28 account the flexibility that a county has in the provision of services
29 and the changing nature of alcohol and other drug programs in
30 responding to the community's needs.

31 (g) The department shall maintain a reporting system to ~~assure~~
32 ~~ensure~~ that counties have budgeted and expended their funds
33 pursuant to their ~~executed negotiated net amount contracts, Drug~~
34 ~~Medi-Cal contracts, and approved county plans, whichever is~~
35 ~~applicable approved contracts~~.

36 (h) (1) *Notwithstanding the rulemaking provisions of Chapter*
37 *3.5 (commencing with Section 11340) of Part 1 of Division 3 of*
38 *Title 2 of the Government Code, the department may implement,*
39 *interpret, or make specific the amendments to this section made*
40 *by the act that added this subdivision by means of all-county letters,*

1 plan letters, plan or provider bulletins, or similar instructions from
2 the department until regulations are adopted pursuant to that
3 chapter of the Government Code.

4 (2) The department shall adopt emergency regulations no later
5 than July 1, 2014. The department may subsequently readopt any
6 emergency regulation authorized by this section that is the same
7 as or is substantially equivalent to an emergency regulation
8 previously adopted pursuant to this section.

9 (3) The initial adoption of emergency regulations implementing
10 the amendments to this section and the one readoption of
11 emergency regulations authorized by this subdivision shall be
12 deemed an emergency and necessary for the immediate
13 preservation of the public peace, health, safety, or general welfare.
14 Initial emergency regulations and the one readoption of emergency
15 regulations authorized by this section shall be exempt from review
16 by the Office of Administrative Law. The initial emergency
17 regulations and the one readoption of emergency regulations
18 authorized by this section shall be submitted to the Office of
19 Administrative Law for filing with the Secretary of State and each
20 shall remain in effect for no more than 180 days, by which time
21 final regulations may be adopted.

22 SEC. 61. Section 11853 of the Health and Safety Code is
23 amended to read:

24 11853. Counties are encouraged to contract with providers for
25 the provision of *alcohol and drug abuse* services ~~funded through~~
26 ~~the county's executed negotiated net amount contract, Drug~~
27 ~~Medi-Cal contract, and approved county plan, whichever is~~
28 ~~applicable.~~ Counties shall comply with the regulations of the
29 department for the management of contracts with community
30 organizations, ~~as contained in the county administration and~~
31 ~~program services regulations as developed by the department.~~

32 SEC. 62. Section 11853.5 of the Health and Safety Code is
33 repealed.

34 ~~11853.5. The department shall review each county's executed~~
35 ~~negotiated net amount contract, Drug Medi-Cal contract, and~~
36 ~~approved county plan, whichever is applicable, to determine that~~
37 ~~it complies with the requirements of this part and with the standards~~
38 ~~adopted under this part.~~

39 SEC. 63. Section 11860 of the Health and Safety Code is
40 repealed.

(b) The State Department of Alcohol and Drug Programs shall provide oversight of this article.

1 (c) The department and the Judicial Council shall design and
2 implement this article through the Drug Court Partnership
3 Executive Steering Committee established under the former Drug
4 Court Partnership Act of 1998 pursuant to former Section 11970,
5 for the purpose of funding cost-effective local drug court systems
6 for adults, juveniles, and parents of children who are detained by,
7 or are dependents of, the juvenile court.

8 11971. (a) (1) At its option, a county may provide a program
9 authorized by this article. A county that chooses to provide a
10 program shall ensure that any funds used for the program are used
11 in compliance with the requirements for receipt of federal block
12 grant funds for prevention and treatment of substance abuse
13 described in Subchapter XVII of Chapter 6A of Title 42 of the
14 United States Code and other federal provisions governing the
15 receipt of federal funds.

16 (2) The funds contained in each county's Behavioral Health
17 Subaccount of the Support Services Account of the Local Revenue
18 Fund 2011 may be used to fund the cost of drug court treatment
19 programs for the purpose of applying for federal grant funds from
20 the federal Substance Abuse and Mental Health Services
21 Administration as described in Section 11775.

22 (b) If a county chooses to provide a drug court program, a
23 county alcohol and drug program administrator and the presiding
24 judge in the county shall develop, as part of the contract for alcohol
25 and other drug abuse services, a plan for the operation of drug
26 court program that shall include the information necessary for the
27 state to ensure a county's compliance with the provisions for
28 receipt of the federal block grant funds for prevention and
29 treatment of substance abuse found at Subchapter XVII of Chapter
30 6A of Title 42 of the United States Code and other applicable
31 federal provisions for funds.

32 (c) The plan shall do all of the following:

33 (1) Describe existing programs that serve substance abusing
34 adults, juveniles, and parents of children who are detained by, or
35 are dependents of, the juvenile court.

36 (2) Provide a local action plan for implementing cost-effective
37 drug court systems, including any or all of the following drug court
38 systems:

39 (A) Drug courts operating pursuant to Sections 1000 to 1000.5,
40 inclusive, of the Penal Code.

1 (B) Drug courts for juvenile offenders.

2 (C) Drug courts for parents of children who are detained by,
3 or are dependents of, the juvenile court.

4 (D) Drug courts for parents of children in family law cases
5 involving custody and visitation issues.

6 (E) Other drug court systems that are approved by the Drug
7 Court Partnership Executive Steering Committee.

8 (3) Develop information-sharing systems to ensure that county
9 actions are fully coordinated, and to provide data for measuring
10 the success of the local action plan in achieving its goals.

11 (4) Identify outcome measures that will determine the cost
12 effectiveness of the local action plan.

13 11972. It is the intent of the Legislature that drug court
14 programs be designed and operated in accordance with the
15 document entitled "Defining Drug Courts: The Key Components,"
16 developed by the National Association of Drug Court Professionals
17 and Drug Court Standards Committee (reprinted 2004). It is the
18 intent of the Legislature that the key components of the programs
19 include:

20 (a) Integration by drug courts of alcohol and other drug
21 treatment services with justice system case processing.

22 (b) Promotion of public safety, while protecting participants'
23 due process rights, by prosecution and defense counsel using a
24 nonadversarial approach.

25 (c) Early identification of eligible participants and prompt
26 placement in the drug court program.

27 (d) Access provided by drug courts to a continuum of alcohol,
28 drug, and other related treatment and rehabilitation services.

29 (e) Frequent alcohol and other drug testing to monitor
30 abstinence.

31 (f) A coordinated strategy to govern drug court responses to
32 participants' compliance.

33 (g) Ongoing judicial interaction with each drug court participant
34 is essential.

35 (h) Monitoring and evaluation to measure the achievement of
36 program goals and gauge effectiveness

37 (i) Continuing interdisciplinary education to promote effective
38 drug court planning, implementation, and operations.

1 (j) Forging partnerships among drug courts, public agencies,
2 and community-based organizations to generate local support and
3 enhance drug court program effectiveness.

4 11973. (a) It is the intent of the Legislature that dependency
5 drug courts be funded unless an evaluation of cost avoidance as
6 provided in this section with respect to child welfare services and
7 foster care demonstrates that the program is not cost effective.

8 (b) The State Department of Social Services, in collaboration
9 with the State Department of Alcohol and Drug Programs and the
10 Judicial Council, shall conduct an evaluation of cost avoidance
11 with respect to child welfare services and foster care pursuant to
12 this section. These parties shall do all of the following:

13 (1) Consult with legislative staff and at least one representative
14 of an existing dependency drug court program who has experience
15 conducting an evaluation of cost avoidance, to clarify the elements
16 to be reviewed.

17 (2) Identify requirements, such as specific measures of cost
18 savings and data to be evaluated, and methodology for use of
19 control cases for comparison data.

20 (3) Whenever possible, use existing evaluation case samples to
21 gather the necessary additional data.

22 11974. (a) Notwithstanding the rulemaking provisions of
23 Chapter 3.5 (commencing with Section 11340) of Part 1 of Division
24 3 of Title 2 of the Government Code, the department may
25 implement, interpret, or make specific the amendments to this
26 article made by the act that added this section by means of
27 all-county letters, plan letters, plan or provider bulletins, or similar
28 instructions from the department until regulations are adopted
29 pursuant to that chapter of the Government Code.

30 (b) The department shall adopt emergency regulations no later
31 than July 1, 2014. The department may subsequently readopt any
32 emergency regulation authorized by this section that is the same
33 as or is substantially equivalent to an emergency regulation
34 previously adopted pursuant to this section.

35 (c) The initial adoption of emergency regulations implementing
36 this article and the one readoption of emergency regulations
37 authorized by this section shall be deemed an emergency and
38 necessary for the immediate preservation of the public peace,
39 health, safety, or general welfare. Initial emergency regulations
40 and the one readoption of emergency regulations authorized by

1 this section shall be exempt from review by the Office of
2 Administrative Law. The initial emergency regulations and the
3 one readoption of emergency regulations authorized by this section
4 shall be submitted to the Office of Administrative Law for filing
5 with the Secretary of State and each shall remain in effect for no
6 more than 180 days, by which time final regulations may be
7 adopted.

8 SEC. 68. Article 3 (commencing with Section 11970.45) of
9 Chapter 2 of Part 3 of Division 10.5 of the Health and Safety Code
10 is repealed.

11 SEC. 69. Article 2 (commencing with Section 11975) is added
12 to Chapter 2 of Part 3 of Division 10.5 of the Health and Safety
13 Code, to read:

14
15 Article 2. Drug Court Partnership Act of 2002
16

17 11975. (a) This article shall be known and may be cited as
18 the Drug Court Partnership Act of 2002.

19 (b) The Drug Court Partnership Program, as provided for in
20 this article, shall be administered by the State Department of
21 Alcohol and Drug Programs for the purpose of providing
22 assistance to drug courts that accept only defendants who have
23 been convicted of felonies. The department and the Judicial Council
24 shall design and implement this program through the Drug Court
25 Systems Steering Committee as originally established by the
26 department and the Judicial Council to implement the former Drug
27 Court Partnership Act of 1998 (Article 3 (commencing with Section
28 11970)).

29 (c) (1) The department shall require counties that participate
30 in the Drug Court Partnership Program to submit a revised
31 multiagency plan that is in conformance with the Drug Court
32 Systems Steering Committee's recommended guidelines. Revised
33 multiagency plans that are reviewed and approved by the
34 department and recommended by the Drug Court Systems Steering
35 Committee shall be funded for the 2002–03 fiscal year under this
36 article. The department, without a renewal of the Drug Court
37 Systems Steering Committee's original recommendation, may
38 disburse future year appropriations to the grantees.

39 (2) The multiagency plan shall identify the resources and
40 strategies for providing an effective drug court program exclusively

1 for convicted felons who meet the requirements of this article and
2 the guidelines adopted thereunder, and shall set forth the basis
3 for determining eligibility for participation that will maximize
4 savings to the state in avoided prison costs.

5 (3) The multiagency plan shall include, but not be limited to,
6 all of the following components:

7 (A) The method by which the drug court will ensure that the
8 target population of felons will be identified and referred to the
9 drug court.

10 (B) The elements of the treatment and supervision programs.

11 (C) The method by which the grantee will provide the specific
12 outcomes and data required by the department to determine state
13 prison savings or cost avoidance.

14 (D) Assurance that funding received pursuant to this article
15 will be used to supplement, rather than supplant, existing
16 programs.

17 (d) Funds shall be used only for programs that are identified
18 in the approved multiagency plan. Acceptable uses may include,
19 but shall not be limited to, any of the following:

20 (1) Drug court coordinators.

21 (2) Training.

22 (3) Drug Testing.

23 (4) Treatment.

24 (5) Transportation.

25 (6) Other costs related to substance abuse treatment.

26 (e) The department shall identify and design a data collection
27 instrument to determine state prison cost savings and avoidance
28 from this program.

29 SEC. 70. Section 11999.6 of the Health and Safety Code is
30 amended to read:

31 11999.6. Moneys deposited in the Substance Abuse Treatment
32 Trust Fund shall be distributed annually by the Secretary of the
33 California Health and Human Services Agency through the State
34 Department of Alcohol and Drug Programs to counties to cover
35 the costs of placing persons in and providing drug treatment
36 programs under this act, and vocational training, family counseling,
37 and literacy training under this act. Additional costs that may be
38 reimbursed from the Substance Abuse Treatment Trust Fund
39 include probation department costs, court monitoring costs, and
40 any miscellaneous costs made necessary by the provisions of this

act other than drug testing services of any kind. Incarceration costs cannot be reimbursed from the fund. Those moneys shall be allocated to counties through a fair and equitable distribution formula that includes, but is not limited to, per capita arrests for controlled substance possession violations and substance abuse treatment caseload, as determined by the department as necessary to carry out the purposes of this act. The department may reserve a portion of the fund to pay for direct contracts with drug treatment service providers in counties or areas in which the director of the department has determined that demand for drug treatment services is not adequately met by existing programs. However, nothing in this section shall be interpreted or construed to allow any entity to use funds from the Substance Abuse Treatment Trust Fund to supplant funds from any existing fund source or mechanism currently used to provide substance abuse treatment. In addition, funds from the Substance Abuse Treatment Trust Fund shall not be used to fund in any way the drug treatment courts established pursuant to Article 2 (commencing with Section 11970.1) or Article 3 (commencing with Section 11970.4) of Chapter 2 of Part 3 of Division 10.5, including drug treatment or probation supervision associated with those drug treatment courts.

SEC. 71. Section 4369.4 of the Welfare and Institutions Code is amended to read:

4369.4. All state agencies, including, but not limited to, the California Horse Racing Board, the California Gambling Control Commission, the Department of Justice, and any other agency that regulates casino gambling or cardrooms within the state, and the Department of Corrections, ~~the California Youth Authority, the State Departments of Health Services and Rehabilitation, the State Department of Alcohol and Drug Programs, and Mental Health~~ *the State Department of Health Care Services*, and the California State Lottery, shall coordinate with the office to ensure that state programs take into account, as much as practicable, problem and pathological gamblers. The office shall also coordinate and work with other entities involved in gambling and the treatment of problem and pathological gamblers.

SEC. 71.5. Section 10605.1 is added to the Welfare and Institutions Code, to read:

10605.1. (a) *If a federal disallowance or other financial penalty is imposed on the state based on the results of the federal*

1 *Children and Family Services Review pursuant to Section 1320a-2a*
2 *of Title 42 of the United States Code, the department, in*
3 *consultation with the California State Association of Counties,*
4 *shall develop an apportionment of the total counties' share of the*
5 *penalty pursuant to paragraph (3) of subdivision (e) of Section*
6 *30026.5 of the Government Code to the individual counties whose*
7 *performance contributed to the failure to meet the federal outcome*
8 *target upon which the federal disallowance or other financial*
9 *penalty is based.*

10 *(b) The apportionment of the total counties' share of the penalty*
11 *to the appropriate individual counties shall include, but not be*
12 *limited to, the following:*

13 *(1) For individual counties subject to a share of the federal*
14 *disallowance or other financial penalty pursuant to this section*
15 *that did not expend in the fiscal year upon which the federal*
16 *disallowance or financial penalty is based an amount equivalent*
17 *to 90 percent of that which the county would have had to spend in*
18 *the 2011–12 fiscal year in the absence of 2011 Realignment*
19 *Legislation to access the augmentation funding pursuant to Section*
20 *10609.9, as that section read prior to the enactment of 2011*
21 *Realignment Legislation, on services that were previously funded*
22 *from the General Fund from with Child Welfare Services Allocation*
23 *prior to the enactment of 2011 Realignment Legislation, an*
24 *increased share of the federal disallowance or other financial*
25 *penalty as calculated in paragraph (2). The determination of*
26 *whether a county expended the amount necessary to be eligible*
27 *for the allocation pursuant to this subdivision shall be made based*
28 *on claims for that fiscal year received by the department as of*
29 *August 1 of the subsequent fiscal year to the fiscal year in which*
30 *the federal disallowance or financial penalty is based.*

31 *(2) For every percentage point below the 90 percent expenditure*
32 *level pursuant to paragraph (1), the individual county's share of*
33 *the federal disallowance or other financial penalty shall be*
34 *increased by 2 percentage points. Percentages shall be rounded*
35 *up or down to the nearest full percentage for purposes of this*
36 *paragraph.*

37 *(3) Small counties, defined as those counties with a population*
38 *of 50,000 or fewer pursuant to demographic information released*
39 *each year by the Department of Finance, are exempt from the*

1 *minimum expenditure requirement and the increased share of*
2 *penalties pursuant to paragraphs (1) and (2).*

3 *(4) The increased share of federal disallowances or other*
4 *financial penalties pursuant to paragraph (2) shall not be imposed*
5 *on any county if the revenues received pursuant to Sections 6051.15*
6 *and 6201.15 and allocated to the county's Protective Services*
7 *Subaccount within the Support Services Account in the fiscal year*
8 *upon which the federal disallowance or other financial penalty is*
9 *based do not equal the maximum level of funds allocated to the*
10 *county's Protective Services Subaccount within the Support*
11 *Services Account in any fiscal year prior to the fiscal year upon*
12 *which the federal disallowance or other financial penalty is based*
13 *plus additional amounts if necessary to fully fund foster care*
14 *assistance and Adoption Assistance Program payments in the fiscal*
15 *year upon which the federal disallowance or other financial penalty*
16 *is based.*

17 *(5) The director is authorized to waive the additional county*
18 *share of federal disallowances or other financial penalties.*

19 *SEC. 72. Section 14021 of the Welfare and Institutions Code*
20 *is amended to read:*

21 *14021. Notwithstanding any other provision of this chapter,*
22 *health care shall include the following mental health and substance*
23 *use disorder services:*

24 *(a) Mental health services provided by a county or a city.*

25 *(b) Mental health services provided in a ~~Short-Doyle~~ community*
26 *mental health service or in a community mental health center*
27 *organized under the ~~Federal~~ federal Community Mental Health*
28 *Centers Act of 1963. No amount shall be paid for that portion of*
29 *the total costs of care and services in a federally funded community*
30 *mental health center which may be compensated by the United*
31 *States government under the federal Community Mental Health*
32 *Centers Act of 1963. No amount shall be paid to a ~~Short-Doyle~~*
33 *community mental health service or a federally funded community*
34 *mental health center unless the ~~Short-Doyle~~ community mental*
35 *health service or the federally funded community mental health*
36 *center participates in a county or city mental health performance*
37 *contract pursuant to Section 5650.*

38 *(c) ~~Outpatient drug abuse~~ Drug Medi-Cal outpatient substance*
39 *use disorder services under the jurisdiction of the ~~State Department~~*
40 *of Alcohol and Drug Programs department provided by a county*

1 provider certified under this chapter or a private provider certified
2 under this chapter which has an approved contract with the county
3 or with the ~~State Department of Alcohol and Drug Programs~~
4 ~~department~~ to provide covered ~~drug abuse~~ *substance use disorder*
5 services.

6 (d) Inpatient hospital services in an institution for mental
7 diseases to persons of all ages, provided that the institution for
8 mental diseases is certified as a psychiatric hospital under Title
9 XVIII of the federal Social Security Act and regulations issued
10 thereunder.

11 Notwithstanding Section 14157, no money in the State Health
12 Care Deposit Fund shall be expended for the purposes of this
13 section unless the Legislature specifically appropriates money for
14 the purposes of this section.

15 The amendment of this subdivision enacted at the 1972 Regular
16 Session of the Legislature does not constitute a change in, but is
17 declaratory of, the preexisting law.

18 (e) (1) Other diagnostic, screening, preventive, or remedial
19 rehabilitative services for the maximum restoration of an individual
20 to the best possible functional level.

21 (2) Paragraph (1) includes any medical or remedial services
22 provided in a facility, home, or other setting, that are recommended
23 by a physician or other licensed practitioner of the healing arts
24 within the scope of his or her practice under state law.

25 *SEC. 73. Section 14021.30 of the Welfare and Institutions Code*
26 *is amended to read:*

27 14021.30. (a) It is the intent of the Legislature to transfer to
28 the State Department of Health Care Services, no later than July
29 1, 2012, the administration of the Drug Medi-Cal program from
30 the State Department of Alcohol and Drug Programs. It is further
31 the intent of the Legislature that this transfer should happen
32 efficiently and effectively, with no unintended interruptions in
33 service delivery. This transfer is intended to do all of the following:

34 (1) Improve access to alcohol and drug treatment services,
35 including a focus on recovery and rehabilitation services.

36 (2) More effectively integrate the financing of services,
37 including the receipt of federal funds.

38 (3) Improve state accountability and outcomes.

39 (4) Provide focused, high-level leadership for behavioral health
40 services.

1 (b) Effective July 1, 2012, the administrative functions for the
2 Drug Medi-Cal program that were previously performed by the
3 State Department of Alcohol and Drug Programs are transferred
4 to the department.

5 (c) Notwithstanding subdivision (b), the department and the
6 State Department of Alcohol and Drug Programs may conduct
7 transition activities prior to July 1, 2012, that are necessary to
8 ensure the efficient and effective transfer of Drug Medi-Cal
9 program functions by that date in accordance with the transition
10 plan described in Section 14021.31.

11 (d) *After July 1, 2012, and through the quarter ending June 30,*
12 *2014, the department shall provide quarterly updates to the*
13 *Legislature, key stakeholders, and the public on the steps foreseen,*
14 *planned, and completed for the Drug Medi-Cal transfer, noting*
15 *areas of concern, delay, or disruption, as the program fully*
16 *transitions to the State Department of Health Care Services. These*
17 *updates shall include information on continuity of care for*
18 *beneficiaries and any access issues to care that arise as a result*
19 *of or within the Drug Medi-Cal transfer. The State Department of*
20 *Health Care Services shall convene meetings with interested*
21 *stakeholders, including legislative representatives, either in*
22 *preparation for or at the release of these quarterly updates. The*
23 *first of these quarterly updates shall be released no later than*
24 *October 1, 2012.*

25 SEC. 74. Section 14021.33 is added to the Welfare and
26 Institutions Code, to read:

27 14021.33. *A regulation or order concerning the Drug Medi-Cal*
28 *Treatment Program adopted by the State Department of Alcohol*
29 *and Drug Programs pursuant to former Chapter 3.4 (commencing*
30 *with Section 11758.40) of Part 1 of Division 10.5 of the Health*
31 *and Safety Code, as in effect preceding the effective date of the*
32 *act that added this section, shall remain in effect and shall be fully*
33 *enforceable, unless and until the readoption, amendment, or repeal*
34 *of the regulation or order by the department, or until it expires by*
35 *its own terms.*

36 SEC. 75. Section 14021.35 of the Welfare and Institutions Code
37 is amended to read:

38 14021.35. (a) ~~The State Department of Alcohol and Drug~~
39 ~~Programs~~ department shall prepare and submit amendments to the
40 ~~medicaid~~ Medicaid state plan and apply for any necessary waivers

1 in order to obtain federal financial participation for Drug-Medi-Cal
2 Program provisions contained in subdivision (b) of Section
3 11758.46 of the Health and Safety Code. The department shall
4 review the recommended state plan amendments prepared by the
5 State Department of Alcohol and Drug Programs. If the department
6 determines that the recommended state plan amendments satisfy
7 federal requirements for federal financial participation, the
8 department shall submit an amendment to the medicaid state plan
9 for medical assistance under Section 1915(g) of the federal Social
10 Security Act (Title 42 U.S.C. Sec. 1396n(g)), to implement
11 Drug-Medi-Cal Drug Medi-Cal Treatment Program provisions
12 contained in subdivision (b) of Section 11758.46 of the Health and
13 Safety Code 14124.24.

14 (b) Upon federal approval for federal financial assistance, the
15 department, in consultation with the State Department of Alcohol
16 and Drug Programs, shall define the new Drug Medi-Cal services,
17 as needed, shall establish the standards under which those services
18 qualify as Drug-Medi-Cal Drug Medi-Cal reimbursable services,
19 and shall develop appropriate rates of reimbursement for those
20 services, subject to utilization controls.

21 SEC. 76. Section 14021.51 is added to the Welfare and
22 Institutions Code, to read:

23 14021.51. (a) For purposes of this chapter, "LAAM" means
24 levoalphacetylmethadol.

25 (b) (1) The department shall establish a narcotic replacement
26 therapy dosing fee for methadone and LAAM.

27 (2) In addition to the narcotic replacement therapy dosing fee
28 provided for pursuant to paragraph (1), narcotic treatment
29 programs shall be reimbursed for the ingredient costs of methadone
30 or LAAM dispensed to Medi-Cal beneficiaries. These costs may
31 be determined on an average daily dose of methadone or LAAM,
32 as set forth by the department.

33 (c) Reimbursement for narcotic replacement therapy dosing
34 and ancillary services provided by narcotic treatment programs
35 shall be based on a per capita uniform statewide daily
36 reimbursement rate for each individual patient, as established by
37 the department. The uniform statewide daily reimbursement rate
38 for narcotic replacement therapy dosing and ancillary services
39 shall be based upon, where available and appropriate, all of the
40 following:

1 (1) *The outpatient rates for the same or similar services under*
2 *the fee-for-service Medi-Cal program.*

3 (2) *Cost report data.*

4 (3) *Other data deemed reliable and relevant by the department.*

5 (4) *The rate studies completed pursuant to Section 54 of Chapter*
6 *197 of the Statutes of 1996.*

7 (d) *The uniform statewide daily reimbursement rate for ancillary*
8 *services shall not exceed, for individual services or in the*
9 *aggregate, the outpatient rates for the same or similar services*
10 *under the fee-for-service Medi-Cal program.*

11 (e) *The uniform statewide daily reimbursement rate shall be*
12 *established after consultation with narcotic treatment program*
13 *providers and county alcohol and drug program administrators.*

14 (f) *Reimbursement for narcotic treatment program services*
15 *shall be limited to those services specified in state law and state*
16 *and federal regulations governing the licensing and administration*
17 *of narcotic treatment programs. These services shall include, but*
18 *are not limited to, all of the following:*

19 (1) *Admission, physical evaluation, and diagnosis.*

20 (2) *Drug screening.*

21 (3) *Pregnancy tests.*

22 (4) *Narcotic replacement therapy dosing.*

23 (5) *Intake assessment, treatment planning, and counseling*
24 *services. Frequency of counseling or medical psychotherapy,*
25 *outcomes, and rates shall be addressed through regulations*
26 *adopted by the department. For purposes of this paragraph, these*
27 *services include, but are not limited to, substance abuse services*
28 *to pregnant and postpartum Medi-Cal beneficiaries.*

29 (g) *Reimbursement under this section shall be limited to claims*
30 *for narcotic treatment program services at the uniform statewide*
31 *daily reimbursement rate for these services. These rates shall be*
32 *exempt from the requirements of Section 14021.6.*

33 (h) (1) *Reimbursement to narcotic treatment program providers*
34 *shall be limited to the lower of either the uniform statewide daily*
35 *reimbursement rate, pursuant to subdivision (c), or the provider's*
36 *usual and customary charge to the general public for the same or*
37 *similar service.*

38 (2) (A) *Reimbursement paid by a county to a narcotic treatment*
39 *program provider for services provided to any person subject to*
40 *Section 1210.1 or 3063.1 of the Penal Code, and for which the*

1 individual client is not liable to pay, does not constitute a usual
2 and customary charge to the general public for the purposes of
3 this section.

4 (B) Subparagraph (A) does not constitute a change in, but is
5 declaratory of, existing law.

6 (i) No program shall be reimbursed for services not rendered
7 to or received by a patient of a narcotic treatment program.

8 (j) Reimbursement for narcotic treatment program services
9 provided to substance abusers shall be administered by the
10 department and counties electing to participate in the program.
11 Utilization and payment for these services shall be subject to
12 federal Medicaid and state utilization and audit requirements.

13 SEC. 77. Section 14021.52 is added to the Welfare and
14 Institutions Code, to read:

15 14021.52. (a) (1) The Legislature finds and declares all of
16 the following:

17 (A) Medical treatment for indigent patients who are not eligible
18 for Medi-Cal is essential to protecting the public health.

19 (B) The Legislature supports the adoption of standardized and
20 simplified forms and procedures in order to promote the drug
21 treatment of indigent patients who are not eligible for Medi-Cal.

22 (C) Providers should not be required by the state to subsidize
23 the medical treatment provided to indigent patients who are not
24 eligible for Medi-Cal.

25 (D) The Legislature supports the therapeutic value of indigent
26 patients who are not eligible for Medi-Cal contributing some level
27 of fees for drug treatment services in order to support the goals
28 of those drug treatment services.

29 (2) It is the intent of the Legislature in enacting this section to
30 encourage narcotic treatment program providers to serve indigent
31 patients who are not eligible for Medi-Cal. It is also the intent of
32 the Legislature that the department allow narcotic treatment
33 program providers to charge therapeutic fees for providing drug
34 treatment to indigent patients who are not eligible for Medi-Cal
35 if the providers establish a fee scale that complies with the
36 documentation requirements established pursuant to this section
37 and federal law.

38 (b) (1) The Legislature recognizes that narcotic treatment
39 program providers are reimbursed for controlled substances
40 provided under the Drug Medi-Cal Treatment Program, also

1 known as Drug Medi-Cal, and pursuant to federal law at a rate
2 that is the lower of the per capita uniform statewide daily
3 reimbursement or Drug Medi-Cal rate, or the provider's usual
4 and customary charge to the general public for the same or similar
5 services.

6 (2) It furthers the intent of the Legislature to ensure that narcotic
7 treatment programs in the state are able to serve indigent clients
8 and that there is an exception to the reimbursement requirements
9 described in paragraph (1), as the federal law has been interpreted
10 by representatives with the federal Centers for Medicare and
11 Medicaid Services. Pursuant to this exception, if a narcotic
12 treatment program provider that is serving low-income non-Drug
13 Medi-Cal clients complies with a federal requirement for the
14 application of a sliding indigency scale, the reduced charges under
15 the sliding indigency scale shall not lower the provider's usual
16 and customary charge determination for purposes of Medi-Cal
17 reimbursement.

18 (c) A licensed narcotic treatment program provider that serves
19 low-income non-Drug Medi-Cal clients shall be deemed in
20 compliance with federal and state law, for purposes of the
21 application of the exception described in paragraph (2) of
22 subdivision (b), and avoid audit disallowances, if the provider
23 implements a sliding indigency scale that meets all of the following
24 requirements:

25 (1) The maximum fee contained in the scale shall be the
26 provider's full nondiscounted, published charge and shall be at
27 least the rate that Drug Medi-Cal would pay for the same or similar
28 services provided to Drug Medi-Cal clients.

29 (2) The sliding indigency scale shall provide for an array of
30 different charges, based upon a client's ability to pay, as measured
31 by identifiable variables. These variables may include, but need
32 not be limited to, financial information and the number of
33 dependents of the client.

34 (3) Income ranges shall be in increments that result in a
35 reasonable distribution of clients paying differing amounts for
36 services based on differing abilities to pay.

37 (4) A provider shall obtain written documentation that supports
38 an indigency allowance under the sliding indigency scale
39 established pursuant to this section, including a financial
40 determination. In cases where this written documentation cannot

1 be obtained, the provider shall document at least three attempts
2 to obtain this written documentation from a client.

3 (5) The provider shall maintain all written documentation that
4 supports an indigency allowance under this section, including, if
5 used, the financial evaluation form set forth in Section 14021.53.

6 (6) Written policies shall be established and maintained that
7 set forth the basis for determining whether an indigency allowance
8 may be granted under this section and establish what
9 documentation shall be requested from a client.

10 (d) In developing the sliding indigency scale, a narcotic
11 treatment program provider shall consider, but need not include,
12 any or all of the following components:

13 (1) Vertically, the rows would reflect increments of family or
14 household income. There would be a sufficient number of
15 increments to allow for differing charges, such as a six hundred
16 dollar (\$600) increase per interval.

17 (2) Horizontally, the columns would provide for some other
18 variable, such as family size, in which case, the columns would
19 reflect the number of people dependent on the income, including
20 the client.

21 (3) Each row, except the first and last rows, would contain at
22 least two different fee amounts and each of the columns, four or
23 more in number, would contain at least six different fee amounts.

24 (4) The cells would contain an array of fees so that no fee would
25 be represented in more than 25 percent of the cells.

26 (e) A narcotic treatment program provider that uses the financial
27 evaluation form instructions and financial form set forth in Section
28 14021.53 in obtaining written documentation that supports an
29 indigency allowance as required under paragraph (4) of
30 subdivision (c) shall be deemed in compliance with that paragraph.

31 SEC. 78. Section 14021.53 is added to the Welfare and
32 Institutions Code, to read:

33 14021.53. A narcotic treatment program provider may use the
34 following instructions and financial evaluation form to comply
35 with the requirements of paragraph (4) of subdivision (c) of Section
36 14021.52:
37

1 *FINANCIAL EVALUATION FORM INSTRUCTIONS*

2
3
4 *MONTHLY INCOME DATA—This data should specify the source*
5 *and the amount and be supported by sufficient documentation.*
6 *Income data may include, but are not limited to, income received*
7 *as a paid employee, unemployment benefits, disability benefits,*
8 *pension payments, family income, savings income, or other sources.*

9 *MONTHLY EXPENSES DATA—This data is not required unless*
10 *there is no evidence or documentation of income data. Expense*
11 *data may include, but are not limited to, any known expenses*
12 *related to the following:*

13 (1) *Court-ordered payments, such as child support, fines, debts,*
14 *restitution, or other payments.*

15 (2) *Housing-related expenses, such as rent, mortgage, insurance,*
16 *utilities, or other obligations.*

17 (3) *Transportation costs, such as any related expenses, including*
18 *automobile payments or automobile insurance payments.*

19 (4) *Insurance coverage should also be noted if it produces either*
20 *an expense or benefit to the client.*

21 *CLIENT MONTHLY TREATMENT FEE—The following applies*
22 *to this data:*

23 (1) *The amount box indicates the client's fee according to his*
24 *or her location on the sliding scale.*

25 (2) *The adjusted client monthly fee box is to be filled only if the*
26 *fee to be charged differs from the fee indicated by the client's*
27 *location on the sliding scale.*

28 (3) *If the fee is adjusted from what the sliding scale would*
29 *indicate, a reason for the adjustment must be provided. (Valid*
30 *reasons might include extraordinary medical expenses for a client*
31 *suffering from HIV/AIDS, etc.)*

32 *PLEASE NOTE—The documentation for this form requires that*
33 *the provider make at least three documented attempts to collect*
34 *documentation from a client. Any questions on this form may be*
35 *directed to the department at (____).*

36
37 *SEC. 79. Section 14021.9 of the Welfare and Institutions Code*
38 *is amended to read:*

39 14021.9. (a) *Notwithstanding any other law, for the 2009–10*
40 *fiscal year, a 10-percent reduction shall be applied to rates for*

1 Drug Medi-Cal services developed by the State Department of
2 Alcohol and Drug Programs pursuant to Section 11758.42 of the
3 Health and Safety Code and Sections 14021.35, 14021.5, and
4 14021.6.

5 (b) For the 2010–11 *and 2011–12* fiscal year ~~and each fiscal~~
6 ~~year thereafter~~ years, rates for Drug Medi-Cal services shall be
7 the lower of the following:

8 (1) The rates developed by the State Department of Alcohol
9 and Drug Programs pursuant to Section 11758.42 of the Health
10 and Safety Code and Sections 14021.35, 14021.5, and 14021.6.

11 (2) The rates applicable in the 2009–10 fiscal year pursuant to
12 subdivision (a), adjusted for the cumulative growth in the Implicit
13 Price Deflator for the Costs of Goods and Services to Governmental
14 Agencies, as reported by the Department of Finance.

15 (c) *For the 2012–13 fiscal year and each fiscal year thereafter,*
16 *rates for Drug Medi-Cal reimbursable services shall be the lower*
17 *of the following:*

18 (1) *The rates developed pursuant to Sections 14021.35,*
19 *14021.51, and 14021.6.*

20 (2) *The rates applicable in the 2009–10 fiscal year pursuant to*
21 *subdivision (a), adjusted for the cumulative growth in the Implicit*
22 *Price Deflator for the Costs of Goods and Services to*
23 *Governmental Agencies, as reported by the Department of Finance.*

24 (e)

25 (d) The rate reductions applicable for the 2009–10 fiscal year
26 pursuant to subdivision (a) shall be applied retroactively to July
27 1, 2009.

28 SEC. 80. Article 3.2 (commencing with Section 14124.20) is
29 added to Chapter 7 of Part 3 of Division 9 of the Welfare and
30 Institutions Code, to read:

31

32 Article 3.2. Drug Medi-Cal Treatment Program

33

34 14124.20. (a) The department may enter into a Drug Medi-Cal
35 Treatment Program contract with each county for the provision
36 of alcohol and drug use services within the county service area.

37 (b) A county that has multiple contracts with the department
38 for the provision of multiple alcohol and drug use services may
39 enter into a single contract with the department.

1 14124.21. (a) If a county decides to not enter a Drug Medi-Cal
2 Treatment Program contract with the department, the county shall
3 notify the department of this decision in writing by the May 20
4 preceding the fiscal year in which, or at least 60 days before, the
5 contract would have become effective.

6 (b) (1) To the extent that a county decides not to enter into or
7 terminates its Drug Medi-Cal Treatment Program contract with
8 the department, the department shall contract for Drug Medi-Cal
9 Treatment services in the county as necessary to ensure beneficiary
10 access to these services. The contract shall be made in accordance
11 with federal Medicaid and state Medi-Cal laws and in accordance
12 with the federal court order and any future action in the case of
13 *Sobky v. Smoley* (E.D.Cal 1994) 855 F.Supp. 1123.

14 (2) The department may enter into contracts for the provision
15 of Drug Medi-Cal Treatment Program services with certified Drug
16 Medi-Cal providers directly or through qualifying individual
17 counties, counties acting jointly, county consortia, and with
18 qualified individuals, organizations, or nongovernmental entities.

19 (c) The department and the Department of Finance shall
20 determine how much funding is necessary to provide the necessary
21 services in a county and notify the Controller.

22 14124.22. (a) In addition to narcotic treatment program
23 services, a narcotic treatment program provider who is also
24 enrolled as a Medi-Cal provider may provide medically necessary
25 medical treatment of concurrent health conditions within the scope
26 of the provider's practice, to Medi-Cal beneficiaries who are not
27 enrolled in managed care plans. Medi-Cal beneficiaries enrolled
28 in managed care plans shall be referred to those plans for receipt
29 of medically necessary medical treatment of concurrent health
30 conditions.

31 (b) Diagnosis and treatment of concurrent health conditions of
32 Medi-Cal beneficiaries not enrolled in managed care plans by a
33 narcotic treatment program provider may be provided within the
34 Medi-Cal coverage limits. When the services are not part of the
35 substance use disorder treatment reimbursed pursuant to Section
36 14021.51, services shall be reimbursed in accordance with the
37 Medi-Cal program. Services reimbursable under this section shall
38 include, but are not limited to, all of the following:

39 (1) Medical treatment visits.

40 (2) Diagnostic blood, urine, and X-rays.

1 (3) Psychological and psychiatric tests and services.

2 (4) Quantitative blood and urine toxicology assays.

3 (5) Medical supplies.

4 (c) A narcotic treatment provider, who is enrolled as a Medi-Cal
5 fee-for-service provider, shall not seek reimbursement from a
6 beneficiary for substance abuse treatment services, if services for
7 treatment of concurrent health conditions are billed to the
8 Medi-Cal fee-for-service program.

9 14124.23. The department may enter into contracts for the
10 procurement of services to assist the department in administering
11 the Drug Medi-Cal Treatment Program.

12 14124.24. (a) For purposes of this section, “Drug Medi-Cal
13 reimbursable services” means the substance use disorder services
14 described in the California State Medicaid Plan and includes, but
15 is not limited to, all of the following services, administered by the
16 department, and to the extent consistent with state and federal
17 law:

18 (1) Narcotic treatment program services, as set forth in Section
19 14021.51.

20 (2) Day care rehabilitative services.

21 (3) Perinatal residential services for pregnant women and
22 women in the postpartum period.

23 (4) Naltrexone services.

24 (5) Outpatient drug-free services.

25 (6) Other services upon approval of a federal Medicaid state
26 plan amendment or waiver authorizing federal financial
27 participation.

28 (b) (1) While seeking federal approval for any federal Medicaid
29 state plan amendment or waiver associated with Drug Medi-Cal
30 services, the department shall consult with the counties and
31 stakeholders in the development of the state plan amendment or
32 waiver.

33 (2) Upon federal approval of a federal Medicaid state plan
34 amendment authorizing federal financial participation in the
35 following services, and subject to appropriation of funds, “drug
36 Medi-Cal services” shall also include the following services,
37 administered by the department, and to the extent consistent with
38 state and federal law:

39 (A) Notwithstanding subdivision (a) of Section 14132.90, day
40 care habilitative services, which, for purposes of this paragraph,

1 *are outpatient counseling and rehabilitation services provided to*
2 *persons with alcohol or other drug abuse diagnoses.*

3 *(B) Case management services, including supportive services*
4 *to assist persons with alcohol or other drug abuse diagnoses in*
5 *gaining access to medical, social, educational, and other needed*
6 *services.*

7 *(C) Aftercare services.*

8 *(c) (1) The nonfederal share for Drug Medi-Cal services shall*
9 *be funded through a county's Behavioral Health Subaccount of*
10 *the Support Services Account of the Local Revenue Fund 2011,*
11 *and any other available county funds eligible under federal law*
12 *for federal Medicaid reimbursement. The funds contained in each*
13 *county's Behavioral Health Subaccount of the Support Services*
14 *Account of the Local Revenue Fund 2011 shall be considered state*
15 *funds distributed by the principal state agency for the purposes of*
16 *receipt of the federal block grant funds for prevention and*
17 *treatment of substance abuse found at Subchapter XVII of Chapter*
18 *6A of Title 42 of the United States Code. Pursuant to applicable*
19 *federal Medicaid law and regulations including Section 433.51 of*
20 *Title 42 of the Code of Federal Regulations, counties may claim*
21 *allowable Medicaid federal financial participation for Drug*
22 *Medi-Cal services based on the counties certifying their actual*
23 *total funds expenditures for eligible Drug Medi-Cal services to*
24 *the department.*

25 *(2) (A) If the director determines that a county's provision of*
26 *Drug Medi-Cal treatment services are disallowed by the federal*
27 *government or by state or federal audit or review, the impacted*
28 *county shall be responsible for repayment of all disallowed federal*
29 *funds. In addition to any other recovery methods available,*
30 *including, but not limited to, offset of Medicaid federal financial*
31 *participation funds owed to the impacted county, the director may*
32 *offset these amounts in accordance with Section 12419.5 of the*
33 *Government Code.*

34 *(B) A county subject to an action by the director pursuant to*
35 *subparagraph (A) may challenge that action by requesting a*
36 *hearing in writing no later than 30 days from receipt of notice of*
37 *the department's action. The proceeding shall be conducted in*
38 *accordance with Chapter 5 (commencing with Section 11500) of*
39 *Part 1 of Division 3 of Title 2 of the Government Code, and the*
40 *director has all the powers granted therein. Upon a county's timely*

1 request for hearing, the county's obligation to make payment as
2 determined by the director shall be stayed pending the county's
3 exhaustion of administrative remedies provided herein but no
4 longer than will ensure the department's compliance with Section
5 1903(d)(2)(C) of the federal Social Security Act. (42 U.S.C. Sec.
6 1396b).

7 (d) Drug Medi-Cal services are only reimbursable to Drug
8 Medi-Cal providers with an approved Drug Medi-Cal contract.

9 (e) Counties shall negotiate contracts only with providers
10 certified to provide Drug Medi-Cal services.

11 (f) The department shall develop methods to ensure timely
12 payment of Drug Medi-Cal claims.

13 (g) (1) A county or a contracted provider, except for a provider
14 to whom subdivision (h) applies, shall submit accurate and
15 complete cost reports for the previous fiscal year by November 1,
16 following the end of the fiscal year. The department may settle
17 Drug Medi-Cal reimbursable services, based on the cost report
18 as the final amendment to the approved county Drug Medi-Cal
19 contract.

20 (2) Amounts paid for services provided to Drug Medi-Cal
21 beneficiaries shall be audited by the department in the manner
22 and form described in Section 14170.

23 (3) Administrative appeals to review grievances or complaints
24 arising from the findings of an audit or examination made pursuant
25 to this section shall be subject to Section 14171.

26 (h) Certified narcotic treatment program providers that are
27 exclusively billing the state or the county for services rendered to
28 persons subject to Section 1210.1 or 3063.1 of the Penal Code or
29 Section 14021.52 of this code shall submit accurate and complete
30 performance reports for the previous state fiscal year by November
31 1 following the end of that fiscal year. A provider to which this
32 subdivision applies shall estimate its budgets using the uniform
33 state daily reimbursement rate. The format and content of the
34 performance reports shall be mutually agreed to by the department,
35 the County Alcohol and Drug Program Administrators' Association
36 of California, and representatives of the treatment providers.

37 (i) Contracts entered into pursuant to this section shall be
38 exempt from the requirements of Chapter 1 (commencing with
39 Section 10100) and Chapter 2 (commencing with Section 10290)
40 of Part 2 of Division 2 of the Public Contract Code.

(j) Annually, the department shall publish procedures for contracting for Drug Medi-Cal services with certified providers and for claiming payments, including procedures and specifications for electronic data submission for services rendered.

14124.25. Service providers may assist Medi-Cal beneficiaries, upon request, to file a fair hearing request in accordance with Chapter 7 (commencing with Section 10950) of Part 2, or may inform Medi-Cal beneficiaries enrolled in Medi-Cal managed care plans about the Department of Managed Health Care's toll-free telephone number for health care service plan members or the department's ombudsman for Medi-Cal beneficiaries enrolled in a Medi-Cal managed care plan.

14124.26. (a) Except as provided in subdivisions (b) and (c), regulations adopted by the State Department of Alcohol and Drug Programs pursuant to former Sections 11758.40 to 11758.47, inclusive, of the Health and Safety Code shall remain in effect unless amended or repealed by regulation adopted pursuant to this article.

(b) Notwithstanding the rulemaking provisions of Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, for purposes of the Drug Medi-Cal Treatment Program, the department may implement, interpret, or make specific this article to the extent that this article differs from former Sections 11758.40 to 11758.47, inclusive, of the Health and Safety Code by means of all-county letters, plan letters, plan or provider bulletins, or similar instructions from the department until regulations are adopted pursuant to that chapter of the Government Code.

(c) (1) The department shall adopt emergency regulations no later than July 1, 2014. The department may subsequently readopt any emergency regulation authorized by this section that is the same as or is substantially equivalent to an emergency regulation previously adopted pursuant to this section.

(2) The initial adoption of emergency regulations implementing this article and the one readoption of emergency regulations authorized by this subdivision shall be deemed an emergency and necessary for the immediate preservation of the public peace, health, safety, or general welfare. Initial emergency regulations and the one readoption of emergency regulations authorized by this section shall be exempt from review by the Office of

1 *Administrative Law. The initial emergency regulations and the*
2 *one readoption of emergency regulations authorized by this section*
3 *shall be submitted to the Office of Administrative Law for filing*
4 *with the Secretary of State and each shall remain in effect for no*
5 *more than 180 days, by which time final regulations may be*
6 *adopted.*

7 *SEC. 81. (a) It is the intent of the Legislature that the*
8 *administrative and programmatic functions of the State Department*
9 *of Alcohol and Drug Programs be transferred to other departments*
10 *effective July 1, 2013. It is further the intent of the Legislature that*
11 *this transfer occur in a manner that best achieves the following*
12 *goals:*

13 *(1) Improves access to alcohol and drug treatment services for*
14 *consumers, including a focus on recovery and rehabilitative*
15 *services.*

16 *(2) Effectively integrates the implementation and financing of*
17 *services, including the coordination of licensing and certification*
18 *functions for providers, implementation of realignment pursuant*
19 *to 2011 realignment, and in the receipt and management of federal*
20 *funds.*

21 *(3) Ensures appropriate state and county accountability through*
22 *oversight and outcome measurement strategies, including, but not*
23 *limited to, monitoring of county programs and services.*

24 *(4) Provides focused, high-level leadership within state*
25 *government for alcohol and drug treatment services.*

26 *(b) Effective July 1, 2013, the administrative and programmatic*
27 *functions that were previously performed by the State Department*
28 *of Alcohol and Drug Programs are transferred to departments*
29 *within the Health and Human Services Agency. In consultation*
30 *with system stakeholders and affected departments, the California*
31 *Health and Human Services Agency shall prepare a detailed plan*
32 *for a reorganization of administrative and programmatic functions*
33 *of the State Department of Alcohol and Drug Programs. This plan*
34 *shall include the following components:*

35 *(1) A detailed rationale for the transfer of administrative and*
36 *programmatic function or functions, including program and policy*
37 *changes necessitated by the proposed transfer.*

38 *(2) A cost and benefit analysis for each transfer and for the*
39 *proposal as a whole, if more than one transfer is involved, showing*
40 *fiscal and programmatic impacts of the changes.*

1 (3) A detailed assessment of how the transfer will affect
2 continuity of service for providers, consumers, county counterparts,
3 and other major stakeholders.

4 (4) If function transfers are proposed to more than one receiving
5 department, a detailed explanation of the following:

6 (A) How preparation will occur to maximize a smooth transition
7 across departments.

8 (B) How ongoing program and policy functions will be
9 coordinated across departments after the transfer is implemented.

10 (5) A detailed description of the stakeholder process, including,
11 but not limited to:

12 (A) A description of stakeholder participants which shall
13 include, at a minimum, consumers, family members, providers,
14 counties, and representatives of the Legislature.

15 (B) A schedule of stakeholder meetings convened, and other
16 activities conducted to provide maximum stakeholder input prior
17 to production of a draft plan and to review the draft plan prior to
18 submission to the Legislature.

19 (C) A discussion of significant concerns raised by stakeholders
20 and how they were or were not addressed in the plan.

21 (D) A description of an on going stakeholder process that will
22 provide continued assessment of and recommendations for
23 improvement to the delivery of alcohol and drug treatment services
24 in California.

25 (c) The plan developed under this section shall be submitted to
26 the Legislature as part of the 2013–14 Governor’s Budget. The
27 budget shall identify the transfer of administrative and
28 programmatic functions that were previously performed by the
29 State Department of Alcohol and Drug Programs. The ultimate
30 placement of these functions is contingent upon the Budget Act of
31 2013 and implementing legislation.

32 SEC. 82. The sum of one thousand dollars (\$1,000) is hereby
33 appropriated from the General Fund to the State Department of
34 Health Care Services for administration.

35 SEC. 83. Sections 1 to 81, inclusive, of this act shall become
36 operative on July 1, 2012.

37 SEC. 84. This act is a bill providing for appropriations related
38 to the Budget Bill within the meaning of subdivision (e) of Section
39 12 of Article IV of the California Constitution, has been identified

1 *as related to the budget in the Budget Bill, and shall take effect*
2 *immediately.*

3 ~~SECTION 1. It is the intent of the Legislature to enact statutory~~
4 ~~changes relating to the Budget Act of 2012.~~