

Senate Bill No. 1014

CHAPTER 36

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.

[Approved by Governor June 27, 2012. Filed with
Secretary of State June 27, 2012.]

LEGISLATIVE COUNSEL'S DIGEST

SB 1014, Committee on Budget and Fiscal Review. 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.

Appropriation: yes.

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

SECTION 1. This act shall be titled and may be cited as 2011 Realignment Legislation.

SEC. 2. Section 11755 of the Health and Safety Code is amended to read:

11755. The department shall do all of the following:

- (a) Adopt regulations pursuant to Section 11152 of the Government Code.
- (b) Employ administrative, technical, and other personnel as may be necessary for the performance of its powers and duties.

(c) Do or perform any of the acts that may be necessary, desirable, or proper to carry out the purpose of this division.

(d) Provide funds to counties for the planning and implementation of local programs to alleviate problems related to alcohol and other drug use.

(e) Review and execute contracts for drug and alcohol services submitted for funds allocated or administered by the department.

(f) Provide for technical assistance and training to local alcohol and other drug programs to assist in the planning and implementation of quality services.

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

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

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

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

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

(l) Develop standards for ensuring minimal statewide levels of service quality provided by alcohol and other drug programs.

(m) Review and license narcotic treatment programs.

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

(o) Develop and maintain a centralized alcohol and drug abuse indicator data collection system that shall gather and obtain information on the status of the alcohol and other drug abuse problems in the state. This information shall include, but not be limited to, all of the following:

(1) The number and characteristics of persons receiving recovery or treatment services from alcohol and other drug programs providing publicly funded services or services licensed by the state.

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

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

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

(5) The number of Department of Corrections and Rehabilitation, Division of Juvenile Facilities commitments for drug violations.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(C) Developmental followup care.

(D) Nutrition counseling.

(E) Methadone.

(F) Testing and counseling relating to AIDS.

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

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

(A) Case management.

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

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

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

(E) Parenting classes.

(F) Adequate child care for participating women.

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

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

(I) Transportation to outpatient treatment programs.

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

(K) Child development services.

(L) Educational and vocational services for women.

(M) Weekly urine testing.

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

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

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

11757.61. (a) Any county that receives funds distributed under this chapter may establish a perinatal coordinating council that consists of persons who are experts in the areas of alcohol and other drug treatment, client outreach and intervention with alcohol and other drug abusing women, child welfare services, maternal and child health services, and developmental services, and representatives from other community-based organizations.

(b) The coordination efforts provided through the council may include the following:

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

(2) The development of coordinated responses by county health and social service agencies and departments, which responses shall address the problem of perinatal alcohol and other drug abuse in the county.

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

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

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

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

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

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

CHAPTER 2.1. WOMEN AND CHILDREN'S RESIDENTIAL TREATMENT SERVICES

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

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

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

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

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

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

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

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

(1) Preserving family unity.

(2) Promoting healthy pregnancies.

(3) Enabling children to thrive.

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

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

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

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

11758.10. (a) Within 60 days after notification of the final allocation of each fiscal year pursuant to Section 11814, the board of supervisors of each county requesting to contract 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 contract for these services.

(b) The executed contract shall remain in effect to provide the basis for advance payment until the next year's contract is executed. The purpose of these county 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) 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.

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

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

11758.20. (a) The department shall negotiate contracts with each county that requests to enter into a contract to provide alcohol and other drug abuse services.

(b) The department shall allocate funds for the purpose of establishing a contract with each contracting county in accordance with Sections 11814 and 11817.3.

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

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

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

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

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

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

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

11760.5. (a) The Legislature recognizes that alcohol and other drug abuse should be viewed and treated as a health problem, as well as a public

safety problem. The alcohol and other drug abuse problem has significant public impact and must, in addition to public safety, be given community, education, social, and health attention if prevention and amelioration are to be achieved. These approaches should be coordinated into a multiagency and multifaceted program for alcohol and other drug abuse control in the counties of the state.

(b) It is the intent of the Legislature that community alcohol and other drug abuse services shall be organized through locally administered and locally controlled community alcohol and other drug abuse programs. The community alcohol and other drug abuse programs shall operate under the principle that services are designed to be equally accessible to all persons, including persons who because of differences in language, cultural differences in language, cultural traditions, or physical disabilities, confront barriers to knowing about or to using the alcohol and other drug abuse services that are offered.

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

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

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

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

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

(1) For demonstration programs of limited duration and scope, which programs, wherever possible, shall be administered through the counties, and which shall be specifically authorized and funded by the Budget Act or other statutes.

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

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

(c) (1) 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, the department may implement, interpret, or make specific the amendments to this section made by the act that added this

subdivision 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.

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

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

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

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

(b) Whenever the federal Substance Abuse and Mental Health Services Administration conditions its allocation of funds to the department in a manner which would conflict with any provision of this part, the department shall specifically describe the conflict in its application for federal funds.

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

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

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

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

11792. (a) The department, in consultation with the State Department of Public Health, shall distribute informational materials on the care and treatment of infants under the age of six months who have been exposed to

alcohol and other drugs. The informational materials shall include, but not be limited to, the following:

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

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

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

(4) The special care needs of infants who have been exposed to alcohol and other drugs, such as not overstimulating those infants who have been exposed to cocaine.

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

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

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

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

11796. (a) (1) Two or more counties may jointly establish county alcohol and other drug programs pursuant to Article 1 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code.

(2) Any county may, by contract, furnish alcohol and other drug services to another county.

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

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

11797. (a) Funds allocated to the county pursuant to this part shall be used exclusively for county alcohol and other drug services as identified in the contract for alcohol and other drug services and shall be separately identified and accounted for.

(b) The funds contained in each county's Behavioral Health Subaccount of the Support Services Account of the Local Revenue Fund 2011 established pursuant to Section 30025 of the Government Code shall be considered state funds distributed by the principle state agency for the purposes of

receipt of the federal block grant funds for prevention and treatment of substance abuse described in Subchapter XVII of Chapter 6A of Title 42 of the United States Code to the extent that these funds are used for authorized alcohol and drug prevention and treatment activities.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(l) (1) 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, the department may implement, interpret, or make specific this section 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.

(2) 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.

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

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

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

(b) A county may, by resolution of its board of supervisors, develop and operate alcohol and other drug abuse programs as one coordinated system.

In establishing coordinated systems with combined alcohol and other drug services counties shall do all of the following:

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

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

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

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

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

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

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

(d) (1) 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, the department may implement, interpret, or make specific the amendments to this section made by the act that added this subdivision 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.

(2) 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.

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

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

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

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

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

(d) Whenever a county receives funds under a grant program for alcohol and other drug abuse services, as well as under the county contract 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 budget for its alcohol and other drug program, the director shall not thereafter approve any, or provide, advance payment claims submitted by the county for state reimbursement under this part until the contract and county budget for its alcohol and other drug program has been reviewed to include that grant program, and the revised contract and budget are approved by the director.

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

(2) 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, the department may implement, interpret, or make specific this section to the extent that this section differs from former Section 11758.29 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.

(3) (A) 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.

(B) The initial adoption of emergency regulations implementing the 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 Administrative Law. The initial emergency regulations and the one readoption of emergency regulations authorized by this section shall be submitted to the Office of Administrative Law for filing with the Secretary

of State and each shall remain in effect for no more than 180 days, by which time final regulations may be adopted.

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

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

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

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

(a) Coordinate and be responsible for the preparation of the county contract.

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

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

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

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

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

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

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

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

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

(a) Provide reports and information periodically to the advisory board regarding the status of alcohol and other drug programs in the county and keep the advisory board informed regarding changes in relevant state, federal,

and local laws or regulations or improvements in program design and services that may affect the county alcohol and other drug program.

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

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

11811.5. To the extent the activities meet the provisions for receipt of the federal block grant funds for prevention and treatment of substance abuse described in Subchapter XVII of Chapter 6A of Title 42 of the United States Code and other applicable federal provisions for funds, a county may also utilize funds for the following:

(a) Planning, program development, and administration by the county. The department shall establish uniform definitions of the elements of county alcohol and other drug program administration and shall set the minimum and maximum levels of administrative services, taking into account the total funds expended pursuant to the contract.

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

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

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

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

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

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

(a) Where the services specified in the 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 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 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. 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 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 federal funds available for each county to use as the basis for submission of the contract. In making allocations, the department shall base its allocations on the population of each county. However, the department shall ensure that each small population county receives a minimum amount of funds to provide adequate alcohol and other drug services. The department may take into account other factors in making the allocations, including, but not limited to, factors that relate to the level of alcohol and other drug problems in the county. No later than 45 days after introduction of the Budget Bill, the department shall notify each county regarding its preliminary allocation under this division and estimated amount of the federally required maintenance of effort statewide expenditure levels on authorized activities, as defined in the federal Substance Abuse Prevention and Treatment Block Grant funds (42 U.S.C. Sec. 300x-30), pending enactment of the Budget Bill. The 1984–85 fiscal year shall establish the base funding for the county alcohol and drug allocation for local programs. Beginning with the 1985–86 fiscal year, cost-of-living adjustments, if granted, shall be considered as tied to the base allocation established in the 1984–85 fiscal year, plus any subsequent cost-of-living adjustments. The department shall notify each county regarding its final allocation after enactment of the Budget Bill.

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

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

(3) Pursuant to subdivision (b) of Section 11798.1, a county shall notify the department in writing of proposed local changes to the county's

expenditure of funds. The department shall review and may approve the proposed local changes depending on the level of expenditures needed to maintain the statewide Substance Abuse Prevention and Treatment Block Grant MOE.

(e) (1) 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, the department may implement, interpret, or make specific the amendments to this section made by the act that added this subdivision 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.

(2) 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.

(3) The initial adoption of emergency regulations implementing the amendments to this section 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 Administrative Law. The initial emergency regulations and the one readoption of emergency regulations authorized by this section shall be submitted to the Office of Administrative Law for filing with the Secretary of State and each shall remain in effect for no more than 180 days, by which time final regulations may be adopted.

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

11817.1. The department may reallocate among counties any unexpended federal funds that occur during the fiscal year in programs or services or any allocations either not applied for by a county or not in compliance with this part. Reallocations may be made to counties by amendment to their county contracts.

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

11817.3. (a) There shall be an appropriation from the Budget Act to the department to fund programs and services to alleviate problems related to inappropriate alcohol use or other drug use as provided for in this part. However, if the state receives additional funds from the federal government after the enactment of the Budget Act, which funds may be augmented by the Director of Finance to the appropriation described in this section in accordance with the Budget Act, then the department shall determine the amount of those funds to be used for allocation to counties, and shall allocate that amount to counties through amendments to executed contracts, within 90 days of receipt of the additional funds to support programs and services to alleviate alcohol-related and other drug-related problems as described in this subdivision. The allocation of all funds pursuant to this subdivision

shall comply with federal requirements and with any requirements pursuant to Section 28.00 of the Budget Act.

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

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

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

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

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

11817.8. (a) It is the intent of the Legislature that the state and the counties work together to minimize audit exceptions. Audit findings as contained in the department audit reports may be appealed by counties directly to the department. Counties may retain disputed audit amounts while an audit appeal is pending and then only to the extent that the audit appeal is resolved in favor of the county and the amount is in the county's favor.

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

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

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

(e) A county shall repay to the department amounts of state and federal funds found, as a result of an audit, not to have been expended in accordance with the requirements set forth in this part, federal block grant law, federal or state regulations pertaining to alcohol or other drug abuse services, and the conditions set forth in any contract for alcohol and other drug abuse services or an interagency agreement. For organizations or services and the conditions set forth in any combination of state, federal, or other public funds, where a clear audit trail shows that the source and application of

these funds is not maintained, repayment shall be determined by prorating audit findings between each funding source.

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

(g) There is established in the State Treasury an Audit Repayment Trust Fund. The money in the fund shall be available upon appropriation by the Legislature.

(h) The department may deny or withhold payments or advances of funds to a county if the department finds, by audit or otherwise, that a program is not in compliance with this part or the contract.

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

(j) (1) 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, the department may implement, interpret, or make specific the amendments to this section made by the act that added this subdivision 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.

(2) 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.

(3) The initial adoption of emergency regulations implementing the amendments to this section 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 Administrative Law. The initial emergency regulations and the one readoption of emergency regulations authorized by this section shall be submitted to the Office of Administrative Law for filing with the Secretary of State and each shall remain in effect for no more than 180 days, by which time final regulations may be adopted.

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

11818. (a) (1) Expenditures made by a county and a county's provider that may be reimbursed using appropriated funds include salaries of personnel, approved facilities and services provided through contract,

operation, maintenance, and service costs, depreciation of county facilities as established in the State of California's Auditing Standards and Procedures for Counties, lease of facilities where there is no intention to, nor option to, purchase, and other expenditures that may be approved by the director.

(2) Expenditures made by a county and a county's provider that may not be paid using appropriated funds include expenditures for initial capital improvement, the purchase or construction of buildings, except for equipment items and remodeling expenses as may be provided in regulations of the department, compensation to members of a local advisory board on drug programs, except actual and necessary expenses incurred in the performance of official duties, and expenditures for a purpose for which state reimbursement is claimed under any other law.

(b) (1) Except as provided in Chapter 3 (commencing with Section 11758.10), the cost of services specified in the county contract shall be based upon reimbursement of actual costs as determined with standard accounting practices. The county may enter into contracts with providers at actual cost or a negotiated rate. The provider shall make available to the county information on prior years' actual cost of providing the services and actual revenues.

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

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

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

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

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

(c) Counties shall report estimated numbers and characteristics of clients-participants by type of service and shall report actual numbers and

characteristics of clients-participants served by type of service with the annual cost report. The department shall specify forms and procedures to be followed in reporting this information. The fiscal reporting system established pursuant to this section shall supersede the requirements of paragraph (2) of subdivision (b) of Section 16366.7 of the Government Code for a quarterly fiscal reporting system.

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

11820. The Legislature recognizes the potential positive impact that federal, state, and local agencies can have on the alleviation of alcohol and other drug problems through better coordinated planning and utilization of limited health resources. The Legislature encourages persons concerned with alcohol and other drug problems to become involved as much as possible in providing advice and comments on health plans of those agencies.

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

11825. The department may establish reasonable criteria to evaluate the performance of programs and services that are described in the county contract for alcohol and other drug abuse services.

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

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

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

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

11828. Each county shall ensure the evaluation of all funded programs to determine whether they have achieved their objectives as determined in the planning process. In addition, recognizing the difficulty and expense of conducting effective county alcohol and other drug program evaluation, the department may assist counties in developing evaluation designs for implementation by counties to measure progress of alcohol or other drug users, changes in community attitudes toward inappropriate alcohol use and other drug problems, changes in the incidence and prevalence of alcohol

and other drug problems within the county, or other objectives identified in the planning process. The department, in cooperation with counties that choose to participate, may assist and fund counties to implement the evaluation designs developed. Counties may contract with public or private agencies and utilize funds allocated under this part for purposes of conducting the evaluations.

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

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

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

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

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

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

(b) Except as provided in this section and Sections 11772, 11798, 11798.2, 11814, 11817.8, 11852.5, the department may adopt regulations in accordance with the rulemaking provisions of the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of the Title 2 of the Government Code) necessary for the proper execution of the powers and duties granted to and imposed upon the department by this part. However, these regulations may be adopted only upon the following conditions:

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

(2) If an absolute majority of the designated county alcohol and drug program administrators who represent counties that have submitted county contracts, vote at a public meeting called by the department, for which 45 days' advance notice shall be given by the department, to reject the proposed regulations, the department shall refer the matter for a decision to a committee, consisting of a representative of the county alcohol and drug program administrators, the director, the secretary, and one designee of the secretary. The decision shall be made by a majority vote of this committee at a public meeting convened by the department. Upon a majority vote of the committee recommending adoption of the proposed regulations, the department may then adopt them. Upon a majority vote recommending that the department not adopt the proposed regulations, the department shall then consult again with the county alcohol and drug program administrators and resubmit the proposed regulations to the administrators for a vote pursuant to this subdivision.

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

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

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

SEC. 53. Section 11839.2 of the Health and Safety Code is 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.

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

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

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 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 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.

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

11852.5. (a) Charges shall be made for services rendered to each person under a county contract in accordance with this section. Charges for the care and treatment of each client receiving service under a county contract shall not exceed the actual cost thereof as determined by the director in accordance with standard accounting practices. The fee requirement shall not apply to prevention and early intervention services. The director is not prohibited from including the amount of expenditures for capital outlay or the interest thereon, or both, in his or her determination of actual cost. The responsibility of a client, his or her estate, or his or her responsible relatives to pay the charges shall be determined in accordance with this section.

(b) Each county shall determine the liability of clients rendered services under a county contract, and of their estates or responsible relatives, to pay the charges according to ability to pay. Each county shall collect the charges. The county shall establish and maintain policies and procedures for making the determinations of liability and collections, by collecting third-party payments and from other sources to the maximum extent practicable. The written criteria shall be a public record and shall be made available to the department or any individual. Fees collected shall be retained at the local level and be applied toward the purchase of additional drug services.

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

- (1) The fee system used shall be equitable.
- (2) The fee charged shall not exceed actual cost.
- (3) Systems used shall consider the client's income and expenses.
- (4) Each provider fee system shall be approved by the county alcohol and drug program administrator. A description of each approved system shall be on file in the county board office.

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

- (1) Fee assessment schedules and collection records.
- (2) Documents in each client's file showing client's income and expenses, and how each was considered in determining fees.

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

(f) The Legislature recognizes that alcohol and other drug programs may provide a variety of services described in this part, which services will vary depending on the needs of the communities that the programs serve. In devising a system to ensure that a county has expended its funds pursuant to an approved county contract, including the budget portions of the contract, the department shall take into account the flexibility that a county has in the provision of services and the changing nature of alcohol and other drug programs in responding to the community's needs.

(g) The department shall maintain a reporting system to ensure that counties have budgeted and expended their funds pursuant to their approved contracts.

(h) (1) 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, the department may implement, interpret, or make specific the amendments to this section made by the act that added this subdivision 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.

(2) 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.

(3) The initial adoption of emergency regulations implementing the amendments to this section 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 Administrative Law. The initial emergency regulations and the one readoption of emergency regulations authorized by this section shall be submitted to the Office of Administrative Law for filing with the Secretary of State and each shall remain in effect for no more than 180 days, by which time final regulations may be adopted.

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

11853. Counties are encouraged to contract with providers for the provision of alcohol and drug abuse services. Counties shall comply with the regulations of the department for the management of contracts with community organizations.

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

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

SEC. 64. Section 11875 of the Health and Safety Code is repealed.

SEC. 65. Section 11876 of the Health and Safety Code is amended to read:

11876. The department shall inspect programs dispensing controlled substances described in subdivision (c) of Section 11839.2 to ensure that the programs are operating in compliance with applicable federal statutes and regulations, including the provisions of Part 8 of Title 42 of the Code of Federal Regulations.

SEC. 66. Article 2 (commencing with Section 11970.1) of Chapter 2 of Part 3 of Division 10.5 of the Health and Safety Code is repealed.

SEC. 67. Article 1 (commencing with Section 11970) is added to Chapter 2 of Part 3 of Division 10.5 of the Health and Safety Code, to read:

Article 1. Comprehensive Drug Court Implementation Act of 1999

11970. (a) This article shall be known and may be cited as the Comprehensive Drug Court Implementation Act of 1999.

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

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

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

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

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

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

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

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

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

(B) Drug courts for juvenile offenders.

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

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

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

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

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

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

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

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

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

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

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

(f) A coordinated strategy to govern drug court responses to participants’ compliance.

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

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

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

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

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

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

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

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

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

11974. (a) 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, the department may implement, interpret, or make specific the amendments to this article made by the act that added this section 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.

(b) 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.

(c) The initial adoption of emergency regulations implementing this article and the one readoption of emergency regulations authorized by this section 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 Administrative Law. The initial emergency regulations and the one readoption of emergency regulations authorized by this section shall be submitted to the Office of Administrative Law for filing with the Secretary of State and each shall remain in effect for no more than 180 days, by which time final regulations may be adopted.

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

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

Article 2. Drug Court Partnership Act of 2002

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

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

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

(2) The multiagency plan shall identify the resources and strategies for providing an effective drug court program exclusively for convicted felons who meet the requirements of this article and the guidelines adopted thereunder, and shall set forth the basis for determining eligibility for participation that will maximize savings to the state in avoided prison costs.

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

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

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

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

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

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

(1) Drug court coordinators.

(2) Training.

(3) Drug testing.

(4) Treatment.

(5) Transportation.

(6) Other costs related to substance abuse treatment.

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

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

11999.6. Moneys deposited in the Substance Abuse Treatment Trust Fund shall be distributed annually by the Secretary of California Health and Human Services through the State Department of Alcohol and Drug Programs to counties to cover the costs of placing persons in and providing drug treatment programs under this act, and vocational training, family counseling, and literacy training under this act. Additional costs that may be reimbursed from the Substance Abuse Treatment Trust Fund include probation department costs, court monitoring costs, and 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 and Rehabilitation, the State Department of Alcohol and Drug Programs, 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 Children and Family Services Review pursuant to Section 1320a-2a of Title 42 of the United States Code, the department, in consultation with the California State Association of Counties, shall develop an apportionment of the total counties' share of the penalty pursuant to paragraph (3) of subdivision (e) of Section 30026.5 of the Government Code to the individual counties whose performance contributed to the failure to meet the federal outcome target upon which the federal disallowance or other financial penalty is based.

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

(1) For individual counties subject to a share of the federal disallowance or other financial penalty pursuant to this section that did not expend in the fiscal year upon which the federal disallowance or financial penalty is based an amount equivalent to 90 percent of that which the county would have had to spend in the 2011–12 fiscal year in the absence of 2011 Realignment Legislation to access the augmentation funding pursuant to Section 10609.9, as that section read prior to the enactment of 2011 Realignment Legislation, on services that were previously funded from the General Fund from with Child Welfare Services Allocation prior to the enactment of 2011 Realignment Legislation, an increased share of the federal disallowance or other financial penalty as calculated in paragraph (2). The determination of whether a county expended the amount necessary to be eligible for the allocation pursuant to this subdivision shall be made based on claims for

that fiscal year received by the department as of August 1 of the subsequent fiscal year to the fiscal year in which the federal disallowance or financial penalty is based.

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

(3) Small counties, defined as those counties with a population of 50,000 or fewer pursuant to demographic information released each year by the Department of Finance, are exempt from the minimum expenditure requirement and the increased share of penalties pursuant to paragraphs (1) and (2).

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

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

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

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

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

(b) Mental health services provided in a community mental health service or in a community mental health center organized under the federal Community Mental Health Centers Act of 1963. No amount shall be paid for that portion of the total costs of care and services in a federally funded community mental health center which may be compensated by the United States government under the federal Community Mental Health Centers Act of 1963. No amount shall be paid to a community mental health service or a federally funded community mental health center unless the community mental health service or the federally funded community mental health center participates in a county or city mental health performance contract pursuant to Section 5650.

(c) Drug Medi-Cal outpatient substance use disorder services under the jurisdiction of the department provided by a county provider certified under this chapter or a private provider certified under this chapter which has an

approved contract with the county or with the department to provide covered substance use disorder services.

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

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

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

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

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

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

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

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

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

(3) Improve state accountability and outcomes.

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

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

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

(d) After July 1, 2012, and through the quarter ending June 30, 2014, the department shall provide quarterly updates to the Legislature, key stakeholders, and the public on the steps foreseen, planned, and completed for the Drug Medi-Cal transfer, noting areas of concern, delay, or disruption, as the program fully transitions to the State Department of Health Care

Services. These updates shall include information on continuity of care for beneficiaries and any access issues to care that arise as a result of or within the Drug Medi-Cal transfer. The State Department of Health Care Services shall convene meetings with interested stakeholders, including legislative representatives, either in preparation for or at the release of these quarterly updates. The first of these quarterly updates shall be released no later than October 1, 2012.

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

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

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

14021.35. (a) The department shall prepare and submit amendments to the Medicaid state plan and apply for any necessary waivers in order to obtain federal financial participation to implement Drug Medi-Cal Treatment Program provisions contained in Section 14124.24.

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

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

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

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

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

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

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

(2) Cost report data.

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

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

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

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

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

(1) Admission, physical evaluation, and diagnosis.

(2) Drug screening.

(3) Pregnancy tests.

(4) Narcotic replacement therapy dosing.

(5) Intake assessment, treatment planning, and counseling services.

Frequency of counseling or medical psychotherapy, outcomes, and rates shall be addressed through regulations adopted by the department. For purposes of this paragraph, these services include, but are not limited to, substance abuse services to pregnant and postpartum Medi-Cal beneficiaries.

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

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

(2) (A) Reimbursement paid by a county to a narcotic treatment program provider for services provided to any person subject to Section 1210.1 or 3063.1 of the Penal Code, and for which the individual client is not liable to pay, does not constitute a usual and customary charge to the general public for the purposes of this section.

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

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

(j) Reimbursement for narcotic treatment program services provided to substance abusers shall be administered by the department and counties electing to participate in the program. Utilization and payment for these

services shall be subject to federal Medicaid and state utilization and audit requirements.

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

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

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

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

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

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

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

(b) (1) The Legislature recognizes that narcotic treatment program providers are reimbursed for controlled substances provided under the Drug Medi-Cal Treatment Program, also known as Drug Medi-Cal, and pursuant to federal law at a rate that is the lower of the per capita uniform statewide daily reimbursement or Drug Medi-Cal rate, or the provider's usual and customary charge to the general public for the same or similar services.

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

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

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

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

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

(4) A provider shall obtain written documentation that supports an indigency allowance under the sliding indigency scale established pursuant to this section, including a financial determination. In cases where this written documentation cannot be obtained, the provider shall document at least three attempts to obtain this written documentation from a client.

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

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

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

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

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

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

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

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

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

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

FINANCIAL EVALUATION FORM INSTRUCTIONS

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

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

- (1) Court-ordered payments, such as child support, fines, debts, restitution, or other payments.
- (2) Housing-related expenses, such as rent, mortgage, insurance, utilities, or other obligations.
- (3) Transportation costs, such as any related expenses, including automobile payments or automobile insurance payments.
- (4) Insurance coverage should also be noted if it produces either an expense or benefit to the client.

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

- (1) The amount box indicates the client's fee according to his or her location on the sliding scale.
- (2) The adjusted client monthly fee box is to be filled only if the fee to be charged differs from the fee indicated by the client's location on the sliding scale.
- (3) If the fee is adjusted from what the sliding scale would indicate, a reason for the adjustment must be provided. (Valid reasons might include extraordinary medical expenses for a client suffering from HIV/AIDS, etc.)

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

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

14021.9. (a) Notwithstanding any other law, for the 2009–10 fiscal year, a 10-percent reduction shall be applied to rates for Drug Medi-Cal services developed by the State Department of Alcohol and Drug Programs pursuant to Section 11758.42 of the Health and Safety Code and Sections 14021.35, 14021.5, and 14021.6.

(b) For the 2010–11 and 2011–12 fiscal years, rates for Drug Medi-Cal services shall be the lower of the following:

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

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

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

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

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

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

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

Article 3.2. Drug Medi-Cal Treatment Program

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

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

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

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

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

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

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

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

- (1) Medical treatment visits.
- (2) Diagnostic blood, urine, and X-rays.
- (3) Psychological and psychiatric tests and services.
- (4) Quantitative blood and urine toxicology assays.
- (5) Medical supplies.

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

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

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

- (1) Narcotic treatment program services, as set forth in Section 14021.51.
- (2) Day care rehabilitative services.
- (3) Perinatal residential services for pregnant women and women in the postpartum period.
- (4) Naltrexone services.
- (5) Outpatient drug-free services.
- (6) Other services upon approval of a federal Medicaid state plan amendment or waiver authorizing federal financial participation.

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

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

(A) Notwithstanding subdivision (a) of Section 14132.90, day care habilitative services, which, for purposes of this paragraph, are outpatient counseling and rehabilitation services provided to persons with alcohol or other drug abuse diagnoses.

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

(C) Aftercare services.

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

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

(B) A county subject to an action by the director pursuant to subparagraph (A) may challenge that action by requesting a hearing in writing no later than 30 days from receipt of notice of the department’s action. The proceeding shall be conducted in accordance with Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code, and the director has all the powers granted therein. Upon a county’s timely request for hearing, the county’s obligation to make payment as determined by the director shall be stayed pending the county’s exhaustion of administrative remedies provided herein but no longer than will ensure the department’s compliance with Section 1903(d)(2)(C) of the federal Social Security Act (42 U.S.C. Sec. 1396b).

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

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

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

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

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

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

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

(i) Contracts entered into pursuant to this section shall be exempt from the requirements of Chapter 1 (commencing with Section 10100) and Chapter 2 (commencing with Section 10290) 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 Administrative Law. The initial emergency regulations and the one readoption of emergency regulations authorized by this section shall be submitted to the Office of Administrative Law for filing with the Secretary of State and each shall remain in effect for no more than 180 days, by which time final regulations may be adopted.

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

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

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

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

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

(b) Effective July 1, 2013, the administrative and programmatic functions that were previously performed by the State Department of Alcohol and Drug Programs are transferred to departments within the Health and Human Services Agency. In consultation with system stakeholders and affected

departments, the California Health and Human Services Agency shall prepare a detailed plan for a reorganization of administrative and programmatic functions of the State Department of Alcohol and Drug Programs. This plan shall include the following components:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

SEC. 84. This act is a bill providing for appropriations related to the Budget Bill within the meaning of subdivision (e) of Section 12 of Article

IV of the California Constitution, has been identified as related to the budget in the Budget Bill, and shall take effect immediately.

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