AMENDED IN ASSEMBLY MARCH 4, 1999

AMENDED IN ASSEMBLY FEBRUARY 4, 1999

CALIFORNIA LEGISLATURE—1999–2000 REGULAR SESSION

ASSEMBLY BILL No. 34

Introduced by Assembly Member Steinberg
~~**(Coauthor: Assembly Member Thomson)**~~
(Coauthors: Assembly Members Cedillo, Gallegos, Hertzberg, Keeley, Mazzoni, Romero, Thomson, and Washington)
(Coauthors: Senators Baca and Solis)

December 7, 1998

An act to amend Sections 5802, 5806, and 5814 of the Welfare and Institutions Code, relating to mental health, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

AB 34, as amended, Steinberg. Mental health funding: local grants.

Existing law provides for the allocation of state funds to counties for mental health programs.

This bill would make various statements of legislative findings and intent regarding the need to provide sufficient funds to counties for adult mental health and related services.

Existing law requires the State Department of Mental Health to establish service standards relating to mental health services. These standards are required to include, among other things, plans for services and evaluation strategies.

This bill would also require these standards to include coordination and access to related medications, substance abuse services, housing assistance, and vocational rehabilitation services.

The bill would also provide for planning grants and service expansion grants to counties for adult mental health programs.

~~The bill would appropriate $10,000,000 from the General Fund to the department for provision of planning grants during the 1999–2000 fiscal year, and would express legislative intent that at least $50,000,000 be appropriated each fiscal year thereafter pursuant to the annual Budget Act for these planning and service expansion grants.~~

The bill would appropriate funds to provide planning grants and expansion grants for counties with significant populations of homeless mentally ill persons through the 2006–07 fiscal year.

Vote: $^{2}/_{3}$. Appropriation: yes. Fiscal committee: yes. State-mandated local program: no.

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

SECTION 1. The Legislature finds and declares all of the following:

(a) Presently there are no financial incentives for counties to increase the number of people they serve with severe mental illness.

(b) County dollars are generally fixed, so that treatment of a higher than expected number of Medi-Cal recipients, who are entitled to treatment by the county, reduces the amount of funds available to serve other individuals.

(c) Counties should be provided an amount of funds to establish systems of care for severely mentally ill adults, and provide mental health services and related medications , substance abuse services, housing assistance, vocational rehabilitation, and other nonmedical programs necessary to stabilize homeless mentally ill persons ~~and~~, get them into regular treatment, and off the streets.

(d) When people who suffer from severe mental illness do not have access to the services they require they frequently wind up in the criminal justice system. The Department of Corrections is expending $400 million annually for the incarceration and treatment of people suffering from severe mental illness. In addition, the Department of Corrections and the criminal justice system are responsible for the placement of persons more than 3,000 of the total of approximately 4,500 beds in the state mental hospitals, for an additional annual state cost of over $300 million.

(e) While most people suffering from severe mental illness who do not receive treatment have come into contact with the criminal justice system and have been incarcerated at one time or another in their life, those who receive extensive community treatment are hardly ever incarcerated. Moreover, people suffering from severe mental illness who are able to receive adequate treatment do not commit crimes at any higher rate than those of the general population.

(f) People suffering from severe mental illness receive sentences that are six times longer than those received by others convicted of the same crimes.

(g) There are no funds or programs that ensure that people suffering from severe mental illness can receive the treatment they need, unless they have committed a serious or violent felony and are returned to the community under the conditional release program which includes state funding for comprehensive mental health services.

(h) Increasing funding for an adult mental health system of care will pay for itself many times over in reduced Department of Corrections, criminal justice system, and local law enforcement expenditures for people with severe mental illness.

SEC. 2. Section 5802 of the Welfare and Institutions Code is amended to read:

5802. (a) The Legislature finds that a mental health system of care for adults and older adults with severe and persistent mental illness is vital for the success of mental health managed care in California. Specifically:

(1) A comprehensive and coordinated system of care includes community-based treatment, case management, and interagency system components required by adults and older adults with severe and persistent mental illness.

(2) Mentally ill adults and older adults receive service from many different state and county agencies, particularly criminal justice, employment, housing, public welfare, health, and mental health. In a system of care these agencies collaborate in order to deliver integrated and cost-effective programs.

(3) The management of the risk for persons with severe mental illness and related financial risks is important for all levels of government, business, and the community.

(4) System of care services which ensure culturally competent care for persons with severe mental illness in the most appropriate, least restrictive level of care are necessary to achieve the desired performance outcomes.

(5) Mental health service providers need to increase accountability and further develop methods to measure progress towards client outcome goals and cost effectiveness as required by a system of care.

(b) The Legislature further finds that the integrated service agency model developed in Los Angeles and Stanislaus Counties and the countywide systems model developed in Ventura County, beginning in the 1989–90 fiscal year through the implementation of Chapter 982 of the Statutes of 1988, provides models for managing care for adults and older adults with severe mental illness that are vital to the implementation and success of the mental health managed care plan in California, and have successfully met the performance outcomes required by the Legislature.

(c) The Legislature also finds that the system components established in these three programs can be replicated and expanded to additional clients in order to provide greater benefit to adults and older adults with severe and persistent mental illness at a lower cost in California.

(d) Therefore, using the guidelines developed under the demonstration projects implemented under the adult system of care legislation in 1989, it is the intent of the Legislature to accomplish the following:

(1) Encourage each county to implement a system of care as described in this legislation for the delivery of mental health services to seriously mentally disordered adults and older adults.

(2) To promote system of care accountability for performance outcomes which enable adults with severe mental illness to reduce symptoms which impair their ability to live independently, work, maintain community supports, care for their children, stay in good health, not abuse drugs or alcohol, and not commit crimes.

(3) Maintain funding for the existing programs developed in Los Angeles, Stanislaus, and Ventura Counties as models and technical assistance resources for future expansion of system of care programs to other counties as funding becomes available.

(4) Provide sufficient funds for counties to establish outreach programs and to provide mental health services and related medications, substance abuse services, housing assistance, vocational rehabilitation, and other nonmedical programs necessary to stabilize homeless mentally ill persons, get them off the street, and into treatment and recovery.

SEC. 3. Section 5806 of the Welfare and Institutions Code is amended to read:

5806. The State Department of Mental Health shall establish service standards that ensure that members of the target population are identified, and services provided to assist them to live independently, work, and reach their potential as productive citizens. These standards include but are not limited to:

(a) A service planning process that is target population based and includes the following:

(1) Determination of the numbers of clients to be served and the programs and services that will be

provided to meet their needs. The local director of mental health shall consult with the mental health board, contract agencies, family, client, ethnic and citizen constituency groups as determined by the director.

(2) Plans for services including outreach, design of mental health services, coordination and access to medications, substance abuse services, housing assistance, and vocational rehabilitation services. Plans shall also contain evaluation strategies, which shall consider cultural, linguistic, gender, age, and special needs of minorities in the target populations. Provision shall be made for staff with the cultural background and linguistic skills necessary to remove barriers to mental health services due to limited English speaking ability and cultural differences.

(3) Provisions for services to meet the needs of target population clients who are physically disabled.

(4) Provision for services to meet the special needs of older adults.

(5) Provision for family support and consultation services, parenting support and consultation services, and peer support or self-help group support, where appropriate.

(b) Each client shall have either a clearly designated mental health case manager or a multidisciplinary treatment team who is responsible for providing or assuring needed services. Responsibilities include complete assessment of the client's needs, development of the client's personal services plan, linkage with all appropriate community services, monitoring of the quality and followthrough of services, and necessary advocacy to ensure each client receives those services which are agreed to in the personal services plan. Each client shall participate in the development of his or her personal services plan, and responsible staff shall consult with the designated conservator and, with the consent of the client, consult with the family and other significant persons as appropriate.

(c) The individual personal services plan shall ~~assure~~ *ensure* that members of the target population involved in the system of care receive ~~services which are designed~~ *age, gender, and culturally appropriate services, to the extent feasible, that are designed to enable recipients* to:

~~(1) Reduce the disabling symptoms of mental illness.~~

~~(2) Live in the most normal housing feasible in the local community.~~

~~(3) Have an adequate income and an appropriate level of work or vocational training.~~

~~(4) Are in good health.~~

~~(5) Have a support system, with friendships and participation in community activities.~~

~~(6) Have freedom from dangerous, addictive substances.~~

~~(7) Maintain socially responsible behavior.~~

~~(8) Obtain an appropriate level of education and learning.~~

~~(9) Receive culturally appropriate services.~~

~~(10) Receive gender and age appropriate services.~~

(1) Live in the most independent, least restrictive housing feasible in the local community.

(2) Engage in the highest level of work or productive activity appropriate to their abilities and experience.

(3) Create and maintain a support system consisting of friends, family, and participation in community activities.

(4) Access an appropriate level of academic education or vocational training.

(5) Obtain an adequate income.

(6) Self-manage their illness and exert as much control as possible over both the day-to-day and long-term decisions which affect their lives.

(7) Maintain the best possible physical health.

(8) Reduce or eliminate antisocial or criminal behavior and thereby reduce or eliminate their contact with the criminal justice system.

(9) Reduce or eliminate the distress caused by the symptoms of mental illness.

(10) Reduce or eliminate the harmful effects of alcohol and substance abuse.

SEC. 4. Section 5814 of the Welfare and Institutions Code is amended to read:

5814. (a) This part shall be implemented only to the extent that funds are appropriated for purposes of this part in the Budget Act. To the extent that funds are made available, the first priority shall go to maintain funding for the existing programs developed in Los Angeles, Stanislaus, and Ventura Counties.

(b) As funds become available, this program shall be expanded to provide *training and* funding for counties with significant populations of homeless mentally ill persons consisting of both of the following types of grants:

(1) Planning grants for new counties to create, and for existing system of care counties to expand, an adult system of care that meets the requirements of this part.

(2) (A) Four-year service expansion grants in accordance with a contract between the state and approved counties that provides a formula for annual increased funding reflecting net increases in the total annual number of severely mentally ill adults who receive extensive community mental health services in at least four consecutive months.

(B) The formula incentive funding provided pursuant to subparagraph (A) shall be sufficient to provide mental health services, medically necessary medications to treat severe mental illnesses, alcohol and drug services, housing assistance, and vocational rehabilitation, *including stipends to attract and retain sufficient numbers of qualified professionals as necessary to provide the necessary levels of these services*. These grants shall, however, pay for only the portion of the costs of those services not likely to be provided by federal funds or other state funds.

(C) Grants provided pursuant to subparagraph (A) shall include provisions measuring the base level of the number of people suffering from severe mental illness who are arrested and serve in jail, prison, or a state hospital as a result of their arrest in the applicable county, and measuring how the grant and increased mental health services provided by the grant reduces the portion of criminal justice system resources required to be expended on people with severe mental illness.

(D) Four-year program expansion grants provided pursuant to subparagraph (A) may be renewed upon their expiration, provided that the applicant county demonstrates to the satisfaction of the department that the services provided are successfully reducing the unmet mental health need and providing for reduction in the amount of law enforcement, criminal justice system, and state corrections expenditures that would otherwise be expended upon persons with severe mental illness from the applicable county in accordance with a process included in the grant for measuring these reductions and setting forth benchmarks for reducing the expenditures as mental health expenditures increase.

(E) In any county in which the director determines the program has not resulted in a reduction of criminal justice expenditures in accordance with the previous four-year grant, the director may limit the funds available for a continuation of the grant, or an expansion of the grant, or impose other conditions upon the grant in order to improve the performance of the county in reducing the incarceration of people suffering from severe mental illness.

(F) Commencing in the 2004–05 fiscal year, and annually thereafter, the director shall report to the Legislature regarding the impact of grants funded pursuant to this section in reducing the incarceration of people suffering from severe mental illness.

(G) The appropriations required pursuant to Section 5 of the act adding this subparagraph for the 2004–05 fiscal year and all future years shall be reduced by the amount that the director has determined is not required to fully fund the grants based upon a restriction in grant expansion due to the failure of one or more county grants in adequately reducing the incarceration of people with severe mental illness.

(H) During the 2006–07 fiscal year, and annually thereafter, the director, in consultation with county mental health directors, shall determine whether or not the funding levels currently provided for grants pursuant to subparagraph (A) during the 2006–07 fiscal year are

likely to be adequate to meet the needs of all counties within the state to ensure that all persons suffering from severe mental illness have access to necessary treatment.

(I) If the director determines pursuant to subparagraph (H) that the funding levels set forth in Section 5 of the act adding this subparagraph are not adequate to meet the need, the director shall indicate the anticipated additional funding required and the funding in the 2007–08 fiscal year and subsequent fiscal years may be increased by amounts not to exceed fifty million dollars ($50,000,000) in any one future year, provided that the total appropriations in any one fiscal year shall not exceed five hundred million dollars ($500,000,000).

(J) If the director determines pursuant to subparagraph (H) that the amount of funding is adequate and that in fact a surplus of available funds is not claimed by the counties, the director shall determine the amount of future funding likely to be required. It is the intent of the Legislature that, in the event such a determination is made, appropriations for the 2007–08 fiscal year and subsequent fiscal years shall be reduced to the level that is found to be necessary.

SEC. 5. (a) The sum of ~~ten million dollars ($10,000,000)~~ *three million dollars ($3,000,000)* is hereby appropriated from the General Fund to the State Department of Mental Health *for training, by or through the programs established pursuant to subdivision (a), and for grants to counties* for implementation of paragraph (1) of subdivision (b) of Section 5814 of the Welfare and Institutions Code during the 1999–2000 fiscal year.

~~(b) It is the intent of the Legislature that, commencing with the 2000–01 fiscal year, at least fifty million dollars ($50,000,000) be provided each fiscal year, pursuant to the annual Budget Act, for implementation of subdivision (b) of Section 5814 of the Welfare and Institutions Code.~~

(b) The sum of fifty million dollars ($50,000,000) is hereby appropriated from the General Fund for the 2000–01 fiscal year and from any fund into which funds for the implementation of the Master Settlement Agreement

entered into by the states' attorneys general and the tobacco industry on November 13, 1998, as specified in subdivision (i), to the State Department of Mental Health for implementation of paragraph (2) of subdivision (b) of Section 5814 of the Welfare and Institutions Code.

(c) The sum of one hundred million dollars ($100,000,000) is hereby appropriated for the 2001–02 fiscal year from the General Fund and from any fund into which funds for the implementation of the Master Settlement Agreement entered into by the states' attorneys general and the tobacco industry on November 13, 1998, as specified in subdivision (i), to the State Department of Mental Health for implementation of paragraph (2) of subdivision (b) of Section 5814 of the Welfare and Institutions Code.

(d) The sum of one hundred fifty million dollars ($150,000,000) is hereby appropriated for the 2002–03 fiscal year from the General Fund and from any fund into which funds for the implementation of the Master Settlement Agreement entered into by the states' attorneys general and the tobacco industry on November 13, 1998, as specified in subdivision (i), to the State Department of Mental Health for implementation of paragraph (2) of subdivision (b) of Section 5814 of the Welfare and Institutions Code.

(E) The sum of two hundred million dollars ($200,000,000) is hereby appropriated for the 2003–04 fiscal year from the General Fund and from any fund into which funds for the implementation of the Master Settlement Agreement entered into by the states' attorneys general and the tobacco industry on November 13, 1998, as specified in subdivision (i), to the State Department of Mental Health for implementation of paragraph (2) of subdivision (b) of Section 5814 of the Welfare and Institutions Code.

(f) (1) The sum of two hundred fifty million dollars ($250,000,000) is hereby appropriated for the 2004–05 fiscal year from the General Fund and from any fund into which funds for the implementation of the Master Settlement Agreement entered into by the states'

attorneys general and the tobacco industry on November 13, 1998, as specified in subdivision (i), to the State Department of Mental Health for implementation of paragraph (2) of subdivision (b) of Section 5814 of the Welfare and Institutions Code.

(2) The appropriation in paragraph (1) may be reduced based on findings made pursuant to subparagraph (G) of paragraph (2) of subdivision (b) of Section 5814 of the Welfare and Institutions Code.

(g) (1) The sum of three hundred million dollars ($300,000,000) is hereby appropriated for the 2005–06 fiscal year from the General Fund and from any fund into which funds for the implementation of the Master Settlement Agreement entered into by the states' attorneys general and the tobacco industry on November 13, 1998, as specified in subdivision (i), to the State Department of Mental Health for implementation of paragraph (2) of subdivision (b) of Section 5814 of the Welfare and Institutions Code.

(2) The appropriation in paragraph (1) may be reduced based on findings made pursuant to subparagraph (G) of paragraph (2) of subdivision (b) of Section 5814 of the Welfare and Institutions Code.

(h) (1) The sum of three hundred fifty million dollars ($350,000,000) is hereby appropriated for the 2006–07 fiscal year and an equal amount is hereby continuously appropriated for each fiscal year thereafter from the General Fund and from any fund into which funds for the implementation of the Master Settlement Agreement entered into by the states' attorneys general and the tobacco industry on November 13, 1998, as specified in subdivision (i), to the State Department of Mental Health for implementation of paragraph (2) of subdivision (b) of Section 5814 of the Welfare and Institutions Code.

(2) The appropriation in paragraph (1) may be modified pursuant to subparagraph (G) of paragraph (2) of subdivision (b) of Section 5814 of the Welfare and Institutions Code and the amount of any appropriation for subsequent fiscal years shall be modified pursuant to subparagraphs (G), (H), (I), and (J) of paragraph (2) of

subdivision (b) of Section 5814 of the Welfare and Institutions Code.

(i) If the Legislature establishes a special fund for the administration of tobacco litigation settlement proceeds for which mental health services are an eligible expenditure, the appropriations made in this section shall be made from that fund. An amount necessary to meet the annual funding levels appropriated in this section shall have priority over other eligible expenditures from that fund. If such a fund is not established or the fund, as established, does not have funds adequate to meet the funding levels appropriated in this section, the appropriations contained in this section shall be allocated from the General Fund.

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