

**Assembly Bill No. 34**

\_\_\_\_\_

Passed the Assembly    September 9, 1999

\_\_\_\_\_  
*Chief Clerk of the Assembly*

\_\_\_\_\_

Passed the Senate    September 7, 1999

\_\_\_\_\_  
*Secretary of the Senate*

\_\_\_\_\_

This bill was received by the Governor this \_\_\_\_\_ day  
of \_\_\_\_\_, 1999, at \_\_\_\_\_ o'clock \_\_\_\_M.

\_\_\_\_\_  
*Private Secretary of the Governor*



## CHAPTER \_\_\_\_\_

An act to amend Sections 5802, 5806, and 5814 of, and to add and repeal Section 5814.5 of, the Welfare and Institutions Code, relating to mental health, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

## LEGISLATIVE COUNSEL'S DIGEST

AB 34, 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, vocational rehabilitation, and veterans' services.

This bill would require the department to select up to 3 counties or portions of counties for eligibility for demonstration grants to be used to provide comprehensive services to certain adults who are severely mentally ill. The bill would require the director to establish a methodology for awarding these grants and to establish a designated advisory committee.

The bill would reappropriate \$10,000,000 to the State Department of Mental Health from a specified item in the Budget Act of 1999 for the purposes of grants provided for under the bill and would authorize the Department of Finance to transfer certain Budget Act funds for purposes of the bill, as provided.



This bill would declare that it is to take effect immediately as an urgency statute.

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

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

(a) Recent estimates indicate that there are 50,000 homeless severely mentally ill Californians, including 10,000 to 20,000 homeless mentally ill veterans.

(b) When people who suffer from severe mental illness do not have access to the services they require they frequently enter the criminal justice system. However, those who receive extensive community treatment are much less frequently incarcerated. 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 more than 3,000 of the total of approximately 4,500 persons in the state mental hospitals, for an additional annual state cost of over \$300 million.

(c) Increasing funding for an adult mental health system of care will result in significantly 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 successful management of mental health care in California. Specifically:

(1) A comprehensive and coordinated system of care includes community-based treatment, outreach services and other early intervention strategies, 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 recovery of persons with severe mental illness and their financial means are 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 adult system of care model, beginning in the 1989–90 fiscal year through the implementation of Chapter 982 of the Statutes of 1988, provides models for adults and older adults with severe mental illness that can meet the performance outcomes required by the Legislature.

(c) The Legislature also finds that the system components established in adult systems of care are of value in providing greater benefit to adults and older adults with severe and persistent mental illness at a lower cost in California.

(d) Therefore, using the guidelines and principles 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 pilot adult system of care programs that meet contractual goals as models and technical assistance resources for future expansion of system of care programs to other counties as funding becomes available.

(4) Provide funds for counties to establish outreach programs and to provide mental health services and related medications, substance abuse services, supportive housing or other housing assistance, vocational rehabilitation, and other nonmedical programs necessary to stabilize homeless mentally ill persons or mentally ill persons at risk of being homeless, get them off the street, and into treatment and recovery, or to provide access to veterans' services that will also provide for 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. The department shall provide annual oversight of grants issued pursuant to this part for compliance with these standards. 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 sheriff, the police chief, the probation officer, the mental health board, contract agencies, and 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, supportive housing or other housing assistance, vocational rehabilitation, and veterans' 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.

(6) Provision for services to be client-directed and that employ psychosocial rehabilitation and recovery principles.

(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 follow through 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 ensure that members of the target population involved in the



system of care receive age, gender, and culturally appropriate services, to the extent feasible, that are designed to enable recipients to:

(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) Access necessary physical health care and 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) Have freedom from dangerous addictive substances.

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

5814. (a) (1) This part shall be implemented only to the extent that funds are appropriated for purposes of this part. To the extent that funds are made available, the first priority shall go to maintain funding for the existing programs that meet adult system of care contract goals.

(2) The director shall establish a methodology for awarding grants under this part consistent with the legislative intent expressed in Section 5802, and in consultation with the advisory committee established in this subdivision.

(3) The director shall establish an advisory committee for the purpose of providing advice regarding the development of criteria for the award of grants, and the identification of specific performance measures for



evaluating the effectiveness of grants. The committee shall include, but not be limited to, representatives from state, county, and community veterans' services and disabled veterans outreach programs, supportive housing and other housing assistance programs, law enforcement, county mental health and private providers of local mental health services and mental health outreach services, the Board of Corrections, the State Department of Alcohol and Drug Programs, local substance abuse services providers, the Department of Rehabilitation, providers of local employment services, the Mental Health Association of California, the California Alliance for the Mentally Ill, the California Network of Mental Health Clients, and the Mental Health Planning Council.

(4) The criteria for the award of grants shall include, but not be limited to, all of the following:

(A) A description of a comprehensive strategic plan for providing outreach, prevention, intervention, and evaluation in a cost appropriate manner corresponding to the criteria specified in subdivision (c).

(B) A description of the local population to be served, ability to administer an effective service program, and the degree to which local agencies and advocates will support and collaborate with program efforts.

(b) In each year in which additional funding is provided by the State Budget the department shall establish demonstration programs that offer individual counties sufficient funds to comprehensively serve severely mentally ill adults who are homeless, recently released from a county jail or the state prison, or others who are untreated, unstable, and at significant risk of incarceration or homelessness unless treatment is provided to them and who are severely mentally ill adults. For purposes of this subdivision, "severely mentally ill adults" are those individuals described in subdivision (b) of Section 5600.3. In consultation with the advisory committee established pursuant to paragraph (3) of subdivision (a), the department shall report to the Legislature on or before May 1, 2000, and shall evaluate, at a minimum, the effectiveness of the strategies in



providing successful outreach and reducing homelessness, involvement with local law enforcement, and other measures identified by the department. The evaluation shall include, as much of the following as available information permits:

(1) The number of persons served, and of those, the number who are able to maintain housing, and the number who receive extensive community mental health services.

(2) The number of persons with contacts with local law enforcement and the extent to which local and state incarceration has been reduced or avoided.

(3) The number of persons participating in employment service programs including competitive employment.

(4) The number of persons contacted in outreach efforts who appear to be severely mentally ill, as described in Section 5600.3, who have refused treatment after completion of all applicable outreach measures.

(5) The amount of hospitalization that has been reduced or avoided.

(c) Each demonstration project shall include outreach and service grants in accordance with a contract between the state and approved counties that reflects the number of anticipated contacts with people who are homeless or at risk of homelessness, and the number of those who are severely mentally ill and who are likely to be successfully referred for treatment and will remain in treatment until successfully discharged.

(e) (1) As used in this part, “receiving extensive mental health services” means having a case manager, as described in subdivision (b) of Section 5806, and having an individual personal service plan, as described in subdivision (c) of Section 5806.

(2) The funding provided pursuant to this part shall be sufficient to provide mental health services, medically necessary medications to treat severe mental illnesses, alcohol and drug services, supportive housing and other housing assistance, vocational rehabilitation, money management assistance for accessing other health care



and obtaining federal income and housing support, accessing veterans' services, and 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 that portion of the costs of those services not otherwise provided by federal funds or other state funds.

(f) Contracts awarded pursuant to this part shall be exempt from the Public Contract Code and the state administrative manual and shall not be subject to the approval of the Department of General Services.

(g) Notwithstanding any other provision of law, funds awarded to counties pursuant to this part and Part 4 (commencing with Section 5850) shall not require a local match in funds.

SEC. 5. Section 5814.5 is added to the Welfare and Institutions Code, to read:

5814.5. (a) Of the funds appropriated pursuant to Schedule (a) of Item 4440-101-0001 of the Budget Act of 1999, the sum of ten million dollars (\$10,000,000) shall be allocated in accordance with the following schedule:

(1) The sum of five hundred thousand dollars (\$500,000) shall be reappropriated in augmentation of Schedule (a) of Item 4440-001-0001 of the Budget Act of 1999 to provide for departmental support for the additional administrative costs associated with the augmentation contained in paragraph (2). Specifically, this amount shall be utilized by the State Department of Mental Health to provide for its administration of these programs, and to work together with the Department of Finance, the Department of Corrections, the Board of Corrections, state associations representing law enforcement and local government, and the Legislative Analyst, in order to collect and evaluate the program performance and cost data pertaining to these programs.

(2) The sum of nine million five hundred thousand dollars (\$9,500,000) is hereby allocated in augmentation of Item 4440-101-0001 of the Budget Act of 1999, to be awarded by the department in the 1999–2000 fiscal year, for up to three counties or portions of counties, that



demonstrate that the county can provide comprehensive services, as set forth in this part, to a substantial number of adults who are severely mentally ill, as defined in Section 5600.3, and are homeless or recently released from the county jail or who are untreated, unstable, and at significant risk of incarceration or homelessness unless treatment is provided.

(b) (1) Counties eligible for funding pursuant to paragraph (2) of subdivision (a) shall be those that have existing integrated adult service programs that meet the criteria for an adult system of care, as set forth in Section 5806, and that have, or can develop, integrated forensic programs with similar characteristics for parolees and those recently released from county jail who meet the target population requirements of Section 5600.3 and are at risk of incarceration unless the services are provided. Local enrollment for integrated adult service programs and for integrated forensic programs funded pursuant to paragraph (2) of subdivision (a) shall adhere to all conditions set forth by the department, including the total number of clients to be enrolled, the providers to which clients are enrolled and the maximum cost for each provider, the maximum number of clients to be served at any one time, the outreach and screening process used to identify enrollees, and the total cost of the program. Local enrollment of each individual for integrated forensic programs shall be subject to the approval of the county mental health director or his or her designee.

(2) Each county shall ensure that funds provided by these grants are used to provide new services in accordance with the purpose for which they were appropriated and allocated, and that none of these funds shall be used to supplant existing services to severely mentally ill adults. In order to ensure that this requirement is met, the department shall develop methods and contractual requirements, as it determines necessary. At a minimum, these assurances shall include that state and federal requirements regarding tracking of funds are met and that patient records are maintained in



such a manner as to protect privacy and confidentiality, as required under federal and state law.

(c) Each county selected to receive a grant pursuant to this section shall provide data as the department may require, that demonstrates the outcomes of these adult system of care programs, shall specify the additional numbers of severely mentally ill adults to whom they will provide comprehensive services for each million dollars of additional funding that may be awarded through either an integrated adult service grant or an integrated forensic grant, and shall agree to provide services in accordance with Section 5806.

(d) This section shall become inoperative on July 1, 2000, and, as of January 1, 2001, is repealed, unless a later enacted statute, that becomes operative on or before January 1, 2001, deletes or extends the dates on which it becomes inoperative and is repealed.

SEC. 6. The Department of Corrections and the State Department of Mental Health may jointly develop a coordinated strategy, including written protocols, to maximize the efficiency and cost-effectiveness of services to severely mentally ill parolees. Upon request by the Director of Corrections, the Director of Finance, upon legislative notification, may transfer funds from Provisions 15, 17, 19, and 20 of Item 5240-001-0001 of the Budget Act of 1999 to Provisions 13 to 20, inclusive, of Item 5240-001-0001 of the Budget Act of 1999 or to Schedule (a) of Item 4440-101-0001 of the Budget Act of 1999 in an agreed upon amount to enhance services that reduce the recidivism rate of mentally ill parolees, who, without the services and support provided pursuant to Part 3 (commencing with Section 5800) of Division 5 of the Welfare and Institutions Code, are at significant risk of incarceration.

SEC. 7. In consultation with the committee specified in paragraph (3) of subdivision (a) of Section 5814 of the Welfare and Institutions Code, the State Department of Mental Health shall establish the selection criteria and reporting requirements for future integrated adult service programs and integrated forensic programs



under Section 5814.5 of the Welfare and Institutions Code, if additional funding becomes available.

SEC. 8. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order for the State Department of Mental Health to have the program established and grants awarded within the time frames set forth in this act, and to ensure that the state is able to begin promptly achieving reductions in incarceration and homelessness in accordance with this measure, it is essential that this act take effect immediately.



Approved \_\_\_\_\_, 1999

\_\_\_\_\_  
*Governor*

