

Department of Alcohol and Drug Programs

TESTIMONY OF RENÉE ZITO, DIRECTOR FOR THE LITTLE HOOVER COMMISSION

9:00 a.m., June 28, 2007, State Capitol

My name is Renée Zito and in February 2007, I was appointed by Governor Schwarzenegger as Director of the Department of Alcohol and Drug Programs (ADP). I am happy to share some of the Department's accomplishments since the 2003 Little Hoover Commission Report *For Our Health and Safety: Joining Forces to Defeat Addiction*.

Overall Department Profile

The Department was created by the Legislature in 1978. Currently, the Department is staffed with approximately 335 employees and oversees 895 licensed residential treatment facilities, 1,051 certified outpatient treatment facilities, and 148 narcotic treatment programs. ADP is responsible for managing and administering an average annual budget of more than \$667 million in state and federal funds. The largest components of ADP's budget include the following funding sources:

- Substance Abuse Prevention and Treatment (SAPT) Block Grant ;
- Drug Medi-Cal; and
- Substance Abuse and Crime Prevention Act of 2000 / Substance Abuse Offender Treatment Program.

Overall, the Department is responsible for:

- Directing statewide prevention and treatment programs to address alcohol and other drug (AOD) problems and problem gambling;
- Providing and administering funds to counties for cost-effective planning and implementation of local AOD prevention and treatment programs;
- Reviewing and approving county AOD program contracts and granting applications submitted for state and federal funds allocated by ADP;
- Certifying and licensing AOD programs and counselors;
- Developing and enforcing standards to ensure levels of service quality for AOD programs statewide; and,
- Providing public information on AOD programs and services.

In 2000, the Office of Criminal Justice Collaboration was established to implement the Substance Abuse and Crime Prevention Act of 2000 (Proposition 36). In 2003, the Office of Problem Gambling was established to administer statewide problem gambling prevention services and programs.

ADP leads the statewide effort to inform the public and all stakeholders about the new understanding of drug and alcohol addiction as a chronic disease. The Department's leadership has earned the trust and confidence of the AOD field and continues to provide direction at the state, county and local service delivery levels, while developing its capacity to identify and share information on emerging issues and best practices, and foster collaboration among the stakeholders. Building strong relationships with counties and AOD programs and professionals has enabled the Department to work with the AOD field on regulations for counselor certification and training. In addition, ADP's initiative in promoting shared technical assistance, data and expertise has meant improved collaboration between federal, state and county governments.

Since the release of the 2003 Little Hoover Commission Report entitled, *For Our Health and Safety: Joining Forces to Defeat Addiction*, the Department has made significant strides in applying California's strategy to reduce AOD problems by developing, administering and supporting prevention, treatment and recovery programs. Major accomplishments include:

- **Substance Abuse and Crime Prevention Act of 2000 (SACPA).** SACPA is a voter-approved initiative to promote treatment, rather than incarceration for illegal drug use for first- or second-time nonviolent adult drug offenders who use, possess or transport illegal drugs for personal use. The Department successfully implemented SACPA in all 58 counties, and a five-year annual evaluation was conducted by the University of California, Los Angeles (UCLA). One major finding was that SACPA eligible offenders that completed treatment saved approximately \$4 for every \$1 allocated.

In 2004, ADP modified the SACPA allocation formula in order to improve the correlation between funding and documented local need. In 2006, ADP implemented the Substance Abuse Offender Treatment Program to enhance outcomes and accountability of SACPA offenders.

- **California Outcome Measurement System (CalOMS).** ADP implemented a statewide reporting system in January 2006 to collect treatment admission and discharge data from counties and providers that receive funding from the Department. The data includes the National Outcome Measures (NOMs) created by the Substance Abuse and Mental Health Services Administration (SAMSHA), as well as additional indicators chosen by the Department to measure and improve treatment outcomes.

- **Counselor Certification.** In April 2005, the Department implemented new regulations governing the certification of counselors working in AOD treatment programs. These regulations establish a process for certifying individuals who provide counseling services in AOD treatment programs licensed or certified by the State.
- **Continuum of Services System Re-Engineering (COSSR).** Through the development of a broad-based Task Force in May 2006, COSSR is making recommendations to ADP to re-engineer the current service delivery system to a chronic care model where addiction is treated as a chronic, relapsing condition requiring ongoing monitoring and support. Leaders from the AOD field of prevention, treatment, criminal justice, private sectors, and recovery support services have been working with the Department to identify service needs and gaps and are in the process of planning the development and implementation of a comprehensive and integrated continuum of AOD services system model which includes prevention, treatment and recovery services.
- **The Co-Occurring Disorders (COD) Workgroup.** The COD Workgroup developed a five-year Statewide Action Plan that addresses the needs of the co-occurring disorders (COD) population. The objectives are to eliminate barriers to services, advance integrated services at the local level, and improve treatment outcomes for these clients. ADP is working in collaboration with the Department of Mental Health (DMH) to implement the Statewide Action Plan.

As the single state agency for substance abuse prevention and treatment, the Department is charged with establishing standards for a statewide AOD service delivery system that supports all Californians by facilitating collaboration with California's 58 counties, other state-level departments, local public and private agencies, providers, advocacy groups, and individuals.

In addition to assuming a leadership role for the AOD field, ADP has been engaged in a strategic planning process. An initial three-year Strategic Plan was developed and implemented through 2005 that addressed areas of leadership, financing, enhancement of prevention and treatment systems, and internal capacity building. The Department continued with the second state-level Strategic Plan for 2006-2008.

The Department is committed to the development and improvement of a comprehensive and integrated continuum of AOD services. The Department has been establishing state goals, and has begun the assessment and planning of state and county needs.

The following sections of this testimony are organized in accordance with the Commission's recommendations:

Recommendation #1: The State should establish a council to develop a unified strategy to cost-effectively reduce the expense, injury and misery of alcohol and drug abuse. The council should advise policy-makers, coordinate programs and assess the effectiveness of statewide efforts to reduce the consequences of addiction.

Rather than establish one council to address the multiple complex issues, ADP has convened a variety of councils and workgroups to address substance abuse in the general and special populations. The workgroups established include the following.

- **Under its own existing authority, ADP has established:**
 - **The Director's Advisory Council (DAC).** DAC is a forum to ensure the delivery of quality prevention and treatment services for alcohol and drug abuse, and problem gambling prevention services in California. DAC responds to critical issues from judges, counties and the larger AOD field, identifies barriers to access for traditionally unserved/underserved populations, and provides feedback to the community.
 - **The Statewide Advisory Group (SAG).** This advisory group comprised of leaders from criminal justice, parole, probation, judicial system, county alcohol and drug administrators, public health, treatment providers, and local government this advisory group was brought together to develop unified goals and objectives in the implementation and evaluation of SACPA.
 - **The Offender Treatment Advisory Group (OTAG).** This advisory group was developed building on the successful collaborative efforts of SAG. Members of OTAG provide recommendations to strengthen accountability and outcomes for SACPA offenders.
- **Pursuant to a directive from the Governor's Office, ADP leads:**
 - **The Governor's Prevention Advisory Council (GPAC).** The Council focuses on prevention of alcohol, tobacco and other drug problems. Membership in GPAC includes key administrators from state agencies involved with issues related to prevention and program-level support.
- **ADP participates in these Agency wide or multi-department groups:**
 - **The State Interagency Team (SIT) for Children and Youth.** The Department has been in partnership with SIT to lead the effort to better coordinate policy, services and strategies for children, youth and families in California. Comprised of deputy directors from state agencies and departments, this group provides

innovative leadership and guidance to facilitate local implementation of system improvements.

- **Rural Health Policy Council.** This council brings together the directors of six Health and Human Services departments to focus on health issues impacting rural areas, which make up about 80 percent of California's geography. Rural issues concerning the healthcare workforce, access to care and funding often parallel issues faced by ADP and the AOD service system in all parts of the state. ADP's participation on the council helped lead to a demonstration project to improve access to AOD services in the Healthy Families Program.
- **Co-Occurring Joint Action Council (COJAC).** COJAC is a voluntary collaborative body with representatives from substance abuse and mental health county administrators and service providers, as well as the Departments of Alcohol and Drug Programs (ADP) and Mental Health (DMH). The COJAC advises the Directors of ADP and DMH by implementing the Statewide Action Plan and promoting information and activities that improve the treatment of persons with Co-Occurring Disorders (COD) of mental illness and substance abuse.

Recommendation #2: Working with counties, the State should set broad goals for treatment programs and help counties to ensure that treatment is available to those whose substance abuse imposes the greatest harm on their communities.

The Department's Strategic Plans have provided Counties with broad statewide priorities, goals and objectives. ADP has also made progress in several areas working with counties and providers to facilitate training, assess needs, and implement planning and resource allocation to meet AOD needs.

The Department is creating a statewide plan for ensuring accountability based on outcomes and other performance measures. The federal Substance Abuse and Mental Health Services Administration (SAMSHA) provided states with clear requirements and standards for outcomes data collection and accountability through performance. These new requirements are called the National Outcome Measures (NOMs). The Department developed its data collection system for prevention and treatment services to reflect the requirements of NOMs and other state-level outcome measures. To augment this effort, the Department established the Performance Management Branch. This Branch is responsible for assessing state and county performance outcome measures as part of an ongoing effort to improve processes, programs and accountability. The Department will be establishing baseline data for all indicators so that-improvement targets can be identified and implemented.

The Department is instituting a continuum of care for criminal justice clients. One of the requirements for counties to receive OTP funding is to establish an adult felony drug court willing to accept clients likely to go to prison. OTP also requires counties to implement several key findings from the UCLA reports. A criminal justice continuum of

care would ensure that offenders receive appropriate levels of drug treatment and court oversight.

The goals of OTP are to:

- Improve SACPA offender accountability;
- Increase show rates (the proportion of sentenced offenders who actually enter treatment);
- Increase retention of offenders in treatment and improve rates of treatment completion;
- Reduce delays in the availability of appropriate treatment services;
- Expand treatment services that are needed, but not available, including residential treatment and narcotic replacement therapy; and,
- Obtain county investment.

An upcoming 2007 UCLA evaluation of the SACPA program will focus on successful practices and performance management to identify and assess promising screening, case management, criminal justice system, court process, treatment, reward, sanction, and service integration strategies developed by California counties or by programs outside the State.

Additionally, ADP is exploring the use of a risk and needs assessment tool that assesses offenders' public safety risk (high or low), treatment need (high or low), and psychosocial functioning (criminogenic risk and clinical need). The information will be used to help determine the program type and level that offenders may need.

Recommendation #3: The State should implement outcome-based quality control standards for treatment personnel, programs, and facilities and encourage continuous quality improvement.

ADP has a strong and dedicated focus in providing direction, training and standards to the county and local service delivery levels on the implementation of standardized outcome measures, treatment personnel and facilities.

CalOMS Treatment system and outcome management reports are being utilized by the Department and counties to identify client admissions, demographics, service utilization, and outcomes across seven life domains. ADP and county staff are using the CalOMS data to understand and report changes in client conditions during AOD treatment. This data will be used for ongoing quality improvement and the establishment of standards of care.

Based on research and best practices, there is evidence that all women with substance abuse problems need access to comprehensive, gender-responsive services, not just pregnant or parenting women. Therefore, in 2007, ADP expanded the scope of the Perinatal Services to now include addressing the needs of all women. This Office is charged with enhancing the existing system to improve AOD services for women of all

ages, their children and families.

Licensing and certification of residential and outpatient recovery services and treatment programs is a vital part of ADP's Quality Assurance Core Program. Residential facilities that provide nonmedical alcoholism or drug abuse recovery, treatment or detoxification services to adults in California must be licensed by ADP. The Department is responsible for monitoring these facilities and currently enforces the residential regulations that address the health and safety of each facility.

The Department has been working on significant changes to these regulations to include requirements that improve the quality of services being provided in residential facilities. ADP expects these regulations to be implemented in the fall of 2008.

The Department continues to work with the California Health and Human Services (CHHS) Agency and other CHHS departments concerning licensing reform issues. Suggested reforms included public protection enhancements such as expanded authority for ADP to consider licensing enforcement actions by other departments in its licensing decisions and greater consistency within, and across departments. The Department also intends to pursue licensing for outpatient programs. The Governor proposed trailer bill language for licensing reforms in 2006-07. While the Legislature did reject much of the Governor's proposal, they did approve two year certifications of facilities and they adopted trailer bill language approving additional positions for counselor certification and expanded orientation for prospective providers. CHHS and the Department have since been tasked to seek alternate legislative vehicles that could include reforms, on a piecemeal basis if necessary. A new licensing certification fee is proposed in trailer bill language for 2007-08.

There are many efforts in place for enhancing the skills, knowledge and abilities of the AOD workforce, both at the Department, but also with the counties and providers. Some of these efforts concentrate on technical assistance and training. The Department is concerned about workforce development in a profession with low salaries, societal stigma and aging clinical and administrative leadership. At this critical point dedicated people are continuing to leave the profession because the pay and benefits are low or because they are retiring. Some of the workplace development efforts include:

- Making It Work! Annual Conferences;
- Quarterly Training for County Alcohol and Drug Program Administrators Association of California;
- Core Competencies Review and Survey Project;
- Annual ADP Treatment and Prevention Conferences;
- COSSR Task Force; and,
- The Youth Treatment Technical Assistance (TA) and Tracking Project.

Counselor Certification regulations require counselors to complete a recognized curriculum of study that includes information about co-occurring disorders, aging population, post-traumatic stress disorder (PTSD), diverse populations, individuals with

disabilities, cultural differences, treatment for nonviolent offenders, ethics, communicable diseases, and prevention of sexual harassment. All counselors must register with a certifying organization, meet education and training requirements, and then pass an accredited test to become certified. Counselors have five years to become certified.

The Department recently published **Methamphetamine Treatment: A Practitioner's Reference**. The 74-page guide is the most comprehensive collection of research and best practices, to date, on the issue of methamphetamine treatment. More than 5000 copies have been distributed.

Recommendation #4: The State should facilitate the integration of alcohol and drug treatment with other social services to effectively reduce abuse and related public costs.

Working collaboratively with other agencies, the Department has encouraged replication of successful evidenced-based and best practices by documentation and training. For example, the Comprehensive Drug Court Implementation Act of 1999 (CDCI) expanded the successful Drug Court Partnership Program to include juvenile drug courts, dependency drug courts and family drug courts.

Early identification and intervention has been proven to reduce avoidable future problems and associated health, social and economic costs. In light of this knowledge, in October 2003 the Department received a \$17.4 million grant through the Governor's Office from the SAMSHA Center for Substance Abuse Treatment (CSAT) for the California Screening, Brief Intervention, Referral, and Treatment (CASBIRT) Program. The purpose of the grant is to reduce substance abuse by screening and intervening with nondependent users, and referring those individuals who are dependent to community treatment services. This effort involves partnerships between the Governor's Office, ADP, the County of San Diego and San Diego State University Research Foundation, and multiple health care providers. Screening, brief intervention and referral to treatment are designed to engage nondependent users during medical visits through routine screening. This model allows for expansion to more hospitals, trauma centers and community clinics.

The Co-Occurring Disorders Joint Action Committee (COJAC) convened in 2002. The COD workgroup developed a report that identified barriers, and made recommendations to the Directors of ADP and DMH to eliminate systematic barriers and improve integrated treatment services for persons with COD. In March 2004, ADP and DMH developed a five-year plan based on report recommendations.

In addition to COJAC, several other venues have provided a forum for state staff and stakeholders to systematically identify barriers for improved and integrated treatment services. Because of federal regulations or state laws concerning financial requirements and client confidentiality, advancing this recommendation continues to be a challenge in removing barriers toward program integration.

Founded in 2003, the State Interagency Team (SIT) for Children and Youth is leading the effort to better coordinate policy, services and strategies for children, youth and families in California. Comprised of deputy directors from ten state agencies and departments, this group provides innovative leadership and guidance to facilitate local implementation of system improvements. The SIT has formed an AOD workgroup to focus on developing collaborative efforts to prevent and reduce AOD problems.

Recommendation #5: The State should immediately maximize available resources that can be applied to treatment. As the treatment system improves, the State also should consider new funding sources to provide more stable funding.

The Department has been able to maximize available resources for improving the treatment service delivery system in many areas. Some of those accomplishments include:

- **California Access to Recovery Effort (CARE).** In working with counties, the Department identified specific goals and objectives for increasing services to youth. ADP applied for and received \$7.6 million annually for three years for the CARE grant program, which ends August 2007. The program will have served nearly 10,000 youth ages 12-20 in Sacramento and Los Angeles Counties;
- **Office of Grants Management.** This Office ensures the Department receives its annual SAPT Block Grant award and maximizes federal funds by ensuring the appropriate use of public funds. This Office provides assistance to organizations applying for SAMSHA discretionary grants. In Fiscal Year 2006-07, SAMSHA awarded more than \$59.5 million in discretionary grants to recipients, other than the State, for substance abuse prevention and treatment services in California;
- **Drug Medi-Cal (DMC).** ADP is evaluating the current DMC program to maximize federal funds and examine the current Medi-Cal benefits for enhancement of treatment outcomes for DMC clients. ADP is also reviewing the current DMC reimbursement structure;
- **California Screening, Brief Intervention, Referral and Treatment Grant (CASBIRT).** The federal grant amount of \$17.4 million is being used in California health care settings that focus on nondependent users;
- **\$10 Million Public Education Campaign.** This new public education campaign on methamphetamine will encourage methamphetamine users to seek help for their addiction; and,
- **Leveraging local funds.** California is also leveraging local funds
 - The Offender Treatment Program requires a ten percent county match of the total program budget
 - Felony Drug Court programs require a 20 percent match of county funds

While the Department provides funding for prevention and treatment for AOD services, clients themselves also pay for services in the following areas:

- Publicly-funded AOD treatment programs assess a fee to program participants. Treatment providers develop rates and procedures to assess client fees and submit the rates with a “sliding scale” to county alcohol and drug program administrators. The funds collected are to be spent within the program where services are rendered; and,
- SACPA regulations state that the county must utilize any fee they collect from clients pursuant to the Act (SACPA) as the result of an assessment by a trial judge toward the cost of placing clients into drug treatment programs.

Continued funding is an investment in the AOD field based on evidence of the SACPA program. The Legislature and Governor approved an overall increase of State funds for non-violent drug offenders. The OTP received \$25 million in Fiscal Year 2006-07; in addition to the budgeted \$120 million for SACPA.

ADP has provided an optimal AOD health care benefit to CalPERS, the State’s employee and retiree’s health care purchaser. CalPERS has not yet included the option as part of their benefit plan.

While the Department was successful in many areas, there continue to be barriers related to maximizing funds. Some of those barriers are:

- The allocation formula for the SAPT Block Grant includes a Cost of Service Index (CSI). The statutorily-stated purpose for the CSI is to reflect the differences that exist between the states in the costs of providing authorized services. Nevertheless, when Congress established the formula in 1992, the CSI was capped at 1.1; it has not been increased since then. California’s CSI has exceeded the CSI cap every year. As a result, California receives only the minimum increase when Congress increases the SAPT Block Grant appropriation. Additionally, when there are cuts in the SAPT Block Grant appropriation, as occurred in Federal Fiscal Year 2005 and 2006 awards, each state’s allocation is reduced by the same percentage; therefore, California receives the largest cut;
- In addition to the block grant, SAMSHA also administers a discretionary grant program. Current grant funding levels apply uniform funding limits to each state regardless of size and need, making it impossible for these grants to benefit all communities in California; and,
- For Drug Medi-Cal, residential services to pregnant and postpartum women are limited to facilities with 16 beds or less. The Centers for Medicare and Medicaid Services classifies alcohol and drug dependence as a mental disease and defines any residential facility with over 16 beds as an Institution for Mental Disease (IMD). Individuals residing in an IMD are excluded from all federal

Medicaid services. However, the same individual residing in a facility of 16 beds or less is eligible for Medicaid services. This exclusion policy is making it economically unfeasible for providers to serve this vulnerable population.

Department of Alcohol and Drug Programs (ADP) Assessment of Substance Abuse and Crime Prevention (SACPA) Effectiveness: 2005 UCLA Report

- The 2005 UCLA Evaluation of Proposition 36 finds that changes are necessary to improve offender outcomes.
 - 75 percent of those referred to SACPA enter treatment.
 - 32 percent of those entering treatment actually complete treatment.
 - 32 percent completion rate is comparative to voluntary treatment clients and those sent to other treatment programs by criminal justice.
- Treatment completers do better.
 - The State continues to see cost savings of \$4 for every \$1 spent on treatment completers.
 - Re-arrest rates were lower for treatment completers.
 - Treatment completers are more likely to remain employed and drug-free.
- UCLA made a number of recommendations for program enhancement to improve treatment outcomes.
 - **Place more emphasis on residential care.** Methamphetamine users who were placed in residential rather than outpatient care had significantly fewer arrests.
 - **Expand the use of Narcotic Replacement Therapy (NRT).** The performance of heroin users in treatment may improve significantly if NRT is made more available.
 - **Continue to implement practices that encourage better show rates** such as locating assessment in, or near, the court, allowing walk-in assessment, and incorporating procedures used in drug courts.
 - **Continue collaboration among counties, law enforcement and the judiciary.**
 - **Recognize that not all offenders are appropriate candidates for Proposition 36.** Some need more court supervision and alternative programs should be explored for these offenders.
- UCLA provided several funding options for improving the performance of Proposition 36 and associated costs. Four treatment expansion options and one community-supervision enhancement option are being considered:
 - **Pre-SACPA Placement Parity.** Provide care equivalent to what clients would have received had they been referred to treatment by Criminal

Justice in the pre-Proposition 36 era. This would cost an additional \$19 million.

- **90-Day Dose to Undertreated Offenders.** Provide an adequate treatment “dose” of 90 days. It would cost at least \$18 million to get all SACPA clients who received less than 90 days of care to a 90-day treatment minimum mark.
- **90-Day Dose to Untreated Offenders.** Provide treatment to all offenders not currently entering treatment. To provide outpatient drug-free treatment to those currently untreated would increase treatment costs by at least \$13.3 million.
- **Expanded NRT.** Provide NRT to clients not currently receiving NRT. Extending NRT to all medically-eligible clients would result in a cost increase of at least \$3.7 million.
- **Community Supervision.** Enhance community supervision. Providing some enhancement to all Proposition 36 client supervision and intensive supervision probation to those with five or more prior convictions in the 30 months prior to their Proposition 36 conviction will result in an estimated increase of \$25 million.

UCLA will continue to evaluate the effectiveness of Proposition 36.

Proposed Funding for Fiscal Year 2007-08

The Governor is committed to Proposition 36 and improving treatment outcomes and accountability. A number of the proposed reforms are now enjoined by the court. While awaiting court action the Governor’s budget attempts to enact those reforms that are not under injunction. The Governor’s Budget for Fiscal Year 2007-08 is \$60 million for SACPA and \$60 million for OTP.

CLOSING

The Department is proud of the significant accomplishments that have been made and also recognize the opportunities that are ahead. We have a better understanding that alcoholism and drug addiction are chronic conditions that can be successfully prevented and treated.

Our success is critical to improving the lives of Californians and ensuring healthier, safer communities and a state less burdened by the societal and economic costs of substance abuse.

This concludes my testimony today. I want to thank you for your attention and welcome any questions you might have.