

The Department of Health Care Services' (DHCS) role in providing oversight of Mental Health Services Act (MHSA) funds since the dissolution of the Department of Mental Health (DMH)

DHCS is responsible for fiscal and program oversight of the MHSA using multiple mechanisms, which include the development of regulations, monitoring of contracts with counties, and through collaboration with other state agencies and departments, counties, and stakeholders.

DHCS communicates regularly with other entities implementing MHSA-funded programs. This includes a monthly meeting with the California Mental Health Services Authority, a joint powers authority of county mental health departments. The Authority is currently implementing MHSA-funded statewide Prevention and Early Intervention programs. DHCS also conducts a quarterly meeting with the Office of Statewide Health Planning and Development (OSHPD) and serves on OSHPD's MHSA Workforce Education and Training (WET) Advisory Group. In addition, DHCS works closely with the California Housing Finance Agency (CalHFA) and the California Mental Health Directors Association (CMHDA) to implement the MHSA Housing Program. In this role, DHCS reviews and approves housing applications from counties. DHCS provides periodic updates to key legislative staff.

In collaboration with the Department of Finance, DHCS provides counties with estimates of unexpended funds and revenue allocations to complete their annual Revenue and Expenditure Reports (RER). The RERs from each county are submitted to DHCS and the Mental Health Services Oversight and Accountability Commission (MHSOAC) and are reviewed for accuracy. Although the county Board of Supervisors approves counties' expenditures, DHCS provides technical assistance to counties in order to ensure the reports are complete.

DHCS develops and enters into annual performance contracts with counties. The development process involves consultation with various stakeholders, including the California Stakeholder Process Coalition, CMHDA, MHSOAC, the California Department of Public Health, National Alliance on Mental Illness, and OSHPD. DHCS manages the contract monitoring functions, including, but not limited to, monitoring client service data monthly, conducting fiscal data reviews annually, and performing onsite reviews every three years to ensure compliance with the performance contract. DHCS requests plans of correction from any county that does not comply with the performance contract.

Please note that the evaluation of the MHSA, including the evaluation of statewide capacity, falls under the purview of the MHSOAC.

Transition of responsibility from the California Department of Mental Health (DMH) to DHCS – challenges and outstanding issues

MHSA-related functions were transferred to DHCS from DMH in July 2012. DHCS worked with the CMHDA and the California State Association of Counties (CSAC) to address concerns regarding the applicability of certain requirements contained within the performance contracts.

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DHCS is currently updating regulations relating to the following areas: audits and appeals, community services and supports, fiscal guidance, and compliance, Capital Facilities and Technological Needs (CFTN), and WET components. In addition, resources were directed to update DHCS data systems and provide counties with technical assistance to ensure compliance with data reporting requirements. DHCS continues to strengthen and clarify roles and responsibilities among agencies, such as MHSOAC, CalHFA, OSHPD, and the Mental Health Planning Council (MHPC). In order to continuously identify and address counties' needs, DHCS participates in workgroups, meetings, and discussions with CMHDA to receive feedback. This process provides an avenue to clarify policies and guide counties when new or updated policies are implemented locally.

DHCS' role in determining MHSA funding formulas

DHCS is responsible for updating the formula for county allocations of MHSA funds. DHCS must inform the MHSOAC and the CMHDA of the methodology used for revenue allocation to the counties and provide this methodology to the State Controller's Office. The State Controller's Office distributes to the local mental health services funds all unexpended and unreserved funds, pursuant to this methodology.

The factors used to develop the percentage of funds that each county receives are based on the following factors:

- The need for mental health services in each county based on total population of each county.
- The population most likely to access services.
- The uninsured population.
- The population most likely to receive services.

Adjustments are made based on the need for mental health services in each county as determined by:

- The cost of being self-sufficient in each county relevant to the statewide average.
- Other non-MHSA resources available to the county.

In order to provide a minimum level of funding for less populous counties, a minimum component allocation was established for each component based on recommendations from CMHDA.

- Community services and support: \$250,000 is the minimum amount available to each county with a population of less than 20,000; \$350,000 is the minimum available to all other counties.
- Prevention and early intervention: \$100,000 is the minimum amount available to each county.

- Innovation: There is no minimum amount. Component allocations for Innovation are based on the relative share of total community services and support and prevention and early intervention component allocations provided to each county, in order to be consistent with current law, in which funding utilized for innovative work plans is a proportion of community services and support and prevention and early intervention funding.

DHCS's review of counties' MHSAs-funded Services

The passage of AB 100 (Committee on Budget, Chapter 5, Statutes of 2011) realigned mental health and substance use disorder service funds and responsibilities from the state to the counties. The review and approval process of counties' three-year program and expenditure plans/updates are conducted on the local level through each county Board of Supervisors. DHCS receives evaluation and performance information from the MHSOAC and the MHPC quarterly. These referrals are meant to identify critical issues related to the performance of a county mental health program. DHCS reviews this information and determines if further action is required using current laws, regulations and performance contracts. DHCS reviews and approves supportive service plans in MHSAs Housing Program applications. DHCS also provides technical assistance at the county's request.

DHCS is in the process of improving administrative capabilities to provide increased oversight and monitoring.

Types of data, information, and reports DHCS receives from counties – outcomes, data quality improvements, and challenges

Current information DHCS receives from counties

DHCS collects various reports from counties that facilitate the oversight and evaluation of fiscal and programmatic data. The reports include:

- Cost Report – reflects county's annual Medi-Cal and non-Medi-Cal expenditures and distributions.
- Annual MHSAs Revenue and Expenditure Report – reflects county's annual MHSAs expenditures and distributions.
- Client and Service Information System Data – collects client and service level data for all mental health services.
- Full Service Partnership Performance Outcome Data – collects full service partnership data for MHSAs clients only.
- Client Perception Semi-Annual Survey – measures each client's level of satisfaction with the mental health services they are receiving or have received.

Outcomes and Data Quality Improvements

DHCS is required to develop a performance and outcomes system for Medi-Cal Specialty Mental Health Services (SMHS) offered to children and youth to improve outcomes and informed decision making. The Performance Outcomes System implementation will establish a process for bringing together information from multiple sources in order to better understand the results of Medi-Cal SMHS provided to children and youth and to improve the continuum of care between managed care plans and mental health plans. MHSAs full service partnerships serving children/youth and transitional aged youth may be included within this performance and outcomes system.

DHCS is establishing plans to improve mental health outcomes at the individual, provider, and system level to meet quality improvement goals. DHCS uses several methods to collect information for measuring and improving SMHS, including the Short Doyle Medi-Cal claiming system, client and services information, consumer perceptions survey, data collection and reporting system, and the management information system/decision support system. DHCS continues to work with the counties to improve upon the data submitted in these data systems, which will be utilized for an outcomes report scheduled for release later in 2014.

Throughout the process to develop a performance outcomes system, DHCS worked with stakeholders from a wide range of fields, including youth family members, county staff, youth advocates, and other interested members of the public. Stakeholder workgroups provided valuable information on relevant performance outcome domains and indicators and functional outcomes that assess child/youth progress and provider performance.

DHCS is working with other governmental entities in order to continue developing quality improvement measures. Through outcome-based reporting, the state and counties will be able to identify strengths and opportunities for improving practice across the assessment domains of mental health services.

Through continued collaboration with partners and stakeholders, DHCS will further develop the Performance Outcomes System and will continue to communicate the system progress, System Implementation Plan, and development schedule with interested parties.

Recommendations to Improve the Oversight of MHSAs Funds

Updating Regulations

Although DHCS monitors counties to ensure compliance requirements using current law, regulations, and performance contracts, MHSAs regulations are being updated to clarify DHCS' policies and procedures. DHCS is currently working to complete the audits and appeals regulations, as they are necessary to support the audits DHCS will conduct, and will establish an appeal process for counties to follow. DHCS will also draft regulations for community support services, CFTN, and WET components and fiscal policies. In addition, DHCS will be

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updating regulations to ensure they are consistent with current statute. These regulations will ensure counties are provided with clear guidance when utilizing MHSA funds for the provision of services and reporting requirements.

Improving Data Quality and Outcomes

DHCS will continue to strengthen the data collection capabilities of DHCS, including updates to the DCR system. DHCS continues to work with counties to improve upon the data submitted in these data systems, and will develop an outcomes report scheduled for release later in 2014. DHCS, in collaboration with MHSOAC and the MHPC, will establish performance outcome measurements, consistent with the Evaluation Master Plan.

Training and Technical Assistance

DHCS supports training and technical assistance contracts that strengthen the local planning and review process as well as ensure local stakeholders are aware of and participate in the local planning and approval process.

Since the transfer of responsibilities from DMH to DHCS, DHCS has updated various oversight mechanisms of MHSA funds and is committed to improving these functions.