

AMENDED IN ASSEMBLY JUNE 19, 2023

AMENDED IN SENATE MARCH 21, 2023

**SENATE BILL**

**No. 326**

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**Introduced by Senator Eggman**

February 7, 2023

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An act to amend Section 5891 of the Welfare and Institutions Code, relating to mental health; amend, repeal, and add Section 99277 of the Education Code, to amend, repeal, and add Section 131315 of the Health and Safety Code, to amend, repeal, and add Section 19602.5 of the Revenue and Taxation Code, to amend, repeal, and add Section 1095.5 of the Unemployment Insurance Code, to amend Sections 5600.3, 5604, 5604.1, 5604.2, 5604.3, 5604.5, 5613, 5614, 5675, 5813.6, and 5878.2 of, to amend and repeal Sections 5840.8, 5846, 5847, 5848, 5895, and 5899 of, to amend, repeal, and add Sections 5610, 5771.1, 5805, 5806, 5813.5, 5814, 5830, 5835, 5835.2, 5840, 5840.6, 5840.7, 5845, 5845.5, 5848.5, 5849.1, 5849.2, 5849.3, 5852.5, 5868, 5878.1, 5878.3, 5881, 5886, 5890, 5891, 5891.5, 5892, 5892.1, 5892.5, 5893, 5897, 5898, 14191.7, and 14707.5 of, to add Sections 5831 and 14197.71 to, to add Chapter 3 (commencing with Section 5840.10) to Part 3.6 of Division 5 of, to add Part 4.1 (commencing with Section 5887) to Division 5 of, to add Chapter 3 (commencing with Section 5962) to Part 7 of Division 5 of, and to repeal Section 5840.5 of the Welfare and Institutions Code, and to amend and repeal Section 18 of the Mental Health Services Act, as added by Proposition 63 at the November 2, 2004, statewide general election, relating to behavioral health.

LEGISLATIVE COUNSEL'S DIGEST

SB 326, as amended, Eggman. ~~Mental Health Services Act. The Behavioral Health Services Act.~~

(1) Existing law, the Mental Health Services Act (MHSA), an initiative measure enacted by the voters as Proposition 63 at the November 2, 2004, statewide general election, funds a system of county mental health plans for the provision of mental health services. Existing law authorizes the MHSA to be amended by a  $\frac{2}{3}$  vote of the Legislature if the amendments are consistent with and further the intent of the MHSA. Existing law authorizes the Legislature to add provisions to clarify procedures and terms of the MHSA by majority vote.

If approved by the voters at the March 5, 2024, statewide primary election, this bill would delete the provision that establishes vote requirements to amend the MHSA, requiring all amendments of the MHSA to be approved by the voters. The bill would recast the MHSA by, among other things, renaming it the Behavioral Health Services Act (BHSA), expanding it to include treatment of substance use disorders, changing the county planning process, and expanding services for which counties and the state can use funds. The bill would revise the distribution of MHSA moneys, including allocating up to \$36,000,000 to the department for behavioral health workforce funding. The bill would authorize the department to require a county to implement specific evidence-based practices.

This bill would require a county, for behavioral health services eligible for reimbursement pursuant to the federal Social Security Act, to submit the claims for reimbursement to the State Department of Health Care Services (the department) under specific circumstances. The bill would require counties to pursue reimbursement through various channels and would authorize the counties to report issues with managed care plans and insurers to the Department of Managed Health Care or the Department of Insurance.

The MHSA establishes the Mental Health Services Oversight and Accountability Commission and requires it to adopt regulations for programs and expenditures for innovative programs and prevention and early intervention programs established by the act. Existing law requires counties to develop plans for innovative programs funded under the MHSA.

This bill would rename the commission the Behavioral Health Services Oversight and Accountability Commission and would change the composition and duties of the commission, as specified. The bill would delete the provisions relating to innovative programs and instead would require the department to establish the priorities and a program, which would be administered by counties, to provide housing interventions.

*The bill would provide that “low rent housing project,” as defined, does not apply to the development of urban or rural dwellings, apartments, or other living accommodations, as specified.*

*This bill would make extensive technical and conforming changes.*

*(2) Existing law, the Bronzan-McCorquodale Act, contains provisions governing the operation and financing of community mental health services for persons with mental disorders in every county through locally administered and locally controlled community mental health programs. Existing law further provides that, to the extent resources are available, community mental health services should be organized to provide an array of treatment options in specified areas, including, among others, case management and individual service plans. Under existing law, mental health services are provided through contracts with county mental health programs.*

*The bill would authorize the State Department of Health Care Services to develop and revise documentation standards for individual service plans, as specified. The bill would revise the contracting process, including authorizing the department to temporarily withhold funds or impose monetary sanctions on a county behavioral health department that is not in compliance with the contract.*

*(3) Existing law establishes the Medi-Cal program, which is administered by the State Department of Health Care Services, under which qualified low-income individuals receive health care services, including Early and Periodic Screening, Diagnosis, and Treatment (EPSDT) services for an individual under 21 years of age. The Medi-Cal program is, in part, governed by, and funded pursuant to, federal Medicaid program provisions. Existing law requires the department, in collaboration with the California Health and Human Services Agency and in consultation with the Mental Health Services Oversight and Accountability Commission, to create a plan for a performance outcomes system for EPSDT mental health services, as specified.*

*This bill would include substance use disorder treatment services provided to eligible Medi-Cal beneficiaries under 21 years of age in the plan for a performance outcome system.*

*(4) The bill would provide that its provisions are severable.*

*(5) The bill would provide for the submission of the act to the voters at the March 5, 2024, statewide primary election.*

~~Existing law, the Mental Health Services Act, an initiative measure enacted by the voters as Proposition 63 at the November 2, 2004, statewide general election, funds a system of county mental health plans~~

~~for the provision of mental health services, as specified. The act establishes the Mental Health Services Fund, which is continuously appropriated to, and administered by, the State Department of Health Care Services to fund specified county mental health programs. The act may be amended by the Legislature only by a  $\frac{2}{3}$  vote of both houses and only so long as the amendment is consistent with and furthers the intent of the act. The Legislature may clarify procedures and terms of the act by majority vote.~~

~~This bill would require a county, for a behavioral health service eligible for reimbursement pursuant to the federal Social Security Act, to submit the claims for reimbursement to the State Department of Health Care Services under specific circumstances. By imposing a new duty on local officials, this bill would create a state-mandated local program.~~

~~The bill would make findings that it clarifies procedures and terms of the Mental Health Services Act.~~

~~The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.~~

~~This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to the statutory provisions noted above.~~

~~Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: yes-no.~~

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

1     SECTION 1. *The people of the State of California hereby find*  
2 *and declare all the following:*  
3     (a) *The data is alarming. In 2022, one in 20 adults in California*  
4 *is living with a serious mental illness (SMI), representing a nearly*  
5 *50-percent increase in the last decade. One in 13 children in*  
6 *California has a serious emotional disturbance (SED), which is*  
7 *more common in children in low-income families, and 30 percent*  
8 *of youth 12 to 24 years of age experience serious psychological*  
9 *distress. One in 10 Californians meet the criteria for a substance*  
10 *use disorder (SUD), and the rate of SUDs among youth 18 to 25*  
11 *years of age is nearly twice that of adults and more than three*  
12 *times that of adolescents.*

1 (b) The number of amphetamine-related emergency department  
2 (ED) visits increased nearly 50 percent between 2018 and 2020,  
3 while the number of non-heroin-related opioid, including fentanyl,  
4 ED visits more than doubled in the same period. The total cost of  
5 care for individuals with behavioral health conditions who use  
6 emergency departments and inpatient services is roughly two times  
7 higher than those who do not. Hospitals have reported a significant  
8 increase in the number of adolescents seeking psychiatric treatment  
9 in emergency departments.

10 (c) Black, indigenous, and communities of color, younger and  
11 older individuals, people who are LGBTQ+, victims of domestic  
12 violence or sexual abuse, veterans, people involved with the justice  
13 system, and people who are experiencing homelessness, among  
14 others, are the most impacted.

15 (d) Black, indigenous, and people of color (BIPOC) experience  
16 disparities in access to health care, which may contribute to and  
17 sustain racial inequities in behavioral health care. Latinx, Asian,  
18 and Pacific Islander Medi-Cal enrollees have the lowest rates of  
19 access to services of all racial and ethnic groups and are less likely  
20 to have continued engagement with behavioral health services  
21 across both managed care and county specialty plans.

22 (e) Nationally, suicide rates among youth between 10 and 18  
23 years of age have increased, as has the rate for Black and Latinx  
24 youth between 10 and 24 years of age in California. LGBTQ+  
25 youth are over four times more likely to attempt suicide than  
26 non-LGBTQ+ peers, while multiple suicide risk factors may affect  
27 adults 65 years of age and older, including psychiatric and  
28 neurocognitive disorders, social exclusion, bereavement, cognitive  
29 impairment, and physical illnesses.

30 (f) Veterans have a higher rate of suicide than the general  
31 population and experience higher rates of mental illness or  
32 substance use disorder. In 2020, there were over 10,000  
33 Californian veterans experiencing homelessness.

34 (g) Nearly one-quarter of California's homeless population  
35 have an SMI and are at higher risk of justice involvement. Among  
36 recently incarcerated individuals, data suggests that close to one  
37 in three people experiencing homelessness are living with an SMI.  
38 Overdose is the leading cause of death for people recently released  
39 from incarceration.

1     (h) Meeting the growing demand for behavioral health care has  
2 exposed strained infrastructure. There are workforce challenges  
3 across professional classifications that do not easily facilitate a  
4 career pathway to meet the need for holistic and compassionate  
5 behavioral health care and positions that provide a living wage.  
6 The current workforce is not diverse enough or culturally  
7 representative of those in need. The limited availability of clinically  
8 appropriate, culturally competent, community-based care facilities  
9 and residential settings to support rehabilitation and recovery  
10 contributes to the growing crisis of homelessness and incarceration  
11 among those living with an SMI and an SUD. Research in 2021  
12 indicates that the state has a shortage of over 2,700 subacute and  
13 nearly 3,000 community residential beds.

14     (i) More can be done to support capacity, access, and quality  
15 of required behavioral health care for individuals who are insured.  
16 Enhanced fiscal and programmatic oversight is needed to prevent  
17 insured individuals experiencing behavioral health challenges  
18 from needing publicly resourced care through the county specialty  
19 behavioral health system. By improving planning and  
20 administration, performance monitoring, and accountability,  
21 individual service and system level outcomes will improve.

22     SEC. 2. The purposes and intent in enacting this act are as  
23 follows:

24     (a) The state intends to transform its behavioral health system  
25 while strengthening the continuum of community-based care  
26 options for Californians living with the most significant mental  
27 health and substance use disorder (SUD) needs. These efforts  
28 include, but are not limited to, California Advancing and  
29 Innovating Medi-Cal (CalAIM), Behavioral Health  
30 Community-Based Organized Networks of Equitable Care and  
31 Treatment (BH-CONNECT), Children and Youth Behavioral  
32 Health Initiative (CYBHI), Behavioral Health Continuum  
33 Infrastructure Program (BHCIP), Community Assistance,  
34 Recovery, and Empowerment (CARE) Act, the 988 Suicide and  
35 Crisis Lifeline, and the Crisis Care Continuum.

36     (b) Further transformation of the behavioral health system  
37 requires modernization to account for changes in the health care  
38 and behavioral health landscape since the Mental Health Services  
39 Act was enacted 20 years ago, including the passage and  
40 implementation of the federal Patient Protection and Affordable

1 Care Act, which expanded coverage and required essential health  
2 benefits, including behavioral health benefits, for individuals  
3 insured under Medicaid. In addition, federal and state parity laws  
4 have expanded access to services and affordable coverage.  
5 Funding sources should not only be maximized to the fullest extent  
6 possible, but must be blended and braided, to leverage public  
7 resources for where the unmet need is greatest.

8 (c) The state continues to align goals and further policies that  
9 support delivery system improvements. This includes advancing  
10 the use of evidence-based and community-defined evidence  
11 programs, taking a whole person approach that is trauma  
12 informed, developmentally tailored across the lifespan, streamlined  
13 and seamless service delivery, supports the individual in the  
14 recovery process, reduces health disparities, and acts in  
15 partnership with families and support systems.

16 (d) The state intends to strengthen oversight over key outcomes  
17 so that investments are being made in equitable and high-quality  
18 care. Outcome measures, not just process measures, will drive  
19 toward meaningful and measurable system change. Transparency  
20 will increase and revised planning processes will allow strategic  
21 alignment of funding and local cross-system collaboration.

22 (e) The state recognizes the critical role that safe, stable, and  
23 affordable housing play in supporting individuals with a serious  
24 mental illness (SMI) and an SUD to thrive in their communities.  
25 Therefore, dedicated resources towards essential housing  
26 interventions for those experiencing a serious emotional  
27 disturbance (SED), an SMI, and an SUD are needed for those  
28 experiencing, or who are at risk of experiencing, homelessness.

29 (f) Additionally, the state will lead enhanced efforts to address  
30 workforce challenges by recruiting, training, and creating a  
31 pathway to high-quality jobs that can meet the growing behavioral  
32 health care needs of Californians with culturally competent care  
33 provided in multiple languages by a diverse workforce. Investments  
34 to address the growing demand for quality behavioral health care  
35 services across professional classifications should be additive to  
36 the workforce and not cause the displacement of any county  
37 employee providing direct behavioral health services.

38 (g) Efforts to streamline the process for approving projects and  
39 renovating or building new facilities to accelerate the delivery of

1 care in residential settings made available through additional  
2 Behavioral Health Services Act and bond financing is a priority.

3 (h) Overall, this measure furthers California's transformation  
4 of the behavioral health care system, specifically strengthening  
5 the continuum of care for the most vulnerable Californians and  
6 the system as a whole. It provides substantial state investment and  
7 streamlines the construction of community behavioral health  
8 residential settings, modernizes the Mental Health Services Act,  
9 and improves statewide accountability and access to behavioral  
10 health services. Collectively these connected initiatives provide  
11 tools to help Californians with their unique behavioral health  
12 challenges.

13 SEC. 3. Section 99277 of the Education Code is amended to  
14 read:

15 99277. (a) Upon receiving funding for purposes of this chapter,  
16 UCSF, the UC college named in Section 92200, and the UC/CSU  
17 California Collaborative on Neurodiversity and Learning shall  
18 each appoint one member from the respective institutions. This  
19 group shall be charged with the development and oversight of the  
20 initiative, and shall function as the institute's management  
21 committee. The management committee shall be permitted, but  
22 not obligated, to retain a program director to assist in the  
23 implementation of the initiative.

24 (b) An advisory board, with its title and members to be named  
25 by the institute, shall be established to serve as an oversight body  
26 for the initiative in order to monitor progress and provide leadership  
27 from the perspectives of their respective participating organizations,  
28 departments, and divisions, and to facilitate collaboration among  
29 researchers, practitioners, administrators, legislators, and  
30 community stakeholders. The advisory board shall provide  
31 expertise and support to the management committee. The  
32 membership of the advisory board shall be constituted as set forth  
33 in subdivision ~~(b)~~. (c) The advisory board shall be a check on  
34 accountability in order to ensure that the initiative is meeting its  
35 goals. The advisory board shall also conduct a fiscal review of the  
36 distribution of funds to ensure alignment with the goals of the  
37 initiative.

38 (c) The members of the advisory board shall be representatives  
39 from the following institutions, organizations, agencies, and groups:

40 (1) UCSF.



1 (2) UC college named in Section 92200.

2 (3) The UC/CSU California Collaborative for Learning and  
3 Neurodiversity.

4 (4) The Mental Health Services Oversight and Accountability  
5 Commission.

6 (5) A Member of the Assembly selected by the Speaker of the  
7 Assembly.

8 (6) A Senator selected by the President pro Tempore of the  
9 Senate.

10 (7) Community representatives, including formerly  
11 justice-involved persons and their family members, selected by  
12 the Governor, the Speaker of the Assembly, and the President pro  
13 Tempore of the Senate.

14 (d) The advisory board shall meet twice per year, with the  
15 potential for additional working group meetings. At each meeting,  
16 the advisory board shall participate in a review of reports, including  
17 updates on research, practice, and policy efforts, as well as fiscal  
18 reporting.

19 (e) *If amendments to the Mental Health Services Act are*  
20 *approved by the voters at the March 5, 2024, statewide primary*  
21 *election, this section shall remain in effect only until January 1,*  
22 *2025, and as of that date is repealed.*

23 *SEC. 4. Section 99277 is added to the Education Code, to read:*  
24 *99277. (a) Upon receiving funding for purposes of this chapter,*  
25 *UCSF, the UC college named in Section 92200, and the UC/CSU*  
26 *California Collaborative on Neurodiversity and Learning shall*  
27 *each appoint one member from the respective institutions. This*  
28 *group shall be charged with the development and oversight of the*  
29 *initiative and shall function as the institute’s management*  
30 *committee. The management committee shall be permitted, but not*  
31 *obligated, to retain a program director to assist in the*  
32 *implementation of the initiative.*

33 (b) (1) *An advisory board, with its title and members to be*  
34 *named by the institute, shall be established to serve as an oversight*  
35 *body for the initiative in order to monitor progress and provide*  
36 *leadership from the perspectives of their respective participating*  
37 *organizations, departments, and divisions and to facilitate*  
38 *collaboration among researchers, practitioners, administrators,*  
39 *legislators, and community stakeholders.*

1 (2) *The advisory board shall provide expertise and support to*  
2 *the management committee.*

3 (3) *The advisory board shall be a check on accountability to*  
4 *ensure that the initiative is meeting its goals.*

5 (4) *The advisory board shall conduct a fiscal review of the*  
6 *distribution of funds to ensure alignment with the goals of the*  
7 *initiative.*

8 (5) *The membership of the advisory board shall be constituted*  
9 *as set forth in subdivision (c).*

10 (c) *The members of the advisory board shall be representatives*  
11 *from the following institutions, organizations, agencies, and*  
12 *groups:*

13 (1) *UCSF.*

14 (2) *UC college named in Section 92200.*

15 (3) *The UC/CSU California Collaborative for Learning and*  
16 *Neurodiversity.*

17 (4) *The Behavioral Health Services Oversight and*  
18 *Accountability Commission.*

19 (5) *A Member of the Assembly selected by the Speaker of the*  
20 *Assembly.*

21 (6) *A Senator selected by the President pro Tempore of the*  
22 *Senate.*

23 (7) *Community representatives, including formerly*  
24 *justice-involved persons and their family members, selected by the*  
25 *Governor, the Speaker of the Assembly, and the President pro*  
26 *Tempore of the Senate.*

27 (d) (1) *The advisory board shall meet twice per year, with the*  
28 *potential for additional working group meetings.*

29 (2) *At each meeting, the advisory board shall participate in a*  
30 *review of reports, including updates on research, practice, and*  
31 *policy efforts, as well as fiscal reporting.*

32 (e) *This section shall become operative on January 1, 2025, if*  
33 *amendments to the Mental Health Services Act are approved by*  
34 *the voters at the March 5, 2024, statewide primary election.*

35 **SEC. 5.** *Section 131315 of the Health and Safety Code is*  
36 *amended to read:*

37 131315. *If the Office of Suicide Prevention is established*  
38 *pursuant to Section 131300, all of the following shall apply:*

39 (a) *The Office of Suicide Prevention shall consult with the*  
40 *Mental Health Services Oversight and Accountability Commission*

1 to implement suicide prevention efforts consistent with the Mental  
2 Health Services Oversight and Accountability Commission’s  
3 Suicide Prevention Report “Striving for Zero” and described  
4 pursuant to Provision 1 of Item 4560-001-3085 of Section 2.00 of  
5 the Budget Act of 2020.

6 (b) This section does not authorize the Office of Suicide  
7 Prevention to perform any of the duties required by the commission  
8 under Part 3.7 (commencing with Section 5845) of Division 5 of,  
9 or administer any program funded by Part 4.5 (commencing with  
10 Section 5890) of Division 5 of, the Welfare and Institutions Code.

11 (c) *If amendments to the Mental Health Services Act are*  
12 *approved by the voters at the March 5, 2024, statewide primary*  
13 *election, this section shall remain in effect only until January 1,*  
14 *2025, and as of that date is repealed.*

15 *SEC. 6. Section 131315 is added to the Health and Safety Code,*  
16 *to read:*

17 *131315. (a) If the Office of Suicide Prevention is established*  
18 *pursuant to Section 131300, both of the following shall apply:*

19 *(1) The Office of Suicide Prevention shall consult with the*  
20 *Behavioral Health Services Oversight and Accountability*  
21 *Commission to implement suicide prevention efforts consistent*  
22 *with the Suicide Prevention Report “Striving for Zero,” as*  
23 *described pursuant to Provision 1 of Item 4560-001-3085 of*  
24 *Section 2.00 of the Budget Act of 2020.*

25 *(2) This section does not authorize the Office of Suicide*  
26 *Prevention to perform any of the duties required by the commission*  
27 *under Part 3.7 (commencing with Section 5845) of Division 5 of,*  
28 *or administer a program funded by Part 4.5 (commencing with*  
29 *Section 5890) of Division 5 of, the Welfare and Institutions Code.*

30 *(b) This section shall become operative on January 1, 2025, if*  
31 *amendments to the Mental Health Services Act are approved by*  
32 *the voters at the March 5, 2024, statewide primary election.*

33 *SEC. 7. Section 19602.5 of the Revenue and Taxation Code is*  
34 *amended to read:*

35 *19602.5. (a) There is in the State Treasury the Mental Health*  
36 *Services Fund (MHS Fund). The estimated revenue from the*  
37 *additional tax imposed under Section 17043 for the applicable*  
38 *fiscal year, as determined under subparagraph (B) of paragraph*  
39 *(3) of subdivision (c), shall be deposited to the MHS Fund on a*

1 monthly basis, subject to an annual adjustment as described in this  
2 section.

3 (b) (1) Beginning with fiscal year 2004–2005 and for each  
4 fiscal year thereafter, the Controller shall deposit on a monthly  
5 basis in the MHS Fund an amount equal to the applicable  
6 percentage of net personal income tax receipts as defined in  
7 paragraph (4).

8 (2) (A) Except as provided in subparagraph (B), the applicable  
9 percentage referred to in paragraph (1) shall be 1.76 percent.

10 (B) For fiscal year 2004–2005, the applicable percentage shall  
11 be 0.70 percent.

12 (3) Beginning with fiscal year 2006–2007, monthly deposits to  
13 the MHS Fund pursuant to this subdivision are subject to  
14 suspension pursuant to subdivision (f).

15 (4) For purposes of this subdivision, “net personal income tax  
16 receipts” refers to amounts received by the Franchise Tax Board  
17 and the Employment Development Department under the Personal  
18 Income Tax Law, as reported by the Franchise Tax Board to the  
19 Department of Finance pursuant to law, regulation, procedure, and  
20 practice (commonly referred to as the “102 Report”) in effect on  
21 the effective date of the act establishing this section.

22 (c) No later than March 1, 2006, and each March 1 thereafter,  
23 the Department of Finance, in consultation with the Franchise Tax  
24 Board, shall determine the annual adjustment amount for the  
25 following fiscal year.

26 (1) The “annual adjustment amount” for any fiscal year shall  
27 be an amount equal to the amount determined by subtracting the  
28 “revenue adjustment amount” for the applicable revenue adjustment  
29 fiscal year, as determined by the Franchise Tax Board under  
30 paragraph (3), from the “tax liability adjustment amount” for  
31 applicable tax liability adjustment tax year, as determined by the  
32 Franchise Tax Board under paragraph (2).

33 (2) (A) (i) The “tax liability adjustment amount” for a tax year  
34 is equal to the amount determined by subtracting the estimated tax  
35 liability increase from the additional tax imposed under Section  
36 17043 for the applicable year under subparagraph (B) from the  
37 amount of the actual tax liability increase from the additional tax  
38 imposed under Section 17043 for the applicable tax year, based  
39 on the returns filed for that tax year.

1 (ii) For purposes of the determinations required under this  
 2 paragraph, actual tax liability increase from the additional tax  
 3 means the increase in tax liability resulting from the tax of 1  
 4 percent imposed under Section 17043, as reflected on the original  
 5 returns filed by October 15 of the year after the close of the  
 6 applicable tax year.

7 (iii) The applicable tax year referred to in this paragraph means  
 8 the 12-calendar month taxable year beginning on January 1 of the  
 9 year that is two years before the beginning of the fiscal year for  
 10 which an annual adjustment amount is calculated.

11 (B) (i) The estimated tax liability increase from the additional  
 12 tax for the following tax years is:

<u>Tax Year</u>	<u>Estimated Tax Liability Increase from the Additional Tax</u>
16 2005	\$634 million
17 2006	\$672 million
18 2007	\$713 million
19 2008	\$758 million

20  
 21 (ii) The “estimated tax liability increase from the additional tax”  
 22 for the tax year beginning in 2009 and each tax year thereafter  
 23 shall be determined by applying an annual growth rate of 7 percent  
 24 to the “estimated tax liability increase from additional tax” of the  
 25 immediately preceding tax year.

26 (3) (A) The “revenue adjustment amount” is equal to the amount  
 27 determined by subtracting the “estimated revenue from the  
 28 additional tax” for the applicable fiscal year, as determined under  
 29 subparagraph (B), from the actual amount transferred for the  
 30 applicable fiscal year.

31 (B) (i) The “estimated revenue from the additional tax” for the  
 32 following applicable fiscal years is:

<u>Applicable Fiscal Year</u>	<u>Estimated Revenue from Additional Tax</u>
36 2004–05	\$254 million
37 2005–06	\$683 million
38 2006–07	\$690 million
39 2007–08	\$733 million

40

1 (ii) The “estimated revenue from the additional tax” for  
2 applicable fiscal year 2007–08 and each applicable fiscal year  
3 thereafter shall be determined by applying an annual growth rate  
4 of 7 percent to the “estimated revenue from the additional tax” of  
5 the immediately preceding applicable fiscal year.

6 (iii) The applicable fiscal year referred to in this paragraph  
7 means the fiscal year that is two years before the fiscal year for  
8 which an annual adjustment amount is calculated.

9 (d) The Department of Finance shall notify the Legislature and  
10 the Controller of the results of the determinations required under  
11 subdivision (c) no later than 10 business days after the  
12 determinations are final.

13 (e) If the annual adjustment amount for a fiscal year is a positive  
14 number, the Controller shall transfer that amount from the General  
15 Fund to the MHS Fund on July 1 of that fiscal year.

16 (f) If the annual adjustment amount for a fiscal year is a negative  
17 number, the Controller shall suspend monthly transfers to the MHS  
18 Fund for that fiscal year, as otherwise required by paragraph (1)  
19 of subdivision (b), until the total amount of suspended deposits  
20 for that fiscal year equals the amount of the negative annual  
21 adjustment amount for that fiscal year.

22 (g) *If amendments to the Mental Health Services Act are*  
23 *approved by the voters at the March 5, 2024, statewide primary*  
24 *election, this section shall remain in effect only until January 1,*  
25 *2025, and as of that date is repealed.*

26 *SEC. 8. Section 19602.5 is added to the Revenue and Taxation*  
27 *Code, to read:*

28 *19602.5. (a) There is in the State Treasury the Behavioral*  
29 *Health Services (BHS) Fund. The estimated revenue from the*  
30 *additional tax imposed under Section 17043 for the applicable*  
31 *fiscal year, as determined under subparagraph (B) of paragraph*  
32 *(3) of subdivision (c), shall be deposited to the BHS Fund on a*  
33 *monthly basis, subject to an annual adjustment as described in*  
34 *this section.*

35 *(b) (1) Each fiscal year, the Controller shall deposit on a*  
36 *monthly basis in the BHS Fund an amount equal to the applicable*  
37 *percentage of net personal income tax receipts as defined in*  
38 *paragraph (4).*

39 *(2) The applicable percentage referred to in paragraph (1) shall*  
40 *be 1.76 percent.*

1 (3) Monthly deposits to the BHS Fund pursuant to this  
2 subdivision are subject to suspension pursuant to subdivision (f).

3 (4) For purposes of this subdivision, “net personal income tax  
4 receipts” refers to amounts received by the Franchise Tax Board  
5 and the Employment Development Department under the Personal  
6 Income Tax Law, as reported by the Franchise Tax Board to the  
7 Department of Finance pursuant to law, regulation, procedure,  
8 and practice (commonly referred to as the “102 Report”) in effect  
9 on the effective date of the act establishing this section.

10 (c) No later than March 1, 2006, and each March 1 thereafter,  
11 the Department of Finance, in consultation with the Franchise  
12 Tax Board, shall determine the annual adjustment amount for the  
13 following fiscal year.

14 (1) The “annual adjustment amount” for a fiscal year shall be  
15 an amount equal to the amount determined by subtracting the  
16 “revenue adjustment amount” for the applicable revenue  
17 adjustment fiscal year, as determined by the Franchise Tax Board  
18 under paragraph (3), from the “tax liability adjustment amount”  
19 for applicable tax liability adjustment tax year, as determined by  
20 the Franchise Tax Board under paragraph (2).

21 (2) (A) (i) The “tax liability adjustment amount” for a tax year  
22 is equal to the amount determined by subtracting the estimated  
23 tax liability increase from the additional tax imposed under Section  
24 17043 for the applicable year under subparagraph (B) from the  
25 amount of the actual tax liability increase from the additional tax  
26 imposed under Section 17043 for the applicable tax year, based  
27 on the returns filed for that tax year.

28 (ii) For purposes of the determinations required under this  
29 paragraph, actual tax liability increase from the additional tax  
30 means the increase in tax liability resulting from the tax of 1  
31 percent imposed under Section 17043 as reflected on the original  
32 returns filed by October 15 of the year after the close of the  
33 applicable tax year.

34 (iii) The applicable tax year referred to in this paragraph means  
35 the 12-calendar month taxable year beginning on January 1 of the  
36 year that is two years before the beginning of the fiscal year for  
37 which an annual adjustment amount is calculated.

38 (B) The “estimated tax liability increase from the additional  
39 tax” for each tax year shall be determined by applying an annual

1 growth rate of 7 percent to the “estimated tax liability increase  
2 from additional tax” of the immediately preceding tax year.

3 (3) (A) The “revenue adjustment amount” is equal to the  
4 amount determined by subtracting the “estimated revenue from  
5 the additional tax” for the applicable fiscal year, as determined  
6 under subparagraph (B), from the actual amount transferred for  
7 the applicable fiscal year.

8 (B) (i) The “estimated revenue from the additional tax” for  
9 each applicable fiscal year shall be determined by applying an  
10 annual growth rate of 7 percent to the “estimated revenue from  
11 the additional tax” of the immediately preceding applicable fiscal  
12 year.

13 (ii) The applicable fiscal year referred to in this paragraph  
14 means the fiscal year that is two years before the fiscal year for  
15 which an annual adjustment amount is calculated.

16 (d) The Department of Finance shall notify the Legislature and  
17 the Controller of the results of the determinations required under  
18 subdivision (c) no later than 10 business days after the  
19 determinations are final.

20 (e) If the annual adjustment amount for a fiscal year is a positive  
21 number, the Controller shall transfer that amount from the General  
22 Fund to the BHS Fund on July 1 of that fiscal year.

23 (f) If the annual adjustment amount for a fiscal year is a negative  
24 number, the Controller shall suspend monthly transfers to the BHS  
25 Fund for that fiscal year, as otherwise required by paragraph (1)  
26 of subdivision (b), until the total amount of suspended deposits for  
27 that fiscal year equals the amount of the negative annual  
28 adjustment amount for that fiscal year.

29 (g) To the extent that there are moneys remaining in the Mental  
30 Health Services Fund on the date this section becomes operative,  
31 those moneys shall be transferred to the Behavioral Health Services  
32 Fund. Amounts owed or encumbered at the time of transfer shall  
33 be used in the manner required by the MHSA. Any funds not owed  
34 or encumbered by the MHSA may be used in the same manner as  
35 any other moneys in the BHS Fund.

36 (h) This section shall become operative on January 1, 2025, if  
37 amendments to the Mental Health Services Act are approved by  
38 the voters at the March 5, 2024, statewide primary election.

39 SEC. 9. Section 1095.5 of the Unemployment Insurance Code  
40 is amended to read:



1 1095.5. (a) (1) The director shall permit the use of any  
2 information in ~~his or her~~ *their* possession to the extent necessary  
3 to enable the Mental Health Services Oversight and Accountability  
4 Commission to receive quarterly wage data of mental health  
5 consumers served by the California public mental health system  
6 for the purpose of monitoring and evaluating employment outcomes  
7 to determine the effectiveness of those ~~services, and may~~ *services*.

8 (2) *The director may require reimbursement for all direct costs*  
9 *incurred in providing any ~~and all~~ information specified in this*  
10 *section. ~~The~~*

11 (3) *The information shall be provided to the extent permitted*  
12 *under applicable federal statute and regulation.*

13 (b) *If amendments to the Mental Health Services Act are*  
14 *approved by the voters at the March 5, 2024, statewide primary*  
15 *election, this section shall remain in effect only until January 1,*  
16 *2025, and as of that date is repealed.*

17 SEC. 10. *Section 1095.5 is added to the Unemployment*  
18 *Insurance Code, to read:*

19 1095.5. (a) (1) *The director shall permit the use of any*  
20 *information in their possession to the extent necessary to enable*  
21 *the Behavioral Health Services Oversight and Accountability*  
22 *Commission to receive quarterly wage data of individuals with a*  
23 *mental health disorder or a substance use disorder, or both, served*  
24 *by the California public mental health and substance use disorder*  
25 *system for the purpose of monitoring and evaluating employment*  
26 *outcomes to determine the effectiveness of those services.*

27 (2) *The director may require reimbursement for all direct costs*  
28 *incurred in providing any information specified in this section.*

29 (3) *The information shall be provided to the extent permitted*  
30 *under applicable federal statute and regulation.*

31 (b) *This section shall become operative on January 1, 2025, if*  
32 *amendments to the Mental Health Services Act are approved by*  
33 *the voters at the March 5, 2024, statewide primary election.*

34 SEC. 11. *Section 5600.3 of the Welfare and Institutions Code*  
35 *is amended to read:*

36 5600.3. *To the extent resources are available, the primary goal*  
37 *of the use of funds deposited ~~in~~ into the mental health account of*  
38 *the local health and welfare trust fund ~~should~~ shall be to serve the*  
39 *target populations identified in the following categories, which*

1 ~~shall not be construed as establishing~~ *do not establish* an order of  
2 priority:

3 ~~(a) (1) Seriously emotionally disturbed children or adolescents.~~  
4 *(a) (1) Children or youth who have a serious emotional*  
5 *disturbance.*

6 (2) For the purposes of this part, ~~“seriously emotionally~~  
7 ~~disturbed children or adolescents”~~ *“children or youth who have a*  
8 *serious emotional disturbance”* means minors under the age of 18  
9 years of age who have a mental ~~disorder~~ *illness* as identified in the  
10 most recent edition of the Diagnostic and Statistical Manual of  
11 Mental Disorders, other than a primary substance use disorder or  
12 developmental disorder, which results in behavior inappropriate  
13 to the child’s age according to expected developmental norms.  
14 Members of this target population shall meet one or more of the  
15 following criteria:

16 (A) As a result of the mental ~~disorder~~, *illness*, the child has  
17 substantial impairment in at least two of the following areas:  
18 self-care, school functioning, family relationships, or *the* ability  
19 to function in the community; and either of the following occur:

20 (i) The child is at risk of removal from home or has already  
21 been removed from the home.

22 (ii) The mental ~~disorder~~ *illness* and impairments have been  
23 present for more than six months or are likely to continue for more  
24 than one year without treatment.

25 (B) The child displays one of the following: psychotic features,  
26 risk of ~~suicide~~ *suicide*, or risk of violence due to a mental ~~disorder~~.  
27 *illness*.

28 (C) The child has been assessed pursuant to Article 2  
29 (commencing with Section 56320) of Chapter 4 of Part 30 of  
30 Division 4 of Title 2 of the Education Code and determined to  
31 have an emotional ~~disturbance~~, *disturbance* as defined in paragraph  
32 (4) of subdivision (c) of Section 300.8 of Title 34 of the Code of  
33 Federal Regulations.

34 (b) (1) Adults and older adults who have a serious mental  
35 ~~disorder~~. *illness*.

36 (2) (A) (i) For the purposes of this part, “serious mental  
37 ~~disorder”~~ *illness”* means a mental ~~disorder~~ *illness* that is severe in  
38 degree and persistent in duration, which may cause behavioral  
39 functioning ~~which~~ *that* interferes substantially with the primary  
40 activities of daily living, and which may result in an inability to

1 maintain stable adjustment and independent functioning without  
2 treatment, support, and rehabilitation for a long or indefinite period  
3 of time. ~~Serious mental disorders~~

4 (ii) *Serious mental illnesses* include, but are not limited to,  
5 schizophrenia, bipolar disorder, post-traumatic stress disorder, as  
6 well as major affective disorders or other severely disabling mental  
7 ~~disorders. This illnesses.~~

8 (B) ~~This section shall not be construed to~~ *does not* exclude  
9 persons with a serious mental ~~disorder~~ *illness* and a diagnosis of  
10 substance abuse, developmental disability, or other physical or  
11 mental ~~disorder.~~ *illness.*

12 (3) Members of this target population shall meet all of the  
13 following criteria:

14 (A) The person has a mental ~~disorder~~ *illness* as identified in the  
15 most recent edition of the Diagnostic and Statistical Manual of  
16 Mental Disorders, other than a substance use ~~disorder or disorder,~~  
17 developmental ~~disorder~~ *disorder*, or acquired traumatic brain injury  
18 pursuant to subdivision (a) of Section 4354 unless that person also  
19 has a serious mental ~~disorder~~ *illness* as defined in paragraph (2).

20 (B) (i) As a result of the mental ~~disorder,~~ *illness*, the person  
21 has substantial functional impairments or ~~symptoms,~~ *symptoms* or  
22 a psychiatric history demonstrating that without treatment there is  
23 an imminent risk of decompensation to having substantial  
24 impairments or symptoms.

25 (ii) For the purposes of this part, “functional impairment” means  
26 being substantially impaired as the result of a mental ~~disorder~~  
27 *illness* in independent living, social relationships, vocational skills,  
28 or physical condition.

29 (C) As a result of a mental functional impairment and  
30 circumstances, the person is likely to become so disabled as to  
31 require public assistance, services, or entitlements.

32 (4) For the purpose of organizing outreach and treatment options,  
33 to the extent resources are available, this target population includes,  
34 but is not limited to, persons who are any of the following:

35 (A) Homeless persons ~~who are mentally ill.~~ *with serious mental*  
36 *illness.*

37 (B) Persons evaluated by appropriately licensed persons as  
38 requiring care in acute treatment facilities including state hospitals,  
39 acute inpatient facilities, institutes for mental disease, and crisis  
40 residential programs.

1 (C) Persons arrested or convicted of crimes.

2 (D) Persons who require acute treatment as a result of a first  
3 episode of mental illness with psychotic features.

4 (5) (A) California veterans in need of mental health *or substance*  
5 *use disorder treatment* services and who meet the existing  
6 eligibility requirements of this section, shall be provided services  
7 to the extent services are available to other adults pursuant to this  
8 section. ~~Veterans~~

9 (B) A *veteran* who may be eligible for mental health *or*  
10 *substance use disorder treatment* services through the United States  
11 Department of Veterans Affairs ~~should~~ *shall* be advised of these  
12 services by the county and assisted in linking to those services, *to*  
13 *the extent possible*, but the eligible veteran shall not be denied  
14 county mental or behavioral health services while waiting for a  
15 determination of eligibility for, and availability of, ~~mental or~~  
16 behavioral health services provided by the United States  
17 Department of Veterans Affairs.

18 ~~(A)~~

19 (C) An eligible veteran shall not be denied county mental health  
20 *or substance use disorder treatment* services based solely on ~~his~~  
21 ~~or her~~ *their* status as a veteran, including whether ~~or not~~ the person  
22 is eligible for services provided by the United States Department  
23 of Veterans Affairs.

24 ~~(B)~~

25 (D) Counties shall refer a veteran to the county veterans service  
26 officer, if any, to determine the veteran's eligibility for, and the  
27 availability of, mental health *or substance use disorder treatment*  
28 services provided by the United States Department of Veterans  
29 Affairs or other federal health care provider.

30 ~~(C)~~

31 (E) Counties ~~should~~ *shall* consider contracting with  
32 community-based veterans' services agencies, where possible, to  
33 provide high-quality, ~~veteran-specific~~ *veteran-specific* mental  
34 health *or substance use disorder treatment* services.

35 (c) Adults or older adults who ~~require~~ *require*, or are at risk of  
36 ~~requiring~~ *requiring*, acute psychiatric inpatient care, residential  
37 treatment, or outpatient crisis intervention because of a mental  
38 ~~disorder illness~~ with symptoms of psychosis, suicidality, or  
39 violence.

1 (d) Persons who need brief treatment as a result of a natural  
2 disaster or severe local emergency.

3 *SEC. 12. Section 5604 of the Welfare and Institutions Code is*  
4 *amended to read:*

5 5604. (a) (1) (A) Each community mental health service shall  
6 have a ~~mental~~ *behavioral* health board consisting of 10 to 15  
7 members, depending on the preference of the county, appointed  
8 by the governing body, except that ~~boards in counties~~ *a board in*  
9 *a county* with a population of fewer than 80,000 may have a  
10 minimum of ~~five~~ 5 members. ~~A~~

11 (B) A county with more than five supervisors shall have at least  
12 the same number of members as the size of its board of supervisors.

13 ~~This~~

14 (C) *This* section does not limit the ability of the governing body  
15 to increase the number of members above 15.

16 (2) (A) (i) The board shall serve in an advisory role to the  
17 governing body, and one member of the board shall be a member  
18 of the local governing body. ~~Local mental~~

19 (ii) *Local behavioral* health boards may recommend appointees  
20 to the county supervisors. ~~The~~

21 (iii) *The* board membership ~~should~~ *shall* reflect the diversity of  
22 the client population in the county to the extent possible.

23 (B) (i) Fifty percent of the board membership shall be  
24 consumers, or the parents, spouses, siblings, or adult children of  
25 consumers, who are receiving or have received ~~mental~~ *behavioral*  
26 health services. ~~At~~

27 (ii) At least 20 percent of the total membership shall be  
28 consumers, and at least 20 percent shall be families of consumers.

29 (C) (i) ~~In counties~~ *a county* with a population of 100,000 or  
30 more, at least one member of the board shall be a veteran or veteran  
31 advocate. ~~In counties~~ *a county* with a population of fewer than  
32 100,000, the county shall give a strong preference to appointing  
33 at least one member of the board who is a veteran or a veteran  
34 advocate.

35 (ii) To comply with clause (i), a county shall notify its county  
36 veterans service officer about vacancies on the board, if ~~a~~ *the*  
37 county has a veterans service officer.

38 (D) (i) In addition to the requirements in subparagraphs (B)  
39 and (C), counties are encouraged to appoint individuals who have

1 experience with, and knowledge of, the ~~mental behavioral health~~  
2 ~~system. This systems.~~

3 (ii) ~~This~~ would include members of the community ~~that who~~  
4 engage with individuals living with mental illness *or substance*  
5 *use disorder* in the course of daily operations, such as  
6 representatives of county offices of education, large and small  
7 businesses, hospitals, hospital districts, physicians practicing in  
8 emergency departments, city police chiefs, county sheriffs, and  
9 community and nonprofit service providers.

10 (3) (A) ~~In counties~~ a county with a population that is fewer  
11 than 80,000, at least one member shall be a consumer and at least  
12 one member shall be a parent, spouse, sibling, or adult child of a  
13 consumer who is receiving, or has received, mental health *or*  
14 *substance use disorder treatment services.*

15 (B) Notwithstanding subparagraph (A), a board in a county with  
16 a population that is fewer than 80,000 that elects to have the board  
17 exceed the five-member minimum permitted under paragraph (1)  
18 shall be required to comply with paragraph (2).

19 (b) (1) ~~The mental behavioral health board~~ shall review and  
20 evaluate the local public mental health system, pursuant to Section  
21 5604.2, and ~~advise review and evaluate the local public substance~~  
22 *use disorder treatment system.*

23 (2) *The behavioral health board shall advise* the governing body  
24 on community mental health *and substance use disorder services*  
25 delivered by the local mental health agency or local behavioral  
26 health agency, as applicable.

27 (c) (1) The term of each member of the board shall be for three  
28 years. ~~The~~

29 (2) *The* governing body shall equitably stagger the appointments  
30 so that approximately one-third of the appointments expire in each  
31 year.

32 (d) If two or more local agencies jointly establish a community  
33 mental health service pursuant to Article 1 (commencing with  
34 Section 6500) of Chapter 5 of Division 7 of Title 1 of the  
35 Government Code, the ~~mental behavioral health board~~ for the  
36 community mental health service shall consist of an additional two  
37 members for each additional agency, one of whom shall be a  
38 consumer or a parent, spouse, sibling, or adult child of a consumer  
39 who has received mental health *or substance use disorder treatment*  
40 services.

1 (e) (1) Except as provided in paragraph (2), a member of the  
2 board or the member’s spouse shall not be a full-time or part-time  
3 county employee of a county mental health *and substance use*  
4 *disorder* service, an employee of the State Department of Health  
5 Care Services, or an employee of, or a paid member of the  
6 governing body of, a mental health *or substance use disorder*  
7 contract agency.

8 (2) (A) A consumer of ~~mental~~ *behavioral* health services who  
9 has obtained employment with an employer described in paragraph  
10 (1) and who holds a position in which the consumer does not have  
11 ~~any~~ *an* interest, influence, or authority over ~~any~~ *a* financial or  
12 contractual matter concerning the employer may be appointed to  
13 the board. ~~The~~

14 (B) ~~The~~ member shall abstain from voting on ~~any~~ *a* financial or  
15 contractual issue concerning the member’s employer that may  
16 come before the board.

17 (f) Members of the board shall abstain from voting on ~~any~~ *an*  
18 issue in which the member has a financial interest as defined in  
19 Section 87103 of the Government Code.

20 (g) If it is not possible to secure membership as specified in this  
21 section from among persons who reside in the county, the  
22 governing body may substitute representatives of the public interest  
23 in ~~mental~~ *behavioral* health who are not full-time or part-time  
24 employees of the county ~~mental~~ *behavioral* health service, the  
25 State Department of Health Care Services, or on the staff of, or a  
26 paid member of the governing body of, a ~~mental~~ *behavioral* health  
27 contract agency.

28 (h) ~~The~~ *mental behavioral* health board may be established as  
29 an advisory board or a commission, depending on the preference  
30 of the county.

31 (i) For purposes of this section, “veteran advocate” means either  
32 a parent, spouse, or adult child of a veteran, or an individual who  
33 is part of a veterans organization, including the Veterans of Foreign  
34 Wars or the American Legion.

35 *SEC. 13. Section 5604.1 of the Welfare and Institutions Code*  
36 *is amended to read:*

37 5604.1. Local ~~mental~~ *behavioral* health ~~advisory boards shall~~  
38 ~~be~~ *boards* are subject to the provisions of Chapter 9 (commencing  
39 with Section 54950) of Part 1 of Division 2 of Title 5 of the  
40 Government Code, relating to meetings of local agencies.

1     *SEC. 14. Section 5604.2 of the Welfare and Institutions Code*  
 2     *is amended to read:*

3     5604.2. (a) The local ~~mental~~ *behavioral* health board shall do  
 4     all of the following:

5         (1) Review and evaluate the community's public ~~mental~~  
 6         *behavioral* health needs, services, facilities, and special problems  
 7         in ~~any~~ a facility within the county or jurisdiction where mental  
 8         health *or substance use disorder* evaluations or services are being  
 9         provided, including, but not limited to, schools, emergency  
 10         departments, and psychiatric facilities.

11         (2) (A) Review ~~any~~ county agreements entered into pursuant  
 12         to Section 5650. ~~The~~

13         (B) ~~The~~ local ~~mental~~ *behavioral* health board may make  
 14         recommendations to the governing body regarding concerns  
 15         identified within these agreements.

16         (3) (A) Advise the governing body and the local ~~mental~~  
 17         *behavioral* health director as to any aspect of the local ~~mental~~  
 18         *behavioral* health ~~program~~. ~~Local mental systems.~~

19         (B) *Local behavioral* health boards may request assistance from  
 20         the local patients' rights advocates when reviewing and advising  
 21         on mental health *or substance use disorder* evaluations or services  
 22         provided in public facilities with limited access.

23         (4) (A) Review and approve the procedures used to ensure  
 24         citizen and professional involvement at all stages of the planning  
 25         process. ~~Involvement~~

26         (B) *Involvement* shall include individuals with lived experience  
 27         of mental ~~illness~~ *illness, substance use disorder, or both*, and their  
 28         families, community members, advocacy organizations, and ~~mental~~  
 29         *behavioral* health professionals. It shall also include other  
 30         professionals ~~that~~ *who* interact with individuals living with mental  
 31         illnesses *or substance use disorders* on a daily basis, such as  
 32         education, emergency services, employment, health care, housing,  
 33         ~~law enforcement, public safety,~~ local business owners, social  
 34         services, ~~seniors, older adults,~~ transportation, and veterans.

35         (5) Submit an annual report to the governing body on the needs  
 36         and performance of the county's ~~mental~~ *behavioral* health system.

37         (6) (A) Review and make recommendations on applicants for  
 38         the appointment of a local director of ~~mental~~ *behavioral* health  
 39         services. ~~The~~



1 (B) The board shall be included in the selection process prior  
2 to the vote of the governing body.

3 (7) Review and comment on the county's performance outcome  
4 data and communicate its findings to the California Behavioral  
5 Health Planning Council.

6 (8) This part does not limit the ability of the governing body to  
7 transfer additional duties or authority to a ~~mental~~ behavioral health  
8 board.

9 (b) It is the intent of the Legislature that, as part of its duties  
10 pursuant to subdivision (a), the board shall assess the impact of  
11 the realignment of services from the state to the ~~county~~, county on  
12 services delivered to clients and on the local community.

13 *SEC. 15. Section 5604.3 of the Welfare and Institutions Code*  
14 *is amended to read:*

15 5604.3. (a) (1) The board of supervisors may pay from ~~any~~  
16 available funds the actual and necessary expenses of the members  
17 of the ~~mental~~ behavioral health board of a community mental  
18 health service incurred incident to the performance of their official  
19 duties and functions. ~~The~~

20 (2) The expenses may include travel, lodging, childcare, and  
21 meals for the members of ~~an advisory~~ the board while on official  
22 business as approved by the director of the local ~~mental~~ behavioral  
23 health program.

24 (b) Governing bodies are encouraged to provide a budget for  
25 the local ~~mental health board~~, behavioral health board using  
26 planning and administrative revenues identified in subdivision ~~(e)~~  
27 (d) of Section 5892, that is sufficient to facilitate the purpose,  
28 duties, and responsibilities of the local ~~mental~~ behavioral health  
29 board.

30 *SEC. 16. Section 5604.5 of the Welfare and Institutions Code*  
31 *is amended to read:*

32 5604.5. The local ~~mental~~ behavioral health board shall develop  
33 bylaws to be approved by the governing body ~~which~~ that shall do  
34 all of the following:

35 (a) Establish the specific number of members on the ~~mental~~  
36 behavioral health board, consistent with subdivision (a) of Section  
37 5604.

38 (b) Ensure that the composition of the ~~mental~~ behavioral health  
39 board represents and reflects the diversity and demographics of  
40 the county as a whole, to the extent feasible.

1 (c) Establish that a quorum be one person more than one-half  
2 of the appointed members.

3 (d) Establish that the chairperson of the ~~mental~~ *behavioral* health  
4 board be in consultation with the local ~~mental~~ *behavioral* health  
5 director.

6 (e) Establish that there may be an executive committee of the  
7 ~~mental~~ *behavioral* health board.

8 *SEC. 17. Section 5610 of the Welfare and Institutions Code is*  
9 *amended to read:*

10 5610. (a) Each county mental health system shall comply with  
11 reporting requirements developed by the State Department of  
12 Health Care Services, in consultation with the California  
13 Behavioral Health Planning Council and the Mental Health  
14 Services Oversight and Accountability Commission, which shall  
15 be uniform and simplified. The department shall review existing  
16 data requirements to eliminate unnecessary requirements and  
17 consolidate requirements which are necessary. These requirements  
18 shall provide comparability between counties in reports.

19 (b) The department shall develop, in consultation with the  
20 Performance Outcome Committee, the California Behavioral  
21 Health Planning Council, and the Mental Health Services Oversight  
22 and Accountability Commission, pursuant to Section 5611, and  
23 with the California Health and Human Services Agency, uniform  
24 definitions and formats for a statewide, nonduplicative client-based  
25 information system that includes all information necessary to meet  
26 federal mental health grant requirements and state and federal  
27 Medicaid reporting requirements, and any other state requirements  
28 established by law. The data system, including performance  
29 outcome measures reported pursuant to Section 5613, shall be  
30 developed by July 1, 1992.

31 (c) Unless determined necessary by the department to comply  
32 with federal law and regulations, the data system developed  
33 pursuant to subdivision (b) shall not be more costly than that in  
34 place during the 1990–91 fiscal year.

35 (d) (1) The department shall develop unique client identifiers  
36 that permit development of client-specific cost and outcome  
37 measures and related research and analysis.

38 (2) The department's collection and use of client information,  
39 and the development and use of client identifiers, shall be

1 consistent with clients' constitutional and statutory rights to privacy  
2 and confidentiality.

3 (3) Data reported to the department may include name and other  
4 personal identifiers. That information is confidential and subject  
5 to Section 5328 and any other state and federal laws regarding  
6 confidential client information.

7 (4) Personal client identifiers reported to the department shall  
8 be protected to ensure confidentiality during transmission and  
9 storage through encryption and other appropriate means.

10 (5) Information reported to the department may be shared with  
11 local public mental health agencies submitting records for the same  
12 person and that information is subject to Section 5328.

13 (e) All client information reported to the department pursuant  
14 to Chapter 2 (commencing with Section 4030) of Part 1 of Division  
15 ~~4 and 4~~, Sections 5328 to 5772.5, inclusive, Chapter 8.9  
16 (commencing with Section ~~14700~~), 14700) of Part 3 of Division  
17 9, and any other state and federal laws regarding reporting  
18 requirements, consistent with Section 5328, shall not be used for  
19 purposes other than those purposes expressly stated in the reporting  
20 requirements referred to in this subdivision.

21 (f) The department may adopt emergency regulations to  
22 implement this section in accordance with the Administrative  
23 Procedure Act (Chapter 3.5 (commencing with Section 11340) of  
24 Part 1 of Division 3 of Title 2 of the Government Code). The  
25 adoption of emergency regulations to implement this section that  
26 are filed with the Office of Administrative Law within one year  
27 of the date on which the act that added this subdivision took effect  
28 shall be deemed to be an emergency and necessary for the  
29 immediate preservation of the public peace, health and safety, or  
30 general welfare and shall remain in effect for no more than 180  
31 days.

32 (g) *If amendments to the Mental Health Services Act are*  
33 *approved by the voters at the March 5, 2024, statewide primary*  
34 *election, this section shall become inoperative on July 1, 2026,*  
35 *and as of January 1, 2027, is repealed.*

36 *SEC. 18. Section 5610 is added to the Welfare and Institutions*  
37 *Code, to read:*

38 *5610. (a) (1) Each county behavioral health system shall*  
39 *comply with reporting requirements developed by the State*  
40 *Department of Health Care Services, in consultation with the*

1 *California Behavioral Health Planning Council and the Behavioral*  
2 *Health Services Oversight and Accountability Commission, which*  
3 *shall be uniform and simplified.*

4 (2) *The department shall review existing data requirements to*  
5 *eliminate unnecessary requirements and consolidate requirements*  
6 *that are necessary.*

7 (3) *These requirements shall provide comparability between*  
8 *counties in reports.*

9 (b) (1) *The department and the California Health and Human*  
10 *Services Agency shall develop, in consultation with the*  
11 *Performance Outcome Committee, the California Behavioral*  
12 *Health Planning Council, and the Behavioral Health Services*  
13 *Oversight and Accountability Commission, pursuant to Section*  
14 *5611, uniform definitions and formats for a statewide,*  
15 *nonduplicative, client-based information system that includes all*  
16 *information necessary to meet federal mental health and substance*  
17 *use disorder grant requirements, state and federal Medicaid*  
18 *reporting requirements, and other state requirements established*  
19 *by law.*

20 (2) *The data system, including performance outcome measures*  
21 *reported pursuant to Section 5613, shall be developed by July 1,*  
22 *1992.*

23 (c) *Unless determined necessary by the department to comply*  
24 *with federal law and regulations, the data system developed*  
25 *pursuant to subdivision (b) shall not be more costly than that in*  
26 *place during the 1990–91 fiscal year.*

27 (d) (1) *The department shall develop unique client identifiers*  
28 *that permit development of client-specific cost and outcome*  
29 *measures and related research and analysis.*

30 (2) *The department's collection and use of client information,*  
31 *and the development and use of client identifiers, shall be*  
32 *consistent with clients' constitutional and statutory rights to*  
33 *privacy and confidentiality.*

34 (3) (A) *Data reported to the department may include name and*  
35 *other personal identifiers.*

36 (B) *That information is confidential and subject to Section 5328*  
37 *and any other state and federal law regarding confidential client*  
38 *information.*

1 (4) Personal client identifiers reported to the department shall  
2 be protected to ensure confidentiality during transmission and  
3 storage through encryption and other appropriate means.

4 (5) (A) Information reported to the department may be shared  
5 with local public behavioral health agencies submitting records  
6 for the same person.

7 (B) The information described in this paragraph is subject to  
8 Section 5328.

9 (e) All client information reported to the department pursuant  
10 to Chapter 2 (commencing with Section 4030) of Part 1 of Division  
11 4 and Sections 5328 to 5772.5, inclusive, Chapter 8.9 (commencing  
12 with Section 14700), and any other state and federal law regarding  
13 reporting requirements, consistent with Section 5328, shall not be  
14 used for purposes other than those purposes expressly stated in  
15 the reporting requirements referred to in this subdivision.

16 (f) The department may adopt emergency regulations to  
17 implement this section in accordance with the Administrative  
18 Procedure Act (Chapter 3.5 (commencing with Section 11340) of  
19 Part 1 of Division 3 of Title 2 of the Government Code). The  
20 adoption of emergency regulations to implement this section that  
21 are filed with the Office of Administrative Law within one year of  
22 the date on which the act that added this subdivision took effect  
23 shall be deemed to be an emergency and necessary for the  
24 immediate preservation of the public peace, health and safety, or  
25 general welfare and shall remain in effect for no more than 180  
26 days.

27 (g) This section shall become operative on July 1, 2026, if  
28 amendments to the Mental Health Services Act are approved by  
29 the voters at the March 5, 2024, statewide primary election.

30 SEC. 19. Section 5613 of the Welfare and Institutions Code is  
31 amended to read:

32 5613. (a) Counties shall annually report data on performance  
33 measures established pursuant to Section 5612 to the local ~~mental~~  
34 ~~behavioral health advisory~~ board and to the Director of Health  
35 Care Services.

36 (b) The Director of Health Care Services shall annually make  
37 data on county performance available to the ~~Legislature;~~  
38 ~~Legislature~~ and post that data on the department's ~~Internet Web~~  
39 ~~site;~~ internet website by no later than March 15 of each year.

1     *SEC. 20. Section 5614 of the Welfare and Institutions Code is*  
2     *amended to read:*

3     5614. (a) The department, in consultation with the Compliance  
4     Advisory Committee that shall have representatives from relevant  
5     stakeholders, including, but not limited to, local-~~mental behavioral~~  
6     health departments, local-~~mental behavioral~~ health boards and  
7     commissions, private and community-based providers, consumers  
8     and family members of consumers, and advocates, shall establish  
9     a protocol for ensuring that local-~~mental behavioral~~ health  
10    departments meet statutory and regulatory requirements for the  
11    provision of publicly funded community mental health services  
12    provided under this part.

13    (b) The protocol shall include a procedure for review and  
14    assurance of compliance for all of the following elements, and any  
15    other-~~elements~~ *element* required in law or regulation:

16    (1) Financial maintenance of effort requirements provided for  
17    under Section 17608.05.

18    (2) Each local-~~mental behavioral~~ health board has approved  
19    procedures that ensure citizen and professional involvement in the  
20    local mental health *and substance use disorder* planning process.

21    (3) Children's services are funded pursuant to the requirements  
22    of Sections 5704.5 and 5704.6.

23    (4) The local-~~mental behavioral~~ health department complies  
24    with reporting requirements developed by the department.

25    (5) To the extent resources are available, the local-~~mental~~  
26    ~~behavioral~~ health department maintains the program principles  
27    and the array of treatment options required under Sections 5600.2  
28    to 5600.9, inclusive.

29    (6) The local-~~mental behavioral~~ health department meets the  
30    reporting required by the performance outcome systems for adults  
31    and children.

32    (c) (1) The protocol developed pursuant to subdivision (a) shall  
33    focus on law and regulations and shall include, but not be limited  
34    to, the items specified in subdivision (b). ~~The~~

35    (2) ~~The~~ protocol shall include data collection procedures so that  
36    state review and reporting may occur. ~~The~~

37    (3) ~~The~~ protocol shall also include a procedure for the provision  
38    of technical-~~assistance~~, *assistance* and formal decision rules and  
39    procedures for enforcement consequences when the requirements  
40    of law and regulations are not met. ~~These~~

1 (4) *These* standards and decision rules shall be established  
2 through the consensual stakeholder process established by the  
3 department.

4 *SEC. 21. Section 5675 of the Welfare and Institutions Code is*  
5 *amended to read:*

6 5675. (a) (1) Mental health rehabilitation centers shall only  
7 be licensed by the State Department of Health Care Services  
8 subsequent to application by counties, county contract providers,  
9 or other organizations. ~~In~~

10 (2) *In* the application for a mental health rehabilitation center,  
11 program evaluation measures shall include, but not be limited ~~to:~~  
12 *to, all of the following:*

13 ~~(1)~~

14 (A) That the clients placed in the facilities show improved global  
15 assessment ~~scores, scores~~ as measured by preadmission and  
16 postadmission tests.

17 ~~(2)~~

18 (B) That the clients placed in the facilities demonstrate improved  
19 functional behavior as measured by preadmission and  
20 postadmission tests.

21 ~~(3)~~

22 (C) That the clients placed in the facilities have reduced  
23 medication levels as determined by comparison of preadmission  
24 and postadmission records.

25 (b) The State Department of Health Care Services shall conduct  
26 annual licensing inspections of mental health rehabilitation centers.

27 (c) (1) All regulations relating to the licensing of mental health  
28 rehabilitation centers, heretofore adopted by the State Department  
29 of Mental Health, or its successor, shall remain in effect and shall  
30 be fully enforceable by the State Department of Health Care  
31 Services with respect to any facility or program required to be  
32 licensed as a mental health rehabilitation center, unless and until  
33 readopted, amended, or repealed by the Director of Health Care  
34 Services. ~~The~~

35 (2) *The* State Department of Health Care Services shall succeed  
36 to and be vested with all duties, powers, purposes, functions,  
37 responsibilities, and jurisdiction of the State Department of Mental  
38 Health, and its successor, if any, as they relate to licensing mental  
39 health rehabilitation centers.

1 (d) (1) Notwithstanding subdivision (c), pursuant to Section  
2 5963.05, the State Department of Health Care Services may  
3 develop and revise documentation standards for individual service  
4 plans to be consistent with the standards developed pursuant to  
5 paragraph (3) of subdivision (h) of Section 14184.402.

6 (2) The department shall require mental health rehabilitation  
7 centers to implement these documentation standards and shall  
8 conduct annual licensing inspections and investigations to  
9 determine compliance with these standards.

10 SEC. 22. Section 5771.1 of the Welfare and Institutions Code  
11 is amended to read:

12 5771.1. (a) The members of the Mental Health Services  
13 Oversight and Accountability Commission established pursuant  
14 to Section 5845 are members of the California Behavioral Health  
15 Planning Council. They serve in an ex officio capacity when the  
16 council is performing its statutory duties pursuant to Section 5772.  
17 This membership does not affect the composition requirements  
18 for the council specified in Section 5771.

19 (b) If amendments to the Mental Health Services Act are  
20 approved by the voters at the March 5, 2024, statewide primary  
21 election, this section shall become inoperative on July 1, 2026,  
22 and as of January 1, 2027, is repealed.

23 SEC. 23. Section 5771.1 is added to the Welfare and Institutions  
24 Code, to read:

25 5771.1. (a) The members of the Behavioral Health Services  
26 Oversight and Accountability Commission established pursuant  
27 to Section 5845 are members of the California Behavioral Health  
28 Planning Council.

29 (b) These members serve in an ex officio capacity when the  
30 council is performing its statutory duties pursuant to Section 5772.

31 (c) This membership does not affect the composition  
32 requirements for the council specified in Section 5771.

33 (d) This section shall become operative on July 1, 2026, if  
34 amendments to the Mental Health Services Act are approved by  
35 the voters at the March 5, 2024, statewide primary election.

36 SEC. 24. Section 5805 of the Welfare and Institutions Code is  
37 amended to read:

38 5805. (a) The State Department of Health Care Services shall  
39 require counties to use available state and matching funds for the  
40 client target population as defined in Section 5600.3 to develop a



1 comprehensive array of services as defined in Sections 5600.6 and  
2 5600.7.

3 *(b) If amendments to the Mental Health Services Act are*  
4 *approved by the voters at the March 5, 2024, statewide primary*  
5 *election, this section shall become inoperative on July 1, 2026,*  
6 *and as of January 1, 2027, is repealed.*

7 *SEC. 25. Section 5805 is added to the Welfare and Institutions*  
8 *Code, to read:*

9 *5805. (a) The State Department of Health Care Services shall*  
10 *require counties to use available state and matching funds for the*  
11 *client target populations, as defined in Section 5600.3, and*  
12 *individuals with a substance use disorder, as defined in Section*  
13 *5891.5, to develop a comprehensive array of services, as defined*  
14 *in Sections 5600.6 and 5600.7, and substance use disorder*  
15 *treatment services, as defined in Section 5891.5.*

16 *(b) A county may include services to address first episode*  
17 *psychosis.*

18 *(c) This section shall become operative on July 1, 2026, if*  
19 *amendments to the Mental Health Services Act are approved by*  
20 *the voters at the March 5, 2024, statewide primary election.*

21 *SEC. 26. Section 5806 of the Welfare and Institutions Code is*  
22 *amended to read:*

23 *5806. The State Department of Health Care Services shall*  
24 *establish service standards that ensure that members of the target*  
25 *population are identified, and services provided to assist them to*  
26 *live independently, work, and reach their potential as productive*  
27 *citizens. The department shall provide annual oversight of grants*  
28 *issued pursuant to this part for compliance with these standards.*  
29 *These standards shall include, but are not limited to, all of the*  
30 *following:*

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

33 *(1) Determination of the numbers of clients to be served and*  
34 *the programs and services that will be provided to meet their needs.*  
35 *The local director of mental health shall consult with the sheriff,*  
36 *the police chief, the probation officer, the mental health board,*  
37 *contract agencies, and family, client, ethnic, and citizen*  
38 *constituency groups as determined by the director.*

39 *(2) Plans for services, including outreach to families whose*  
40 *severely mentally ill adult is living with them, design of mental*

1 health services, coordination and access to medications, psychiatric  
2 and psychological services, substance abuse services, supportive  
3 housing or other housing assistance, vocational rehabilitation, and  
4 veterans' services. Plans also shall contain evaluation ~~strategies,~~  
5 *strategies* that shall consider cultural, linguistic, gender, age, and  
6 special needs of minorities in the target populations. Provision  
7 shall be made for ~~staff~~ *a workforce* with the cultural background  
8 and linguistic skills necessary to remove barriers to mental health  
9 services due to limited-English-speaking ability and cultural  
10 differences. Recipients of outreach services may include families,  
11 the public, primary care physicians, and others who are likely to  
12 come into contact with individuals who may be suffering from an  
13 untreated severe mental illness who would be likely to become  
14 homeless if the illness continued to be untreated for a substantial  
15 period of time. Outreach to adults may include adults voluntarily  
16 or involuntarily hospitalized as a result of a severe mental illness.

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

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

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

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

26 (7) Provision for psychiatric and psychological services that are  
27 integrated with other services and for psychiatric and psychological  
28 collaboration in overall service planning.

29 (8) Provision for services specifically directed to seriously  
30 mentally ill young adults 25 years of age or younger who are  
31 homeless or at significant risk of becoming homeless. These  
32 provisions may include continuation of services that still would  
33 be received through other funds had eligibility not been terminated  
34 due to age.

35 (9) Services reflecting special needs of women from diverse  
36 cultural backgrounds, including supportive housing that accepts  
37 children, personal services coordinator therapeutic treatment, and  
38 substance treatment programs that address gender-specific trauma  
39 and abuse in the lives of persons with mental illness, and vocational

1 rehabilitation programs that offer job training programs free of  
2 gender bias and sensitive to the needs of women.

3 (10) Provision for housing for clients that is immediate,  
4 transitional, permanent, or all of these.

5 (11) Provision for clients who have been suffering from an  
6 untreated severe mental illness for less than one year, and who do  
7 not require the full range of services but are at risk of becoming  
8 homeless unless a comprehensive individual and family support  
9 services plan is implemented. These clients shall be served in a  
10 manner that is designed to meet their needs.

11 (12) Provision for services for veterans.

12 (b) A client shall have a clearly designated mental health  
13 personal services coordinator who may be part of a  
14 multidisciplinary treatment team who is responsible for providing  
15 or assuring needed services. Responsibilities include complete  
16 assessment of the client's needs, development of the client's  
17 personal services plan, linkage with all appropriate community  
18 services, monitoring of the quality and followthrough of services,  
19 and necessary advocacy to ensure that the client receives those  
20 services that are agreed to in the personal services plan. A client  
21 shall participate in the development of ~~his or her~~ *their* personal  
22 services plan, and responsible staff shall consult with the designated  
23 conservator, if one has been appointed, and, with the consent of  
24 the client, consult with the family and other significant persons as  
25 appropriate.

26 (c) The individual personal services plan shall ensure that  
27 members of the target population involved in the system of care  
28 receive age-appropriate, gender-appropriate, and culturally  
29 appropriate services or appropriate services based on any  
30 characteristic listed or defined in Section 11135 of the Government  
31 Code, to the extent feasible, that are designed to enable recipients  
32 to:

33 (1) Live in the most independent, least restrictive housing  
34 feasible in the local community, and for clients with children, to  
35 live in a supportive housing environment that strives for  
36 reunification with their children or assists clients in maintaining  
37 custody of their children as is appropriate.

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

- 1 (3) Create and maintain a support system consisting of friends,
- 2 family, and participation in community activities.
- 3 (4) Access an appropriate level of academic education or
- 4 vocational training.
- 5 (5) Obtain an adequate income.
- 6 (6) Self-manage their illness and exert as much control as
- 7 possible over both the day-to-day and long-term decisions that
- 8 affect their lives.
- 9 (7) Access necessary physical health care and maintain the best
- 10 possible physical health.
- 11 (8) Reduce or eliminate serious antisocial or criminal behavior
- 12 and thereby reduce or eliminate their contact with the criminal
- 13 justice system.
- 14 (9) Reduce or eliminate the distress caused by the symptoms of
- 15 mental illness.
- 16 (10) Have freedom from dangerous addictive substances.
- 17 (d) The individual personal services plan shall describe the
- 18 service array that meets the requirements of subdivision ~~(c)~~, and
- 19 ~~(c)~~ and, to the extent applicable to the individual, the requirements
- 20 of subdivision (a).
- 21 *(e) If amendments to the Mental Health Services Act are*
- 22 *approved by the voters at the March 5, 2024, statewide primary*
- 23 *election, this section shall become inoperative on July 1, 2026,*
- 24 *and as of January 1, 2027, is repealed.*
- 25 *SEC. 27. Section 5806 is added to the Welfare and Institutions*
- 26 *Code, to read:*
- 27 *5806. (a) The State Department of Health Care Services shall*
- 28 *establish service standards so that adults and older adults in the*
- 29 *target population are identified and receive needed and*
- 30 *appropriate services from qualified staff in the least restrictive*
- 31 *environment to assist them to live independently, work, and thrive*
- 32 *in their communities. The department shall provide annual*
- 33 *oversight of counties for compliance with these requirements that*
- 34 *shall include, but are not limited to, all of the following:*
- 35 *(1) Determination of the numbers of clients to be served and*
- 36 *the programs and services that will be provided to meet their needs.*
- 37 *(2) The local director of behavioral health shall consult with*
- 38 *the sheriff, the police chief, the probation officer, chief of*
- 39 *emergency medical services, the behavioral health board, Medi-Cal*
- 40 *managed care plans, as defined in subdivision (j) of Section*

1 14184.101, child welfare departments, contract providers and  
2 agencies, and family, client, ethnic, and citizen constituency  
3 groups, as determined by the director.

4 (3) (A) Outreach to adults with a serious mental illness or a  
5 substance use disorder to provide coordination and access to  
6 behavioral health services, medications, housing interventions  
7 pursuant to Section 5830, supportive services, as defined in  
8 subdivision (g) of Section 5887, and veterans' services.

9 (B) Service planning shall include evaluation strategies that  
10 consider cultural, linguistic, gender, age, and special needs of the  
11 target populations.

12 (C) Provision shall be made for a workforce with the cultural  
13 background and linguistic skills necessary to remove barriers to  
14 mental health services and substance use disorder treatment  
15 services due to limited-English-speaking ability and cultural  
16 differences.

17 (D) Recipients of outreach services may include families, the  
18 public, primary care physicians, hospitals, including emergency  
19 departments, behavioral health urgent care, and others who are  
20 likely to come into contact with individuals who may be suffering  
21 from either an untreated serious mental illness or substance use  
22 disorder, or both, who would likely become homeless or  
23 incarcerated if the illness continued to be untreated for a  
24 substantial period of time.

25 (E) Outreach to adults may include adults voluntarily or  
26 involuntarily hospitalized as a result of a serious mental illness.

27 (4) Provision for services for populations with identified  
28 disparities in behavioral health outcomes.

29 (5) Provision for full participation of the family in all aspects  
30 of assessment, service planning, and treatment, including, but not  
31 limited to, family support and consultation services, parenting  
32 support and consultation services, and peer support or self-help  
33 group support, where appropriate for the individual.

34 (6) Treatment for clients who have been suffering from an  
35 untreated serious mental illness or substance use disorder, or both,  
36 for less than one year and who do not require the full range of  
37 services but are at risk of becoming homeless or incarcerated  
38 unless comprehensive individual and family support services are  
39 provided consistent with the planning process specified in  
40 subdivision (d). This includes services that are available and

1 *designed to meet their needs, including housing for clients that is*  
2 *immediate, transitional, permanent, or all of these services.*

3 (7) (A) *Provision for services to be client-directed and to*  
4 *employ psychosocial rehabilitation and recovery principles.*

5 (B) *Services may be integrated with other services and may*  
6 *include psychiatric and psychological collaboration in overall*  
7 *service planning.*

8 (8) *Provision for services specifically directed to young adults*  
9 *25 years of age or younger with either a serious mental illness or*  
10 *substance use disorder, or both, who are chronically homeless,*  
11 *experiencing homelessness or are at risk of homelessness, as*  
12 *defined in subdivision (j) of Section 5892, or experiencing first*  
13 *episode psychosis. These provisions may include continuation of*  
14 *services that still would be received through other funds had*  
15 *eligibility not been terminated due to age.*

16 (9) *Provision for services for frequent users of behavioral health*  
17 *urgent care, crisis stabilization units, and hospitals or emergency*  
18 *room services as the primary resource for mental health and*  
19 *substance use disorder treatment.*

20 (10) *Provision for services to meet the special needs of clients*  
21 *who are physically disabled, clients who are intellectually or*  
22 *developmentally disabled, veterans, or persons of American Indian*  
23 *or Alaska Native descent.*

24 (11) *Provision for services to meet the special needs of women*  
25 *from diverse cultural backgrounds, including supportive housing*  
26 *that accepts children, personal services coordinators, therapeutic*  
27 *treatment, and substance use disorder treatment programs that*  
28 *address gender-specific trauma and abuse in the lives of persons*  
29 *with either a serious mental illness or a substance use disorder,*  
30 *or both, and vocational rehabilitation programs that offer job*  
31 *training programs free of gender bias and sensitive to the needs*  
32 *of women.*

33 (b) *Each adult or older adult shall have a clearly designated*  
34 *mental health personal services coordinator or case manager who*  
35 *may be part of a multidisciplinary treatment team who is*  
36 *responsible for providing or ensuring needed behavioral health*  
37 *services and supportive services for individuals enrolled in*  
38 *full-service partnerships pursuant to Section 5887.*

39 (c) *The personal services coordinator or case manager is*  
40 *responsible for each adult or older adult receiving the following:*

- 1     (1) *A comprehensive mental health and substance use disorder*  
2 *assessment.*
- 3     (2) *Service planning with all appropriate interagency*  
4 *participation and developing programs and services that will meet*  
5 *their needs and facilitate client outcome goals.*
- 6     (3) *Linkage with all appropriate mental health and substance*  
7 *use disorder treatment services.*
- 8     (4) *Monitoring of the quality and followthrough of service*  
9 *delivery.*
- 10    (5) *Advocacy to ensure the provision of needed behavioral*  
11 *health services identified during the service planning process.*
- 12    (6) *A client shall participate in the service planning process,*  
13 *and responsible staff shall consult with the designated conservator,*  
14 *if one has been appointed, and, with the consent of the client,*  
15 *consult with the family and other significant persons as*  
16 *appropriate.*
- 17    (7) *Trauma-informed behavioral health services to reduce*  
18 *trauma and avoid retraumatization.*
- 19    (d) *The service planning process shall ensure that adults and*  
20 *older adults receive age-appropriate, gender-appropriate, and*  
21 *culturally appropriate services, or appropriate services based on*  
22 *a characteristic listed or defined in Section 11135 of the*  
23 *Government Code, to the extent feasible, that are designed to*  
24 *enable recipients to:*
  - 25     (1) (A) *Live in the most independent, least restrictive housing*  
26 *feasible in the local community and for clients with children, to*  
27 *live in a supportive housing environment that strives for*  
28 *reunification with their children or assists clients in maintaining*  
29 *custody of their children, as appropriate.*
  - 30     (B) *Assist individuals to rejoin or return to a home that had*  
31 *previously been maintained with a family member or in a shared*  
32 *housing environment that is supportive of their recovery and*  
33 *stabilization.*
- 34     (2) *Engage in the highest level of work or productive activity*  
35 *appropriate to their abilities and experience.*
- 36     (3) *Create and maintain a support system consisting of friends,*  
37 *family, and participation in community activities.*
- 38     (4) *Access an appropriate level of academic education or*  
39 *vocational training.*
- 40     (5) *Obtain an adequate income.*

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

4 (7) *Access necessary physical health care and maintain the best*  
5 *possible physical health.*

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

9 (9) *Reduce or eliminate the distress caused by the symptoms of*  
10 *either serious mental illness or substance use disorder, or both.*

11 (10) *Utilize trauma-informed approaches to reduce trauma and*  
12 *avoid retraumatization.*

13 (e) *The client’s clinical record shall describe the service array*  
14 *that meets the requirements of subdivisions (c) and (d) and, to the*  
15 *extent applicable to the individual, the requirements of subdivisions*  
16 *(a) and (b).*

17 (f) *For purposes of this section, “behavioral health services”*  
18 *shall have the meaning as defined in subdivision (j) of Section*  
19 *5892.*

20 (g) *For purposes of this section, “substance use disorder” shall*  
21 *have the meaning as defined in subdivision (c) of Section 5891.5.*

22 (h) *This section shall become operative on July 1, 2026, if*  
23 *amendments to the Mental Health Services Act are approved by*  
24 *the voters at the March 5, 2024, statewide primary election.*

25 SEC. 28. *Section 5813.5 of the Welfare and Institutions Code*  
26 *is amended to read:*

27 5813.5. Subject to the availability of funds from the Mental  
28 Health Services Fund, the state shall distribute funds for the  
29 provision of services under Sections 5801, 5802, and 5806 to  
30 county mental health programs. Services shall be available to adults  
31 and seniors with severe illnesses ~~who meet the eligibility criteria~~  
32 *identified in the categories in subdivisions (b) and (c) of Section*  
33 *5600.3. For purposes of this act, “seniors” means older adult*  
34 *persons identified in Part 3 (commencing with Section 5800) of*  
35 *this division.*

36 (a) Funding shall be provided at sufficient levels to ensure that  
37 counties can provide each adult and senior served pursuant to this  
38 part with the medically necessary mental health services,  
39 medications, and supportive services set forth in the applicable  
40 treatment plan.



1 (b) The funding shall only cover the portions of those costs of  
2 services that cannot be paid for with other funds, including other  
3 mental health funds, public and private insurance, and other local,  
4 state, and federal funds.

5 (c) Each county mental health program’s plan shall provide for  
6 services in accordance with the system of care for adults and  
7 seniors who meet the eligibility criteria in subdivisions (b) and (c)  
8 of Section 5600.3.

9 (d) Planning for services shall be consistent with the philosophy,  
10 principles, and practices of the Recovery Vision for mental health  
11 consumers:

12 (1) To promote concepts key to the recovery for individuals  
13 who have mental illness: hope, personal empowerment, respect,  
14 social connections, self-responsibility, and self-determination.

15 (2) To promote consumer-operated services as a way to support  
16 recovery.

17 (3) To reflect the cultural, ethnic, and racial diversity of mental  
18 health consumers.

19 (4) To plan for each consumer’s individual needs.

20 (e) The plan for each county mental health program shall  
21 indicate, subject to the availability of funds as determined by Part  
22 4.5 (commencing with Section 5890) of this division, and other  
23 funds available for mental health services, adults and seniors with  
24 a severe mental illness being served by this program are either  
25 receiving services from this program or have a mental illness that  
26 is not sufficiently severe to require the level of services required  
27 of this program.

28 (f) Each county plan and annual update pursuant to Section  
29 5847 shall consider ways to provide services similar to those  
30 established pursuant to the Mentally Ill Offender Crime Reduction  
31 Grant Program. Funds shall not be used to pay for persons  
32 incarcerated in state prison. Funds may be used to provide services  
33 to persons who are participating in a presentencing or  
34 postsentencing diversion program or who are on parole, probation,  
35 postrelease community supervision, or mandatory supervision.  
36 When included in county plans pursuant to Section 5847, funds  
37 may be used for the provision of mental health services under  
38 Sections 5347 and 5348 in counties that elect to participate in the  
39 Assisted Outpatient Treatment Demonstration Project Act of 2002  
40 (Article 9 (commencing with Section 5345) of Chapter 2 of Part

1 1), and for the provision of services to clients pursuant to Part 8  
2 (commencing with Section 5970).

3 (g) The department shall contract for services with county  
4 mental health programs pursuant to Section 5897. After November  
5 2, 2004, the term “grants,” as used in Sections 5814 and 5814.5,  
6 shall refer to those contracts.

7 *(h) If amendments to the Mental Health Services Act are*  
8 *approved by the voters at the March 5, 2024, statewide primary*  
9 *election, this section shall become inoperative on July 1, 2026,*  
10 *and as of January 1, 2027, is repealed.*

11 SEC. 29. Section 5813.5 is added to the Welfare and Institutions  
12 Code, to read:

13 5813.5. Subject to the availability of funds from the Behavioral  
14 Health Services Fund, the state shall distribute funds for the  
15 provision of behavioral health services under Sections 5801, 5802,  
16 5806, and 5891.5 to county behavioral health programs. Services  
17 shall be available to adults and older adults with serious mental  
18 illness identified in the categories in subdivisions (b) and (c) of  
19 Section 5600.3 and to adults and older adults who have a substance  
20 use disorder, as defined in subdivision (c) of Section 5891.5. For  
21 purposes of this act, “older adults” means adult persons identified  
22 in Part 3 (commencing with Section 5800).

23 (a) Funding shall be provided at sufficient levels to ensure  
24 counties can provide each adult and older adult served pursuant  
25 to this part with the medically necessary mental health and  
26 substance use disorder treatment services and medications  
27 identified during the service planning process pursuant to Section  
28 5806, which are in the applicable client clinical record.

29 (1) To maximize federal financial participation in furtherance  
30 of subdivision (d) of Section 5890, a county shall submit claims  
31 for reimbursement to the State Department of Health Care Services  
32 in accordance with applicable Medi-Cal rules and procedures for  
33 a behavioral health service or supportive service eligible for  
34 reimbursement pursuant to Title XIX or XXI of the federal Social  
35 Security Act (42 U.S.C. Sec. 1396, et seq. and 1397aa, et seq.)  
36 when such service is paid, in whole or in part, using funds from  
37 the Behavioral Health Services Fund established pursuant to  
38 Section 5890.

39 (2) (A) To maximize funding from other sources, a county shall  
40 seek reimbursement for a behavioral health service, supportive

1 *service, housing intervention, prevention service, or other related*  
2 *activity provided pursuant to subdivision (a) of Section 5892 that*  
3 *is covered by or can be paid from another available funding source,*  
4 *including other mental health funds, substance use disorder funds,*  
5 *public and private insurance, and other local, state, and federal*  
6 *funds.*

7 *(B) A county shall make a good faith effort to contract with*  
8 *health care service plans and disability insurance plans, pursuant*  
9 *to Section 1374.72 of the Health and Safety Code and Section*  
10 *10144.5 of the Insurance Code, as an in-network provider.*

11 *(C) A county shall submit requests for prior authorization for*  
12 *services, request letters of agreement for payment as an*  
13 *out-of-network provider, and pursue other means to obtain*  
14 *reimbursement in accordance with state and federal laws.*

15 *(3) (A) A county may report to the Department of Managed*  
16 *Health Care or the Department of Insurance, as appropriate,*  
17 *complaints about a health plan's or a health insurer's failure to*  
18 *work in good faith with the county to contract with the county or*  
19 *to be an in-network provider of the health plan or insurer.*

20 *(B) A county may also report to the Department of Managed*  
21 *Health Care or the Department of Insurance, respectively, a failure*  
22 *by a health plan or insurer to timely reimburse the county for*  
23 *services the plan or insurer must cover as required by state or*  
24 *federal law, including, but not limited to, Sections 1374.72 and*  
25 *1374.721 of the Health and Safety Code and Sections 10144.5 and*  
26 *10144.52 of the Insurance Code.*

27 *(C) Upon receipt of a complaint from a county, the Department*  
28 *of Managed Health Care or the Department of Insurance, as*  
29 *applicable, shall timely investigate the complaint.*

30 *(b) Each county behavioral health program's integrated plan*  
31 *pursuant to Section 5963.02 shall provide for services in*  
32 *accordance with the system of care for adults and older adults*  
33 *identified in the categories in subdivisions (b) and (c) of Section*  
34 *5600.3 or who have a substance use disorder, as defined in*  
35 *subdivision (c) of Section 5891.5.*

36 *(c) Planning for services shall be consistent with the philosophy,*  
37 *principles, and practices of the Recovery Vision for behavioral*  
38 *health consumers:*

39 *(1) To promote concepts key to the recovery for individuals who*  
40 *have a mental illness or substance use disorder, or both: hope,*

1 *personal empowerment, respect, social connections,*  
2 *self-responsibility, and self-determination.*

3 (2) *To promote consumer-operated services as a way to support*  
4 *recovery.*

5 (3) *To reflect the cultural, ethnic, and racial diversity of*  
6 *behavioral health consumers by addressing the inequities in*  
7 *behavioral health service delivery.*

8 (4) *To plan for each consumer's individual needs.*

9 (d) *The integrated plan for each county behavioral health*  
10 *program pursuant to Section 5963.02 shall indicate, subject to the*  
11 *availability of funds as determined by Part 4.5 (commencing with*  
12 *Section 5890) and other funds available for behavioral health*  
13 *services as defined in subdivision (j) of Section 5892, adults and*  
14 *older adults with a serious mental illness or substance use disorder,*  
15 *or both, being served by this program are either receiving services*  
16 *from this program or have a mental illness or substance use*  
17 *disorder that is not sufficiently severe to require the level of*  
18 *services required of this program.*

19 (e) (1) *Each county integrated plan and annual update pursuant*  
20 *to Section 5963.02 shall consider ways to provide mental health*  
21 *services similar to those established pursuant to the Mentally Ill*  
22 *Offender Crime Reduction Grant Program.*

23 (2) *Funds shall not be used to pay for persons incarcerated in*  
24 *state prison.*

25 (3) *Funds may be used to provide services to persons who are*  
26 *participating in a presentencing or postsentencing diversion*  
27 *program or who are on parole, probation, postrelease community*  
28 *supervision, or mandatory supervision or in a community reentry*  
29 *program.*

30 (4) *When included in county plans pursuant to Section 5963.02,*  
31 *funds may be used for the provision of mental health services under*  
32 *Sections 5347 and 5348 in counties that elect to participate in the*  
33 *Assisted Outpatient Treatment Demonstration Project Act of 2002*  
34 *(Article 9 (commencing with Section 5345) of Chapter 2 of Part*  
35 *1) and for the provision of services to clients pursuant to Part 8*  
36 *(commencing with Section 5970).*

37 (f) (1) *The department shall contract for services with county*  
38 *behavioral health programs pursuant to Section 5897.*

39 (2) *After November 2, 2004, the term "grants," as used in*  
40 *Sections 5814 and 5814.5, shall refer to those contracts.*

1 (g) For purposes of this section, “behavioral health services”  
2 shall have the meaning as defined in subdivision (j) of Section  
3 5892.

4 (h) For purposes of this section, “substance use disorder” shall  
5 have the meaning as defined in subdivision (c) of Section 5891.5.

6 (i) For purposes of this section, “substance use disorder  
7 treatment services” shall have the meaning as defined in  
8 subdivision (c) of Section 5891.5.

9 (j) This section shall become operative on July 1, 2026, if  
10 amendments to the Mental Health Services Act are approved by  
11 the voters at the March 5, 2024, statewide primary election.

12 SEC. 30. Section 5813.6 of the Welfare and Institutions Code  
13 is amended to read:

14 5813.6. (a) (1) At the time of the release of the ~~January 10~~  
15 ~~budget plan and the May Revision~~, the Director of Health Care  
16 Services shall submit to the Legislature information regarding the  
17 projected expenditure of Proposition 63 funding for each state  
18 department, and for each major program category specified in the  
19 measure, for local assistance. ~~This~~

20 (2) This shall include actual past-year expenditures, estimated  
21 current-year expenditures, and projected budget-year expenditures  
22 of local assistance funding. ~~In addition, it~~

23 (3) It shall also include a complete listing of state support  
24 expenditures for the current year and for the budget year by the  
25 State Department of Health Care Services, including the number  
26 of state positions and any contract funds. ~~A~~

27 (4) A description of these state expenditures shall accompany  
28 the fiscal information the director is required to submit to the  
29 Legislature pursuant to this section.

30 (b) (1) During each fiscal year, the Director of Health Care  
31 Services shall submit to the fiscal committees of the Legislature,  
32 30 days in advance, written notice of the intention to expend  
33 Proposition 63 local assistance funding in excess of the amounts  
34 presented in its May Revision projection for that fiscal year. ~~The~~

35 (2) The written notice shall include information regarding the  
36 amount of the additional spending and its purpose.

37 SEC. 31. Section 5814 of the Welfare and Institutions Code is  
38 amended to read:

39 5814. (a) (1) This part shall be implemented only to the extent  
40 that funds are appropriated for purposes of this part. To the extent

1 that funds are made available, the first priority shall go to maintain  
2 funding for the existing programs that meet adult system of care  
3 contract goals. The next priority for funding shall be given to  
4 counties with a high incidence of persons who are severely  
5 mentally ill and homeless or at risk of homelessness, and meet the  
6 criteria developed pursuant to paragraphs (3) and (4).

7 (2) The Director of Health Care Services shall establish a  
8 methodology for awarding grants under this part consistent with  
9 the legislative intent expressed in Section 5802, and in consultation  
10 with the advisory committee established in this subdivision.

11 (3) (A) The Director of Health Care Services shall establish an  
12 advisory committee for the purpose of providing advice regarding  
13 the development of criteria for the award of grants, and the  
14 identification of specific performance measures for evaluating the  
15 effectiveness of grants. The committee shall review evaluation  
16 reports and make findings on evidence-based best practices and  
17 recommendations for grant conditions. At not less than one meeting  
18 annually, the advisory committee shall provide to the director  
19 written comments on the performance of each of the county  
20 programs. Upon request by the department, each participating  
21 county that is the subject of a comment shall provide a written  
22 response to the comment. The department shall comment on each  
23 of these responses at a subsequent meeting.

24 (B) The committee shall include, but not be limited to,  
25 representatives from state, county, and community veterans'  
26 services and disabled veterans outreach programs, supportive  
27 housing and other housing assistance programs, law enforcement,  
28 county mental health and private providers of local mental health  
29 services and mental health outreach services, the Department of  
30 Corrections and Rehabilitation, local substance abuse services  
31 providers, the Department of Rehabilitation, providers of local  
32 employment services, the State Department of Social Services, the  
33 Department of Housing and Community Development, a service  
34 provider to transition youth, the United Advocates for Children of  
35 California, the California Mental Health Advocates for Children  
36 and Youth, the Mental Health Association of California, the  
37 California Alliance for the Mentally Ill, the California Network  
38 of Mental Health Clients, the California Behavioral Health  
39 Planning Council, the Mental Health Services Oversight and  
40 Accountability Commission, and other appropriate entities.

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

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

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

11 (C) A description of efforts to maximize the use of other state,  
12 federal, and local funds or services that can support and enhance  
13 the effectiveness of these programs.

14 (5) In order to reduce the cost of providing supportive housing  
15 for clients, counties that receive a grant pursuant to this part after  
16 January 1, 2004, shall enter into contracts with sponsors of  
17 supportive housing projects to the greatest extent possible.  
18 Participating counties are encouraged to commit a portion of their  
19 grants to rental assistance for a specified number of housing units  
20 in exchange for the counties' clients having the right of first refusal  
21 to rent the assisted units.

22 (b) In each year in which additional funding is provided by the  
23 annual Budget Act the State Department of Health Care Services  
24 shall establish programs that offer individual counties sufficient  
25 funds to comprehensively serve severely mentally ill adults who  
26 are homeless, recently released from a county jail or the state  
27 prison, or others who are untreated, unstable, and at significant  
28 risk of incarceration or homelessness unless treatment is provided  
29 to them and who are severely mentally ill adults. For purposes of  
30 this subdivision, ~~“severely mentally ill adults”~~ *“seriously mentally*  
31 *ill” adults* are those individuals described in subdivision (b) of  
32 Section 5600.3. In consultation with the advisory committee  
33 established pursuant to paragraph (3) of subdivision (a), the  
34 department shall report to the Legislature on or before May 1 of  
35 each year in which additional funding is provided, and shall  
36 evaluate, at a minimum, the effectiveness of the strategies in  
37 providing successful outreach and reducing homelessness,  
38 involvement with local law enforcement, and other measures  
39 identified by the department. The evaluation shall include for each

1 program funded in the current fiscal year as much of the following  
2 as available information permits:

3 (1) The number of persons served, and of those, the number  
4 who receive extensive community mental health services.

5 (2) The number of persons who are able to maintain housing,  
6 including the type of housing and whether it is emergency,  
7 transitional, or permanent housing, as defined by the department.

8 (3) (A) The amount of grant funding spent on each type of  
9 housing.

10 (B) Other local, state, or federal funds or programs used to house  
11 clients.

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

15 (5) The number of persons participating in employment service  
16 programs including competitive employment.

17 (6) The number of persons contacted in outreach efforts who  
18 appear to be ~~severely~~ *seriously* mentally ill, as described in Section  
19 5600.3, who have refused treatment after completion of all  
20 applicable outreach measures.

21 (7) The amount of hospitalization that has been reduced or  
22 avoided.

23 (8) The extent to which veterans identified through these  
24 programs' outreach are receiving federally funded veterans'  
25 services for which they are eligible.

26 (9) The extent to which programs funded for three or more years  
27 are making a measurable and significant difference on the street,  
28 in hospitals, and in jails, as compared to other counties or as  
29 compared to those counties in previous years.

30 (10) For those who have been enrolled in this program for at  
31 least two years and who were enrolled in Medi-Cal prior to, and  
32 at the time they were enrolled in, this program, a comparison of  
33 their Medi-Cal hospitalizations and other Medi-Cal costs for the  
34 two years prior to enrollment and the two years after enrollment  
35 in this program.

36 (11) The number of persons served who were and were not  
37 receiving Medi-Cal benefits in the 12-month period prior to  
38 enrollment and, to the extent possible, the number of emergency  
39 room visits and other medical costs for those not enrolled in  
40 Medi-Cal in the prior 12-month period.



1 (c) To the extent that state savings associated with providing  
2 integrated services for the mentally ill are quantified, it is the intent  
3 of the Legislature to capture those savings in order to provide  
4 integrated services to additional adults.

5 (d) Each project shall include outreach and service grants in  
6 accordance with a contract between the state and approved counties  
7 that reflects the number of anticipated contacts with people who  
8 are homeless or at risk of homelessness, and the number of those  
9 who are severely mentally ill and who are likely to be successfully  
10 referred for treatment and will remain in treatment as necessary.

11 (e) All counties that receive funding shall be subject to specific  
12 terms and conditions of oversight and training, which shall be  
13 developed by the department, in consultation with the advisory  
14 committee.

15 (f) (1) As used in this part, “receiving extensive mental health  
16 services” means having a personal services coordinator, as  
17 described in subdivision (b) of Section 5806, and having an  
18 individual personal service plan, as described in subdivision (c)  
19 of Section 5806.

20 (2) The funding provided pursuant to this part shall be sufficient  
21 to provide mental health services, medically necessary medications  
22 to treat severe mental illnesses, alcohol and drug services,  
23 transportation, supportive housing and other housing assistance,  
24 vocational rehabilitation and supported employment services,  
25 money management assistance for accessing other health care and  
26 obtaining federal income and housing support, accessing veterans’  
27 services, stipends, and other incentives to attract and retain  
28 sufficient numbers of qualified professionals as necessary to  
29 provide the necessary levels of these services. These grants shall,  
30 however, pay for only that portion of the costs of those services  
31 not otherwise provided by federal funds or other state funds.

32 (3) Methods used by counties to contract for services pursuant  
33 to paragraph (2) shall promote prompt and flexible use of funds,  
34 consistent with the scope of services for which the county has  
35 contracted with each provider.

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

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

4 (i) *If amendments to the Mental Health Services Act are*  
5 *approved by the voters at the March 5, 2024, statewide primary*  
6 *election, this section shall become inoperative on January 1, 2025,*  
7 *and as of that date is repealed.*

8 SEC. 32. *Section 5814 is added to the Welfare and Institutions*  
9 *Code, to read:*

10 5814. (a) (1) *This part shall be implemented only to the extent*  
11 *that funds are appropriated for purposes of this part. To the extent*  
12 *that funds are made available, the first priority shall go to maintain*  
13 *funding for the existing programs that meet adult system of care*  
14 *contract goals. The next priority for funding shall be given to*  
15 *counties with a high incidence of persons with serious mental*  
16 *illness and homeless, or at risk of homelessness, and meet the*  
17 *criteria developed pursuant to paragraphs (3) and (4).*

18 (2) *The Director of Health Care Services shall establish a*  
19 *methodology for awarding grants under this part consistent with*  
20 *the legislative intent expressed in Section 5802 and in consultation*  
21 *with the advisory committee established in this subdivision.*

22 (3) (A) (i) *The Director of Health Care Services shall establish*  
23 *an advisory committee for the purpose of providing advice*  
24 *regarding the development of criteria for the award of grants and*  
25 *the identification of specific performance measures for evaluating*  
26 *the effectiveness of grants.*

27 (ii) *The committee shall review evaluation reports and make*  
28 *findings on evidence-based best practices and recommendations*  
29 *for grant conditions.*

30 (iii) *At not less than one meeting annually, the advisory*  
31 *committee shall provide to the director written comments on the*  
32 *performance of each of the county programs.*

33 (iv) *Upon request by the department, each participating county*  
34 *that is the subject of a comment shall provide a written response*  
35 *to the comment. The department shall comment on each of these*  
36 *responses at a subsequent meeting.*

37 (B) *The committee shall include, but not be limited to,*  
38 *representatives from each of the following:*

39 (i) *State, county, and community veterans' services and disabled*  
40 *veterans outreach programs.*

- 1     (ii) *Supportive housing and other housing assistance programs.*
- 2     (iii) *Law enforcement.*
- 3     (iv) *County behavioral health and private providers of local*
- 4 *mental health and substance use disorder treatment services and*
- 5 *mental health and substance use disorder outreach services.*
- 6     (v) *The Department of Corrections and Rehabilitation.*
- 7     (vi) *Local substance abuse services providers.*
- 8     (vii) *The Department of Rehabilitation.*
- 9     (viii) *Providers of local employment services.*
- 10    (ix) *The State Department of Social Services.*
- 11    (x) *The Department of Housing and Community Development.*
- 12    (xi) *A service provider to transition youth.*
- 13    (xii) *The United Advocates for Children of California.*
- 14    (xiii) *The California Mental Health Advocates for Children and*
- 15 *Youth.*
- 16    (xiv) *The Mental Health Association of California.*
- 17    (xv) *The California Alliance for the Mentally Ill.*
- 18    (xvi) *The California Network of Mental Health Clients.*
- 19    (xvii) *The California Behavioral Health Planning Council.*
- 20    (xviii) *The Behavioral Health Services Oversight and*
- 21 *Accountability Commission.*
- 22    (xix) *Other appropriate entities.*
- 23    (4) *The criteria for the award of grants shall include, but not*
- 24 *be limited to, all of the following:*
- 25     (A) *A description of a comprehensive strategic plan for*
- 26 *providing outreach, prevention, intervention, and evaluation in a*
- 27 *cost-appropriate manner corresponding to the criteria specified*
- 28 *in subdivision (c).*
- 29     (B) *A description of the local population to be served, the ability*
- 30 *to administer an effective service program, and the degree to which*
- 31 *local agencies and advocates will support and collaborate with*
- 32 *program efforts.*
- 33     (C) *A description of efforts to maximize the use of other state,*
- 34 *federal, and local funds or services that can support and enhance*
- 35 *the effectiveness of these programs.*
- 36    (5) (A) *To reduce the cost of providing supportive housing for*
- 37 *clients, counties that receive a grant pursuant to this part after*
- 38 *January 1, 2004, shall enter into contracts with sponsors of*
- 39 *supportive housing projects to the greatest extent possible.*

1 (B) Participating counties are encouraged to commit a portion  
2 of their grants to rental assistance for a specified number of  
3 housing units in exchange for the counties' clients having the right  
4 of first refusal to rent the assisted units.

5 (b) (1) (A) In each year that additional funding is provided by  
6 the annual Budget Act, the State Department of Health Care  
7 Services shall establish programs that offer individual counties  
8 sufficient funds to comprehensively serve severely mentally ill  
9 adults who are homeless, recently released from a county jail or  
10 the state prison, or others who are untreated, unstable, and at  
11 significant risk of incarceration or homelessness unless treatment  
12 is provided to them.

13 (B) For purposes of this subdivision, "seriously mentally ill"  
14 adults are those individuals described in subdivision (b) of Section  
15 5600.3.

16 (2) In consultation with the advisory committee established  
17 pursuant to paragraph (3) of subdivision (a), the department shall  
18 report to the Legislature on or before May 1 of each year that  
19 additional funding is provided and shall evaluate, at a minimum,  
20 the effectiveness of the strategies in providing successful outreach  
21 and reducing homelessness, involvement with local law  
22 enforcement, and other measures identified by the department.

23 (3) The evaluation shall include, for each program funded in  
24 the current fiscal year, as much of the following as available  
25 information permits:

26 (A) The number of persons served and, of those, the number  
27 who receive extensive community mental health and substance use  
28 disorder treatment services.

29 (B) The number of persons who are able to maintain housing,  
30 including the type of housing and whether it is emergency,  
31 transitional, or permanent housing as defined by the department.

32 (C) (i) The amount of grant funding spent on each type of  
33 housing.

34 (ii) Other local, state, or federal funds or programs used to  
35 house clients.

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

39 (E) The number of persons participating in employment service  
40 programs, including competitive employment.

1 (F) *The number of persons contacted in outreach efforts who*  
2 *appear to have a serious mental illness, as described in Section*  
3 *5600.3, and who have refused treatment after completion of all*  
4 *applicable outreach measures.*

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

7 (H) *The extent to which veterans identified through these*  
8 *programs' outreach are receiving federally funded veterans'*  
9 *services for which they are eligible.*

10 (I) *The extent to which programs funded for three or more years*  
11 *are making a measurable and significant difference on the street,*  
12 *in hospitals, and in jails as compared to other counties or as*  
13 *compared to those counties in previous years.*

14 (J) *For those who have been enrolled in this program for at*  
15 *least two years and who were enrolled in Medi-Cal prior to, and*  
16 *at the time they were enrolled in, this program, a comparison of*  
17 *their Medi-Cal hospitalizations and other Medi-Cal costs for the*  
18 *two years prior to enrollment and the two years after enrollment*  
19 *in this program.*

20 (K) *The number of persons served who were and were not*  
21 *receiving Medi-Cal benefits in the 12-month period prior to*  
22 *enrollment and, to the extent possible, the number of emergency*  
23 *room visits and other medical costs for those not enrolled in*  
24 *Medi-Cal in the prior 12-month period.*

25 (c) *To the extent that state savings associated with providing*  
26 *integrated services for the mentally ill are quantified, it is the intent*  
27 *of the Legislature to capture those savings in order to provide*  
28 *integrated services to additional adults.*

29 (d) *Each project shall include outreach and service grants in*  
30 *accordance with a contract between the state and approved*  
31 *counties that reflects the number of anticipated contacts with*  
32 *people who are homeless or at risk of homelessness and the number*  
33 *of those who are seriously mentally ill and who are likely to be*  
34 *successfully referred for treatment and will remain in treatment,*  
35 *as necessary.*

36 (e) *All counties that receive funding shall be subject to specific*  
37 *terms and conditions of oversight and training, which shall be*  
38 *developed by the department in consultation with the advisory*  
39 *committee.*

1 (f) (1) As used in this part, “receiving extensive mental health  
2 and substance use disorder treatment services” means having a  
3 personal services coordinator, as described in subdivision (b) of  
4 Section 5806, and having an individual personal service plan as  
5 described in subdivision (c) of Section 5806.

6 (2) The funding provided pursuant to this part shall be sufficient  
7 to provide mental health and substance use disorder treatment  
8 services, medically necessary medications to treat serious mental  
9 illnesses, alcohol and drug services, transportation, supportive  
10 housing, and other housing assistance, vocational rehabilitation  
11 and supported employment services, money management assistance  
12 for accessing other health care and obtaining federal income and  
13 housing support, accessing veterans’ services, stipends, and other  
14 incentives to attract and retain sufficient numbers of qualified  
15 professionals as necessary to provide the necessary levels of these  
16 services. These grants shall, however, pay for only that portion of  
17 the costs of those services not otherwise provided by federal funds  
18 or other state funds.

19 (3) Methods used by counties to contract for services pursuant  
20 to paragraph (2) shall promote prompt and flexible use of funds  
21 consistent with the scope of services for which the county has  
22 contracted with each provider.

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

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

30 (i) This section shall become operative on January 1, 2025, if  
31 amendments to the Mental Health Services Act are approved by  
32 the voters at the March 5, 2024, statewide primary election.

33 SEC. 33. Section 5830 of the Welfare and Institutions Code is  
34 amended to read:

35 5830. County mental health programs shall develop plans for  
36 innovative programs to be funded pursuant to paragraph (6) of  
37 subdivision (a) of Section 5892.

38 (a) The innovative programs shall have the following purposes:

39 (1) To increase access to underserved groups.

1 (2) To increase the quality of services, including better  
2 outcomes.

3 (3) To promote interagency collaboration.

4 (4) To increase access to services, including, but not limited to,  
5 services provided through permanent supportive housing.

6 (b) All projects included in the innovative program portion of  
7 the county plan shall meet the following requirements:

8 (1) Address one of the following purposes as its primary  
9 purpose:

10 (A) Increase access to underserved groups, which may include  
11 providing access through the provision of permanent supportive  
12 housing.

13 (B) Increase the quality of services, including measurable  
14 outcomes.

15 (C) Promote interagency and community collaboration.

16 (D) Increase access to services, which may include providing  
17 access through the provision of permanent supportive housing.

18 (2) Support innovative approaches by doing one of the  
19 following:

20 (A) Introducing new mental health practices or approaches,  
21 including, but not limited to, prevention and early intervention.

22 (B) Making a change to an existing mental health practice or  
23 approach, including, but not limited to, adaptation for a new setting  
24 or community.

25 (C) Introducing a new application to the mental health system  
26 of a promising community-driven practice or an approach that has  
27 been successful in nonmental health contexts or settings.

28 (D) Participating in a housing program designed to stabilize a  
29 person's living situation while also providing supportive services  
30 on site.

31 (c) An innovative project may affect virtually any aspect of  
32 mental health practices or assess a new or changed application of  
33 a promising approach to solving persistent, seemingly intractable  
34 mental health challenges, including, but not limited to, any of the  
35 following:

36 (1) Administrative, governance, and organizational practices,  
37 processes, or procedures.

38 (2) Advocacy.

39 (3) Education and training for service providers, including  
40 nontraditional mental health practitioners.

1 (4) Outreach, capacity building, and community development.

2 (5) System development.

3 (6) Public education efforts.

4 (7) Research. If research is chosen for an innovative project,  
5 the county mental health program shall consider, but is not required  
6 to implement, research of the brain and its physical and  
7 biochemical processes that may have broad applications, but that  
8 have specific potential for understanding, treating, and managing  
9 mental illness, including, but not limited to, research through the  
10 Cal-BRAIN program pursuant to Section 92986 of the Education  
11 Code or other collaborative, public-private initiatives designed to  
12 map the dynamics of neuron activity.

13 (8) Services and interventions, including prevention, early  
14 intervention, and treatment.

15 (9) Permanent supportive housing development.

16 (d) If an innovative project has proven to be successful and a  
17 county chooses to continue it, the project workplan shall transition  
18 to another category of funding as appropriate.

19 (e) County mental health programs shall expend funds for their  
20 innovation programs upon approval by the Mental Health Services  
21 Oversight and Accountability Commission.

22 *(f) If amendments to the Mental Health Services Act are*  
23 *approved by the voters at the March 5, 2024, statewide primary*  
24 *election, this section shall become inoperative on July 1, 2026,*  
25 *and as of January 1, 2027, is repealed.*

26 *SEC. 34. Section 5830 is added to the Welfare and Institutions*  
27 *Code, to read:*

28 *5830. (a) (1) The State Department of Health Care Services*  
29 *shall establish a program, to be administered locally by counties*  
30 *utilizing funds pursuant to paragraph (1) of subdivision (a) of*  
31 *Section 5892, to provide housing interventions for persons who*  
32 *are chronically homeless or experiencing homelessness or are at*  
33 *risk of homelessness, as defined in Section 5892, and meet one of*  
34 *the following conditions:*

35 *(A) Children or youth with a serious emotional disturbance, as*  
36 *defined in Section 5600.3.*

37 *(B) Adults and older individuals with a serious mental illness,*  
38 *as defined in Section 5600.3.*

39 *(C) Persons with a substance use disorder, as defined in Section*  
40 *5891.5.*



1 (2) *Housing interventions shall not be limited to individuals*  
2 *enrolled in full-service partnerships pursuant to Section 5892.*

3 (b) (1) *County programs for housing interventions may include*  
4 *any of the following:*

5 (A) *Rental subsidies.*

6 (B) *Operating subsidies.*

7 (C) *Shared housing.*

8 (D) *Family housing for children and youth who meet the criteria*  
9 *specified in subdivision (a).*

10 (E) *The nonfederal share for transitional rent.*

11 (F) *Other housing supports, as defined by the State Department*  
12 *of Health Care Services.*

13 (2) (A) *County programs for housing interventions may include*  
14 *capital development projects, under the provisions of Section 5831,*  
15 *to either construct or rehabilitate housing units, or both, for the*  
16 *persons meeting the criteria specified in subdivision (a) when*  
17 *authorized by the State Department of Health Care Services for*  
18 *this purpose, which will be no sooner than for the fiscal year*  
19 *2032–2035 integrated plan.*

20 (B) *The units funded under this provision shall be available for*  
21 *use in the fiscal year in which the allocation is made and shall*  
22 *meet a cost-per-unit threshold as specified by the State Department*  
23 *of Health Care Services.*

24 (3) *County programs for housing interventions shall comply*  
25 *with all requirements specified by the State Department of Health*  
26 *Care Services, pursuant to Section 5963.05, for the purposes of*  
27 *administering paragraphs (1) and (2).*

28 (c) (1) *To the extent that necessary federal approvals have been*  
29 *obtained for the Medi-Cal program to cover housing interventions*  
30 *and federal financial participation is available and not otherwise*  
31 *jeopardized, the housing interventions funds distributed pursuant*  
32 *to subdivision (a) of Section 5892 may be used for the nonfederal*  
33 *share of Medi-Cal covered housing related services and shall only*  
34 *cover the costs that cannot be paid for with Medi-Cal program*  
35 *funds.*

36 (2) *Funds cannot be used for housing interventions covered by*  
37 *a Medi-Cal managed care plan, as defined in subdivision (j) of*  
38 *Section 14184.101.*

39 (d) (1) *Notwithstanding any other law, a capital development*  
40 *project funded pursuant to former paragraph (2) of subdivision*

1 (a) of Section 5892 shall be deemed consistent and in conformity  
2 with any applicable local plan, standard, or requirement and  
3 allowed as a permitted use within the zone in which the structure  
4 is located and shall not be subject to a conditional use permit,  
5 discretionary permit, or to any other discretionary reviews or  
6 approvals.

7 (2) Notwithstanding any other law, the California Environmental  
8 Quality Act (Division 13 (commencing with Section 21000) of the  
9 Public Resources Code) shall not apply to a capital development  
10 project funded pursuant to paragraph (1) of subdivision (a) of  
11 Section 5892 if all of the following requirements are satisfied:

12 (A) No housing units were acquired by eminent domain.

13 (B) The housing units will be in decent, safe, and sanitary  
14 condition at the time of their occupancy.

15 (C) Notwithstanding paragraph (1) of subdivision (a) of Section  
16 1720 of the Labor Code, construction of the project constitutes a  
17 public works project for purposes of Chapter 1 (commencing with  
18 Section 1720) of Part 7 of Division 2 of the Labor Code.

19 (D) The county obtains an enforceable commitment that all  
20 contractors and subcontractors performing work on the project  
21 will use a skilled and trained workforce for a proposed  
22 rehabilitation, construction, or major alteration in accordance  
23 with Chapter 2.9 (commencing with Section 2600) of Part 1 of  
24 Division 2 of the Public Contract Code.

25 (E) An acquisition or rehabilitation of housing units is paid for,  
26 in whole or part, with public funds.

27 (F) The project provides housing for individuals who meet the  
28 criteria specified in subdivision (a) and their families.

29 (G) Long-term covenants and restrictions require the housing  
30 units to be restricted to persons who meet the criteria specified in  
31 subdivision (a) for no fewer than 30 years.

32 (H) The capital development project does not result in an  
33 increase in the existing onsite development footprint of structure,  
34 structures, or improvements.

35 (3) If determined that a capital development project is not  
36 subject to the California Environmental Quality Act (Division 13  
37 (commencing with Section 21000) of the Public Resources Code)  
38 pursuant to this section, the county shall file a notice of exemption  
39 with the Office of Planning and Research and the county clerk of  
40 the county in which the project is located in the manner specified

1 *in subdivisions (b) and (c) of Section 21152 of the Public Resources*  
2 *Code.*

3 *(4) Notwithstanding any other law, this section shall comply*  
4 *with Section 5831.*

5 *(e) This section shall become operative on July 1, 2026, if*  
6 *amendments to the Mental Health Services Act are approved by*  
7 *the voters at the March 5, 2024, statewide primary election.*

8 *SEC. 35. Section 5831 is added to the Welfare and Institutions*  
9 *Code, to read:*

10 *5831. The term “low rent housing project,” as defined in*  
11 *Section 1 of Article XXXIV of the California Constitution, does*  
12 *not apply to a development comprised of urban or rural dwellings,*  
13 *apartments, or other living accommodations that meets any of the*  
14 *following criteria:*

15 *(a) The development meets both of the following criteria:*

16 *(1) It is privately owned housing, receiving no ad valorem*  
17 *property tax exemption other than exemptions granted pursuant*  
18 *to subdivision (f) or (g) of Section 214 of the Revenue and Taxation*  
19 *Code, not fully reimbursed to all taxing entities.*

20 *(2) Not more than 49 percent of the dwellings, apartments, or*  
21 *other living accommodations of the development are occupied by*  
22 *persons of low income.*

23 *(b) The development is privately owned housing, is not exempt*  
24 *from ad valorem taxation by reason of public ownership, and is*  
25 *not financed with direct long-term financing from a public body.*

26 *(c) The development is intended for owner-occupancy, which*  
27 *may include a limited-equity housing cooperative, as defined in*  
28 *Section 50076.5 of the Health and Safety Code, cooperative, or*  
29 *condominium ownership rather than for rental-occupancy.*

30 *(d) The development consists of newly constructed, privately*  
31 *owned, one-to-four family dwellings not located on adjoining sites.*

32 *(e) The development consists of existing dwelling units leased*  
33 *by the state public body from the private owner of these dwelling*  
34 *units.*

35 *(f) The development consists of the rehabilitation,*  
36 *reconstruction, improvement or addition to, or replacement of,*  
37 *dwelling units of a previously existing low-rent housing project*  
38 *or a project previously or currently occupied by lower income*  
39 *households, as defined in Section 50079.5 of the Health and Safety*  
40 *Code.*

1 (g) *The development consists of the acquisition, rehabilitation,*  
2 *reconstruction, or improvement, or a combination thereof, of a*  
3 *rental housing development that, prior to the date of the transaction*  
4 *to acquire, rehabilitate, reconstruct, or improve, or a combination*  
5 *thereof, was subject to a contract for federal or state public body*  
6 *assistance for the purpose of providing affordable housing for*  
7 *low-income households and maintains, or enters into, a contract*  
8 *for federal or state public body assistance for the purpose of*  
9 *providing affordable housing for low-income households.*

10 (h) *The development consists of the acquisition, rehabilitation,*  
11 *reconstruction, alterations work, or new construction, or a*  
12 *combination thereof, of lodging facilities or dwelling units using*  
13 *moneys received from the Behavioral Health Services Fund*  
14 *established pursuant to subdivision (a) of Section 5890.*

15 (i) *This section shall become operative on July 1, 2026, if*  
16 *amendments to the Mental Health Services Act are approved by*  
17 *the voters at the March 5, 2024, statewide primary election.*

18 SEC. 36. *Section 5835 of the Welfare and Institutions Code is*  
19 *amended to read:*

20 5835. (a) This part shall be known, and may be cited, as the  
21 Early Psychosis Intervention Plus (EPI Plus) Program to encompass  
22 early psychosis and mood disorder detection and intervention.

23 (b) As used in this part, the following definitions shall apply:

24 (1) “Commission” means the Mental Health Services Oversight  
25 and Accountability Commission established pursuant to Section  
26 5845.

27 (2) “Early psychosis and mood disorder detection and  
28 intervention” refers to a program that utilizes evidence-based  
29 approaches and services to identify and support clinical and  
30 functional recovery of individuals by reducing the severity of first,  
31 or early, episode psychotic symptoms, other early markers of  
32 serious mental illness, such as mood disorders, keeping individuals  
33 in school or at work, and putting them on a path to better health  
34 and wellness. This may include, but is not limited to, all of the  
35 following:

36 (A) Focused outreach to at-risk and in-need populations as  
37 applicable.

38 (B) Recovery-oriented psychotherapy, including cognitive  
39 behavioral therapy focusing on cooccurring disorders.

40 (C) Family psychoeducation and support.

1 (D) Supported education and employment.

2 (E) Pharmacotherapy and primary care coordination.

3 (F) Use of innovative technology for mental health information  
4 feedback access that can provide a valued and unique opportunity  
5 to assist individuals with mental health needs and to optimize care.

6 (G) Case management.

7 (3) “County” includes a city receiving funds pursuant to Section  
8 5701.5.

9 *(c) If amendments to the Mental Health Services Act are*  
10 *approved by the voters at the March 5, 2024, statewide primary*  
11 *election, this section shall become inoperative on July 1, 2026,*  
12 *and as of January 1, 2027, is repealed.*

13 *SEC. 37. Section 5835 is added to the Welfare and Institutions*  
14 *Code, to read:*

15 *5835. (a) This part shall be known, and may be cited, as the*  
16 *Early Psychosis Intervention (EPI) Plus Program to encompass*  
17 *early psychosis and mood disorder detection and intervention.*

18 *(b) As used in this part, the following definitions shall apply:*

19 *(1) “Commission” means the Behavioral Health Services*  
20 *Oversight and Accountability Commission established pursuant*  
21 *to Section 5845.*

22 *(2) “Early psychosis and mood disorder detection and*  
23 *intervention” refers to a program that utilizes evidence-based*  
24 *approaches and services to identify and support clinical and*  
25 *functional recovery of individuals by reducing the severity of first,*  
26 *or early, episode psychotic symptoms, other early markers of*  
27 *serious mental illness, such as mood disorders, keeping individuals*  
28 *in school or at work, and putting them on a path to better health*  
29 *and wellness. This may include, but is not limited to, all of the*  
30 *following:*

31 *(A) Focused outreach to at-risk and in-need populations as*  
32 *applicable.*

33 *(B) Recovery-oriented psychotherapy, including cognitive*  
34 *behavioral therapy focusing on cooccurring disorders.*

35 *(C) Family psychoeducation and support.*

36 *(D) Supported education and employment.*

37 *(E) Pharmacotherapy and primary care coordination.*

38 *(F) Use of innovative technology for mental health information*  
39 *feedback access that can provide a valued and unique opportunity*  
40 *to assist individuals with mental health needs and to optimize care.*

1 (G) *Case management.*

2 (3) “County” includes a city receiving funds pursuant to Section  
3 5701.5.

4 (c) *This section shall become operative on July 1, 2026, if*  
5 *amendments to the Mental Health Services Act are approved by*  
6 *the voters at the March 5, 2024, statewide primary election.*

7 SEC. 38. *Section 5835.2 of the Welfare and Institutions Code*  
8 *is amended to read:*

9 5835.2. (a) There is hereby established an advisory committee  
10 to the commission. The Mental Health Services Oversight and  
11 Accountability Commission shall accept nominations and  
12 applications to the committee, and the chair of the Mental Health  
13 Services Oversight and Accountability Commission shall appoint  
14 members to the committee, unless otherwise specified. Membership  
15 on the committee shall be as follows:

16 (1) The chair of the Mental Health Services Oversight and  
17 Accountability Commission, or ~~his or her~~ *their* designee, who shall  
18 serve as the chair of the committee.

19 (2) The president of the County Behavioral Health Directors  
20 Association of California, or ~~his or her~~ *their* designee.

21 (3) The director of a county behavioral health department that  
22 administers an early psychosis and mood disorder detection and  
23 intervention-type program in ~~his or her~~ *their* county.

24 (4) A representative from a nonprofit community mental health  
25 organization that focuses on service delivery to transition-aged  
26 youth and young adults.

27 (5) A psychiatrist or psychologist.

28 (6) A representative from the Behavioral Health Center of  
29 Excellence at the University of California, Davis, or a  
30 representative from a similar entity with expertise from within the  
31 University of California system.

32 (7) A representative from a health plan participating in the  
33 Medi-Cal managed care program and the employer-based health  
34 care market.

35 (8) A representative from the medical technologies industry  
36 who is knowledgeable in advances in technology related to the use  
37 of innovative social media and mental health information feedback  
38 access.

39 (9) A representative knowledgeable in evidence-based practices  
40 as they pertain to the operations of an early psychosis and mood

1 disorder detection and intervention-type program, including  
2 knowledge of other states' experiences.

3 (10) A representative who is a parent or guardian caring for a  
4 young child with a mental illness.

5 (11) An at-large representative identified by the chair.

6 (12) A representative who is a person with lived experience of  
7 a mental illness.

8 (13) A primary care provider from a licensed primary care clinic  
9 that provides integrated primary and behavioral health care.

10 (b) The advisory committee shall be convened by the chair and  
11 shall, at a minimum, do all of the following:

12 (1) Provide advice and guidance broadly on approaches to early  
13 psychosis and mood disorder detection and intervention programs  
14 from an evidence-based perspective.

15 (2) Review and make recommendations on the commission's  
16 guidelines or any regulations in the development, design, selection  
17 of awards pursuant to this part, and the implementation or oversight  
18 of the early psychosis and mood disorder detection and intervention  
19 competitive selection process established pursuant to this part.

20 (3) Assist and advise the commission in the overall evaluation  
21 of the early psychosis and mood disorder detection and intervention  
22 competitive selection process.

23 (4) Provide advice and guidance as requested and directed by  
24 the chair.

25 (5) Recommend a core set of standardized clinical and outcome  
26 measures that the funded programs would be required to collect,  
27 subject to future revision. A free data sharing portal shall be  
28 available to all participating programs.

29 (6) Inform the funded programs about the potential to participate  
30 in clinical research studies.

31 *(c) If amendments to the Mental Health Services Act are*  
32 *approved by the voters at the March 5, 2024, statewide primary*  
33 *election, this section shall become inoperative on July 1, 2026,*  
34 *and as of January 1, 2027, is repealed.*

35 *SEC. 39. Section 5835.2 is added to the Welfare and Institutions*  
36 *Code, to read:*

37 *5835.2. (a) There is hereby established an advisory committee*  
38 *to the commission. The Behavioral Health Services Oversight and*  
39 *Accountability Commission shall accept nominations and*  
40 *applications to the committee, and the chair of the Behavioral*

1 *Health Services Oversight and Accountability Commission shall*  
2 *appoint members to the committee, unless otherwise specified.*

3 *Membership on the committee shall be as follows:*

4 (1) *The chair of the Behavioral Health Services Oversight and*  
5 *Accountability Commission, or their designee, who shall serve as*  
6 *the chair of the committee.*

7 (2) *The president of the County Behavioral Health Directors*  
8 *Association of California, or their designee.*

9 (3) *The director of a county behavioral health department that*  
10 *administers an early psychosis and mood disorder detection and*  
11 *intervention-type program in their county.*

12 (4) *A representative from a nonprofit community mental health*  
13 *organization that focuses on service delivery to transition-aged*  
14 *youth and young adults.*

15 (5) *A psychiatrist or psychologist.*

16 (6) *A representative from the Behavioral Health Center of*  
17 *Excellence at the University of California, Davis, or a*  
18 *representative from a similar entity with expertise from within the*  
19 *University of California system.*

20 (7) *A representative from a health plan participating in the*  
21 *Medi-Cal managed care program and the employer-based health*  
22 *care market.*

23 (8) *A representative from the medical technologies industry*  
24 *who is knowledgeable in advances in technology related to the use*  
25 *of innovative social media and mental health information feedback*  
26 *access.*

27 (9) *A representative knowledgeable in evidence-based practices*  
28 *as they pertain to the operations of an early psychosis and mood*  
29 *disorder detection and intervention-type program, including*  
30 *knowledge of other states' experiences.*

31 (10) *A representative who is a parent or guardian caring for a*  
32 *young child with a mental illness.*

33 (11) *An at-large representative identified by the chair.*

34 (12) *A representative who is a person with lived experience of*  
35 *a mental illness.*

36 (13) *A primary care provider from a licensed primary care*  
37 *clinic that provides integrated primary and behavioral health care.*

38 (b) *The advisory committee shall be convened by the chair and*  
39 *shall, at a minimum, do all of the following:*



1 (1) Provide advice and guidance broadly on approaches to  
2 early psychosis and mood disorder detection and intervention  
3 programs from an evidence-based perspective.

4 (2) Review and make recommendations on the commission's  
5 guidelines or regulations in the development, design, and selection  
6 of awards pursuant to this part, and the implementation or  
7 oversight of the early psychosis and mood disorder detection and  
8 intervention competitive selection process established pursuant to  
9 this part.

10 (3) Assist and advise the commission in the overall evaluation  
11 of the early psychosis and mood disorder detection and intervention  
12 competitive selection process.

13 (4) Provide advice and guidance as requested and directed by  
14 the chair.

15 (5) Recommend a core set of standardized clinical and outcome  
16 measures that the funded programs would be required to collect,  
17 subject to future revision. A free data sharing portal shall be  
18 available to all participating programs.

19 (6) Inform the funded programs about the potential to  
20 participate in clinical research studies.

21 (c) This section shall become operative on July 1, 2026, if  
22 amendments to the Mental Health Services Act are approved by  
23 the voters at the March 5, 2024, statewide primary election.

24 SEC. 40. Section 5840 of the Welfare and Institutions Code is  
25 amended to read:

26 5840. (a) The State Department of Health Care Services, in  
27 coordination with counties, shall establish a program designed to  
28 prevent mental illnesses from becoming severe and disabling. The  
29 program shall emphasize improving timely access to services for  
30 underserved populations.

31 (b) The program shall include the following components:

32 (1) Outreach to families, employers, primary care health care  
33 providers, and others to recognize the early signs of potentially  
34 severe and disabling mental illnesses.

35 (2) Access and linkage to medically necessary care provided  
36 by county mental health programs for children with ~~severe~~ serious  
37 mental illness, as defined in Section 5600.3, and for adults and  
38 seniors with severe mental illness, as defined in Section 5600.3,  
39 as early in the onset of these conditions as practicable.

1 (3) Reduction in stigma associated with either being diagnosed  
2 with a mental illness or seeking mental health services.

3 (4) Reduction in discrimination against people with mental  
4 illness.

5 (c) The program shall include mental health services similar to  
6 those provided under other programs that are effective in preventing  
7 mental illnesses from becoming severe, and shall also include  
8 components similar to programs that have been successful in  
9 reducing the duration of untreated severe mental illnesses and  
10 assisting people in quickly regaining productive lives.

11 (d) The program shall emphasize strategies to reduce the  
12 following negative outcomes that may result from untreated mental  
13 illness:

- 14 (1) Suicide.
- 15 (2) Incarcerations.
- 16 (3) School failure or dropout.
- 17 (4) Unemployment.
- 18 (5) Prolonged suffering.
- 19 (6) Homelessness.
- 20 (7) Removal of children from their homes.

21 (e) Prevention and early intervention funds may be used to  
22 broaden the provision of community-based mental health services  
23 by adding prevention and early intervention services or activities  
24 to these services, including prevention and early intervention  
25 strategies that address mental health needs, substance misuse or  
26 substance use disorders, or needs relating to cooccurring mental  
27 health and substance use services.

28 ~~(f) In consultation with mental health stakeholders, and~~  
29 ~~consistent with regulations from the Mental Health Services~~  
30 ~~Oversight and Accountability Commission, pursuant to Section~~  
31 ~~5846, the department shall revise the program elements in Section~~  
32 ~~5840 applicable to all county mental health programs in future~~  
33 ~~years to reflect what is learned about the most effective prevention~~  
34 ~~and intervention programs for children, adults, and seniors.~~

35 *(f) If amendments to the Mental Health Services Act are*  
36 *approved by the voters at the March 5, 2024, statewide primary*  
37 *election, this section shall become inoperative on July 1, 2026,*  
38 *and as of January 1, 2027, is repealed.*

39 *SEC. 41. Section 5840 is added to the Welfare and Institutions*  
40 *Code, to read:*

1 5840. (a) (1) *The State Department of Health Care Services,*  
2 *in coordination with counties, shall establish an early intervention*  
3 *program designed to prevent mental illnesses and substance use*  
4 *disorders from becoming severe and disabling.*

5 (2) *Early intervention programs shall be funded pursuant to*  
6 *clause (ii) of subparagraph (A) of paragraph (5) of subdivision*  
7 *(a) of Section 5892.*

8 (b) *The program shall include the following components:*

9 (1) *Outreach to families, employers, primary care health care*  
10 *providers, behavioral health urgent care, hospitals, inclusive of*  
11 *emergency departments, and others to recognize the early signs*  
12 *of potentially severe and disabling mental health illnesses and*  
13 *substance use disorders.*

14 (2) *Access and linkage to medically necessary care provided*  
15 *by county behavioral health programs for children and youth who*  
16 *have a serious emotional disturbance, as defined in Section 5600.3,*  
17 *for adults and older adults with a serious mental illness, as defined*  
18 *in Section 5600.3, and for individuals with a substance use*  
19 *disorder; as early in the onset of these conditions as practicable.*  
20 *This includes the scaling of and referral to the Early Psychosis*  
21 *Intervention (EPI) Plus Program or other similar evidence based*  
22 *early psychosis and mood disorder detection and intervention*  
23 *programs.*

24 (3) (A) *Mental health and substance use disorder treatment*  
25 *services, similar to those provided under other programs that are*  
26 *effective in preventing mental health illnesses and substance use*  
27 *disorders from becoming severe, and components similar to*  
28 *programs that have been successful in reducing the duration of*  
29 *untreated serious mental health illnesses and substance use*  
30 *disorders and assisting people in quickly regaining productive*  
31 *lives.*

32 (B) *Mental health treatment services may include services to*  
33 *address first episode psychosis.*

34 (4) (A) *The State Department of Health Care Services shall*  
35 *establish a biennial list of evidence-based practices.*

36 (B) *Evidence-based practices may focus on addressing the needs*  
37 *of those who decompensate into severe behavioral health*  
38 *conditions.*

39 (C) *Counties shall utilize the list to determine which*  
40 *evidence-based practices to implement locally.*

1 (D) *The State Department of Health Care Services may require*  
 2 *a county to implement specific evidence-based practices.*

3 (5) *Additional components developed by the State Department*  
 4 *of Health Care Services.*

5 (c) *The early intervention program shall emphasize the reduction*  
 6 *of the likelihood of:*

7 (1) *Suicide.*

8 (2) *Incarcerations.*

9 (3) *School failure or dropout.*

10 (4) *Unemployment.*

11 (5) *Prolonged suffering.*

12 (6) *Homelessness.*

13 (7) *Removal of children from their homes.*

14 (8) *Overdose.*

15 (d) *For purposes of this section, “substance use disorder” shall*  
 16 *have the meaning as defined in subdivision (c) of Section 5891.5.*

17 (e) *This section shall become operative on July 1, 2026, if*  
 18 *amendments to the Mental Health Services Act are approved by*  
 19 *the voters at the March 5, 2024, statewide primary election.*

20 *SEC. 42. Section 5840.5 of the Welfare and Institutions Code*  
 21 *is repealed.*

22 ~~5840.5. It is the intent of the Legislature that this chapter~~  
 23 ~~achieve all of the following:~~

24 ~~(a) Expand the provision of high quality Mental Health Services~~  
 25 ~~Act (MHSA) Prevention and Early Intervention (PEI) programs~~  
 26 ~~at the county level in California:~~

27 ~~(b) Increase the number of PEI programs and systems, including~~  
 28 ~~those utilizing community-defined practices, that focus on reducing~~  
 29 ~~disparities for unserved, underserved, and inappropriately served~~  
 30 ~~racial, ethnic, and cultural communities.~~

31 ~~(c) Reduce unnecessary hospitalizations, homelessness, suicides,~~  
 32 ~~and inpatient days by appropriately utilizing community-based~~  
 33 ~~services and improving timely access to prevention and early~~  
 34 ~~intervention services.~~

35 ~~(d) Increase participation in community activities, school~~  
 36 ~~attendance, social interactions, physical and primary health care~~  
 37 ~~services, personal bonding relationships, and rehabilitation,~~  
 38 ~~including employment and daily living function development for~~  
 39 ~~clients.~~

1 ~~(e) Increase collaboration and coordination among primary care,~~  
2 ~~mental health, and aging service providers, and reduce hesitance~~  
3 ~~to seek treatment and services due to mental health stigma.~~

4 ~~(f) Create a more focused approach for PEI requirements.~~

5 ~~(g) Increase programmatic and fiscal oversight of county~~  
6 ~~MHSA-funded PEI programs.~~

7 ~~(h) Encourage counties to coordinate and blend funding streams~~  
8 ~~and initiatives to ensure services are integrated across systems.~~

9 ~~(i) Encourage counties to leverage innovative technology~~  
10 ~~platforms.~~

11 ~~(j) Reflect the stated goals as outlined in the PEI component of~~  
12 ~~the MHSA, as stated in Section 5840.~~

13 *SEC. 43. Section 5840.6 of the Welfare and Institutions Code*  
14 *is amended to read:*

15 5840.6. For purposes of this chapter, the following definitions  
16 shall apply:

17 (a) “Commission” means the Mental Health Services Oversight  
18 and Accountability Commission established pursuant to Section  
19 5845.

20 (b) “County” also includes a city receiving funds pursuant to  
21 Section 5701.5.

22 (c) “Prevention and early intervention funds” means funds from  
23 the Mental Health Services Fund allocated for prevention and early  
24 intervention programs pursuant to paragraph (3) of subdivision (a)  
25 of Section 5892.

26 (d) “Childhood trauma prevention and early intervention” refers  
27 to a program that targets children exposed to, or who are at risk  
28 of exposure to, adverse and traumatic childhood events and  
29 prolonged toxic stress in order to deal with the early origins of  
30 mental health needs and prevent long-term mental health concerns.  
31 This may include, but is not limited to, all of the following:

32 (1) Focused outreach and early intervention to at-risk and  
33 in-need populations.

34 (2) Implementation of appropriate trauma and developmental  
35 screening and assessment tools with linkages to early intervention  
36 services to children that qualify for these services.

37 (3) Collaborative, strengths-based approaches that appreciate  
38 the resilience of trauma survivors and support their parents and  
39 caregivers when appropriate.

- 1 (4) Support from peer support specialists and community health  
2 workers trained to provide mental health services.
- 3 (5) Multigenerational family engagement, education, and support  
4 for navigation and service referrals across systems that aid the  
5 healthy development of children and families.
- 6 (6) Linkages to primary care health settings, including, but not  
7 limited to, federally qualified health centers, rural health centers,  
8 community-based providers, school-based health centers, and  
9 school-based programs.
- 10 (7) Leveraging the healing value of traditional cultural  
11 connections, including policies, protocols, and processes that are  
12 responsive to the racial, ethnic, and cultural needs of individuals  
13 served and recognition of historical trauma.
- 14 (8) Coordinated and blended funding streams to ensure  
15 individuals and families experiencing toxic stress have  
16 comprehensive and integrated supports across systems.
- 17 (e) “Early psychosis and mood disorder detection and  
18 intervention” has the same meaning as set forth in paragraph (2)  
19 of subdivision (b) of Section 5835 and may include programming  
20 across the age span.
- 21 (f) “Youth outreach and engagement” means strategies that  
22 target secondary school and transition age youth, with a priority  
23 on partnerships with college mental health programs that educate  
24 and engage students and provide either on-campus, off-campus,  
25 or linkages to mental health services not provided through the  
26 campus to students who are attending colleges and universities,  
27 including, but not limited to, public community colleges. Outreach  
28 and engagement may include, but is not limited to, all of the  
29 following:
- 30 (1) Meeting the mental health needs of students that cannot be  
31 met through existing education funds.
- 32 (2) Establishing direct linkages for students to community-based  
33 mental health services.
- 34 (3) Addressing direct services, including, but not limited to,  
35 increasing college mental health staff-to-student ratios and  
36 decreasing wait times.
- 37 (4) Participating in evidence-based and community-defined best  
38 practice programs for mental health services.
- 39 (5) Serving underserved and vulnerable populations, including,  
40 but not limited to, lesbian, gay, bisexual, transgender, and queer

1 persons, victims of domestic violence and sexual abuse, and  
2 veterans.

3 (6) Establishing direct linkages for students to community-based  
4 mental health services for which reimbursement is available  
5 through the students' health coverage.

6 (7) Reducing racial disparities in access to mental health  
7 services.

8 (8) Funding mental health stigma reduction training and  
9 activities.

10 (9) Providing college employees and students with education  
11 and training in early identification, intervention, and referral of  
12 students with mental health needs.

13 (10) Interventions for youth with signs of behavioral or  
14 emotional problems who are at risk of, or have had any, contact  
15 with the juvenile justice system.

16 (11) Integrated youth mental health programming.

17 (12) Suicide prevention programming.

18 (g) "Culturally competent and linguistically appropriate  
19 prevention and intervention" refers to a program that creates critical  
20 linkages with community-based organizations, including, but not  
21 limited to, clinics licensed or operated under subdivision (a) of  
22 Section 1204 of the Health and Safety Code, or clinics exempt  
23 from clinic licensure pursuant to subdivision (c) of Section 1206  
24 of the Health and Safety Code.

25 (1) "Culturally competent and linguistically appropriate" means  
26 the ability to reach underserved cultural populations and address  
27 specific barriers related to racial, ethnic, cultural, language, gender,  
28 age, economic, or other disparities in mental health services access,  
29 quality, and outcomes.

30 (2) "Underserved cultural populations" means those who are  
31 unlikely to seek help from any traditional mental health service  
32 because of stigma, lack of knowledge, or other barriers, including  
33 members of ethnically and racially diverse communities, members  
34 of the gay, lesbian, bisexual, and transgender communities, and  
35 veterans, across their lifespans.

36 (h) "Strategies targeting the mental health needs of older adults"  
37 means, but is not limited to, all of the following:

38 (1) Outreach and engagement strategies that target caregivers,  
39 victims of elder abuse, and individuals who live alone.

40 (2) Suicide prevention programming.

1 (3) Outreach to older adults who are isolated.

2 (4) Early identification programming of mental health symptoms  
3 and disorders, including, but not limited to, anxiety, depression,  
4 and psychosis.

5 *(i) If amendments to the Mental Health Services Act are*  
6 *approved by the voters at the March 5, 2024, statewide primary*  
7 *election, this section shall become inoperative on July 1, 2026,*  
8 *and as of January 1, 2027, is repealed.*

9 *SEC. 44. Section 5840.6 is added to the Welfare and Institutions*  
10 *Code, to read:*

11 *5840.6. For purposes of this chapter, the following definitions*  
12 *shall apply:*

13 *(a) "County" includes a city receiving funds pursuant to Section*  
14 *5701.5.*

15 *(b) "Early intervention funds" means funds from the Behavioral*  
16 *Health Services Fund allocated for early intervention services and*  
17 *programs pursuant to clause (ii) of subparagraph (A) of paragraph*  
18 *(5) of subdivision (a) of Section 5892.*

19 *(c) "Childhood trauma early intervention" refers to a program*  
20 *that targets children exposed to, or who are at risk of exposure to,*  
21 *adverse and traumatic childhood events and prolonged toxic stress*  
22 *in order to deal with the early origins of mental health and*  
23 *substance use disorder needs and prevent long-term mental health*  
24 *and substance use disorder concerns. This may include, but is not*  
25 *limited to, all of the following:*

26 *(1) Focused outreach and early intervention to at-risk and*  
27 *in-need populations, including youth experiencing homelessness,*  
28 *justice-involved youth, and child welfare-involved youth.*

29 *(2) Implementation of appropriate trauma and developmental*  
30 *screening and assessment tools with linkages to early intervention*  
31 *services to children who qualify for these services.*

32 *(3) Collaborative, strengths-based approaches that appreciate*  
33 *the resilience of trauma survivors and support their parents and*  
34 *caregivers when appropriate.*

35 *(4) Support from peer support specialists, wellness coaches,*  
36 *and community health workers trained to provide mental health*  
37 *and substance use disorder treatment services with an emphasis*  
38 *on culturally and linguistically tailored approaches.*



1 (5) *Multigenerational family engagement, education, and*  
2 *support for navigation and service referrals across systems that*  
3 *aid the healthy development of children and families.*

4 (6) *Collaboration with county child welfare agencies and other*  
5 *system partners, including Medi-Cal managed care plans, as*  
6 *defined in subdivision (j) of Section 14184.101, to address the*  
7 *physical, mental health, substance use and health-related social*  
8 *needs of child-welfare-involved youth.*

9 (7) *Linkages to primary care health settings, including, but not*  
10 *limited to, federally qualified health centers, rural health centers,*  
11 *community-based providers, school-based health centers,*  
12 *school-linked providers, and school-based programs.*

13 (8) *Leveraging the healing value of traditional cultural*  
14 *connections and faith-based organizations, including policies,*  
15 *protocols, and processes that are responsive to the racial, ethnic,*  
16 *and cultural needs of individuals served and recognition of*  
17 *historical trauma.*

18 (9) *Blended funding streams to provide individuals and families*  
19 *experiencing toxic stress comprehensive and integrated supports*  
20 *across systems.*

21 (d) *“Early psychosis and mood disorder detection and*  
22 *intervention” has the same meaning as set forth in paragraph (2)*  
23 *of subdivision (b) of Section 5835 and may include programming*  
24 *across the age span.*

25 (e) *“Youth outreach and engagement” means strategies that*  
26 *target secondary schoolage and transition-age youth including,*  
27 *but not limited to, all of the following:*

28 (1) *Establishing direct linkages for youth to community-based*  
29 *mental health and substance use disorder treatment services.*

30 (2) *Participating in evidence-based practices and*  
31 *community-defined evidence programs for mental health and*  
32 *substance use disorder treatment services.*

33 (3) *Providing supports to facilitate access to services and*  
34 *programs for underserved and vulnerable populations, including,*  
35 *but not limited to, members of ethnically and racially diverse*  
36 *communities, members of the LGBTQ+ communities, victims of*  
37 *domestic violence and sexual abuse, and veterans.*

38 (4) *Establishing direct linkages for students to community-based*  
39 *mental health and substance use disorder treatment services for*

1 *which reimbursement is available through the students' health*  
2 *coverage.*

3 *(5) Reducing racial disparities in access to mental health and*  
4 *substance use disorder treatment services.*

5 *(6) Providing school employees and students with education*  
6 *and training in early identification, intervention, and referral of*  
7 *students with mental health and substance use disorder needs.*

8 *(7) Strategies and programs for youth with signs of behavioral*  
9 *or emotional problems or substance misuse who are at risk of, or*  
10 *have had, contact with the juvenile justice system.*

11 *(8) Integrated youth mental health and substance use disorder*  
12 *programming.*

13 *(f) "Culturally competent and linguistically appropriate*  
14 *prevention and intervention" refers to a program that creates*  
15 *critical linkages with community-based organizations, including,*  
16 *but not limited to, clinics licensed or operated under subdivision*  
17 *(a) of Section 1204 of the Health and Safety Code and clinics*  
18 *exempt from clinic licensure pursuant to subdivision (c) of Section*  
19 *1206 of the Health and Safety Code. The community-based*  
20 *organizations include facilities and providers licensed or certified*  
21 *by the State Department of Health Care Services, including, but*  
22 *not limited to, residential substance use disorder facilities licensed*  
23 *pursuant to Section 11834.01 of the Health and Safety Code or*  
24 *certified pursuant to Section 11830.1 of the Health and Safety*  
25 *Code and narcotic treatment programs licensed pursuant to Section*  
26 *11839 of the Health and Safety Code.*

27 *(1) "Culturally competent and linguistically appropriate" means*  
28 *the ability to reach underserved cultural populations and address*  
29 *specific barriers related to racial, ethnic, cultural, language,*  
30 *gender, age, economic, or other disparities in mental health and*  
31 *substance use disorder treatment services access, quality, and*  
32 *outcomes.*

33 *(2) "Underserved cultural populations" means those who are*  
34 *unlikely to seek help from providers of traditional mental health*  
35 *and substance use disorder services because of stigma, lack of*  
36 *knowledge, or other barriers, including members of ethnically and*  
37 *racially diverse communities, members of the LGBTQ+*  
38 *communities, victims of domestic violence and sexual abuse, and*  
39 *veterans, across their lifespans.*

1 (g) “Strategies targeting the mental health and substance use  
2 disorder needs of older adults” means, but is not limited to, all of  
3 the following:

4 (1) Outreach and engagement strategies that target caregivers,  
5 victims of elder abuse, and individuals who live alone.

6 (2) Outreach to older adults who are isolated.

7 (3) Programs for early identification of mental health disorders  
8 and substance use disorders.

9 (h) This section shall become operative on July 1, 2026, if  
10 amendments to the Mental Health Service Act are approved by the  
11 voters at the March 5, 2024, statewide primary election.

12 SEC. 45. Section 5840.7 of the Welfare and Institutions Code  
13 is amended to read:

14 5840.7. (a) On or before January 1, 2020, the commission  
15 shall establish priorities for the use of prevention and early  
16 intervention funds. These priorities shall include, but are not limited  
17 to, the following:

18 (1) Childhood trauma prevention and early intervention to deal  
19 with the early origins of mental health needs.

20 (2) Early psychosis and mood disorder detection and  
21 intervention, and mood disorder and suicide prevention  
22 programming that occurs across the lifespan.

23 (3) Youth outreach and engagement strategies that target  
24 secondary school and transition age youth, with a priority on  
25 partnership with college mental health programs.

26 (4) Culturally competent and linguistically appropriate  
27 prevention and intervention.

28 (5) Strategies targeting the mental health needs of older adults.

29 (6) Other programs the commission identifies, with stakeholder  
30 participation, that are proven effective in achieving, and are  
31 reflective of, the goals stated in Section 5840.

32 (b) On or before January 1, 2020, the commission shall develop  
33 a statewide strategy for monitoring implementation of this part,  
34 including enhancing public understanding of prevention and early  
35 intervention and creating metrics for assessing the effectiveness  
36 of how prevention and early intervention funds are used and the  
37 outcomes that are achieved. The commission shall analyze and  
38 monitor the established metrics using existing data, if available,  
39 and shall propose new data collection and reporting strategies, if  
40 necessary.

1 (c) The commission shall establish a strategy for technical  
2 assistance, support, and evaluation to support the successful  
3 implementation of the objectives, metrics, data collection, and  
4 reporting strategy.

5 (d) (1) The portion of funds in the county plan relating to  
6 prevention and early intervention shall focus on the established  
7 priorities, and shall be allocated, as determined by the county, with  
8 stakeholder input. A county may include other priorities, as  
9 determined through the stakeholder process, either in place of, or  
10 in addition to, the established priorities. If the county chooses to  
11 include other programs, the plan shall include a description of why  
12 those programs are included and metrics by which the effectiveness  
13 of those programs is to be measured.

14 (2) Counties may act jointly to meet the requirements of this  
15 section.

16 (e) If the commission requires additional resources for these  
17 purposes, it may prepare a proposal for consideration by the  
18 appropriate policy committees of the Legislature.

19 (f) *If amendments to the Mental Health Services Act are*  
20 *approved by the voters at the March 5, 2024, statewide primary*  
21 *election, this section shall become inoperative on July 1, 2026,*  
22 *and as of January 1, 2027, is repealed.*

23 *SEC. 46. Section 5840.7 is added to the Welfare and Institutions*  
24 *Code, to read:*

25 *5840.7. (a) The State Department of Health Care Services*  
26 *shall establish priorities for the use of early intervention funds.*  
27 *These priorities shall include, but are not limited to, the following:*

28 (1) *Childhood trauma early intervention to deal with the early*  
29 *origins of mental health and substance use disorder needs,*  
30 *including strategies focused on youth experiencing homelessness,*  
31 *justice-involved youth, child welfare-involved youth with a history*  
32 *of trauma, and other populations at risk of developing serious*  
33 *emotional disturbance or substance use disorders.*

34 (2) *Early psychosis and mood disorder detection and*  
35 *intervention and mood disorder programming that occurs across*  
36 *the lifespan.*

37 (3) *Youth outreach and engagement strategies that target*  
38 *secondary school and transition age youth with a priority on*  
39 *partnerships with college mental health and substance use disorder*  
40 *programs.*

1 (4) *Culturally competent and linguistically appropriate*  
2 *interventions.*

3 (5) *Strategies targeting the mental health and substance use*  
4 *disorder needs of older adults.*

5 (6) *Strategies to advance equity and reduce disparities.*

6 (7) *Programs that include community-defined evidence*  
7 *programs and evidence-based practices and mental health and*  
8 *substance use disorder treatment services similar to those provided*  
9 *under other programs that are effective in preventing mental illness*  
10 *and substance use disorders from becoming severe and components*  
11 *similar to programs that have been successful in reducing the*  
12 *duration of untreated severe mental illness and substance use*  
13 *disorders to assist people in quickly regaining productive lives.*

14 (8) *Other programs the State Department of Health Care*  
15 *Services identifies that are proven effective in achieving, and are*  
16 *reflective of, the goals stated in Section 5840.*

17 (9) *Strategies to address the needs of individuals at high risk*  
18 *of crisis.*

19 (b) (1) (A) *The portion of funds in the county plan relating to*  
20 *early intervention shall focus on the established priorities and*  
21 *shall be allocated as determined by the county with stakeholder*  
22 *input.*

23 (B) (i) *A county may include other priorities, as determined*  
24 *through the stakeholder process, either in place of or in addition*  
25 *to the established priorities.*

26 (ii) *If a county chooses to include other programs, the plan shall*  
27 *include a description of why those programs are included and*  
28 *metrics by which the effectiveness of those programs is to be*  
29 *measured.*

30 (2) *Counties may act jointly to meet the requirements of this*  
31 *section.*

32 (c) *This section shall become operative on July 1, 2026, if*  
33 *amendments to the Mental Health Services Act are approved by*  
34 *the voters at the March 5, 2024, statewide primary election.*

35 SEC. 47. *Section 5840.8 of the Welfare and Institutions Code*  
36 *is amended to read:*

37 5840.8. (a) *Notwithstanding the rulemaking provisions of the*  
38 *Administrative Procedure Act (Chapter 3.5 (commencing with*  
39 *Section 11340) of Part 1 of Division 3 of Title 2 of the Government*  
40 *Code), the commission may implement this chapter without taking*

1 regulatory action until regulations are adopted. The commission  
2 may use information notices or related communications to  
3 implement this chapter.

4 *(b) This section shall be repealed on January 1, 2025, if*  
5 *amendments to the Mental Health Services Act are approved by*  
6 *the voters at the March 5, 2024, statewide primary election.*

7 *SEC. 48. Chapter 3 (commencing with Section 5840.10) is*  
8 *added to Part 3.6 of Division 5 of the Welfare and Institutions*  
9 *Code, to read:*

10

11 *CHAPTER 3. POPULATION-BASED PREVENTION.*

12

13 *5840.10. (a) Population-based prevention programs are*  
14 *activities designed to reduce the prevalence of mental health and*  
15 *substance use disorders and resulting conditions.*

16 *(b) Population-based prevention programs shall incorporate*  
17 *evidence-based practices or community-defined evidence practices*  
18 *and meet one or more of the following conditions:*

19 *(1) Target the entire population of the county to reduce the risk*  
20 *of individuals developing a mental health or substance use*  
21 *disorder.*

22 *(2) Target specific populations at elevated risk for a mental*  
23 *health or substance use disorder.*

24 *(3) Reduce stigma associated with seeking help for mental health*  
25 *challenges and substance use disorders.*

26 *(4) Target populations disproportionately impacted by*  
27 *systematic racism and discrimination.*

28 *(5) Prevent suicide or overdose.*

29 *(c) Population-based prevention programs may be implemented*  
30 *statewide or in community settings.*

31 *(d) Population-based prevention programs shall not include*  
32 *the provision of services and supports for individuals.*

33 *(e) In school-linked settings, population-based prevention*  
34 *supports and programs shall be provided on a schoolwide or*  
35 *classroom basis and not provide services and supports for*  
36 *individuals.*

37 *5840.11. This chapter shall become operative on July 1, 2026,*  
38 *if amendments to the Mental Health Services Act are approved by*  
39 *the voters at the March 5, 2024, statewide primary election.*

1     *SEC. 49. Section 5845 of the Welfare and Institutions Code is*  
2     *amended to read:*

3     5845. (a) The Mental Health Services Oversight and  
4     Accountability Commission is hereby established to oversee Part  
5     3 (commencing with Section 5800), the Adult and Older Adult  
6     Mental Health System of Care Act; Part 3.1 (commencing with  
7     Section 5820), Human Resources, Education, and Training  
8     Programs; Part 3.2 (commencing with Section 5830), Innovative  
9     Programs; Part 3.6 (commencing with Section 5840), Prevention  
10    and Early Intervention Programs; and Part 4 (commencing with  
11    Section 5850), the Children’s Mental Health Services Act. The  
12    commission shall replace the advisory committee established  
13    pursuant to Section 5814. The commission shall consist of 16  
14    voting members as follows:

15    (1) The Attorney General or the Attorney General’s designee.

16    (2) The Superintendent of Public Instruction or the  
17    Superintendent’s designee.

18    (3) The Chairperson of the Senate Committee on Health, the  
19    Chairperson of the Senate Committee on Human Services, or  
20    another member of the Senate selected by the President pro  
21    Tempore of the Senate.

22    (4) The Chairperson of the Assembly Committee on Health or  
23    another member of the Assembly selected by the Speaker of the  
24    Assembly.

25    (5) Two persons with a severe mental illness, a family member  
26    of an adult or senior with a severe mental illness, a family member  
27    of a child who has or has had a severe mental illness, a physician  
28    specializing in alcohol and drug treatment, a mental health  
29    professional, a county sheriff, a superintendent of a school district,  
30    a representative of a labor organization, a representative of an  
31    employer with less than 500 employees, a representative of an  
32    employer with more than 500 employees, and a representative of  
33    a health care service plan or insurer, all appointed by the Governor.  
34    In making appointments, the Governor shall seek individuals who  
35    have had personal or family experience with mental illness. At  
36    least one person appointed pursuant to this paragraph shall have  
37    a background in auditing.

38    (b) Members shall serve without compensation, but shall be  
39    reimbursed for all actual and necessary expenses incurred in the  
40    performance of their duties.

1 (c) The term of each member shall be three years, to be  
2 staggered so that approximately one-third of the appointments  
3 expire in each year.

4 (d) In carrying out its duties and responsibilities, the commission  
5 may do all of the following:

6 (1) Meet at least once each quarter at any time and location  
7 convenient to the public as it may deem appropriate. All meetings  
8 of the commission shall be open to the public.

9 (2) Within the limit of funds allocated for these purposes,  
10 pursuant to the laws and regulations governing state civil service,  
11 employ staff, including any clerical, legal, and technical assistance  
12 necessary. The commission shall administer its operations separate  
13 and apart from the State Department of Health Care Services and  
14 the California Health and Human Services Agency.

15 (3) Establish technical advisory committees, such as a committee  
16 of consumers and family members.

17 (4) Employ all other appropriate strategies necessary or  
18 convenient to enable it to fully and adequately perform its duties  
19 and exercise the powers expressly granted, notwithstanding any  
20 authority expressly granted to an officer or employee of state  
21 government.

22 (5) Enter into contracts.

23 (6) Obtain data and information from the State Department of  
24 Health Care Services, the Office of Statewide Health Planning and  
25 Development, or other state or local entities that receive Mental  
26 Health Services Act funds, for the commission to utilize in its  
27 oversight, review, training and technical assistance, accountability,  
28 and evaluation capacity regarding projects and programs supported  
29 with Mental Health Services Act funds.

30 (7) Participate in the joint state-county decisionmaking process,  
31 as contained in Section 4061, for training, technical assistance,  
32 and regulatory resources to meet the mission and goals of the  
33 state's mental health system.

34 (8) Develop strategies to overcome stigma and discrimination,  
35 and accomplish all other objectives of Part 3.2 (commencing with  
36 Section 5830), Part 3.6 (commencing with Section 5840), and the  
37 other provisions of the Mental Health Services Act.

38 (9) At any time, advise the Governor or the Legislature regarding  
39 actions the state may take to improve care and services for people  
40 with mental illness.



1 (10) If the commission identifies a critical issue related to the  
2 performance of a county mental health program, it may refer the  
3 issue to the State Department of Health Care Services *for*  
4 *consideration* pursuant to *the department's authority* in Section  
5 5655.

6 (11) Assist in providing technical assistance to accomplish the  
7 purposes of the Mental Health Services Act, Part 3 (commencing  
8 with Section 5800), and Part 4 (commencing with Section 5850)  
9 in collaboration with the State Department of Health Care Services  
10 and in consultation with the County Behavioral Health Directors  
11 Association of California.

12 (12) Work in collaboration with the State Department of Health  
13 Care Services and the California Behavioral Health Planning  
14 Council, and in consultation with the County Behavioral Health  
15 Directors Association of California, in designing a comprehensive  
16 joint plan for a coordinated evaluation of client outcomes in the  
17 community-based mental health system, including, but not limited  
18 to, parts listed in subdivision (a). The California Health and Human  
19 Services Agency shall lead this comprehensive joint plan effort.

20 (13) Establish a framework and voluntary standard for mental  
21 health in the workplace that serves to reduce mental health stigma,  
22 increase public, employee, and employer awareness of the recovery  
23 goals of the Mental Health Services Act, and provide guidance to  
24 California's employer community to put in place strategies and  
25 programs, as determined by the commission, to support the mental  
26 health and wellness of employees. The commission shall consult  
27 with the Labor and Workforce Development Agency or its designee  
28 to develop the standard.

29 *(e) If amendments to the Mental Health Services Act are*  
30 *approved by the voters at the March 5, 2024, statewide primary*  
31 *election, this section shall become inoperative on January 1, 2025,*  
32 *and as of that date is repealed.*

33 *SEC. 50. Section 5845 is added to the Welfare and Institutions*  
34 *Code, to read:*

35 *5845. (a) The Behavioral Health Services Oversight and*  
36 *Accountability Commission is hereby established to administer*  
37 *grants, identify key policy issues and emerging best practices, and*  
38 *promote high-quality programs implemented pursuant to Section*  
39 *5892 through the examination of data and outcomes.*

- 1     **(b) (1)** *The commission shall replace the advisory committee*  
2 *established pursuant to Section 5814.*
- 3     **(2)** *The commission shall consist of 20 voting members as*  
4 *follows:*
- 5     **(A)** *The Attorney General or the Attorney General’s designee.*  
6     **(B)** *The Superintendent of Public Instruction or the*  
7 *Superintendent’s designee.*
- 8     **(C)** *The Chairperson of the Senate Committee on Health, the*  
9 *Chairperson of the Senate Committee on Human Services, or*  
10 *another member of the Senate selected by the President pro*  
11 *Tempore of the Senate.*
- 12     **(D)** *The Chairperson of the Assembly Committee on Health or*  
13 *another Member of the Assembly selected by the Speaker of the*  
14 *Assembly.*
- 15     **(E)** *A county behavioral health director.*
- 16     **(F) (i)** *The following individuals, all appointed by the Governor:*
- 17     **(I)** *One person who has or who has had a serious mental illness.*  
18     **(II)** *One person who has or who has had a substance use*  
19 *disorder.*
- 20     **(III)** *A family member of an adult or older adult with a serious*  
21 *mental illness.*
- 22     **(IV)** *A family member of an adult or older adult who has or has*  
23 *had a substance use disorder.*
- 24     **(V)** *A family member of a child or youth who has or has had a*  
25 *serious mental illness.*
- 26     **(VI)** *A family member of a child or youth who has or has had a*  
27 *substance use disorder.*
- 28     **(VII)** *A physician specializing in substance use disorder*  
29 *treatment, including the provision of medications for addiction*  
30 *treatment.*
- 31     **(VIII)** *A mental health professional.*
- 32     **(IX)** *A professional with expertise in housing and homelessness.*  
33     **(X)** *A county sheriff.*
- 34     **(XI)** *A superintendent of a school district.*  
35     **(XII)** *A representative of a labor organization.*
- 36     **(XIII)** *A representative of an employer with less than 500*  
37 *employees.*
- 38     **(XIV)** *A representative of an employer with more than 500*  
39 *employees.*
- 40     **(XV)** *A representative of a health care service plan or insurer.*

1     (ii) *In making appointments, the Governor shall seek individuals*  
2 *who have had personal or family experience with mental illness*  
3 *or substance use disorder.*

4     (c) *Members shall serve without compensation but shall be*  
5 *reimbursed for all actual and necessary expenses incurred in the*  
6 *performance of their duties.*

7     (d) *The term of each member shall be three years, to be*  
8 *staggered so that approximately one-third of the appointments*  
9 *expire in each year.*

10    (e) (1) *The commission shall have an Executive Director.*

11    (2) *The Executive Director will be responsible for management*  
12 *over the administrative, fiscal, and program performance of the*  
13 *commission.*

14    (f) *In carrying out its duties and responsibilities, the commission*  
15 *may do all of the following:*

16    (1) (A) *Meet at least once each quarter at a time and location*  
17 *convenient to the public as it may deem appropriate.*

18    (B) *All meetings of the commission shall be open to the public.*

19    (2) *Within the limit of funds allocated for these purposes,*  
20 *pursuant to the laws and regulations governing state civil service,*  
21 *employ staff, including clerical, legal, and technical assistance,*  
22 *as necessary.*

23    (3) *The commission shall administer its operations separate*  
24 *and apart from the State Department of Health Care Services and*  
25 *the California Health and Human Services Agency.*

26    (4) *Establish technical advisory committees, such as a committee*  
27 *of consumers and family members.*

28    (5) *Employ all other appropriate strategies necessary or*  
29 *convenient to enable it to fully and adequately perform its duties*  
30 *and exercise the powers expressly granted, notwithstanding*  
31 *authority expressly granted to an officer or employee of state*  
32 *government.*

33    (6) *Enter into contracts.*

34    (7) *At the discretion of the State Department of Health Care*  
35 *Services, the Department of Health Care Access and Information,*  
36 *or other state or local entities that receive Behavioral Health*  
37 *Services Act funds, the commission may obtain data and*  
38 *information for the commission to utilize in implementing*  
39 *paragraph (1) of subdivision (a) regarding projects and programs*  
40 *supported with Behavioral Health Services Act funds.*

1 (8) Participate in the joint state-county decisionmaking process,  
2 as described in Section 4061, for training, technical assistance,  
3 and regulatory resources to meet the mission and goals of the  
4 state's mental health system.

5 (9) Identify best practices to overcome stigma and discrimination  
6 and accomplish all other objectives of the Behavioral Health  
7 Services Act.

8 (10) At any time, advise the Governor or the Legislature  
9 regarding actions the state may take to improve care and services  
10 for people with mental illness or substance use disorder.

11 (11) If the commission identifies a critical issue related to the  
12 performance of a county mental health program, it may refer the  
13 issue to the State Department of Health Care Services pursuant  
14 to Section 5655.

15 (12) Assist in providing technical assistance to accomplish the  
16 purposes of the Behavioral Health Services Act in collaboration  
17 with the State Department of Health Care Services and in  
18 consultation with the County Behavioral Health Directors  
19 Association of California.

20 (13) (A) Work in collaboration with the State Department of  
21 Health Care Services and the California Behavioral Health  
22 Planning Council, and in consultation with the County Behavioral  
23 Health Directors Association of California, in designing a  
24 comprehensive joint plan for a coordinated evaluation of client  
25 outcomes in the community-based mental health and substance  
26 use disorder system, including, but not limited to, parts listed in  
27 subdivision (a).

28 (B) The California Health and Human Services Agency shall  
29 lead this comprehensive joint plan effort.

30 (14) Establish a framework and voluntary standard for mental  
31 health in the workplace that serves to reduce mental health stigma,  
32 increase public, employee, and employer awareness of the recovery  
33 goals of the Mental Health Services Act, and provide guidance to  
34 California's employer community to put in place strategies and  
35 programs, as determined by the commission, to support the mental  
36 health and wellness of employees. The commission shall consult  
37 with the Labor and Workforce Development Agency or its designee  
38 to develop the standard.

39 (g) For purposes of this section, "substance use disorder" shall  
40 have the meaning as defined in subdivision (c) of Section 5891.5.

1     (h) *This section shall become operative on January 1, 2025, if*  
2 *amendments to the Mental Health Services Act are approved by*  
3 *the voters at the March 5, 2024, statewide primary election.*

4     SEC. 51. *Section 5845.5 of the Welfare and Institutions Code*  
5 *is amended to read:*

6     5845.5. In addition to the activities authorized under Section  
7 5845, the commission may establish a fellowship program in  
8 accordance with this section for the purpose of providing an  
9 experiential learning opportunity for a mental health consumer  
10 and a mental health professional.

11     (a) Participants in the fellowship shall serve on an annual basis  
12 and may serve only one term as a fellow.

13     (b) The fellowship program established under this section shall  
14 support the broad goals of the commission, including, but not  
15 limited to, subdivision (d) of Section 5846, and be based upon the  
16 following principles:

17     (1) To enhance opportunities for the work of the commission  
18 to reflect the perspective of persons with personal experience and  
19 state-of-the-art practices in the mental health field.

20     (2) To strengthen opportunities for the goals of the Mental  
21 Health Services Act, and the work of the commission in promoting  
22 those goals, to be accessible and understandable to mental health  
23 consumers, mental health professionals, and the general public.

24     (3) To improve opportunities for outreach and engagement with  
25 mental health consumers and mental health professionals relating  
26 to the work of the commission.

27     (4) To increase the awareness for mental health consumers and  
28 professionals of the goals of the Mental Health Services Act and  
29 the role of the state in meeting those goals; the role of public policy,  
30 regulation development, fiscal strategies, use of data, research,  
31 and evaluation; and communication strategies to improve mental  
32 health outcomes in California.

33     (c) The commission shall establish an advisory committee to  
34 provide guidance on the fellowship program goals, design,  
35 eligibility criteria, application process, and other issues as the  
36 commission deems necessary. The advisory committee shall  
37 include persons with personal experience with the mental health  
38 system, mental health professionals, persons with experience with  
39 similar fellowship programs, and others with diverse perspectives

1 who can assist the commission to meet the goals of the fellowship  
2 program.

3 (d) The commission may enter into an interagency agreement  
4 or other contractual agreement with a state, local, or private entity,  
5 as determined by the commission, to receive technical assistance  
6 or relevant services to support the establishment and  
7 implementation of the fellowship program.

8 (e) The commission shall ensure that the fellowship program  
9 does not cause the displacement of any civil service employee.  
10 For purposes of this subdivision, “displacement” means a layoff,  
11 a demotion, an involuntary transfer to a new class, an involuntary  
12 transfer to a new location requiring a change of residence, a time  
13 base reduction, a change in shift or days off, or a reassignment to  
14 another position within the same class and general location.

15 (f) *If amendments to the Mental Health Services Act are*  
16 *approved by the voters at the March 5, 2024, statewide primary*  
17 *election, this section shall become inoperative on January 1, 2025,*  
18 *and as of that date is repealed.*

19 SEC. 52. *Section 5845.5 is added to the Welfare and Institutions*  
20 *Code, to read:*

21 *5845.5. In addition to the activities authorized under Section*  
22 *5845, the commission may establish a fellowship program in*  
23 *accordance with this section for the purpose of providing an*  
24 *experiential learning opportunity for mental health or substance*  
25 *use disorder consumers and mental health or substance use*  
26 *disorder professionals.*

27 (a) *Participants in the fellowship shall serve on an annual basis*  
28 *and may serve only one term as a fellow.*

29 (b) *The fellowship program established under this section shall*  
30 *support the broad goals of the commission and be based upon the*  
31 *following principles:*

32 (1) *To enhance opportunities for the work of the commission to*  
33 *reflect the perspective of persons with personal experience and*  
34 *state-of-the-art practices in the mental health and substance use*  
35 *disorder fields.*

36 (2) *To strengthen opportunities for the goals of the Behavioral*  
37 *Health Services Act and the work of the commission in promoting*  
38 *those goals and to be accessible and understandable to mental*  
39 *health and substance use disorder individuals, mental health and*  
40 *substance use disorder professionals, and the general public.*

1 (3) *To improve opportunities for outreach and engagement with*  
2 *individuals who have a mental health disorder or a substance use*  
3 *disorder and mental health and substance use disorder*  
4 *professionals relating to the work of the commission.*

5 (4) *To increase the awareness of mental health and substance*  
6 *use disorder individuals and professionals of the goals of the*  
7 *Behavioral Health Services Act and both of the following:*

8 (A) *The role of the state in meeting those goals.*

9 (B) *The role of public policy, regulation development, fiscal*  
10 *strategies, use of data, research, and evaluation and*  
11 *communication strategies to improve mental health and substance*  
12 *use disorder outcomes in California.*

13 (c) (1) *The commission shall establish an advisory committee*  
14 *to provide guidance on the fellowship program goals, design,*  
15 *eligibility criteria, application process, and other issues as the*  
16 *commission deems necessary.*

17 (2) *The advisory committee shall include persons with personal*  
18 *experience with the mental health and substance use disorder*  
19 *system, mental health and substance use disorder professionals,*  
20 *persons with experience with similar fellowship programs, and*  
21 *others with diverse perspectives who can assist the commission to*  
22 *meet the goals of the fellowship program.*

23 (d) *The commission may enter into an interagency agreement*  
24 *or other contractual agreement with a state, local, or private entity,*  
25 *as determined by the commission, to receive technical assistance*  
26 *or relevant services to support the establishment and*  
27 *implementation of the fellowship program.*

28 (e) (1) *The commission shall ensure that the fellowship program*  
29 *does not cause the displacement of a civil service employee.*

30 (2) *For purposes of this subdivision, “displacement” means a*  
31 *layoff, a demotion, an involuntary transfer to a new class, an*  
32 *involuntary transfer to a new location requiring a change of*  
33 *residence, a time base reduction, a change in shift or days off, or*  
34 *a reassignment to another position within the same class and*  
35 *general location.*

36 (f) *This section shall become operative on January 1, 2025, if*  
37 *amendments to the Mental Health Services Act are approved by*  
38 *the voters at the March 5, 2024, statewide primary election.*

39 SEC. 53. *Section 5846 of the Welfare and Institutions Code is*  
40 *amended to read:*

1 5846. (a) The commission shall adopt regulations for programs  
2 and expenditures pursuant to Part 3.2 (commencing with Section  
3 5830), for innovative programs, and Part 3.6 (commencing with  
4 Section 5840), for prevention and early intervention.

5 (b) Any regulations adopted by the department pursuant to  
6 Section 5898 shall be consistent with the commission's regulations.

7 (c) The commission may provide technical assistance to any  
8 county mental health plan as needed to address concerns or  
9 recommendations of the commission or when local programs could  
10 benefit from technical assistance for improvement of their plans.

11 (d) The commission shall ensure that the perspective and  
12 participation of diverse community members reflective of  
13 California populations and others suffering from severe mental  
14 illness and their family members is a significant factor in all of its  
15 decisions and recommendations.

16 (e) *If amendments to the Mental Health Services Act are*  
17 *approved by the voters at the March 5, 2024, statewide primary*  
18 *election, this section shall become inoperative on January 1, 2025,*  
19 *and as of that date is repealed.*

20 *SEC. 54. Section 5847 of the Welfare and Institutions Code is*  
21 *amended to read:*

22 5847. Integrated Plans for Prevention, Innovation, and System  
23 of Care Services.

24 (a) Each county mental health program shall prepare and submit  
25 a three-year program and expenditure plan, and annual updates,  
26 adopted by the county board of supervisors, to the Mental Health  
27 Services Oversight and Accountability Commission and the State  
28 Department of Health Care Services within 30 days after adoption.

29 (b) The three-year program and expenditure plan shall be based  
30 on available unspent funds and estimated revenue allocations  
31 provided by the state and in accordance with established  
32 stakeholder engagement and planning requirements, as required  
33 in Section 5848. The three-year program and expenditure plan and  
34 annual updates shall include all of the following:

35 (1) A program for prevention and early intervention in  
36 accordance with Part 3.6 (commencing with Section 5840).

37 (2) A program for services to children in accordance with Part  
38 4 (commencing with Section 5850), to include a program pursuant  
39 to Chapter 4 (commencing with Section 18250) of Part 6 of



1 Division 9 or provide substantial evidence that it is not feasible to  
2 establish a wraparound program in that county.

3 (3) A program for services to adults and seniors in accordance  
4 with Part 3 (commencing with Section 5800).

5 (4) A program for innovations in accordance with Part 3.2  
6 (commencing with Section 5830).

7 (5) A program for technological needs and capital facilities  
8 needed to provide services pursuant to Part 3 (commencing with  
9 Section 5800), Part 3.6 (commencing with Section 5840), and Part  
10 4 (commencing with Section 5850). All plans for proposed facilities  
11 with restrictive settings shall demonstrate that the needs of the  
12 people to be served cannot be met in a less restrictive or more  
13 integrated setting, such as permanent supportive housing.

14 (6) Identification of shortages in personnel to provide services  
15 pursuant to the above programs and the additional assistance  
16 needed from the education and training programs established  
17 pursuant to Part 3.1 (commencing with Section 5820).

18 (7) Establishment and maintenance of a prudent reserve to  
19 ensure the county program will continue to be able to serve  
20 children, adults, and seniors that it is currently serving pursuant  
21 to Part 3 (commencing with Section 5800), the Adult and Older  
22 Adult Mental Health System of Care Act, Part 3.6 (commencing  
23 with Section 5840), Prevention and Early Intervention Programs,  
24 and Part 4 (commencing with Section 5850), the Children’s Mental  
25 Health Services Act, during years in which revenues for the Mental  
26 Health Services Fund are below recent averages adjusted by  
27 changes in the state population and the California Consumer Price  
28 Index.

29 (8) Certification by the county behavioral health director, which  
30 ensures that the county has complied with all pertinent regulations,  
31 laws, and statutes of the Mental Health Services Act, including  
32 stakeholder participation and nonsupplantation requirements.

33 (9) Certification by the county behavioral health director and  
34 by the county auditor-controller that the county has complied with  
35 any fiscal accountability requirements as directed by the State  
36 Department of Health Care Services, and that all expenditures are  
37 consistent with the requirements of the Mental Health Services  
38 Act.

39 (c) The programs established pursuant to paragraphs (2) and  
40 (3) of subdivision (b) shall include services to address the needs

1 of transition age youth 16 to 25 years of age. In implementing this  
2 subdivision, county mental health programs shall consider the  
3 needs of transition age foster youth.

4 (d) Each year, the State Department of Health Care Services  
5 shall inform the County Behavioral Health Directors Association  
6 of California and the Mental Health Services Oversight and  
7 Accountability Commission of the methodology used for revenue  
8 allocation to the counties.

9 (e) Each county mental health program shall prepare expenditure  
10 plans pursuant to Part 3 (commencing with Section 5800) for adults  
11 and seniors, Part 3.2 (commencing with Section 5830) for  
12 innovative programs, Part 3.6 (commencing with Section 5840)  
13 for prevention and early intervention programs, and Part 4  
14 (commencing with Section 5850) for services for children, and  
15 updates to the plans developed pursuant to this section. Each  
16 expenditure update shall indicate the number of children, adults,  
17 and seniors to be served pursuant to Part 3 (commencing with  
18 Section ~~5800~~, 5800) and Part 4 (commencing with Section ~~5850~~),  
19 5850) and the cost per person. The expenditure update shall include  
20 utilization of unspent funds allocated in the previous year and the  
21 proposed expenditure for the same purpose.

22 (f) A county mental health program shall include an allocation  
23 of funds from a reserve established pursuant to paragraph (7) of  
24 subdivision (b) for services pursuant to paragraphs (2) and (3) of  
25 subdivision (b) in years in which the allocation of funds for services  
26 pursuant to subdivision (e) are not adequate to continue to serve  
27 the same number of individuals as the county had been serving in  
28 the previous fiscal year.

29 (g) The department shall post on its internet website the  
30 three-year program and expenditure plans submitted by every  
31 county pursuant to subdivision (a) in a timely manner.

32 (h) (1) Notwithstanding subdivision (a), a county that is unable  
33 to complete and submit a three-year program and expenditure plan  
34 or annual update for the 2020–21 or 2021–22 fiscal years due to  
35 the COVID-19 Public Health Emergency may extend the effective  
36 timeframe of its currently approved three-year plan or annual  
37 update to include the 2020–21 and 2021–22 fiscal years. The  
38 county shall submit a three-year program and expenditure plan or  
39 annual update to the Mental Health Services Oversight and

1 Accountability Commission and the State Department of Health  
2 Care Services by July 1, 2022.

3 (2) For purposes of this subdivision, “COVID-19 Public Health  
4 Emergency” means the federal Public Health Emergency  
5 declaration made pursuant to Section 247d of Title 42 of the United  
6 States Code on January 30, 2020, entitled “Determination that a  
7 Public Health Emergency Exists Nationwide as the Result of the  
8 2019 Novel Coronavirus,” and any renewal of that declaration.

9 (i) Notwithstanding paragraph (7) of subdivision (b) and  
10 subdivision (f), a county may, during the 2020–21 and 2021–22  
11 fiscal years, use funds from its prudent reserve for prevention and  
12 early intervention programs created in accordance with Part 3.6  
13 (commencing with Section 5840) and for services to persons with  
14 severe mental illnesses pursuant to Part 4 (commencing with  
15 Section 5850) for the children’s system of care and Part 3  
16 (commencing with Section 5800) for the adult and older adult  
17 system of care. These services may include housing assistance, as  
18 defined in Section 5892.5, to the target population specified in  
19 Section 5600.3.

20 (j) Notwithstanding Chapter 3.5 (commencing with Section  
21 11340) of Part 1 of Division 3 of Title 2 of the Government Code,  
22 the department, without taking any further regulatory action, may  
23 implement, interpret, or make specific subdivisions (h) and (i) of  
24 this section and subdivision (i) of Section 5892 by means of  
25 all-county letters or other similar instructions.

26 (k) *If amendments to the Mental Health Services Act are*  
27 *approved by the voters at the March 5, 2024, statewide primary*  
28 *election, this section shall become inoperative on July 1, 2026,*  
29 *and as of January 1, 2027, is repealed.*

30 *SEC. 55. Section 5848 of the Welfare and Institutions Code is*  
31 *amended to read:*

32 5848. (a) Each three-year program and expenditure plan and  
33 update shall be developed with local stakeholders, including adults  
34 and seniors with severe mental illness, families of children, adults,  
35 and seniors with severe mental illness, providers of services, law  
36 enforcement agencies, education, social services agencies, veterans,  
37 representatives from veterans organizations, providers of alcohol  
38 and drug services, health care organizations, and other important  
39 interests. Counties shall demonstrate a partnership with constituents  
40 and stakeholders throughout the process that includes meaningful

1 stakeholder involvement on mental health policy, program  
2 planning, and implementation, monitoring, quality improvement,  
3 evaluation, and budget allocations. A draft plan and update shall  
4 be prepared and circulated for review and comment for at least 30  
5 days to representatives of stakeholder interests and any interested  
6 party who has requested a copy of the draft plans.

7 (b) The mental health board established pursuant to Section  
8 5604 shall conduct a public hearing on the draft three-year program  
9 and expenditure plan and annual updates at the close of the 30-day  
10 comment period required by subdivision (a). Each adopted  
11 three-year program and expenditure plan and update shall include  
12 any substantive written recommendations for revisions. The  
13 adopted three-year program and expenditure plan or update shall  
14 summarize and analyze the recommended revisions. The mental  
15 health board shall review the adopted plan or update and make  
16 recommendations to the local mental health agency or local  
17 behavioral health agency, as applicable, for revisions. The local  
18 mental health agency or local behavioral health agency, as  
19 applicable, shall provide an annual report of written explanations  
20 to the local governing body and the State Department of Health  
21 Care Services for any substantive recommendations made by the  
22 local mental health board that are not included in the final plan or  
23 update.

24 (c) The plans shall include reports on the achievement of  
25 performance outcomes for services pursuant to Part 3 (commencing  
26 with Section 5800), Part 3.6 (commencing with Section 5840),  
27 and Part 4 (commencing with Section 5850) funded by the Mental  
28 Health Services Fund and established jointly by the State  
29 Department of Health Care Services and the Mental Health Services  
30 Oversight and Accountability Commission, in collaboration with  
31 the County Behavioral Health Directors Association of California.

32 (d) Mental health services provided pursuant to Part 3  
33 (commencing with Section 5800) and Part 4 (commencing with  
34 Section 5850) shall be included in the review of program  
35 performance by the California Behavioral Health Planning Council  
36 required by paragraph (2) of subdivision (c) of Section 5772 and  
37 in the local mental health board's review and comment on the  
38 performance outcome data required by paragraph (7) of subdivision  
39 (a) of Section 5604.2.

1 (e) The department shall annually post on its internet website  
2 a summary of the performance outcomes reports submitted by  
3 counties if clearly and separately identified by counties as the  
4 achievement of performance outcomes pursuant to subdivision  
5 (c).

6 (f) For purposes of this section, “substantive recommendations  
7 made by the local mental health board” means any recommendation  
8 that is brought before the board and approved by a majority vote  
9 of the membership present at a public hearing of the local mental  
10 health board that has established its quorum.

11 (g) *If amendments to the Mental Health Services Act are*  
12 *approved by the voters at the March 5, 2024, statewide primary*  
13 *election, this section shall become inoperative on January 1, 2025,*  
14 *and as of that date is repealed.*

15 *SEC. 56. Section 5848.5 of the Welfare and Institutions Code*  
16 *is amended to read:*

17 5848.5. (a) The Legislature finds and declares all of the  
18 following:

19 (1) California has realigned public community mental health  
20 services to counties and it is imperative that sufficient  
21 community-based resources be available to meet the mental health  
22 needs of eligible individuals.

23 (2) Increasing access to effective prevention, early intervention,  
24 outpatient, and crisis stabilization services provides an opportunity  
25 to reduce costs associated with expensive inpatient and emergency  
26 room care and to better meet the needs of individuals with mental  
27 health disorders in the least restrictive manner possible.

28 (3) Almost one-fifth of people with mental health disorders visit  
29 a hospital emergency room at least once per year. If an adequate  
30 array of crisis services is not available, it leaves an individual with  
31 little choice but to access an emergency room for assistance and,  
32 potentially, an unnecessary inpatient hospitalization.

33 (4) Recent reports have called attention to a continuing problem  
34 of inappropriate and unnecessary utilization of hospital emergency  
35 rooms in California due to limited community-based services for  
36 individuals in psychological distress and acute psychiatric crisis.  
37 Hospitals report that 70 percent of people taken to emergency  
38 rooms for psychiatric evaluation can be stabilized and transferred  
39 to a less intensive level of crisis care. Law enforcement personnel  
40 report that their personnel need to stay with people in the

1 emergency room waiting area until a placement is found, and that  
2 less intensive levels of care tend not to be available.

3 (5) Comprehensive public and private partnerships at both local  
4 and regional levels, including across physical health services,  
5 mental health, substance use disorder, law enforcement, social  
6 services, and related supports, are necessary to develop and  
7 maintain ~~high quality~~, *high-quality*, patient-centered, and  
8 cost-effective care for individuals with mental health disorders  
9 that facilitates their recovery and leads towards wellness.

10 (6) The recovery of individuals with mental health disorders is  
11 important for all levels of government, business, and the local  
12 community.

13 (b) This section shall be known, and may be cited, as the  
14 Investment in Mental Health Wellness Act of 2013. The objectives  
15 of this section are to do all of the following:

16 (1) Expand access to prevention, early intervention, and  
17 treatment services to improve the client experience, achieve  
18 recovery and wellness, and reduce costs.

19 (2) Expand the continuum of services to address crisis  
20 prevention, crisis intervention, crisis stabilization, and crisis  
21 residential treatment needs that are wellness, resiliency, and  
22 recovery oriented.

23 (3) Add at least 25 mobile crisis support teams and at least 2,000  
24 crisis stabilization and crisis residential treatment beds to bolster  
25 capacity at the local level to improve access to mental health crisis  
26 services and address unmet mental health care needs.

27 (4) Add at least 600 triage personnel to provide intensive case  
28 management and linkage to services for individuals with mental  
29 health care disorders at various points of access, such as at  
30 designated community-based service points, homeless shelters,  
31 and clinics.

32 (5) Reduce unnecessary hospitalizations and inpatient days by  
33 appropriately utilizing community-based services and improving  
34 access to timely assistance.

35 (6) Reduce recidivism and mitigate unnecessary expenditures  
36 of local law enforcement.

37 (7) Provide local communities with increased financial resources  
38 to leverage additional public and private funding sources to achieve  
39 improved networks of care for individuals with mental health  
40 disorders.

1 (8) Provide a complete continuum of crisis services for children  
2 and youth 21 years of age and under regardless of where they live  
3 in the state. The funds included in the 2016 Budget Act for the  
4 purpose of developing the continuum of mental health crisis  
5 services for children and youth 21 years of age and under shall be  
6 for the following objectives:

7 (A) Provide a continuum of crisis services for children and youth  
8 21 years of age and under, regardless of where they live in the  
9 state.

10 (B) Provide for early intervention and treatment services to  
11 improve the client experience, achieve recovery and wellness, and  
12 reduce costs.

13 (C) Expand the continuum of community-based services to  
14 address crisis intervention, crisis stabilization, and crisis residential  
15 treatment needs that are wellness-, resiliency-, and  
16 recovery-oriented.

17 (D) Add at least 200 mobile crisis support teams.

18 (E) Add at least 120 crisis stabilization services and beds and  
19 crisis residential treatment beds to increase capacity at the local  
20 level to improve access to mental health crisis services and address  
21 unmet mental health care needs.

22 (F) Add triage personnel to provide intensive case management  
23 and linkage to services for individuals with mental health care  
24 disorders at various points of access, such as at designated  
25 community-based service points, homeless shelters, schools, and  
26 clinics.

27 (G) Expand family respite care to help families and sustain  
28 caregiver health and well-being.

29 (H) Expand family supportive training and related services  
30 designed to help families participate in the planning process, access  
31 services, and navigate programs.

32 (I) Reduce unnecessary hospitalizations and inpatient days by  
33 appropriately utilizing community-based services.

34 (J) Reduce recidivism and mitigate unnecessary expenditures  
35 of local law enforcement.

36 (K) Provide local communities with increased financial  
37 resources to leverage additional public and private funding sources  
38 to achieve improved networks of care for children and youth 21  
39 years of age and under with mental health disorders.

1 (c) Through appropriations provided in the annual Budget Act  
2 for this purpose, it is the intent of the Legislature to authorize the  
3 California Health Facilities Financing Authority, hereafter referred  
4 to as the authority, and the Mental Health Services Oversight and  
5 Accountability Commission, hereafter referred to as the  
6 commission, to administer competitive selection processes or a  
7 sole-source contracting process as provided in this section for  
8 capital capacity and program expansion to increase capacity for  
9 mobile crisis support, crisis intervention, crisis stabilization  
10 services, crisis residential treatment, and specified personnel  
11 resources.

12 (d) Funds appropriated by the Legislature to the authority for  
13 purposes of this section shall be made available to selected  
14 counties, or counties acting jointly. The authority may, at its  
15 discretion, also give consideration to private nonprofit corporations  
16 and public agencies in an area or region of the state if a county, or  
17 counties acting jointly, affirmatively supports this designation and  
18 collaboration in lieu of a county government directly receiving  
19 grant funds.

20 (1) Grant awards made by the authority shall be used to expand  
21 local resources for the development, capital, equipment acquisition,  
22 and applicable program startup or expansion costs to increase  
23 capacity for client assistance and services in the following areas:

24 (A) Crisis intervention, as authorized by Sections 14021.4,  
25 14680, and 14684.

26 (B) Crisis stabilization, as authorized by Sections 14021.4,  
27 14680, and 14684.

28 (C) Crisis residential treatment, as authorized by Sections  
29 14021.4, 14680, and 14684 and as provided at a children's crisis  
30 residential program, as defined in Section 1502 of the Health and  
31 Safety Code.

32 (D) Rehabilitative mental health services, as authorized by  
33 Sections 14021.4, 14680, and 14684.

34 (E) Mobile crisis support teams, including personnel and  
35 equipment, such as the purchase of vehicles.

36 (2) The authority shall develop selection criteria to expand local  
37 resources, including those described in paragraph (1), and processes  
38 for awarding grants after consulting with representatives and  
39 interested stakeholders from the mental health community,  
40 including, but not limited to, the County Behavioral Health



1 Directors Association of California, service providers, consumer  
2 organizations, and other appropriate interests, such as health care  
3 providers and law enforcement, as determined by the authority.  
4 The authority shall ensure that grants result in cost-effective  
5 expansion of the number of community-based crisis resources in  
6 regions and communities selected for funding. The authority shall  
7 also take into account at least the following criteria and factors  
8 when selecting recipients of grants and determining the amount  
9 of grant awards:

10 (A) Description of need, including, at a minimum, a  
11 comprehensive description of the project, community need,  
12 population to be served, linkage with other public systems of health  
13 and mental health care, linkage with local law enforcement, social  
14 services, and related assistance, as applicable, and a description  
15 of the request for funding.

16 (B) Ability to serve the target population, which includes  
17 individuals eligible for Medi-Cal and individuals eligible for county  
18 health and mental health services.

19 (C) Geographic areas or regions of the state to be eligible for  
20 grant awards, which may include rural, suburban, and urban areas,  
21 and may include use of the five regional designations utilized by  
22 the County Behavioral Health Directors Association of California.

23 (D) Level of community engagement and commitment to project  
24 completion.

25 (E) Financial support that, in addition to a grant that may be  
26 awarded by the authority, will be sufficient to complete and operate  
27 the project for which the grant from the authority is awarded.

28 (F) Ability to provide additional funding support to the project,  
29 including public or private funding, federal tax credits and grants,  
30 foundation support, and other collaborative efforts.

31 (G) Memorandum of understanding among project partners, if  
32 applicable.

33 (H) Information regarding the legal status of the collaborating  
34 partners, if applicable.

35 (I) Ability to measure key outcomes, including improved access  
36 to services, health and mental health outcomes, and cost benefit  
37 of the project.

38 (3) The authority shall determine maximum grants awards,  
39 which shall take into consideration the number of projects awarded  
40 to the grantee, as described in paragraph (1), and shall reflect

1 reasonable costs for the project and geographic region. The  
2 authority may allocate a grant in increments contingent upon the  
3 phases of a project.

4 (4) Funds awarded by the authority pursuant to this section may  
5 be used to supplement, but not to supplant, existing financial and  
6 resource commitments of the grantee or any other member of a  
7 collaborative effort that has been awarded a grant.

8 (5) All projects that are awarded grants by the authority shall  
9 be completed within a reasonable period of time, to be determined  
10 by the authority. Funds shall not be released by the authority until  
11 the applicant demonstrates project readiness to the authority's  
12 satisfaction. If the authority determines that a grant recipient has  
13 failed to complete the project under the terms specified in awarding  
14 the grant, the authority may require remedies, including the return  
15 of all or a portion of the grant.

16 (6) A grantee that receives a grant from the authority under this  
17 section shall commit to using that capital capacity and program  
18 expansion project, such as the mobile crisis team, crisis  
19 stabilization unit, or crisis residential treatment program, for the  
20 duration of the expected life of the project.

21 (7) The authority may consult with a technical assistance entity,  
22 as described in paragraph (5) of subdivision (a) of Section 4061,  
23 for purposes of implementing this section.

24 (8) The authority may adopt emergency regulations relating to  
25 the grants for the capital capacity and program expansion projects  
26 described in this section, including emergency regulations that  
27 define eligible costs and determine minimum and maximum grant  
28 amounts.

29 (9) The authority shall provide reports to the fiscal and policy  
30 committees of the Legislature on or before May 1, 2014, and on  
31 or before May 1, 2015, on the progress of implementation, that  
32 include, but are not limited to, the following:

33 (A) A description of each project awarded funding.

34 (B) The amount of each grant issued.

35 (C) A description of other sources of funding for each project.

36 (D) The total amount of grants issued.

37 (E) A description of project operation and implementation,  
38 including who is being served.

1 (10) A recipient of a grant provided pursuant to paragraph (1)  
2 shall adhere to all applicable laws relating to scope of practice,  
3 licensure, certification, staffing, and building codes.

4 (e) Of the funds specified in paragraph (8) of subdivision (b),  
5 it is the intent of the Legislature to authorize the authority to  
6 administer competitive selection processes as provided in this  
7 section for capital capacity and program expansion to increase  
8 capacity for mobile crisis support, crisis intervention, crisis  
9 stabilization services, crisis residential treatment, family respite  
10 care, family supportive training and related services, and triage  
11 personnel resources for children and youth 21 years of age and  
12 under.

13 (f) Funds appropriated by the Legislature to the authority to  
14 address crisis services for children and youth 21 years of age and  
15 under for the purposes of this section shall be made available to  
16 selected counties or counties acting jointly. The authority may, at  
17 its discretion, also give consideration to private nonprofit  
18 corporations and public agencies in an area or region of the state  
19 if a county, or counties acting jointly, affirmatively support this  
20 designation and collaboration in lieu of a county government  
21 directly receiving grant funds.

22 (1) Grant awards made by the authority shall be used to expand  
23 local resources for the development, capital, equipment acquisition,  
24 and applicable program startup or expansion costs to increase  
25 capacity for client assistance and crisis services for children and  
26 youth 21 years of age and under in the following areas:

27 (A) Crisis intervention, as authorized by Sections 14021.4,  
28 14680, and 14684.

29 (B) Crisis stabilization, as authorized by Sections 14021.4,  
30 14680, and 14684.

31 (C) Crisis residential treatment, as authorized by Sections  
32 14021.4, 14680, and 14684 and as provided at a children’s crisis  
33 residential program, as defined in Section 1502 of the Health and  
34 Safety Code.

35 (D) Mobile crisis support teams, including the purchase of  
36 equipment and vehicles.

37 (E) Family respite care.

38 (2) The authority shall develop selection criteria to expand local  
39 resources, including those described in paragraph (1), and processes  
40 for awarding grants after consulting with representatives and

1 interested stakeholders from the mental health community,  
2 including, but not limited to, county mental health directors, service  
3 providers, consumer organizations, and other appropriate interests,  
4 such as health care providers and law enforcement, as determined  
5 by the authority. The authority shall ensure that grants result in  
6 cost-effective expansion of the number of community-based crisis  
7 resources in regions and communities selected for funding. The  
8 authority shall also take into account at least the following criteria  
9 and factors when selecting recipients of grants and determining  
10 the amount of grant awards:

11 (A) Description of need, including, at a minimum, a  
12 comprehensive description of the project, community need,  
13 population to be served, linkage with other public systems of health  
14 and mental health care, linkage with local law enforcement, social  
15 services, and related assistance, as applicable, and a description  
16 of the request for funding.

17 (B) Ability to serve the target population, which includes  
18 individuals eligible for Medi-Cal and individuals eligible for county  
19 health and mental health services.

20 (C) Geographic areas or regions of the state to be eligible for  
21 grant awards, which may include rural, suburban, and urban areas,  
22 and may include use of the five regional designations utilized by  
23 the California Behavioral Health Directors Association.

24 (D) Level of community engagement and commitment to project  
25 completion.

26 (E) Financial support that, in addition to a grant that may be  
27 awarded by the authority, will be sufficient to complete and operate  
28 the project for which the grant from the authority is awarded.

29 (F) Ability to provide additional funding support to the project,  
30 including public or private funding, federal tax credits and grants,  
31 foundation support, and other collaborative efforts.

32 (G) Memorandum of understanding among project partners, if  
33 applicable.

34 (H) Information regarding the legal status of the collaborating  
35 partners, if applicable.

36 (I) Ability to measure key outcomes, including utilization of  
37 services, health and mental health outcomes, and cost benefit of  
38 the project.

39 (3) The authority shall determine maximum grant awards, which  
40 shall take into consideration the number of projects awarded to

1 the grantee, as described in paragraph (1), and shall reflect  
2 reasonable costs for the project, geographic region, and target ages.  
3 The authority may allocate a grant in increments contingent upon  
4 the phases of a project.

5 (4) Funds awarded by the authority pursuant to this section may  
6 be used to supplement, but not to supplant, existing financial and  
7 resource commitments of the grantee or any other member of a  
8 collaborative effort that has been awarded a grant.

9 (5) All projects that are awarded grants by the authority shall  
10 be completed within a reasonable period of time, to be determined  
11 by the authority. Funds shall not be released by the authority until  
12 the applicant demonstrates project readiness to the authority's  
13 satisfaction. If the authority determines that a grant recipient has  
14 failed to complete the project under the terms specified in awarding  
15 the grant, the authority may require remedies, including the return  
16 of all, or a portion, of the grant.

17 (6) A grantee that receives a grant from the authority under this  
18 section shall commit to using that capital capacity and program  
19 expansion project, such as the mobile crisis team, crisis  
20 stabilization unit, family respite care, or crisis residential treatment  
21 program, for the duration of the expected life of the project.

22 (7) The authority may consult with a technical assistance entity,  
23 as described in paragraph (5) of subdivision (a) of Section 4061,  
24 for the purposes of implementing this section.

25 (8) The authority may adopt emergency regulations relating to  
26 the grants for the capital capacity and program expansion projects  
27 described in this section, including emergency regulations that  
28 define eligible costs and determine minimum and maximum grant  
29 amounts.

30 (9) The authority shall provide reports to the fiscal and policy  
31 committees of the Legislature on or before January 10, 2018, and  
32 annually thereafter, on the progress of implementation, that include,  
33 but are not limited to, the following:

- 34 (A) A description of each project awarded funding.
- 35 (B) The amount of each grant issued.
- 36 (C) A description of other sources of funding for each project.
- 37 (D) The total amount of grants issued.
- 38 (E) A description of project operation and implementation,  
39 including who is being served.

1 (10) A recipient of a grant provided pursuant to paragraph (1)  
2 shall adhere to all applicable laws relating to scope of practice,  
3 licensure, certification, staffing, and building codes.

4 (g) Funds appropriated by the Legislature to the commission  
5 for purposes of this section shall be allocated to support crisis  
6 prevention, early intervention, and crisis response strategies, as  
7 determined by the commission with input from peers, county  
8 behavioral health agencies, community-based organizations, and  
9 others. In allocating these funds, the commission shall consult with  
10 the California Health and Human Services Agency and other state  
11 agencies as needed, in order to leverage existing funds and share  
12 best practices, and shall take into consideration data on populations  
13 at risk for experiencing a mental health crisis, including the needs  
14 of early childhood, children and youth, transition-age youth, adults,  
15 and older adults. These funds shall be made available to selected  
16 entities, including, but not limited to, counties, counties acting  
17 jointly, city mental health departments, other local governmental  
18 agencies and community-based organizations such as health care  
19 providers, hospitals, health systems, childcare providers, early  
20 childhood education providers, and other entities, as determined  
21 by the commission through a competitive selection process or a  
22 sole-source process, as determined by the commission. The  
23 commission may utilize a sole-source process when it determines,  
24 during a public hearing, that it is in the public interest to do so and  
25 would address barriers to participation for local governmental  
26 agencies, including small counties, other local agencies, and  
27 community-based organizations, or is aligned with the goals of  
28 this section. It is the intent of the Legislature for these funds to be  
29 allocated in an efficient manner to encourage prevention, early  
30 intervention, and receipt of needed services for individuals with  
31 mental health needs, or who are at risk of needing crisis services,  
32 and to assist in navigating the local service sector to improve  
33 efficiencies and the delivery of services. The commission shall  
34 consider existing data sources for populations who are at higher  
35 risk for experiencing a mental health crisis when allocating these  
36 funds.

37 (1) Funding may be used to support services, supports,  
38 education, and training that are offered in person, by telephone,  
39 by videoconference, or by telehealth with the individual in need  
40 of assistance, their significant support person, or others, and may

- 1 be provided anywhere in the community. These service and related  
2 activities may include, but are not limited to, the following:
- 3 (A) Communication, coordination, and referral.
  - 4 (B) Monitoring service delivery to ensure the individual accesses  
5 and receives services.
  - 6 (C) Monitoring the individual’s progress.
  - 7 (D) Providing placement service assistance and service plan  
8 development.
  - 9 (E) Education and training.
  - 10 (F) Innovative, best practice, evidence-based, and related  
11 approaches to support crisis prevention, early intervention, and  
12 crisis response.
- 13 (2) The commission shall take into account at least the following  
14 criteria and factors when selecting recipients and determining the  
15 amount of grant awards as follows:
- 16 (A) Description of need, including potential gaps in local service  
17 connections.
  - 18 (B) Description of funding request, including use of peers and  
19 peer support.
  - 20 (C) Description of how funding will be used to facilitate linkage  
21 and access to services, including objectives and anticipated  
22 outcomes.
  - 23 (D) Ability to obtain federal Medicaid reimbursement, when  
24 applicable.
  - 25 (E) Ability to administer an effective service program and the  
26 degree to which local agencies and service providers will support  
27 and collaborate with the effort.
  - 28 (F) Geographic areas or regions of the state to be eligible for  
29 grant awards, which shall include rural, suburban, and urban areas,  
30 and may include use of the five regional designations utilized by  
31 the County Behavioral Health Directors Association of California.
- 32 (3) The commission shall determine maximum grant awards,  
33 and shall take into consideration the level of need, population to  
34 be served, and related criteria, as described in paragraph (2), and  
35 shall reflect reasonable costs.
- 36 (4) Funds awarded by the commission for purposes of this  
37 section may be used to supplement, but not supplant, existing  
38 financial and resource commitments of the entities that receive the  
39 grant.

1 (5) Notwithstanding any other law, a county, counties acting  
2 jointly, a city mental health department, a community-based  
3 organization, or other entity that receives an award of funds for  
4 the purpose of supporting crisis prevention, early intervention, and  
5 crisis response strategies pursuant to this subdivision may be  
6 required to provide a matching contribution of local funds. The  
7 commission may, at its discretion, allow and approve grants that  
8 include matching funds, in whole or in part, to enhance the impact  
9 of limited public funding. Matching fund requirements shall not  
10 be designed in a manner that will prevent participation from local  
11 agencies, community-based organizations, or other entities that  
12 are eligible to participate in the funding opportunities created by  
13 this section.

14 (6) Notwithstanding any other law, the commission, without  
15 taking any further regulatory action, may implement, interpret, or  
16 make specific this section by means of informational letters,  
17 bulletins, or similar instructions.

18 *(h) If amendments to the Mental Health Services Act are*  
19 *approved by the voters at the March 5, 2024, statewide primary*  
20 *election, this section shall become inoperative on January 1, 2025,*  
21 *and as of that date is repealed.*

22 *SEC. 57. Section 5848.5 is added to the Welfare and Institutions*  
23 *Code, to read:*

24 *5848.5. (a) The Legislature finds and declares all of the*  
25 *following:*

26 *(1) California has realigned public community mental health*  
27 *services to counties, and it is imperative that sufficient*  
28 *community-based resources be available to meet the mental health*  
29 *needs of eligible individuals.*

30 *(2) Increasing access to effective prevention, early intervention,*  
31 *outpatient, and crisis stabilization services provides an opportunity*  
32 *to reduce costs associated with expensive inpatient and emergency*  
33 *room care and better meet the needs of individuals with mental*  
34 *health disorders in the least restrictive manner possible.*

35 *(3) Almost one-fifth of people with mental health disorders visit*  
36 *a hospital emergency room at least once per year. If an adequate*  
37 *array of crisis services is not available, it leaves an individual*  
38 *with little choice but to access an emergency room for assistance*  
39 *and, potentially, an unnecessary inpatient hospitalization.*



1     (4) *Recent reports have called attention to a continuing problem*  
2 *of inappropriate and unnecessary utilization of hospital emergency*  
3 *rooms in California due to limited community-based services for*  
4 *individuals in psychological distress and acute psychiatric crisis.*  
5 *Hospitals report that 70 percent of people taken to emergency*  
6 *rooms for psychiatric evaluation can be stabilized and transferred*  
7 *to a less-intensive level of crisis care. Law enforcement personnel*  
8 *report that their personnel need to stay with people in the*  
9 *emergency room waiting area until a placement is found and that*  
10 *less intensive levels of care tend not to be available.*

11     (5) *Comprehensive public and private partnerships at both local*  
12 *and regional levels, including across physical health services,*  
13 *mental health, substance use disorder, law enforcement, social*  
14 *services, and related supports, are necessary to develop and*  
15 *maintain high-quality, patient-centered, and cost-effective care*  
16 *for individuals with mental health disorders that facilitates their*  
17 *recovery and leads towards wellness.*

18     (6) *The recovery of individuals with mental health disorders is*  
19 *important for all levels of government, business, and the local*  
20 *community.*

21     (b) *This section shall be known, and may be cited, as the*  
22 *Investment in Mental Health Wellness Act of 2013. The objectives*  
23 *of this section are to do all of the following:*

24         (1) *Expand access to prevention, early intervention, and*  
25 *treatment services to improve the client experience, achieve*  
26 *recovery and wellness, and reduce costs.*

27         (2) *Expand the continuum of services to address crisis*  
28 *prevention, crisis intervention, crisis stabilization, and crisis*  
29 *residential treatment needs that are wellness-, resiliency-, and*  
30 *recovery-oriented.*

31         (3) *Add at least 25 mobile crisis support teams and at least*  
32 *2,000 crisis stabilization and crisis residential treatment beds to*  
33 *bolster capacity at the local level to improve access to mental*  
34 *health crisis services and address unmet mental health care needs.*

35         (4) *Add at least 600 triage personnel to provide intensive case*  
36 *management and linkage to services for individuals with a mental*  
37 *health disorder at various points of access, such as at designated*  
38 *community-based service points, homeless shelters, and clinics.*

- 1     (5) *Reduce unnecessary hospitalizations and inpatient days by*  
2 *appropriately utilizing community-based services and improving*  
3 *access to timely assistance.*
- 4     (6) *Reduce recidivism and mitigate unnecessary expenditures*  
5 *of local law enforcement.*
- 6     (7) *Provide local communities with increased financial*  
7 *resources to leverage additional public and private funding sources*  
8 *to achieve improved networks of care for individuals with mental*  
9 *health disorders.*
- 10    (8) (A) *Provide a complete continuum of crisis services for*  
11 *children and youth 21 years of age and under regardless of where*  
12 *they live in the state.*
- 13    (B) *The funds included in the 2016 Budget Act for the purpose*  
14 *of developing the continuum of mental health crisis services for*  
15 *children and youth 21 years of age and under shall be for the*  
16 *following objectives:*
- 17    (i) *Provide a continuum of crisis services for children and youth*  
18 *21 years of age and under, regardless of where they live in the*  
19 *state.*
- 20    (ii) *Provide for early intervention and treatment services to*  
21 *improve the client experience, achieve recovery and wellness, and*  
22 *reduce costs.*
- 23    (iii) *Expand the continuum of community-based services to*  
24 *address crisis intervention, crisis stabilization, and crisis*  
25 *residential treatment needs that are wellness-, resiliency-, and*  
26 *recovery-oriented.*
- 27    (iv) *Add at least 200 mobile crisis support teams.*
- 28    (v) *Add at least 120 crisis stabilization services and beds and*  
29 *crisis residential treatment beds to increase capacity at the local*  
30 *level and improve access to mental health crisis services and*  
31 *address unmet mental health care needs.*
- 32    (vi) *Add triage personnel to provide intensive case management*  
33 *and linkage to services for individuals with mental health disorders*  
34 *at various points of access, such as at designated community-based*  
35 *service points, homeless shelters, schools, and clinics.*
- 36    (vii) *Expand family respite care to help families and sustain*  
37 *caregiver health and well-being.*
- 38    (viii) *Expand family supportive training and related services*  
39 *designed to help families participate in the planning process,*  
40 *access services, and navigate programs.*

1     (ix) *Reduce unnecessary hospitalizations and inpatient days by*  
2 *appropriately utilizing community-based services.*

3     (x) *Reduce recidivism and mitigate unnecessary expenditures*  
4 *of local law enforcement.*

5     (xi) *Provide local communities with increased financial*  
6 *resources to leverage additional public and private funding sources*  
7 *to achieve improved networks of care for children and youth 21*  
8 *years of age and under with a mental health disorder.*

9     (c) *Through appropriations provided in the annual Budget Act*  
10 *for this purpose, it is the intent of the Legislature to authorize the*  
11 *California Health Facilities Financing Authority, hereafter referred*  
12 *to as the authority, and the Behavioral Health Services Oversight*  
13 *and Accountability Commission, hereafter referred to as the*  
14 *commission, to administer competitive selection processes or a*  
15 *sole-source contracting process as provided in this section for*  
16 *capital capacity and program expansion to increase capacity for*  
17 *mobile crisis support, crisis intervention, crisis stabilization*  
18 *services, crisis residential treatment, and specified personnel*  
19 *resources.*

20     (d) (1) *Funds appropriated by the Legislature to the authority*  
21 *for purposes of this section shall be made available to selected*  
22 *counties or counties acting jointly.*

23     (2) *The authority may, at its discretion, give consideration to*  
24 *private nonprofit corporations and public agencies in an area or*  
25 *region of the state if a county, or counties acting jointly,*  
26 *affirmatively supports this designation and collaboration in lieu*  
27 *of a county government directly receiving grant funds.*

28     (3) *Grant awards made by the authority shall be used to expand*  
29 *local resources for the development, capital, equipment acquisition,*  
30 *and applicable program startup or expansion costs to increase*  
31 *capacity for client assistance and services in the following areas:*

32     (A) *Crisis intervention as authorized by Sections 14021.4,*  
33 *14680, and 14684.*

34     (B) *Crisis stabilization as authorized by Sections 14021.4,*  
35 *14680, and 14684.*

36     (C) *Crisis residential treatment as authorized by Sections*  
37 *14021.4, 14680, and 14684 and as provided at a children's crisis*  
38 *residential program as defined in Section 1502 of the Health and*  
39 *Safety Code.*

1 (D) Rehabilitative mental health services as authorized by  
2 Sections 14021.4, 14680, and 14684.

3 (E) Mobile crisis support teams, including personnel and  
4 equipment, such as the purchase of vehicles.

5 (4) (A) The authority shall develop selection criteria to expand  
6 local resources, including those described in paragraph (3), and  
7 processes for awarding grants after consulting with representatives  
8 and interested stakeholders from the mental health community,  
9 including, but not limited to, the County Behavioral Health  
10 Directors Association of California, service providers, consumer  
11 organizations, and other appropriate interests, such as health care  
12 providers and law enforcement, as determined by the authority.

13 (B) The authority shall ensure that grants result in cost-effective  
14 expansion of the number of community-based crisis resources in  
15 regions and communities selected for funding.

16 (C) The authority shall also take into account at least the  
17 following criteria and factors when selecting recipients of grants  
18 and determining the amount of grant awards:

19 (i) Description of need, including, at a minimum, a  
20 comprehensive description of the project, community need,  
21 population to be served, linkage with other public systems of health  
22 and mental health care, linkage with local law enforcement, social  
23 services, and related assistance, as applicable, and a description  
24 of the request for funding.

25 (ii) Ability to serve the target population, which includes  
26 individuals eligible for Medi-Cal and individuals eligible for county  
27 health and mental health services.

28 (iii) Geographic areas or regions of the state to be eligible for  
29 grant awards, which may include rural, suburban, and urban  
30 areas, and may include use of the five regional designations utilized  
31 by the County Behavioral Health Directors Association of  
32 California.

33 (iv) Level of community engagement and commitment to project  
34 completion.

35 (v) Financial support that, in addition to a grant that may be  
36 awarded by the authority, will be sufficient to complete and operate  
37 the project for which the grant from the authority is awarded.

38 (vi) Ability to provide additional funding support to the project,  
39 including public or private funding, federal tax credits and grants,  
40 foundation support, and other collaborative efforts.

1 (vii) Memorandum of understanding among project partners,  
2 if applicable.

3 (viii) Information regarding the legal status of the collaborating  
4 partners, if applicable.

5 (ix) Ability to measure key outcomes, including improved access  
6 to services, health, and mental health outcomes, and cost benefit  
7 of the project.

8 (5) (A) The authority shall determine maximum grants awards,  
9 which shall take into consideration the number of projects awarded  
10 to the grantee, as described in paragraph (3), and shall reflect  
11 reasonable costs for the project and geographic region.

12 (B) The authority may allocate a grant in increments contingent  
13 upon the phases of a project.

14 (6) Funds awarded by the authority pursuant to this section  
15 may be used to supplement, but not to supplant, existing financial  
16 and resource commitments of the grantee or another member of  
17 a collaborative effort that has been awarded a grant.

18 (7) (A) All projects that are awarded grants by the authority  
19 shall be completed within a reasonable period of time, to be  
20 determined by the authority.

21 (B) Funds shall not be released by the authority until the  
22 applicant demonstrates project readiness to the authority's  
23 satisfaction.

24 (C) If the authority determines that a grant recipient has failed  
25 to complete the project under the terms specified in awarding the  
26 grant, the authority may require remedies, including the return of  
27 all or a portion of the grant.

28 (8) A grantee that receives a grant from the authority under this  
29 section shall commit to using that capital capacity and program  
30 expansion project, such as the mobile crisis team, crisis  
31 stabilization unit, or crisis residential treatment program, for the  
32 duration of the expected life of the project.

33 (9) The authority may consult with a technical assistance entity,  
34 as described in paragraph (5) of subdivision (a) of Section 4061,  
35 for purposes of implementing this section.

36 (10) The authority may adopt emergency regulations relating  
37 to the grants for the capital capacity and program expansion  
38 projects described in this section, including emergency regulations  
39 that define eligible costs and determine minimum and maximum  
40 grant amounts.

1     (11) *The authority shall provide reports to the fiscal and policy*  
2 *committees of the Legislature on or before May 1, 2014, and on*  
3 *or before May 1, 2015, on the progress of implementation, that*  
4 *include, but are not limited to, the following:*

- 5     (A) *A description of each project awarded funding.*
- 6     (B) *The amount of each grant issued.*
- 7     (C) *A description of other sources of funding for each project.*
- 8     (D) *The total amount of grants issued.*
- 9     (E) *A description of project operation and implementation,*  
10 *including who is being served.*

11     (12) *A recipient of a grant provided pursuant to paragraph (1)*  
12 *shall adhere to all applicable laws relating to scope of practice,*  
13 *licensure, certification, workforce, and building codes.*

14     (e) *Of the funds specified in paragraph (8) of subdivision (b),*  
15 *it is the intent of the Legislature to authorize the authority to*  
16 *administer competitive selection processes as provided in this*  
17 *section for capital capacity and program expansion to increase*  
18 *capacity for mobile crisis support, crisis intervention, crisis*  
19 *stabilization services, crisis residential treatment, family respite*  
20 *care, family supportive training and related services, and triage*  
21 *personnel resources for children and youth 21 years of age and*  
22 *under.*

23     (f) (1) *Funds appropriated by the Legislature to the authority*  
24 *to address crisis services for children and youth 21 years of age*  
25 *and under for the purposes of this section shall be made available*  
26 *to selected counties or counties acting jointly.*

27     (2) *The authority may, at its discretion, also give consideration*  
28 *to private nonprofit corporations and public agencies in an area*  
29 *or region of the state if a county, or counties acting jointly,*  
30 *affirmatively support this designation and collaboration in lieu of*  
31 *a county government directly receiving grant funds.*

32     (3) *Grant awards made by the authority shall be used to expand*  
33 *local resources for the development, capital, equipment acquisition,*  
34 *and applicable program startup or expansion costs to increase*  
35 *capacity for client assistance and crisis services for children and*  
36 *youth 21 years of age and under in the following areas:*

37     (A) *Crisis intervention as authorized by Sections 14021.4,*  
38 *14680, and 14684.*

39     (B) *Crisis stabilization as authorized by Sections 14021.4,*  
40 *14680, and 14684.*

1 (C) Crisis residential treatment as authorized by Sections  
2 14021.4, 14680, and 14684 and as provided at a children’s crisis  
3 residential program as defined in Section 1502 of the Health and  
4 Safety Code.

5 (D) Mobile crisis support teams, including the purchase of  
6 equipment and vehicles.

7 (E) Family respite care.

8 (4) (A) The authority shall develop selection criteria to expand  
9 local resources, including those described in paragraph (3), and  
10 processes for awarding grants after consulting with representatives  
11 and interested stakeholders from the mental health community,  
12 including, but not limited to, county mental health directors, service  
13 providers, consumer organizations, and other appropriate interests,  
14 such as health care providers and law enforcement, as determined  
15 by the authority.

16 (B) The authority shall ensure that grants result in cost-effective  
17 expansion of the number of community-based crisis resources in  
18 regions and communities selected for funding.

19 (C) The authority shall also take into account at least the  
20 following criteria and factors when selecting recipients of grants  
21 and determining the amount of grant awards:

22 (i) Description of need, including, at a minimum, a  
23 comprehensive description of the project, community need,  
24 population to be served, linkage with other public systems of health  
25 and mental health care, linkage with local law enforcement, social  
26 services, and related assistance, as applicable, and a description  
27 of the request for funding.

28 (ii) Ability to serve the target population, which includes  
29 individuals eligible for Medi-Cal and individuals eligible for county  
30 health and mental health services.

31 (iii) Geographic areas or regions of the state to be eligible for  
32 grant awards, which may include rural, suburban, and urban  
33 areas, and may include use of the five regional designations utilized  
34 by the California Behavioral Health Directors Association.

35 (iv) Level of community engagement and commitment to project  
36 completion.

37 (v) Financial support that, in addition to a grant that may be  
38 awarded by the authority, will be sufficient to complete and operate  
39 the project for which the grant from the authority is awarded.

- 1 (vi) Ability to provide additional funding support to the project,  
2 including public or private funding, federal tax credits and grants,  
3 foundation support, and other collaborative efforts.
- 4 (vii) Memorandum of understanding among project partners,  
5 if applicable.
- 6 (viii) Information regarding the legal status of the collaborating  
7 partners, if applicable.
- 8 (ix) Ability to measure key outcomes, including utilization of  
9 services, health and mental health outcomes, and cost benefit of  
10 the project.
- 11 (5) (A) The authority shall determine maximum grant awards,  
12 which shall take into consideration the number of projects awarded  
13 to the grantee, as described in paragraph (1), and shall reflect  
14 reasonable costs for the project, geographic region, and target  
15 ages.
- 16 (B) The authority may allocate a grant in increments contingent  
17 upon the phases of a project.
- 18 (6) Funds awarded by the authority pursuant to this section  
19 may be used to supplement, but not to supplant, existing financial  
20 and resource commitments of the grantee or another member of  
21 a collaborative effort that has been awarded a grant.
- 22 (7) (A) All projects that are awarded grants by the authority  
23 shall be completed within a reasonable period of time, to be  
24 determined by the authority.
- 25 (B) Funds shall not be released by the authority until the  
26 applicant demonstrates project readiness to the authority's  
27 satisfaction.
- 28 (C) If the authority determines that a grant recipient has failed  
29 to complete the project under the terms specified in awarding the  
30 grant, the authority may require remedies, including the return of  
31 all, or a portion, of the grant.
- 32 (8) A grantee that receives a grant from the authority under this  
33 section shall commit to using that capital capacity and program  
34 expansion project, such as the mobile crisis team, crisis  
35 stabilization unit, family respite care, or crisis residential treatment  
36 program, for the duration of the expected life of the project.
- 37 (9) The authority may consult with a technical assistance entity,  
38 as described in paragraph (5) of subdivision (a) of Section 4061,  
39 for the purposes of implementing this section.



1     (10) *The authority may adopt emergency regulations relating*  
2 *to the grants for the capital capacity and program expansion*  
3 *projects described in this section, including emergency regulations*  
4 *that define eligible costs and determine minimum and maximum*  
5 *grant amounts.*

6     (11) *The authority shall provide reports to the fiscal and policy*  
7 *committees of the Legislature on or before January 10, 2018, and*  
8 *annually thereafter, on the progress of implementation, that*  
9 *include, but are not limited to, all of the following:*

10     (A) *A description of each project awarded funding.*

11     (B) *The amount of each grant issued.*

12     (C) *A description of other sources of funding for each project.*

13     (D) *The total amount of grants issued.*

14     (E) *A description of project operation and implementation,*  
15 *including who is being served.*

16     (12) *A recipient of a grant provided pursuant to paragraph (1)*  
17 *shall adhere to all applicable laws relating to scope of practice,*  
18 *licensure, certification, workforce, and building codes.*

19     (g) (1) (A) *Funds appropriated by the Legislature to the*  
20 *commission for purposes of this section shall be allocated to*  
21 *support crisis prevention, early intervention, and crisis response*  
22 *strategies, as determined by the commission with input from peers,*  
23 *county behavioral health agencies, community-based*  
24 *organizations, and others.*

25     (B) *In allocating these funds, the commission shall consult with*  
26 *the California Health and Human Services Agency and other state*  
27 *agencies as needed, to leverage existing funds and share best*  
28 *practices and shall take into consideration data on populations at*  
29 *risk for experiencing a mental health crisis, including the needs*  
30 *of early childhood, children and youth, transition-age youth, adults,*  
31 *and older adults.*

32     (C) *These funds shall be made available to selected entities,*  
33 *including, but not limited to, counties, counties acting jointly, city*  
34 *mental health departments, other local governmental agencies*  
35 *and community-based organizations, such as health care providers,*  
36 *hospitals, health systems, childcare providers, early childhood*  
37 *education providers, and other entities as determined by the*  
38 *commission through a competitive selection process or a*  
39 *sole-source process, as determined by the commission.*

1 (D) *The commission may utilize a sole-source process when it*  
2 *determines, during a public hearing, that it is in the public interest*  
3 *to do so and would address barriers to participation for local*  
4 *governmental agencies, including small counties, other local*  
5 *agencies, and community-based organizations or is aligned with*  
6 *the goals of this section.*

7 (E) *It is the intent of the Legislature for these funds to be*  
8 *allocated in an efficient manner to encourage prevention, early*  
9 *intervention, and receipt of needed services for individuals with*  
10 *mental health needs, or who are at risk of needing crisis services,*  
11 *and to assist in navigating the local service sector to improve*  
12 *efficiencies and the delivery of services.*

13 (F) *The commission shall consider existing data sources for*  
14 *populations who are at higher risk for experiencing a mental health*  
15 *crisis when allocating these funds.*

16 (2) *Funding may be used to support services, supports,*  
17 *education, and training that are offered in person, by telephone,*  
18 *by videoconference, or by telehealth with the individual in need*  
19 *of assistance, their significant support person, or others, and may*  
20 *be provided anywhere in the community. These service and related*  
21 *activities may include, but are not limited to, the following:*

22 (A) *Communication, coordination, and referral.*

23 (B) *Monitoring service delivery to ensure the individual accesses*  
24 *and receives services.*

25 (C) *Monitoring the individual's progress.*

26 (D) *Providing placement service assistance and service plan*  
27 *development.*

28 (E) *Education and training.*

29 (F) *Innovative, best practice, evidence-based, and related*  
30 *approaches to support crisis prevention, early intervention, and*  
31 *crisis response.*

32 (3) *The commission shall take into account at least the following*  
33 *criteria and factors when selecting recipients and determining the*  
34 *amount of grant awards as follows:*

35 (A) *Description of need, including potential gaps in local service*  
36 *connections.*

37 (B) *Description of funding request, including use of peers and*  
38 *peer support.*

1 (C) Description of how funding will be used to facilitate linkage  
2 and access to services, including objectives and anticipated  
3 outcomes.

4 (D) Ability to obtain federal Medicaid reimbursement, if  
5 applicable.

6 (E) Ability to administer an effective service program and the  
7 degree to which local agencies and service providers will support  
8 and collaborate with the effort.

9 (F) Geographic areas or regions of the state to be eligible for  
10 grant awards, which shall include rural, suburban, and urban  
11 areas, and may include use of the five regional designations utilized  
12 by the County Behavioral Health Directors Association of  
13 California.

14 (4) The commission shall determine maximum grant awards  
15 and shall take into consideration the level of need, population to  
16 be served, and related criteria, as described in paragraph (2), and  
17 shall reflect reasonable costs.

18 (5) Funds awarded by the commission for purposes of this  
19 section may be used to supplement, but not supplant, existing  
20 financial and resource commitments of the entities that receive  
21 the grant.

22 (6) (A) Notwithstanding any other law, a county, counties acting  
23 jointly, a city mental health department, a community-based  
24 organization, or other entity that receives an award of funds for  
25 the purpose of supporting crisis prevention, early intervention,  
26 and crisis response strategies pursuant to this subdivision may be  
27 required to provide a matching contribution of local funds.

28 (B) The commission may, at its discretion, allow and approve  
29 grants that include matching funds, in whole or in part, to enhance  
30 the impact of limited public funding. Matching fund requirements  
31 shall not be designed in a manner that will prevent participation  
32 from local agencies, community-based organizations, or other  
33 entities that are eligible to participate in the funding opportunities  
34 created by this section.

35 (7) Notwithstanding any other law, the commission, without  
36 taking any further regulatory action, may implement, interpret, or  
37 make specific this section by means of informational letters,  
38 bulletins, or similar instructions.

1     (h) *This section shall become operative on January 1, 2025, if*  
2 *amendments to the Mental Health Services Act are approved by*  
3 *the voters at the March 5, 2024, statewide primary election.*

4     SEC. 58. *Section 5849.1 of the Welfare and Institutions Code*  
5 *is amended to read:*

6     5849.1. (a) The Legislature finds and declares that this part is  
7 consistent with and furthers the purposes of the Mental Health  
8 Services Act, enacted by Proposition 63 at the November 2, 2004,  
9 statewide general election, within the meaning of Section 18 of  
10 that measure.

11     (b) The Legislature further finds and declares all of the  
12 following:

13     (1) Housing is a key factor for stabilization and recovery to  
14 occur and results in improved outcomes for individuals living with  
15 a mental illness.

16     (2) Untreated mental illness can increase the risk of  
17 homelessness, especially for single adults.

18     (3) California has the nation’s largest homeless population that  
19 is disproportionally comprised of women with children, veterans,  
20 and the chronically homeless.

21     (4) California has the largest number of homeless veterans in  
22 the United States at 24 percent of the total population in our nation.  
23 Fifty percent of California’s veterans live with serious mental  
24 illness and 70 percent have a substance use disorder.

25     (5) Fifty percent of mothers experiencing homelessness have  
26 experienced a major depressive episode since becoming homeless  
27 and 36 percent of these mothers live with post-traumatic stress  
28 disorder and 41 percent have a substance use disorder.

29     (6) Ninety-three percent of supportive housing tenants who live  
30 with mental illness and substance use disorders voluntarily  
31 participated in the services offered.

32     (7) Adults who receive two years of “whatever-it-takes,” or Full  
33 Service Partnership services, experience a 68 percent reduction in  
34 homelessness.

35     (8) For every dollar of bond funds invested in permanent  
36 supportive housing, the state and local governments can leverage  
37 a significant amount of additional dollars through tax credits,  
38 Medicaid health services funding, and other housing development  
39 funds.

1 (9) Tenants of permanent supportive housing reduced their visits  
2 to the emergency department by 56 percent, and their hospital  
3 admissions by 45 percent.

4 (10) The cost in public services for a chronically homeless  
5 Californian ranges from \$60,000 to \$100,000 annually. When  
6 housed, these costs are cut in half and some reports show reductions  
7 in cost of more than 70 percent, including potentially less  
8 involvement with the health and criminal justice systems.

9 (11) Californians have identified homelessness as their top tier  
10 priority; this measure seeks to address the needs of the most  
11 vulnerable people within this population.

12 (12) Having counties provide mental health programming and  
13 services is a benefit to the state.

14 (13) The Department of Housing and Community Development  
15 is the state entity with sufficient expertise to implement and oversee  
16 a grant or loan program for permanent supportive housing of the  
17 target population.

18 (14) The California Health Facilities Financing Authority is  
19 authorized by law to issue bonds and to consult with the Mental  
20 Health Services Oversight and Accountability Commission and  
21 the State Department of Health Care Services concerning the  
22 implementation of a grant or loan program for California counties  
23 to support the development of programs that increase access to,  
24 and capacity for, crisis mental health services. It is therefore  
25 appropriate for the authority to issue bonds and contract for services  
26 with the Department of Housing and Community Development to  
27 provide grants or loans to California counties for permanent  
28 supportive housing for the target population.

29 (15) Use of bond funding will accelerate the availability of  
30 funding for the grant or loan program to provide permanent  
31 supportive housing for the target population as compared to relying  
32 on annual allocations from the Mental Health Services Fund and  
33 better allow counties to provide permanent supportive housing for  
34 homeless individuals living with mental illness.

35 (16) The findings and declarations set forth in subdivision (c)  
36 of Section 5849.35 are hereby incorporated herein.

37 *(c) If amendments to the Mental Health Services Act are*  
38 *approved by the voters at the March 5, 2024, statewide primary*  
39 *election, this section shall become inoperative on January 1, 2025,*  
40 *and as of that date, is repealed.*

1     *SEC. 59. Section 5849.1 is added to the Welfare and Institutions*  
2     *Code, to read:*

3     *5849.1. (a) The Legislature finds and declares that this part*  
4     *is consistent with and furthers the purposes of the Mental Health*  
5     *Services Act, enacted by Proposition 63 at the November 2, 2004,*  
6     *statewide general election, within the meaning of Section 18 of*  
7     *that measure.*

8     *(b) The Legislature further finds and declares all of the*  
9     *following:*

10    *(1) Housing is a key factor for stabilization and recovery to*  
11    *occur and results in improved outcomes for individuals living with*  
12    *a mental illness.*

13    *(2) Untreated mental illness can increase the risk of*  
14    *homelessness, especially for single adults.*

15    *(3) California has the nation's largest homeless population,*  
16    *which is disproportionately comprised of women with children,*  
17    *veterans, and the chronically homeless.*

18    *(4) California has the largest number of homeless veterans in*  
19    *the United States at 24 percent of the total population in our nation.*  
20    *Fifty percent of California's veterans live with serious mental*  
21    *illness and 70 percent have a substance use disorder.*

22    *(5) Fifty percent of mothers experiencing homelessness have*  
23    *experienced a major depressive episode since becoming homeless,*  
24    *and 36 percent of these mothers live with post-traumatic stress*  
25    *disorder and 41 percent have a substance use disorder.*

26    *(6) Ninety-three percent of supportive housing tenants who live*  
27    *with mental illness and substance use disorders voluntarily*  
28    *participated in the services offered.*

29    *(7) Adults who receive two years of "whatever-it-takes," or*  
30    *Full-Service Partnership services, experience a 68-percent*  
31    *reduction in homelessness.*

32    *(8) For every dollar of bond funds invested in permanent*  
33    *supportive housing, the state and local governments can leverage*  
34    *a significant amount of additional dollars through tax credits,*  
35    *Medicaid health services funding, and other housing development*  
36    *funds.*

37    *(9) Tenants of permanent supportive housing reduced their visits*  
38    *to the emergency department by 56 percent and their hospital*  
39    *admissions by 45 percent.*

1 (10) The cost in public services for a chronically homeless  
2 Californian ranges from \$60,000 to \$100,000 annually. When  
3 housed, these costs are cut in half and some reports show  
4 reductions in cost of more than 70 percent, including potentially  
5 less involvement with the health and criminal justice systems.

6 (11) Californians have identified homelessness as their top tier  
7 priority. This measure seeks to address the needs of the most  
8 vulnerable people within this population.

9 (12) Having counties provide mental health programming and  
10 services is a benefit to the state.

11 (13) The Department of Housing and Community Development  
12 is the state entity with sufficient expertise to implement and oversee  
13 a grant or loan program for permanent supportive housing of the  
14 target population.

15 (14) The California Health Facilities Financing Authority is  
16 authorized by law to issue bonds and to consult with the Behavioral  
17 Health Services Oversight and Accountability Commission and  
18 the State Department of Health Care Services concerning the  
19 implementation of a grant or loan program for California counties  
20 to support the development of programs that increase access to,  
21 and capacity for, crisis mental health services. It is therefore  
22 appropriate for the authority to issue bonds and contract for  
23 services with the Department of Housing and Community  
24 Development to provide grants or loans to California counties for  
25 permanent supportive housing for the target population.

26 (15) Use of bond funding will accelerate the availability of  
27 funding for the grant or loan program to provide permanent  
28 supportive housing for the target population as compared to relying  
29 on annual allocations from the Behavioral Health Services Fund  
30 and better allow counties to provide permanent supportive housing  
31 for homeless individuals living with mental illness.

32 (16) The findings and declarations set forth in subdivision (c)  
33 of Section 5849.35 are hereby incorporated herein.

34 (c) This section shall become operative on January 1, 2025, if  
35 amendments to the Mental Health Services Act are approved by  
36 the voters at the March 5, 2024, statewide primary election.

37 SEC. 60. Section 5849.2 of the Welfare and Institutions Code  
38 is amended to read:

39 5849.2. As used in this part, the following definitions shall  
40 apply:

1 (a) “At risk of chronic homelessness” includes, but is not limited  
2 to, persons who are at high risk of long-term or intermittent  
3 homelessness, including persons with mental illness exiting  
4 institutionalized settings, including, but not limited to, jail and  
5 mental health facilities, who were homeless prior to admission,  
6 transition age youth experiencing homelessness or with significant  
7 barriers to housing stability, and others, as defined in program  
8 guidelines.

9 (b) “Authority” means the California Health Facilities Financing  
10 Authority established pursuant to Part 7.2 (commencing with  
11 Section 15430) of Division 3 of Title 2 of the Government Code.

12 (c) “Chronically homeless” has the same meaning as defined  
13 in Section 578.3 of Title 24 of the Code of Federal Regulations,  
14 as that section read on May 1, 2016.

15 (d) “Commission” means the Mental Health Services Oversight  
16 and Accountability Commission established by Section 5845.

17 (e) “Committee” means the No Place Like Home Program  
18 Advisory Committee established pursuant to Section 5849.3.

19 (f) “County” includes, but is not limited to, a city and county,  
20 and a city receiving funds pursuant to Section 5701.5.

21 (g) “Department” means the Department of Housing and  
22 Community Development.

23 (h) “Development sponsor” has the same meaning as “sponsor”  
24 as defined in Section 50675.2 of the Health and Safety Code.

25 (i) “Fund” means the No Place Like Home Fund established  
26 pursuant to Section 5849.4.

27 (j) “Homeless” has the same meaning as defined in Section  
28 578.3 of Title 24 of the Code of Federal Regulations, as that section  
29 read on May 1, 2016.

30 (k) “Permanent supportive housing” has the same meaning as  
31 “supportive housing,” as defined in Section 50675.14 of the Health  
32 and Safety Code, except that “permanent supportive housing” shall  
33 include associated facilities if used to provide services to housing  
34 residents.

35 (l) “Program” means the process for awarding funds and  
36 distributing moneys to applicants established in Sections 5849.7,  
37 5849.8, and 5849.9 and the ongoing monitoring and enforcement  
38 of the applicants’ activities pursuant to Sections 5849.8, 5849.9,  
39 and 5849.11.



1 (1) “Competitive program” means that portion of the program  
2 established by Section 5849.8.

3 (2) “Distribution program” means that portion of the program  
4 described in Section 5849.9.

5 (m) “Target population” means individuals or households as  
6 provided in Section 5600.3 who are homeless, chronically  
7 homeless, or at risk of chronic homelessness.

8 (n) *If amendments to the Mental Health Services Act are*  
9 *approved by the voters at the March 5, 2024, statewide primary*  
10 *election, this section shall become inoperative on January 1, 2025,*  
11 *and as of that date is repealed.*

12 *SEC. 61. Section 5849.2 is added to the Welfare and Institutions*  
13 *Code, to read:*

14 *5849.2. As used in this part, the following definitions shall*  
15 *apply:*

16 (a) *“At risk of chronic homelessness” includes, but is not limited*  
17 *to, persons who are at high risk of long-term or intermittent*  
18 *homelessness, including persons with mental illness exiting*  
19 *institutionalized settings, including, but not limited to, jail, mental*  
20 *health, and substance use disorder facilities, who were homeless*  
21 *prior to admission, transition-age youth experiencing homelessness*  
22 *or with significant barriers to housing stability, and others, as*  
23 *defined in program guidelines.*

24 (b) *“Authority” means the California Health Facilities*  
25 *Financing Authority established pursuant to Part 7.2 (commencing*  
26 *with Section 15430) of Division 3 of Title 2 of the Government*  
27 *Code.*

28 (c) *“Chronically homeless” has the same meaning as defined*  
29 *in Section 578.3 of Title 24 of the Code of Federal Regulations as*  
30 *that section read on May 1, 2016.*

31 (d) *“Commission” means the Behavioral Health Services*  
32 *Oversight and Accountability Commission established by Section*  
33 *5845.*

34 (e) *“Committee” means the No Place Like Home Program*  
35 *Advisory Committee established pursuant to Section 5849.3.*

36 (f) *“County” includes, but is not limited to, a city and a city*  
37 *and county receiving funds pursuant to Section 5701.5.*

38 (g) *“Department” means the Department of Housing and*  
39 *Community Development.*

1 (h) “Development sponsor” has the same meaning as “sponsor”  
2 as defined in Section 50675.2 of the Health and Safety Code.

3 (i) “Fund” means the No Place Like Home Fund established  
4 pursuant to Section 5849.4.

5 (j) “Homeless” has the same meaning as defined in Section  
6 578.3 of Title 24 of the Code of Federal Regulations as that section  
7 read on May 1, 2016.

8 (k) “Permanent supportive housing” has the same meaning as  
9 “supportive housing,” as defined in Section 50675.14 of the Health  
10 and Safety Code, except that “permanent supportive housing”  
11 shall include associated facilities if used to provide services to  
12 housing residents.

13 (l) (1) “Program” means the process for awarding funds and  
14 distributing moneys to applicants established in Sections 5849.7,  
15 5849.8, and 5849.9 and the ongoing monitoring and enforcement  
16 of the applicants’ activities pursuant to Sections 5849.8, 5849.9,  
17 and 5849.11.

18 (2) “Competitive program” means the portion of the program  
19 established by Section 5849.8.

20 (3) “Distribution program” means the portion of the program  
21 described in Section 5849.9.

22 (m) “Target population” means individuals or households, as  
23 provided in Section 5600.3, who are homeless, chronically  
24 homeless, or at risk of chronic homelessness.

25 (n) This section shall become operative on January 1, 2025, if  
26 amendments to the Mental Health Services Act are approved by  
27 the voters at the March 5, 2024, statewide primary election.

28 SEC. 62. Section 5849.3 of the Welfare and Institutions Code  
29 is amended to read:

30 5849.3. (a) There is hereby established the No Place Like  
31 Home Program Advisory Committee. Membership on the  
32 committee shall be as follows:

33 (1) The Director of Housing and Community Development, or  
34 ~~his or her~~ their designee, who shall serve as the chairperson of the  
35 committee.

36 (2) The Director of Health Care Services, or ~~his or her~~ their  
37 designee, and an additional representative.

38 (3) The Secretary of Veterans Affairs, or ~~his or her~~ their  
39 designee.

40 (4) The Director of Social Services, or ~~his or her~~ their designee.

1 (5) The Treasurer, or ~~his or her~~ *their* designee.

2 (6) The Chair of the Mental Health Services Oversight and  
3 Accountability Commission, or ~~his or her~~ *their* designee.

4 (7) A chief administrative officer of a small county or a member  
5 of a county board of supervisors of a small county, as provided by  
6 subdivision (d) of Section 5849.6, to be appointed by the Governor.

7 (8) A chief administrative officer of a large county or a member  
8 of a county board of supervisors of a large county, as provided by  
9 subdivision (b) of Section 5849.6, to be appointed by the Governor.

10 (9) A director of a county behavioral health department, to be  
11 appointed by the Governor.

12 (10) An administrative officer of a city, to be appointed by the  
13 Governor.

14 (11) A representative of an affordable housing organization, to  
15 be appointed by the Speaker of the Assembly.

16 (12) A resident of supportive housing, to be appointed by the  
17 Governor.

18 (13) A representative of a community mental health  
19 organization, to be appointed by the Senate Committee on Rules.

20 (14) A representative of a local or regional continuum of care  
21 organization that coordinates homelessness funding, to be  
22 appointed by the Governor.

23 (b) The committee shall do all of the following:

24 (1) Assist and advise the department in the implementation of  
25 the program.

26 (2) Review and make recommendations on the department's  
27 guidelines.

28 (3) Review the department's progress in distributing moneys  
29 pursuant to this part.

30 (4) Provide advice and guidance more broadly on statewide  
31 homelessness issues.

32 *(c) If amendments to the Mental Health Services Act are*  
33 *approved by the voters at the March 5, 2024, statewide primary*  
34 *election, this section shall become inoperative on January 1, 2025,*  
35 *and as of that date is repealed.*

36 *SEC. 63. Section 5849.3 is added to the Welfare and Institutions*  
37 *Code, to read:*

38 *5849.3. (a) There is hereby established the No Place Like*  
39 *Home Program Advisory Committee. Membership on the committee*  
40 *shall be as follows:*

- 1     (1) *The Director of Housing and Community Development, or*  
2 *their designee, who shall serve as the chairperson of the committee.*
- 3     (2) *The Director of Health Care Services, or their designee,*  
4 *and an additional representative.*
- 5     (3) *The Secretary of Veterans Affairs or their designee.*
- 6     (4) *The Director of Social Services or their designee.*
- 7     (5) *The Treasurer or their designee.*
- 8     (6) *The Chair of the Behavioral Health Services Oversight and*  
9 *Accountability Commission or their designee.*
- 10    (7) *A chief administrative officer of a small county or a member*  
11 *of a county board of supervisors of a small county, as provided by*  
12 *subdivision (d) of Section 5849.6, to be appointed by the Governor.*
- 13    (8) *A chief administrative officer of a large county or a member*  
14 *of a county board of supervisors of a large county, as provided by*  
15 *subdivision (b) of Section 5849.6, to be appointed by the Governor.*
- 16    (9) *A director of a county behavioral health department, to be*  
17 *appointed by the Governor.*
- 18    (10) *An administrative officer of a city, to be appointed by the*  
19 *Governor.*
- 20    (11) *A representative of an affordable housing organization, to*  
21 *be appointed by the Speaker of the Assembly.*
- 22    (12) *A resident of supportive housing, to be appointed by the*  
23 *Governor.*
- 24    (13) *A representative of a community behavioral health*  
25 *organization, to be appointed by the Senate Committee on Rules.*
- 26    (14) *A representative of a local or regional continuum of care*  
27 *organization that coordinates homelessness funding, to be*  
28 *appointed by the Governor.*
- 29    (b) *The committee shall do all of the following:*
- 30      (1) *Assist and advise the department in the implementation of*  
31 *the program.*
- 32      (2) *Review and make recommendations on the department's*  
33 *guidelines.*
- 34      (3) *Review the department's progress in distributing moneys*  
35 *pursuant to this part.*
- 36      (4) *Provide advice and guidance more broadly on statewide*  
37 *homelessness issues.*
- 38    (c) *This section shall become operative on January 1, 2025, if*  
39 *amendments to the Mental Health Services Act are approved by*  
40 *the voters at the March 5, 2024, statewide primary election.*

1     *SEC. 64. Section 5852.5 of the Welfare and Institutions Code*  
2     *is amended to read:*

3     5852.5. The State Department of Health Care Services, in  
4     consultation with the Mental Health Services Oversight and  
5     Accountability Commission shall review those counties that have  
6     been awarded funds to implement a comprehensive system for the  
7     delivery of mental health services to children with serious  
8     emotional disturbance and to their families or foster families to  
9     determine compliance with either of the following:

10    (a) The total estimated cost avoidance in all of the following  
11    categories shall equal or exceed the applications for funding award  
12    moneys:

13    (1) Group home costs paid by Aid to Families with Dependent  
14    Children-Foster Care (AFDC-FC) program.

15    (2) Children and adolescent state hospital and acute inpatient  
16    programs.

17    (3) Nonpublic school residential placement costs.

18    (4) Juvenile justice reincarcerations.

19    (5) Other short- and long-term savings in public funds resulting  
20    from the applications for funding award moneys.

21    (b) If the department determines that the total cost avoidance  
22    listed in subdivision (a) does not equal or exceed applications for  
23    funding award amounts, the department shall determine that the  
24    county that has been awarded funding shall achieve substantial  
25    compliance with all of the following goals:

26    (1) Total cost avoidance in the categories listed in subdivision  
27    (a) to exceed 50 percent of the applications for funding award  
28    moneys.

29    (2) A 20-percent reduction in out-of-county ordered placements  
30    of juvenile justice wards and social service dependents.

31    (3) A statistically significant reduction in the rate of recidivism  
32    by juvenile offenders.

33    (4) A 25-percent reduction in the rate of state hospitalization of  
34    minors from placements of special education pupils.

35    (5) A 10-percent reduction in out-of-county nonpublic school  
36    residential placements of special education pupils.

37    (6) Allow at least 50 percent of children at risk of imminent  
38    placement served by the intensive in-home crisis treatment  
39    programs, which are wholly or partially funded by applications  
40    for funding award moneys, to remain at home at least six months.

1 (7) Statistically significant improvement in school attendance  
2 and academic performance of seriously emotionally disturbed  
3 special education pupils treated in day treatment programs which  
4 are wholly or partially funded by applications for funding award  
5 moneys.

6 (8) Statistically significant increases in services provided in  
7 nonclinic settings among agencies.

8 (9) Increase in ethnic minority and gender access to services  
9 proportionate to the percentage of these groups in the county's  
10 school-age population.

11 (c) *If amendments to the Mental Health Services Act are*  
12 *approved by the voters at the March 5, 2024, statewide primary*  
13 *election, this section shall become inoperative on January 1, 2025,*  
14 *and as of that date is repealed.*

15 *SEC. 65. Section 5852.5 is added to the Welfare and Institutions*  
16 *Code, to read:*

17 *5852.5. The State Department of Health Care Services, in*  
18 *consultation with the Behavioral Health Services Oversight and*  
19 *Accountability Commission, shall review those counties that have*  
20 *been awarded funds to implement a comprehensive system for the*  
21 *delivery of mental health and substance use disorder treatment*  
22 *services to children with a serious emotional disturbance and to*  
23 *their families or foster families to determine compliance with either*  
24 *of the following:*

25 (a) *The total estimated cost avoidance in all of the following*  
26 *categories shall equal or exceed the applications for funding award*  
27 *moneys:*

28 (1) *Group home costs paid by Aid to Families with Dependent*  
29 *Children-Foster Care (AFDC-FC) program.*

30 (2) *Children and adolescent state hospital and acute inpatient*  
31 *programs.*

32 (3) *Nonpublic school residential placement costs.*

33 (4) *Juvenile justice reincarcerations.*

34 (5) *Other short- and long-term savings in public funds resulting*  
35 *from the applications for funding award moneys.*

36 (b) *If the department determines that the total cost avoidance*  
37 *listed in subdivision (a) does not equal or exceed applications for*  
38 *funding award amounts, the department shall determine that the*  
39 *county that has been awarded funding shall achieve substantial*  
40 *compliance with all of the following goals:*

1 (1) Total cost avoidance in the categories listed in subdivision  
2 (a) to exceed 50 percent of the applications for funding award  
3 moneys.

4 (2) A 20-percent reduction in out-of-county ordered placements  
5 of juvenile justice wards and social service dependents.

6 (3) A statistically significant reduction in the rate of recidivism  
7 by juvenile offenders.

8 (4) A 25-percent reduction in the rate of state hospitalization  
9 of minors from placements of special education pupils.

10 (5) A 10-percent reduction in out-of-county nonpublic school  
11 residential placements of special education pupils.

12 (6) Allow at least 50 percent of children at risk of imminent  
13 placement served by the intensive in-home crisis treatment  
14 programs, which are wholly or partially funded by applications  
15 for funding award moneys, to remain at home at least six months.

16 (7) Statistically significant improvement in school attendance  
17 and academic performance of seriously emotionally disturbed  
18 special education pupils treated in day treatment programs that  
19 are wholly or partially funded by applications for funding award  
20 moneys.

21 (8) Statistically significant increases in services provided in  
22 nonclinic settings among agencies.

23 (9) Increase in ethnic minority and gender access to services  
24 proportionate to the percentage of these groups in the county's  
25 school-age population.

26 (c) This section shall become operative on January 1, 2025, if  
27 amendments to the Mental Health Services Act are approved by  
28 the voters at the March 5, 2024, statewide primary election.

29 SEC. 66. Section 5868 of the Welfare and Institutions Code is  
30 amended to read:

31 5868. (a) The State Department of Health Care Services shall  
32 establish service standards that ensure that children in the target  
33 population are identified and receive needed and appropriate  
34 services from qualified staff in the least restrictive environment.

35 (b) The standards shall include, but not be limited to:

36 (1) Providing a comprehensive assessment and treatment plan  
37 for each target population client to be served, and developing  
38 programs and services that will meet their needs and facilitate  
39 client outcome goals.

1 (2) Providing for full participation of the family in all aspects  
2 of assessment, case planning, and treatment.

3 (3) Providing methods of assessment and services to meet the  
4 cultural, linguistic, and special needs of minorities in the target  
5 population.

6 (4) Providing for staff with the cultural background and  
7 linguistic skills necessary to remove barriers to mental health  
8 services resulting from a limited ability to speak English or from  
9 cultural differences.

10 (5) Providing mental health case management for all target  
11 population clients in, or being considered for, out-of-home  
12 placement.

13 (6) Providing mental health services in the natural environment  
14 of the child to the extent feasible and appropriate.

15 (c) The responsibility of the case managers shall be to ensure  
16 that each child receives the following services:

17 (1) A comprehensive mental health assessment.

18 (2) Case planning with all appropriate interagency participation.

19 (3) Linkage with all appropriate mental health services.

20 (4) Service plan monitoring.

21 (5) Client advocacy to ensure the provision of needed services.

22 (d) *If amendments to the Mental Health Services Act are*  
23 *approved by the voters at the March 5, 2024, statewide primary*  
24 *election, this section shall become inoperative on July 1, 2026,*  
25 *and as of January 1, 2027, is repealed.*

26 *SEC. 67. Section 5868 is added to the Welfare and Institutions*  
27 *Code, to read:*

28 *5868. (a) (1) The State Department of Health Care Services*  
29 *shall establish service requirements that ensure that children and*  
30 *youth in the target population are identified and receive needed*  
31 *and appropriate services from a qualified workforce in the least*  
32 *restrictive and natural environment to correct or ameliorate their*  
33 *behavioral health condition.*

34 *(2) The department shall provide annual oversight to this part*  
35 *for compliance with these requirements.*

36 *(b) These requirements shall include, but are not limited to, all*  
37 *of the following:*

38 *(1) Determination of the numbers of clients to be served and*  
39 *the programs and services that will be provided to meet their needs.*



1 (2) *The local director of behavioral health shall consult with*  
2 *the sheriff, the police chief, the probation officer, the chief of*  
3 *emergency medical services, the behavioral health board, Medi-Cal*  
4 *managed care plans, as defined in subdivision (j) of Section*  
5 *14184.101, child welfare departments, contract providers and*  
6 *agencies, and family, client, ethnic, and citizen constituency groups*  
7 *as determined by the director.*

8 (3) (A) *Outreach to families with a child or youth with a serious*  
9 *emotional disturbance or a substance use disorder to provide*  
10 *coordination and access to behavioral health services, medications,*  
11 *housing interventions pursuant to Section 5830, and supportive*  
12 *services as defined in subdivision (g) of Section 5887.*

13 (B) *Service planning shall include evaluation strategies that*  
14 *shall consider cultural, linguistic, gender, age, and special needs*  
15 *of the target populations.*

16 (C) *Provision shall be made for a workforce with the cultural*  
17 *background and linguistic skills necessary to remove barriers to*  
18 *mental health and substance use disorder treatment services due*  
19 *to limited-English-speaking ability and cultural differences.*

20 (D) *Recipients of outreach services may include families, the*  
21 *public, primary care physicians, hospitals inclusive of emergency*  
22 *departments, behavioral health urgent care, and others who are*  
23 *likely to come into contact with individuals who may be suffering*  
24 *from either an untreated serious emotional disturbance or*  
25 *substance use disorder, or both, who would likely become homeless*  
26 *or incarcerated if the illness continued to be untreated for a*  
27 *substantial period of time.*

28 (4) *Provision for services for populations with identified*  
29 *disparities in behavioral health outcomes.*

30 (5) *Provision for full participation of the family in all aspects*  
31 *of assessment, service planning, and treatment, including, but not*  
32 *limited to, family support and consultation services, parenting*  
33 *support and consultation services, and peer support or self-help*  
34 *group support, where appropriate for the individual.*

35 (6) *Provision for clients who have been suffering from an*  
36 *untreated serious emotional disturbance or substance use disorder,*  
37 *or both, for less than one year and who do not require the full*  
38 *range of services but are at risk of becoming homeless or justice*  
39 *involved unless a comprehensive individual and family support*  
40 *services plan is implemented. These clients shall be served in a*

1 manner that is designed to meet their needs, including housing for  
2 clients that is immediate, transitional, permanent, or all of these.

3 (7) Provision for services to be client-directed, to use  
4 psychosocial rehabilitation and recovery principles, and to be  
5 integrated with other services.

6 (8) Provision for psychiatric and psychological collaboration  
7 in overall service planning.

8 (9) Provision for services specifically directed to children and  
9 youth experiencing first episode psychosis.

10 (10) Provision for services for frequent users of behavioral  
11 health urgent care, crisis stabilization units, and hospitals or  
12 emergency departments as the primary resource for mental health  
13 and substance use disorder treatment.

14 (11) Provision for services to meet the special needs of clients  
15 who are physically disabled, clients who are intellectually or  
16 developmentally disabled, or persons of American Indian or Alaska  
17 Native descent.

18 (c) (1) Each child or youth shall have a clearly designated  
19 personal services coordinator or case manager who may be part  
20 of a multidisciplinary treatment team.

21 (2) The personal services coordinator or case manager shall  
22 be responsible for providing or assuring that the child or youth  
23 receives needed behavioral health services and supportive services  
24 for individuals enrolled in full-service partnerships pursuant to  
25 Section 5887.

26 (d) The responsibility of the personal services coordinator or  
27 case managers shall be to ensure that each child or youth receives  
28 the following:

29 (1) A comprehensive mental health and substance use disorder  
30 assessment, including trauma screening.

31 (2) (A) Service planning with all appropriate interagency  
32 participation and developing programs and services that will meet  
33 their needs and facilitate achievement of the outcome goals.

34 (B) A client shall participate in the service planning process,  
35 and responsible staff shall consult with the designated conservator,  
36 if one has been appointed, and, with the consent of the client,  
37 consult with the family and other significant persons, as  
38 appropriate.

39 (3) Linkage with all appropriate mental health and substance  
40 use disorder treatment services and supportive services for each

1 *child or youth enrolled in full-service partnerships pursuant to*  
2 *Section 5887.*

3 *(4) Monitoring of the quality and followthrough of services*  
4 *provided.*

5 *(5) Advocacy to ensure the provision of needed behavioral*  
6 *health services identified during the service planning process.*

7 *(6) Behavioral health case management for target population*  
8 *clients in, or being considered for, out-of-home placement.*

9 *(7) A smooth transition from children and youth behavioral*  
10 *health programs, services, and supports to adult behavioral health*  
11 *programs, services, and supports.*

12 *(8) Trauma-informed behavioral health services to reduce*  
13 *trauma and avoid retraumatization.*

14 *(e) The service planning process shall ensure children and youth*  
15 *receive age-appropriate, gender-appropriate, and culturally*  
16 *appropriate services or appropriate services based on a*  
17 *characteristic listed or defined in Section 11135 of the Government*  
18 *Code, to the extent feasible, that are designed to enable recipients*  
19 *to:*

20 *(1) (A) Live in the most independent, least restrictive housing*  
21 *feasible in the local community and to live in a supportive housing*  
22 *environment that strives for family reunification.*

23 *(B) Rejoin or return to a home they had previously maintained*  
24 *with a family member or in shared housing environment that is*  
25 *supportive of their recovery and stabilization.*

26 *(2) Engage in the highest level of educational or productive*  
27 *activity appropriate to their age, abilities, and experience.*

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

30 *(4) Access necessary physical health care and maintain the best*  
31 *possible physical health.*

32 *(5) Reduce or eliminate serious antisocial or criminal behavior*  
33 *and thereby reduce or eliminate their contact with the criminal*  
34 *justice system.*

35 *(6) Reduce or eliminate the distress caused by the symptoms of*  
36 *either mental illness or substance use disorder, or both.*

37 *(7) Utilize trauma-informed approaches to reduce trauma and*  
38 *avoid retraumatization.*

39 *(f) (1) (A) The client's clinical record shall describe the service*  
40 *array that meets the requirements of subdivisions (c) and (d) and,*

1 to the extent applicable to the individual, the requirements of  
2 subdivision (a) and (b).

3 (B) The State Department of Health Care Services may develop  
4 and revise documentation standards for service planning to be  
5 consistent with the standards developed pursuant to paragraph  
6 (3) of subdivision (h) of Section 14184.402.

7 (2) Documentation of the service planning process in the client's  
8 clinical record pursuant to paragraph (1) may fulfill the  
9 documentation requirements for both the Medi-Cal program and  
10 this section.

11 (g) For purposes of this section, "behavioral health services"  
12 shall have the meaning as defined in Section 5892.

13 (h) For purposes of this section, "substance use disorder" shall  
14 have the meaning as defined in subdivision (c) of Section 5891.5.

15 (i) This section shall become operative on July 1, 2026, if  
16 amendments to the Mental Health Services Act are approved by  
17 the voters at the March 5, 2024, statewide primary election.

18 SEC. 68. Section 5878.1 of the Welfare and Institutions Code  
19 is amended to read:

20 5878.1. (a) It is the intent of this article to establish programs  
21 that ensure services will be provided to severely mentally ill  
22 children as defined in Section 5878.2 and that they be part of the  
23 children's system of care established pursuant to this part. It is the  
24 intent of this act that services provided under this chapter to  
25 severely mentally ill children are accountable, developed in  
26 partnership with youth and their families, culturally competent,  
27 and individualized to the strengths and needs of each child and ~~his~~  
28 ~~or her~~ their family.

29 (b) Nothing in this act shall be construed to authorize any  
30 services to be provided to a minor without the consent of the child's  
31 parent or legal guardian beyond those already authorized by  
32 existing statute.

33 (c) If amendments to the Mental Health Services Act are  
34 approved by the voters at the March 5, 2024, statewide primary  
35 election, this section shall become inoperative on July 1, 2026,  
36 and as of January 1, 2027, is repealed.

37 SEC. 69. Section 5878.1 is added to the Welfare and Institutions  
38 Code, to read:

39 5878.1. (a) It is the intent of this article to establish programs  
40 that ensure services will be provided to children and youth with a

1 *serious emotional disturbance, as defined in Section 5878.2, and*  
2 *to children and youth with a substance use disorder, as defined in*  
3 *Section 5891.5, and that they be part of the children and youth*  
4 *system of care established pursuant to this part.*

5 *(b) It is the intent of this act that services provided under this*  
6 *chapter are accountable, developed in partnership with youth and*  
7 *their families and child welfare agencies, are culturally competent,*  
8 *and individualized to the strengths and needs of each child and*  
9 *their family.*

10 *(c) Nothing in this act shall be construed to authorize a service*  
11 *to be provided to a minor without the consent of the child’s parent*  
12 *or legal guardian beyond those already authorized by existing*  
13 *statute.*

14 *(d) This section shall become operative on July 1, 2026, if*  
15 *amendments to the Mental Health Services Act are approved by*  
16 *the voters at the March 5, 2024, statewide primary election.*

17 *SEC. 70. Section 5878.2 of the Welfare and Institutions Code*  
18 *is amended to read:*

19 *5878.2. For purposes of this article, ~~severely mentally ill~~*  
20 *children “children with a serious emotional disturbance” means*  
21 *minors under the age of 18 years of age who meet the criteria set*  
22 *forth in subdivision (a) of Section 5600.3.*

23 *SEC. 71. Section 5878.3 of the Welfare and Institutions Code*  
24 *is amended to read:*

25 *5878.3. (a) Subject to the availability of funds as determined*  
26 *pursuant to Part 4.5 (commencing with Section 5890) of this*  
27 *division, county mental health programs shall offer services to*  
28 *severely mentally ill children for whom services under any other*  
29 *public or private insurance or other mental health or entitlement*  
30 *program is inadequate or unavailable. Other entitlement programs*  
31 *include but are not limited to mental health services available*  
32 *pursuant to Medi-Cal, child welfare, and special education*  
33 *programs. The funding shall cover only those portions of care that*  
34 *cannot be paid for with public or private insurance, other mental*  
35 *health funds or other entitlement programs.*

36 *(b) Funding shall be at sufficient levels to ensure that counties*  
37 *can provide each child served all of the necessary services set forth*  
38 *in the applicable treatment plan developed in accordance with this*  
39 *part, including services where appropriate and necessary to prevent*

1 an out of home placement, such as services pursuant to Chapter 4  
2 (commencing with Section 18250) of Part 6 of Division 9.

3 (c) The State Department of Health Care Services shall contract  
4 with county mental health programs for the provision of services  
5 under this article in the manner set forth in Section 5897.

6 (d) *If amendments to the Mental Health Services Act are*  
7 *approved by the voters at the March 5, 2024, statewide primary*  
8 *election, this section shall become inoperative on July 1, 2026,*  
9 *and as of January 1, 2027, is repealed.*

10 SEC. 72. *Section 5878.3 is added to the Welfare and Institutions*  
11 *Code, to read:*

12 5878.3. (a) (1) (A) *Subject to the availability of funds, as*  
13 *determined pursuant to Part 4.5 (commencing with Section 5890),*  
14 *county behavioral health programs shall offer services to children*  
15 *and youth with a serious emotional disturbance, as defined in*  
16 *Section 5878.2, and children and youth with a substance use*  
17 *disorder, as defined in Section 5891.5, for whom services under*  
18 *other public or private insurance or other mental health, substance*  
19 *use disorder, or other entitlement program is inadequate or*  
20 *unavailable.*

21 (B) *Other entitlement programs include, but are not limited to,*  
22 *mental health and substance use disorder treatment services*  
23 *available pursuant to Medi-Cal, child welfare, and special*  
24 *education programs.*

25 (C) *The funding shall cover only those portions of care that*  
26 *cannot be paid for with public or private insurance, other mental*  
27 *health and substance use disorder funds, or other entitlement*  
28 *programs.*

29 (2) *To maximize federal financial participation in furtherance*  
30 *of subdivision (d) of Section 5890, a county shall submit claims*  
31 *for reimbursement to the State Department of Health Care Services*  
32 *in accordance with applicable Medi-Cal rules and procedures for*  
33 *a behavioral health service or supportive service eligible for*  
34 *reimbursement pursuant to Title XIX or XXI of the federal Social*  
35 *Security Act (42 U.S.C. Sec. 1396, et seq. and 1397aa, et seq.)*  
36 *when such service is paid, in whole or in part, using funds from*  
37 *the Behavioral Health Services Fund established pursuant to*  
38 *Section 5890.*

39 (3) (A) *To maximize funding from other sources, a county shall*  
40 *seek reimbursement for a behavioral health service, supportive*

1 *service, housing intervention, prevention service, or other related*  
2 *activity provided pursuant to subdivision (a) of Section 5892 that*  
3 *is covered by, or can be paid from, another available funding*  
4 *source, including other mental health funds, substance use disorder*  
5 *funds, public and private insurance, and other local, state, and*  
6 *federal funds.*

7 (B) *A county shall make a good faith effort to contract with*  
8 *health care service plans and disability insurance plans, pursuant*  
9 *to Section 1374.72 of the Health and Safety Code and Section*  
10 *10144.5 of the Insurance Code, as an in-network provider.*

11 (C) *A county shall also submit requests for prior authorization*  
12 *for services, request letters of agreement for payment as an*  
13 *out-of-network provider, and pursue other means to obtain*  
14 *reimbursement in accordance with state and federal laws.*

15 (4) (A) *A county may report to the Department of Managed*  
16 *Health Care or the Department of Insurance, as appropriate,*  
17 *complaints about a health plan's or a health insurer's failure to*  
18 *work in good faith with the county, to contract with the county, or*  
19 *to be an in-network provider of the health plan or insurer.*

20 (B) *A county may also report to the Department of Managed*  
21 *Health Care or the Department of Insurance, respectively, a failure*  
22 *by a health plan or insurer to timely reimburse the county for*  
23 *services the plan or insurer must cover as required by state or*  
24 *federal law, including, but not limited to, Sections 1374.72 and*  
25 *1374.721 of the Health and Safety Code and Sections 10144.5 and*  
26 *10144.52 of the Insurance Code.*

27 (C) *Upon receipt of a complaint from a county, the Department*  
28 *of Managed Health Care or the Department of Insurance, as*  
29 *applicable, shall timely investigate the complaint.*

30 (b) (1) *Funding shall be at sufficient levels to ensure counties*  
31 *can provide each child served all of the services determined to be*  
32 *necessary during the service planning process in accordance with*  
33 *this part, including services where appropriate and necessary to*  
34 *prevent an out of home placement, such as services pursuant to*  
35 *Chapter 4 (commencing with Section 18250) of Part 6 of Division*  
36 *9.*

37 (2) *A county may use this funding to provide services to address*  
38 *first episode psychosis.*

1 (c) *The State Department of Health Care Services shall contract*  
2 *with county behavioral health programs for the provision of*  
3 *services under this article in the manner set forth in Section 5897.*

4 (d) *For purposes of this section, “supportive services” shall*  
5 *have the meaning as defined in subdivision (g) of Section 5887.*

6 (e) *This section shall become operative on July 1, 2026, if*  
7 *amendments to the Mental Health Services Act are approved by*  
8 *the voters at the March 5, 2024, statewide primary election.*

9 *SEC. 73. Section 5881 of the Welfare and Institutions Code is*  
10 *amended to read:*

11 5881. (a) *Evaluation shall be conducted by participating county*  
12 *evaluation staff and, subject to the availability of funds, by the*  
13 *State Department of Health Care Services and the Mental Health*  
14 *Services Oversight and Accountability Commission.*

15 (b) *Evaluation at both levels shall do all of the following:*

16 (1) *Ensure that county level systems of care are serving the*  
17 *targeted population.*

18 (2) *Ensure that the timely performance data related to client*  
19 *outcome and cost avoidance is collected, analyzed, and reported.*

20 (3) *Ensure that system of care components are implemented as*  
21 *intended.*

22 (4) *Provide information documenting needs for future planning.*

23 (c) *If amendments to the Mental Health Services Act are*  
24 *approved by the voters at the March 5, 2024, statewide primary*  
25 *election, this section shall become inoperative on January 1, 2025,*  
26 *and as of that date is repealed.*

27 *SEC. 74. Section 5881 is added to the Welfare and Institutions*  
28 *Code, to read:*

29 5881. (a) *Evaluation shall be conducted by participating*  
30 *county evaluation staff and, subject to the availability of funds, by*  
31 *the State Department of Health Care Services and the Behavioral*  
32 *Health Services Oversight and Accountability Commission.*

33 (b) *Evaluation at both levels shall do all of the following:*

34 (1) *Ensure county level systems of care are serving the targeted*  
35 *population.*

36 (2) *Ensure the timely performance data related to client outcome*  
37 *and cost avoidance is collected, analyzed, and reported.*

38 (3) *Ensure system of care components are implemented as*  
39 *intended.*

40 (4) *Provide information documenting needs for future planning.*



1 (c) *This section shall become operative on January 1, 2025, if*  
2 *amendments to the Mental Health Services Act are approved by*  
3 *the voters at the March 5, 2024, statewide primary election.*

4 SEC. 75. *Section 5886 of the Welfare and Institutions Code is*  
5 *amended to read:*

6 5886. (a) The Mental Health Student Services Act is hereby  
7 established as a mental health partnership grant program for the  
8 purpose of establishing mental health partnerships between a  
9 county’s mental health or behavioral health departments and school  
10 districts, charter schools, and the county office of education within  
11 the county.

12 (b) The Mental Health Services Oversight and Accountability  
13 Commission shall award grants to county mental health or  
14 behavioral health departments to fund partnerships between  
15 educational and county mental health entities. Subject to an  
16 appropriation for this purpose, commencing with the 2021–22  
17 fiscal year, the commission shall award a grant under this section  
18 to a county mental health or behavioral health department or  
19 another lead agency, as identified by the partnership within each  
20 county that meets the requirements of this section.

21 (1) County, city, or multicounty mental health or behavioral  
22 health departments, or a consortium of those entities, including  
23 multicounty partnerships, may, in partnership with one or more  
24 school districts and at least one of the following educational entities  
25 located within the county, apply for a grant to fund activities of  
26 the partnership:

27 (A) The county office of education.

28 (B) A charter school.

29 (2) An educational entity may be designated as the lead agency  
30 at the request of the county, city, or multicounty department, or  
31 consortium, and authorized to submit the application. The county,  
32 city, or multicounty department, or consortium, shall be the grantee  
33 and receive any grant funds awarded pursuant to this section even  
34 if an educational entity is designated as the lead agency and submits  
35 the application pursuant to this paragraph.

36 (c) The commission shall establish criteria for awarding funds  
37 under the grant program, including the allocation of grant funds  
38 pursuant to this section, and shall require that applicants comply  
39 with, at a minimum, all of the following requirements:

- 1 (1) That all school districts, charter schools, and the county  
2 office of education have been invited to participate in the  
3 partnership, to the extent possible.
- 4 (2) That applicants include with their application a plan  
5 developed and approved in collaboration with participating  
6 educational entity partners and that include a letter of intent, a  
7 memorandum of understanding, or other evidence of support or  
8 approval by the governing boards of all partners.
- 9 (3) That plans address all of the following goals:
- 10 (A) Preventing mental illnesses from becoming severe and  
11 disabling.
- 12 (B) Improving timely access to services for underserved  
13 populations.
- 14 (C) Providing outreach to families, employers, primary care  
15 health care providers, and others to recognize the early signs of  
16 potentially severe and disabling mental illnesses.
- 17 (D) Reducing the stigma associated with the diagnosis of a  
18 mental illness or seeking mental health services.
- 19 (E) Reducing discrimination against people with mental illness.
- 20 (F) Preventing negative outcomes in the targeted population,  
21 including, but not limited to:
- 22 (i) Suicide and attempted suicide.
- 23 (ii) Incarceration.
- 24 (iii) School failure or dropout.
- 25 (iv) Unemployment.
- 26 (v) Prolonged suffering.
- 27 (vi) Homelessness.
- 28 (vii) Removal of children from their homes.
- 29 (viii) Involuntary mental health detentions.
- 30 (4) That the plan includes a description of the following:
- 31 (A) The need for mental health services for children and youth,  
32 including campus-based mental health services, as well as potential  
33 gaps in local service connections.
- 34 (B) The proposed use of funds, which shall include, at a  
35 minimum, that funds will be used to provide personnel or peer  
36 support.
- 37 (C) How the funds will be used to facilitate linkage and access  
38 to ongoing and sustained services, including, but not limited to,  
39 objectives and anticipated outcomes.

1 (D) How the partnership will collaborate with preschool and  
2 childcare providers, or other early childhood service organizations,  
3 to ensure the mental health needs of children are met before and  
4 after they transition to a school setting.

5 (E) The partnership’s ability to do all of the following:

6 (i) Obtain federal Medicaid or other reimbursement, including  
7 Early and Periodic Screening, Diagnostic, and Treatment funds,  
8 when applicable, or to leverage other funds, when feasible.

9 (ii) Collect information on the health insurance carrier for each  
10 child or youth, with the permission of the child or youth’s parent,  
11 to allow the partnership to seek reimbursement for mental health  
12 services provided to children and youth, where applicable.

13 (iii) Engage a health care service plan or a health insurer in the  
14 mental health partnership, when applicable, and to the extent  
15 mutually agreed to by the partnership and the plan or insurer.

16 (iv) Administer an effective service program and the degree to  
17 which mental health providers and educational entities will support  
18 and collaborate to accomplish the goals of the effort.

19 (v) Connect children and youth to a source of ongoing mental  
20 health services, including, but not limited to, through Medi-Cal,  
21 specialty mental health plans, county mental health programs, or  
22 private health coverage.

23 (vi) Continue to provide services and activities under this  
24 program after grant funding has been expended.

25 (d) Grants awarded pursuant to this section shall be used to  
26 provide support services that include, at a minimum, all of the  
27 following:

28 (1) Services provided on school campuses, to the extent  
29 practicable.

30 (2) Suicide prevention services.

31 (3) Drop-out prevention services.

32 (4) Outreach to high-risk youth and young adults, including,  
33 but not limited to, foster youth, youth who identify as lesbian, gay,  
34 bisexual, transgender, or queer, and youth who have been expelled  
35 or suspended from school.

36 (5) Placement assistance and development of a service plan that  
37 can be sustained over time for students in need of ongoing services.

38 (e) Funding may also be used to provide other prevention, early  
39 intervention, and direct services, including, but not limited to,  
40 hiring qualified mental health personnel, professional development

1 for school staff on trauma-informed and evidence-based mental  
2 health practices, and other strategies that respond to the mental  
3 health needs of children and youth, as determined by the  
4 commission.

5 (f) The commission shall determine the amount of grants and  
6 shall take into consideration the level of need and the number of  
7 schoolage youth in participating educational entities when  
8 determining grant amounts. In determining the distribution of funds  
9 appropriated in the 2021–22 fiscal year, the commission shall take  
10 into consideration any previous funding the grantee received under  
11 this section.

12 (g) The commission may establish incentives to provide  
13 matching funds by awarding additional grant funds to partnerships  
14 that do so.

15 (h) If the commission is unable to provide a grant to a  
16 partnership in a county because of a lack of applicants or because  
17 no applicants met the minimum requirements within the timeframes  
18 established by the commission, the commission may redistribute  
19 those funds to other eligible grantees.

20 (i) Partnerships currently receiving grants from the Investment  
21 in Mental Health Wellness Act of 2013 (Part 3.8 (commencing  
22 with Section 5848.5)) are eligible to receive a grant under this  
23 section for the expansion of services funded by that grant or for  
24 the inclusion of additional educational entity partners within the  
25 mental health partnership.

26 (j) Grants awarded pursuant to this section may be used to  
27 supplement, but not supplant, existing financial and resource  
28 commitments of the county, city, or multi-county mental health  
29 or behavioral health departments, or a consortium of those entities,  
30 or educational entities that receive a grant.

31 (k) (1) The commission shall develop metrics and a system to  
32 measure and publicly report on the performance outcomes of  
33 services provided using the grants.

34 (2) (A) The commission shall provide a status report to the  
35 fiscal and policy committees of the Legislature on the progress of  
36 implementation of this section no later than March 1, 2022, and  
37 provide an updated report no later than March 1, 2024. The reports  
38 shall address, at a minimum, all of the following:

39 (i) Successful strategies.

40 (ii) Identified needs for additional services.

1 (iii) Lessons learned.

2 (iv) Numbers of, and demographic information for, the  
3 schoolage children and youth served.

4 (v) Available data on outcomes, including, but not limited to,  
5 linkages to ongoing services and success in meeting the goals  
6 identified in paragraph (3) of subdivision (c).

7 (B) The reports to be submitted pursuant to this paragraph shall  
8 be submitted in compliance with Section 9795 of the Government  
9 Code.

10 (l) This section does not require the use of funds allocated for  
11 the purpose of satisfying the minimum funding obligation under  
12 Section 8 of Article XVI of the California Constitution for the  
13 partnerships established by this section.

14 (m) The commission may enter into exclusive or nonexclusive  
15 contracts, or amend existing contracts, on a bid or negotiated basis  
16 in order to implement this section. Contracts entered into or  
17 amended pursuant to this subdivision are exempt from Chapter 6  
18 (commencing with Section 14825) of Part 5.5 of Division 3 of  
19 Title 2 of the Government Code, Section 19130 of the Government  
20 Code, and Part 2 (commencing with Section 10100) of Division  
21 2 of the Public Contract Code, and shall be exempt from the review  
22 or approval of any division of the Department of General Services.

23 (n) This section shall be implemented only to the extent moneys  
24 are appropriated in the annual Budget Act or another statute for  
25 purposes of this section.

26 (o) *If amendments to the Mental Health Services Act are*  
27 *approved by the voters at the March 5, 2024, statewide primary*  
28 *election, this section shall become inoperative on January 1, 2025,*  
29 *and as of that date is repealed.*

30 *SEC. 76. Section 5886 is added to the Welfare and Institutions*  
31 *Code, to read:*

32 *5886. (a) The Behavioral Health Student Services Act is hereby*  
33 *established as a mental health partnership grant program for the*  
34 *purpose of establishing mental health partnerships between a*  
35 *county's mental health or behavioral health departments and*  
36 *school districts, charter schools, and the county office of education*  
37 *within the county.*

38 *(b) The Behavioral Health Services Oversight and*  
39 *Accountability Commission shall award grants to county mental*  
40 *health or behavioral health departments to fund partnerships*

1 *between educational and county mental health entities. Subject to*  
2 *an appropriation for this purpose, commencing with the 2021–22*  
3 *fiscal year, the commission shall award a grant under this section*  
4 *to a county mental health or behavioral health department, or*  
5 *another lead agency, as identified by the partnership within each*  
6 *county that meets the requirements of this section.*

7 *(1) County, city, or multicounty mental health or behavioral*  
8 *health departments, or a consortium of those entities, including*  
9 *multicounty partnerships, may, in partnership with one or more*  
10 *school districts and at least one of the following educational*  
11 *entities located within the county, apply for a grant to fund*  
12 *activities of the partnership:*

13 *(A) The county office of education.*

14 *(B) A charter school.*

15 *(2) (A) An educational entity may be designated as the lead*  
16 *agency at the request of the county, city, or multicounty*  
17 *department, or consortium, and authorized to submit the*  
18 *application.*

19 *(B) The county, city, or multicounty department, or consortium,*  
20 *shall be the grantee and receive grant funds awarded pursuant to*  
21 *this section, even if an educational entity is designated as the lead*  
22 *agency and submits the application pursuant to this paragraph.*

23 *(c) The commission shall establish criteria for awarding funds*  
24 *under the grant program, including the allocation of grant funds*  
25 *pursuant to this section, and shall require that applicants comply*  
26 *with, at a minimum, all of the following requirements:*

27 *(1) That all school districts, charter schools, and the county*  
28 *office of education have been invited to participate in the*  
29 *partnership, to the extent possible.*

30 *(2) That applicants include with their application a plan*  
31 *developed and approved in collaboration with participating*  
32 *educational entity partners and that include a letter of intent, a*  
33 *memorandum of understanding, or other evidence of support or*  
34 *approval by the governing boards of all partners.*

35 *(3) That plans address all of the following goals:*

36 *(A) Preventing mental illnesses from becoming severe and*  
37 *disabling.*

38 *(B) Improving timely access to services for underserved*  
39 *populations.*

- 1 (C) Providing outreach to families, employers, primary care  
2 health care providers, and others to recognize the early signs of  
3 potentially severe and disabling mental illnesses.
- 4 (D) Reducing the stigma associated with the diagnosis of a  
5 mental illness or seeking mental health services.
- 6 (E) Reducing discrimination against people with mental illness.
- 7 (F) Preventing negative outcomes in the targeted population,  
8 including, but not limited to, all of the following:
- 9 (i) Suicide and attempted suicide.
- 10 (ii) Incarceration.
- 11 (iii) School failure or dropout.
- 12 (iv) Unemployment.
- 13 (v) Prolonged suffering.
- 14 (vi) Homelessness.
- 15 (vii) Removal of children from their homes.
- 16 (viii) Involuntary mental health detentions.
- 17 (4) That plans include a description of the following:
- 18 (A) The need for mental health services for children and youth,  
19 including campus-based mental health services and potential gaps  
20 in local service connections.
- 21 (B) The proposed use of funds, which shall include, at a  
22 minimum, that funds will be used to provide personnel or peer  
23 support.
- 24 (C) How the funds will be used to facilitate linkage and access  
25 to ongoing and sustained services, including, but not limited to,  
26 objectives and anticipated outcomes.
- 27 (D) How the partnership will collaborate with preschool and  
28 childcare providers, or other early childhood service organizations,  
29 to ensure the mental health needs of children are met before and  
30 after they transition to a school setting.
- 31 (E) The partnership's ability to do all of the following:
- 32 (i) Obtain federal Medicaid or other reimbursement, including  
33 Early and Periodic Screening, Diagnostic, and Treatment funds,  
34 when applicable, or to leverage other funds, when feasible.
- 35 (ii) Collect information on the health insurance carrier for each  
36 child or youth, with the permission of the child or youth's parent,  
37 to allow the partnership to seek reimbursement for mental health  
38 services provided to children and youth, where applicable.

1 (iii) Engage a health care service plan or a health insurer in  
2 the mental health partnership, when applicable, and to the extent  
3 mutually agreed to by the partnership and the plan or insurer.

4 (iv) Administer an effective service program and the degree to  
5 which mental health providers and educational entities will support  
6 and collaborate to accomplish the goals of the effort.

7 (v) Connect children and youth to a source of ongoing mental  
8 health services, including, but not limited to, through Medi-Cal,  
9 specialty mental health plans, county mental health programs, or  
10 private health coverage.

11 (vi) Continue to provide services and activities under this  
12 program after grant funding has been expended.

13 (d) Grants awarded pursuant to this section shall be used to  
14 provide support services that include, at a minimum, all of the  
15 following:

16 (1) Services provided on school campuses, to the extent  
17 practicable.

18 (2) Suicide prevention services.

19 (3) Drop-out prevention services.

20 (4) Outreach to high-risk youth and young adults, including,  
21 but not limited to, foster youth, youth who identify as LGBTQ+,  
22 victims of domestic violence and sexual abuse, and youth who have  
23 been expelled or suspended from school.

24 (5) Placement assistance and development of a service plan  
25 that can be sustained over time for students in need of ongoing  
26 services.

27 (e) Funding may also be used to provide other prevention, early  
28 intervention, and direct services, including, but not limited to,  
29 hiring qualified mental health personnel, professional development  
30 for school staff on trauma-informed and evidence-based mental  
31 health practices, and other strategies that respond to the mental  
32 health needs of children and youth, as determined by the  
33 commission.

34 (f) (1) The commission shall determine the amount of grants  
35 and shall take into consideration the level of need and the number  
36 of school-age youth in participating educational entities when  
37 determining grant amounts.

38 (2) In determining the distribution of funds appropriated in the  
39 2021–22 fiscal year, the commission shall take into consideration  
40 previous funding the grantee received under this section.



1 (g) *The commission may establish incentives to provide matching*  
2 *funds by awarding additional grant funds to partnerships that do*  
3 *so.*

4 (h) *If the commission is unable to provide a grant to a*  
5 *partnership in a county because of a lack of applicants or because*  
6 *no applicants met the minimum requirements within the timeframes*  
7 *established by the commission, the commission may redistribute*  
8 *those funds to other eligible grantees.*

9 (i) *Partnerships currently receiving grants from the Investment*  
10 *in Mental Health Wellness Act of 2013 (Part 3.8 (commencing*  
11 *with Section 5848.5)) are eligible to receive a grant under this*  
12 *section for the expansion of services funded by that grant or for*  
13 *the inclusion of additional educational entity partners within the*  
14 *mental health partnership.*

15 (j) *Grants awarded pursuant to this section may be used to*  
16 *supplement, but not supplant, existing financial and resource*  
17 *commitments of the county, city, or multi-county mental health or*  
18 *behavioral health departments, or a consortium of those entities,*  
19 *or educational entities that receive a grant.*

20 (k) (1) *The commission shall develop metrics and a system to*  
21 *measure and publicly report on the performance outcomes of*  
22 *services provided using the grants.*

23 (2) (A) *The commission shall provide a status report to the*  
24 *fiscal and policy committees of the Legislature on the progress of*  
25 *implementation of this section no later than March 1, 2022, and*  
26 *provide an updated report no later than March 1, 2024. The reports*  
27 *shall address, at a minimum, all of the following:*

28 (i) *Successful strategies.*

29 (ii) *Identified needs for additional services.*

30 (iii) *Lessons learned.*

31 (iv) *Numbers of, and demographic information for, the*  
32 *schoolage children and youth served.*

33 (v) *Available data on outcomes, including, but not limited to,*  
34 *linkages to ongoing services and success in meeting the goals*  
35 *identified in paragraph (3) of subdivision (c).*

36 (B) *The reports to be submitted pursuant to this paragraph shall*  
37 *be submitted in compliance with Section 9795 of the Government*  
38 *Code.*

39 (l) *This section does not require the use of funds allocated for*  
40 *the purpose of satisfying the minimum funding obligation under*

1 *Section 8 of Article XVI of the California Constitution for the*  
2 *partnerships established by this section.*

3 *(m) The commission may enter into exclusive or nonexclusive*  
4 *contracts, or amend existing contracts, on a bid or negotiated*  
5 *basis to implement this section.*

6 *(n) This section shall be implemented only to the extent moneys*  
7 *are appropriated in the annual Budget Act or another statute for*  
8 *purposes of this section.*

9 *(o) This section shall become operative on January 1, 2025, if*  
10 *amendments to the Mental Health Services Act are approved by*  
11 *the voters at the March 5, 2024, statewide primary election.*

12 *SEC. 77. Part 4.1 (commencing with Section 5887) is added*  
13 *to Division 5 of the Welfare and Institutions Code, to read:*

14

15 *PART 4.1. FULL-SERVICE PARTNERSHIP*

16

17 *5887. (a) Full-service partnership programs shall include the*  
18 *following services:*

19 *(1) Behavioral health services, substance use disorder treatment*  
20 *services, as defined in Section 5891.5, and supportive services.*

21 *(2) Assertive Community Treatment and Forensic Assertive*  
22 *Community Treatment to fidelity and other evidence-based services*  
23 *and treatment models, as specified by the State Department of*  
24 *Health Care Services.*

25 *(3) All services identified during the service planning process*  
26 *pursuant to Sections 5806 and 5868.*

27 *(4) Housing interventions pursuant to Section 5830.*

28 *(b) (1) (A) Full-service partnership services shall be provided*  
29 *pursuant to a whole-person approach that is trauma informed and*  
30 *in partnership with families or an individual's natural supports.*

31 *(B) These services shall be provided in a streamlined and*  
32 *coordinated manner so as to reduce any barriers to services.*

33 *(2) Full-service partnership services shall support the individual*  
34 *in the recovery process, reduce health disparities, and be provided*  
35 *for the length of time identified during the service planning process*  
36 *pursuant to Sections 5806 and 5868.*

37 *(c) Full-service partnership programs shall employ*  
38 *community-defined evidence programs, as specified by the State*  
39 *Department of Health Care Services.*

1 (d) (1) Full-service partnership programs shall enroll adults  
2 and older adults who meet the priority population criteria specified  
3 in subdivision (c) of Section 5892 and other criteria, as specified  
4 by the State Department of Health Care Services.

5 (2) Full-service partnership programs shall enroll children and  
6 youth with a serious emotional disturbance, as defined in Section  
7 5600.3, or a substance use disorder, as defined in Section 5891.5.

8 (e) Full-service partnership programs shall have an established  
9 standard of care with levels based on an individual's acuity and  
10 criteria for step-down into the least intensive level of care, as  
11 specified by the State Department of Health Care Services.

12 (f) All behavioral health and substance use disorder treatment  
13 services, as defined in Section 5891.5, and supportive services  
14 provided to a client enrolled in a full-service partnership shall be  
15 paid from the funds allocated pursuant to Section 5892, subject  
16 to Section 5891.

17 (g) "Supportive services" means those services necessary to  
18 support clients' recovery and wellness, including, but not limited  
19 to, food, clothing, linkages to needed social services, linkages to  
20 programs administered by the federal Social Security  
21 Administration, vocational and education-related services,  
22 employment assistance, family engagement, psychoeducation,  
23 transportation assistance, occupational therapy provided by an  
24 occupational therapist, and group and individual activities that  
25 promote a sense of purpose and community participation.

26 5887.1. This part shall become operative on July 1, 2026, if  
27 amendments to the Mental Health Services Act are approved by  
28 the voters at the March 5, 2024, statewide primary election.

29 SEC. 78. Section 5890 of the Welfare and Institutions Code is  
30 amended to read:

31 5890. (a) The Mental Health Services Fund is hereby created  
32 in the State Treasury. The fund shall be administered by the state.  
33 Notwithstanding Section 13340 of the Government Code, all  
34 moneys in the fund are, except as provided in subdivision (d) of  
35 Section 5892, continuously appropriated, without regard to fiscal  
36 years, for the purpose of funding the following programs and other  
37 related activities as designated by other provisions of this division:

38 (1) Part 3 (commencing with Section 5800), the Adult and Older  
39 Adult Mental Health System of Care Act.

1 (2) Part 3.2 (commencing with Section 5830), Innovative  
2 Programs.

3 (3) Part 3.6 (commencing with Section 5840), Prevention and  
4 Early Intervention Programs.

5 (4) Part 3.9 (commencing with Section 5849.1), No Place Like  
6 Home Program.

7 (5) Part 4 (commencing with Section 5850), the Children's  
8 Mental Health Services Act.

9 (b) The establishment of this fund and any other provisions of  
10 the act establishing it or the programs funded shall not be construed  
11 to modify the obligation of health care service plans and disability  
12 insurance policies to provide coverage for mental health services,  
13 including those services required under Section 1374.72 of the  
14 Health and Safety Code and Section 10144.5 of the Insurance  
15 Code, related to mental health parity. This act shall not be  
16 construed to modify the oversight duties of the Department of  
17 Managed Health Care or the duties of the Department of Insurance  
18 with respect to enforcing these obligations of plans and insurance  
19 policies.

20 (c) This act shall not be construed to modify or reduce the  
21 existing authority or responsibility of the State Department of  
22 Health Care Services.

23 (d) The State Department of Health Care Services shall seek  
24 approval of all applicable federal Medicaid approvals to maximize  
25 the availability of federal funds and eligibility of participating  
26 children, adults, and seniors for medically necessary care.

27 (e) Share of costs for services pursuant to Part 3 (commencing  
28 with Section 5800) and Part 4 (commencing with Section 5850)  
29 of this division, shall be determined in accordance with the  
30 Uniform Method of Determining Ability to Pay applicable to other  
31 publicly funded mental health services, unless this Uniform Method  
32 is replaced by another method of determining copayments, in which  
33 case the new method applicable to other mental health services  
34 shall be applicable to services pursuant to Part 3 (commencing  
35 with Section 5800) and Part 4 (commencing with Section 5850)  
36 of this division.

37 (f) (1) The Supportive Housing Program Subaccount is hereby  
38 created in the Mental Health Services Fund. Notwithstanding  
39 Section 13340 of the Government Code, all moneys in the  
40 subaccount are reserved and continuously appropriated, without

1 regard to fiscal years, to the California Health Facilities Financing  
2 Authority to provide funds to meet its financial obligations pursuant  
3 to any service contracts entered into pursuant to Section 5849.35.  
4 Notwithstanding any other law, including any other provision of  
5 this section, no later than the last day of each month, the Controller  
6 shall, before any transfer or expenditure from the fund for any  
7 other purpose for the following month, transfer from the Mental  
8 Health Services Fund to the Supportive Housing Program  
9 Subaccount an amount that has been certified by the California  
10 Health Facilities Financing Authority pursuant to paragraph (3)  
11 of subdivision (a) of Section 5849.35, but not to exceed an  
12 aggregate amount of one hundred forty million dollars  
13 (\$140,000,000) per year. If in any month the amounts in the Mental  
14 Health Services Fund are insufficient to fully transfer to the  
15 subaccount or the amounts in the subaccount are insufficient to  
16 fully pay the amount certified by the California Health Facilities  
17 Financing Authority, the shortfall shall be carried over to the next  
18 month, to be transferred by the Controller with any transfer  
19 required by the preceding sentence. Moneys in the Supportive  
20 Housing Program Subaccount shall not be loaned to the General  
21 Fund pursuant to Section 16310 or 16381 of the Government Code.

22 (2) Prior to the issuance of any bonds pursuant to Section 15463  
23 of the Government Code, the Legislature may appropriate for  
24 transfer funds in the Mental Health Services Fund to the Supportive  
25 Housing Program Subaccount in an amount up to one hundred  
26 forty million dollars (\$140,000,000) per year. Any amount  
27 appropriated for transfer pursuant to this paragraph and deposited  
28 in the No Place Like Home Fund shall reduce the authorized but  
29 unissued amount of bonds that the California Health Facilities  
30 Financing Authority may issue pursuant to Section 15463 of the  
31 Government Code by a corresponding amount. Notwithstanding  
32 Section 13340 of the Government Code, all moneys in the  
33 subaccount transferred pursuant to this paragraph are reserved and  
34 continuously appropriated, without regard to fiscal years, for  
35 transfer to the No Place Like Home Fund, to be used for purposes  
36 of Part 3.9 (commencing with Section 5849.1). The Controller  
37 shall, before any transfer or expenditure from the fund for any  
38 other purpose for the following month but after any transfer from  
39 the fund for purposes of paragraph (1), transfer moneys  
40 appropriated from the Mental Health Services Fund to the

1 subaccount pursuant to this paragraph in equal amounts over the  
2 following 12-month period, beginning no later than 90 days after  
3 the effective date of the appropriation by the Legislature. If in any  
4 month the amounts in the Mental Health Services Fund are  
5 insufficient to fully transfer to the subaccount or the amounts in  
6 the subaccount are insufficient to fully pay the amount appropriated  
7 for transfer pursuant to this paragraph, the shortfall shall be carried  
8 over to the next month.

9 (3) The sum of any transfers described in paragraphs (1) and  
10 (2) shall not exceed an aggregate of one hundred forty million  
11 dollars (\$140,000,000) per year.

12 (4) Paragraph (2) shall become inoperative once any bonds  
13 authorized pursuant to Section 15463 of the Government Code are  
14 issued.

15 *(g) If amendments to the Mental Health Services Act are*  
16 *approved by the voters at the March 5, 2024, statewide primary*  
17 *election, this section shall become inoperative on July 1, 2026,*  
18 *and as of January 1, 2027, is repealed.*

19 *SEC. 79. Section 5890 is added to the Welfare and Institutions*  
20 *Code, to read:*

21 *5890. (a) (1) The Behavioral Health Services Fund is hereby*  
22 *created in the State Treasury.*

23 *(2) The fund shall be administered by the State Department of*  
24 *Health Care Services.*

25 *(3) Notwithstanding Section 13340 of the Government Code,*  
26 *all moneys in the fund are, except as provided in subdivision (d)*  
27 *of Section 5892, continuously appropriated, without regard to*  
28 *fiscal years, for the purpose of funding the programs, services,*  
29 *and other related activities as specified in Section 5892 and Part*  
30 *3.9 (commencing with Section 5849.1), the No Place Like Home*  
31 *Program.*

32 *(b) (1) The establishment of this fund and other provisions of*  
33 *the act establishing it or the programs funded shall not be*  
34 *construed to modify the obligation of health care service plans*  
35 *and disability insurance policies to provide coverage for behavioral*  
36 *health services, including those services required under Section*  
37 *1374.72 of the Health and Safety Code and Section 10144.5 of the*  
38 *Insurance Code, related to mental health and substance use*  
39 *disorder parity.*

1 (2) *This act does not modify the oversight duties of the*  
2 *Department of Managed Health Care or the duties of the*  
3 *Department of Insurance with respect to enforcing these*  
4 *obligations of plans and insurance policies.*

5 (c) *This act does not modify or reduce the existing authority or*  
6 *responsibility of the State Department of Health Care Services.*

7 (d) *The State Department of Health Care Services shall seek*  
8 *approval of all applicable federal Medicaid approvals to maximize*  
9 *the availability of federal funds and eligibility of participating*  
10 *children, adults, and older adults for medically necessary care.*

11 (e) *Share of costs for services pursuant to Part 3 (commencing*  
12 *with Section 5800) and Part 4 (commencing with Section 5850)*  
13 *shall be determined in accordance with the Uniform Method of*  
14 *Determining Ability to Pay applicable to other publicly funded*  
15 *mental health and substance use disorder treatment services, unless*  
16 *this uniform method is replaced by another method of determining*  
17 *copayments, in which case the new method applicable to other*  
18 *mental health and substance use disorder treatment services shall*  
19 *be applicable to services pursuant to Part 3 (commencing with*  
20 *Section 5800) and Part 4 (commencing with Section 5850).*

21 (f) (1) (A) *The Supportive Housing Program Subaccount is*  
22 *hereby created in the Behavioral Health Services Fund.*

23 (B) *Notwithstanding Section 13340 of the Government Code,*  
24 *all moneys in the subaccount are reserved and continuously*  
25 *appropriated, without regard to fiscal years, to the California*  
26 *Health Facilities Financing Authority to provide funds to meet its*  
27 *financial obligations pursuant to service contracts entered into*  
28 *pursuant to Section 5849.35.*

29 (C) *Notwithstanding any other law, including any other*  
30 *provision of this section, no later than the last day of each month,*  
31 *the Controller shall, before any transfer or expenditure from the*  
32 *fund for any other purpose for the following month, transfer from*  
33 *the Behavioral Health Services Fund to the Supportive Housing*  
34 *Program Subaccount an amount that has been certified by the*  
35 *California Health Facilities Financing Authority pursuant to*  
36 *paragraph (3) of subdivision (a) of Section 5849.35 but not to*  
37 *exceed an aggregate amount of one hundred forty million dollars*  
38 *(\$140,000,000) per year.*

39 (D) *If, in any month, the amounts in the Behavioral Health*  
40 *Services Fund are insufficient to fully transfer to the subaccount*

1 *or the amounts in the subaccount are insufficient to fully pay the*  
2 *amount certified by the California Health Facilities Financing*  
3 *Authority, the shortfall shall be carried over to the next month, to*  
4 *be transferred by the Controller with any transfer required by the*  
5 *preceding sentence.*

6 *(E) Moneys in the Supportive Housing Program Subaccount*  
7 *shall not be loaned to the General Fund pursuant to Section 16310*  
8 *or 16381 of the Government Code.*

9 *(2) (A) Prior to the issuance of any bonds pursuant to Section*  
10 *15463 of the Government Code, the Legislature may appropriate*  
11 *for transfer funds in the Behavioral Health Services Fund to the*  
12 *Supportive Housing Program Subaccount in an amount up to one*  
13 *hundred forty million dollars (\$140,000,000) per year.*

14 *(B) Any amount appropriated for transfer pursuant to this*  
15 *paragraph and deposited in the No Place Like Home Fund shall*  
16 *reduce the authorized but unissued amount of bonds that the*  
17 *California Health Facilities Financing Authority may issue*  
18 *pursuant to Section 15463 of the Government Code by a*  
19 *corresponding amount.*

20 *(C) Notwithstanding Section 13340 of the Government Code,*  
21 *all moneys in the subaccount transferred pursuant to this*  
22 *paragraph are reserved and continuously appropriated, without*  
23 *regard to fiscal years, for transfer to the No Place Like Home*  
24 *Fund, to be used for purposes of Part 3.9 (commencing with*  
25 *Section 5849.1).*

26 *(D) The Controller shall, before any transfer or expenditure*  
27 *from the fund for any other purpose for the following month but*  
28 *after any transfer from the fund for purposes of paragraph (1),*  
29 *transfer moneys appropriated from the Behavioral Health Services*  
30 *Fund to the subaccount pursuant to this paragraph in equal*  
31 *amounts over the following 12-month period, beginning no later*  
32 *than 90 days after the effective date of the appropriation by the*  
33 *Legislature.*

34 *(E) If, in any month, the amounts in the Behavioral Health*  
35 *Services Fund are insufficient to fully transfer to the subaccount*  
36 *or the amounts in the subaccount are insufficient to fully pay the*  
37 *amount appropriated for transfer pursuant to this paragraph, the*  
38 *shortfall shall be carried over to the next month.*



1 (3) *The sum of any transfer described in paragraphs (1) and*  
2 *(2) shall not exceed an aggregate of one hundred forty million*  
3 *dollars (\$140,000,000) per year.*

4 (4) *Paragraph (2) shall become inoperative once bonds*  
5 *authorized pursuant to Section 15463 of the Government Code*  
6 *are issued.*

7 (g) *This section shall become operative on July 1, 2026, if*  
8 *amendments to the Mental Health Services Act are approved by*  
9 *the voters at the March 5, 2024, statewide primary election.*

10 SEC. 80. *Section 5891 of the Welfare and Institutions Code is*  
11 *amended to read:*

12 5891. (a) (1) (A) *The funding established pursuant to this act*  
13 *shall be utilized to expand mental health services. ~~Except~~*

14 (B) *Except as provided in subdivision (j) of Section 5892 due*  
15 *to the state's fiscal crisis, these funds shall not be used to supplant*  
16 *existing state or county funds utilized to provide mental health*  
17 *services. ~~The~~*

18 (C) *The state shall continue to provide financial support for*  
19 *mental health programs with not less than the same entitlements,*  
20 *amounts of allocations from the General Fund or from the Local*  
21 *Revenue Fund 2011 in the State Treasury, and formula distributions*  
22 *of dedicated funds as provided in the last fiscal year which ended*  
23 *prior to the effective date of this act. ~~The~~*

24 (D) *The state shall not make any change to the structure of*  
25 *financing mental health services, which increases a county's share*  
26 *of costs or financial risk for mental health services unless the state*  
27 *includes adequate funding to fully compensate for such increased*  
28 *costs or financial risk. ~~These~~*

29 (E) *These funds shall only be used to pay for the programs*  
30 *authorized in Sections 5890 and 5892. These funds may not be*  
31 *used to pay for any other program. ~~These~~*

32 (F) *These funds may not be loaned to the General Fund or any*  
33 *other fund of the state, or a county general fund or any other county*  
34 *fund for any purpose other than those authorized by Sections 5890*  
35 *and 5892.*

36 (2) *To maximize federal financial participation in furtherance*  
37 *of subdivision (d) of Section 5890, a county shall submit claims*  
38 *for reimbursement to the State Department of Health Care Services*  
39 *in accordance with applicable Medi-Cal rules and procedures for*  
40 *a behavioral health service or supportive service eligible for*

1 reimbursement pursuant to Title XIX or XXI of the federal Social  
2 Security Act (42 U.S.C. Sec. 1396, et seq. and 1397aa, et seq.)  
3 when such service is paid, in whole or in part, using the funding  
4 established pursuant to this act.

5 (3) (A) To maximize funding from other sources, a county shall  
6 seek reimbursement for a behavioral health service, supportive  
7 service, housing intervention, prevention service, or other related  
8 activity provided, pursuant to subdivision (a) of Section 5892, that  
9 is covered by or can be paid from another available funding source,  
10 including other mental health funds, substance use disorder funds,  
11 public and private insurance, and other local, state, and federal  
12 funds.

13 (B) A county shall make a good faith effort to contract with  
14 health care service plans and disability insurance plans, pursuant  
15 to Section 1374.72 of the Health and Safety Code and Section  
16 10144.5 of the Insurance Code, as an in-network provider.

17 (C) A county shall also submit requests for prior authorization  
18 for services, request letters of agreement for payment as an  
19 out-of-network provider, and pursue other means to obtain  
20 reimbursement in accordance with state and federal laws.

21 (b) (1) Notwithstanding subdivision (a), and except as provided  
22 in paragraph (2), the Controller may use the funds created pursuant  
23 to this part for loans to the General Fund as provided in Sections  
24 16310 and 16381 of the Government Code. Any such loan shall  
25 be repaid from the General Fund with interest computed at 110  
26 percent of the Pooled Money Investment Account rate, with interest  
27 commencing to accrue on the date the loan is made from the fund.  
28 This subdivision does not authorize any transfer that would  
29 interfere with the carrying out of the object for which these funds  
30 were created.

31 (2) This subdivision does not apply to the Supportive Housing  
32 Program Subaccount created by subdivision (f) of Section 5890  
33 or any moneys paid by the California Health Facilities Financing  
34 Authority to the Department of Housing and Community  
35 Development as a service fee pursuant to a service contract  
36 authorized by Section 5849.35.

37 (c) Commencing July 1, 2012, on or before the 15th day of each  
38 month, pursuant to a methodology provided by the State  
39 Department of Health Care Services, the Controller shall distribute  
40 to each Local Mental Health Service Fund established by counties

1 pursuant to subdivision (f) of Section 5892, all unexpended and  
2 unreserved funds on deposit as of the last day of the prior month  
3 in the Mental Health Services Fund, established pursuant to Section  
4 5890, for the provision of programs and other related activities set  
5 forth in Part 3 (commencing with Section 5800), Part 3.2  
6 (commencing with Section 5830), Part 3.6 (commencing with  
7 Section 5840), Part 3.9 (commencing with Section 5849.1), and  
8 Part 4 (commencing with Section 5850).

9 (d) (1) Counties shall base their expenditures on the county  
10 mental health program's three-year program and expenditure plan  
11 or annual update, as required by Section 5847. ~~Nothing in this~~  
12 ~~subdivision shall affect~~

13 (2) *This subdivision does not affect subdivision (a) or (b).*

14 (e) *This section shall become operative immediately if*  
15 *amendments to the Mental Health Services Act are approved by*  
16 *the voters at the March 5, 2024, statewide primary election.*

17 (f) *If amendments to the Mental Health Services Act are*  
18 *approved by the voters at the March 5, 2024, statewide primary*  
19 *election, this section shall become inoperative on July 1, 2026,*  
20 *and as of January 1, 2027, is repealed.*

21 *SEC. 81. Section 5891 is added to the Welfare and Institutions*  
22 *Code, to read:*

23 5891. (a) (1) (A) *The funding established pursuant to this*  
24 *act shall be utilized by counties to expand mental health and*  
25 *substance use disorder treatment services.*

26 (B) *Except as provided in subdivision (j) of Section 5892, due*  
27 *to the state's fiscal crisis, these funds shall not be used to supplant*  
28 *existing state or county funds utilized to provide mental health*  
29 *services.*

30 (C) *The state shall continue to provide financial support for*  
31 *mental health and substance use disorder programs with not less*  
32 *than the same entitlements, amounts of allocations from the*  
33 *General Fund or from the Local Revenue Fund 2011 in the State*  
34 *Treasury, and formula distributions of dedicated funds as provided*  
35 *in the last fiscal year which ended prior to the effective date of*  
36 *this act.*

37 (D) *The state shall not make a change to the structure of*  
38 *financing mental health and substance use disorder treatment*  
39 *services that increases a county's share of costs or financial risk*  
40 *for behavioral health services unless the state includes adequate*

1 *funding to fully compensate for such increased costs or financial*  
2 *risk.*

3 *(E) These funds shall only be used to pay for the programs*  
4 *authorized in Sections 5890 and 5892.*

5 *(F) These funds may not be used to pay for another program.*

6 *(G) These funds may not be loaned to the General Fund or*  
7 *another fund of the state, a county general fund, or another county*  
8 *fund for any purpose other than those authorized by Sections 5890*  
9 *and 5892.*

10 *(2) To maximize federal financial participation in furtherance*  
11 *of subdivision (d) of Section 5890, a county shall submit claims*  
12 *for reimbursement to the State Department of Health Care Services*  
13 *in accordance with applicable Medi-Cal rules and procedures for*  
14 *a behavioral health service or supportive service eligible for*  
15 *reimbursement pursuant to Title XIX or XXI of the federal Social*  
16 *Security Act (42 U.S.C. Sec. 1396, et seq. and 1397aa, et seq.)*  
17 *when such service is paid, in whole or in part, using the funding*  
18 *established pursuant to this act.*

19 *(3) (A) To maximize funding from other sources, a county shall*  
20 *seek reimbursement for a behavioral health service, supportive*  
21 *service, housing intervention, prevention service, or other related*  
22 *activity provided, pursuant to subdivision (a) of Section 5892, that*  
23 *is covered by or can be paid from another available funding source,*  
24 *including other mental health funds, substance use disorder funds,*  
25 *public and private insurance, and other local, state, and federal*  
26 *funds.*

27 *(B) A county shall make a good faith effort to contract with*  
28 *health care service plans and disability insurance plans, pursuant*  
29 *to Section 1374.72 of the Health and Safety Code and Section*  
30 *10144.5 of the Insurance Code, as an in-network provider.*

31 *(C) A county shall also submit requests for prior authorization*  
32 *for services, request letters of agreement for payment as an*  
33 *out-of-network provider, and pursue other means to obtain*  
34 *reimbursement in accordance with state and federal laws.*

35 *(4) (A) A county may report to the Department of Managed*  
36 *Health Care or the Department of Insurance, as appropriate,*  
37 *complaints about a health plan's or a health insurer's failure to*  
38 *work in good faith with the county to contract with the county or*  
39 *to be an in-network provider of the health plan or insurer.*

1 (B) A county may also report to the Department of Managed  
2 Health Care or the Department of Insurance, respectively, a failure  
3 by a health plan or insurer to timely reimburse the county for  
4 services the plan or insurer must cover as required by state or  
5 federal law, including, but not limited to, Sections 1374.72 and  
6 1374.721 of the Health and Safety Code and Sections 10144.5 and  
7 10144.52 of the Insurance Code.

8 (C) Upon receipt of a complaint from a county, the Department  
9 of Managed Health Care or the Department of Insurance, as  
10 applicable, shall timely investigate the complaint.

11 (b) (1) (A) Notwithstanding subdivision (a) and except as  
12 provided in paragraph (2), the Controller may use the funds  
13 created pursuant to this part for loans to the General Fund as  
14 provided in Sections 16310 and 16381 of the Government Code.

15 (B) Those loans shall be repaid from the General Fund with  
16 interest computed at 110 percent of the Pooled Money Investment  
17 Account rate, with interest commencing to accrue on the date the  
18 loan is made from the fund.

19 (C) This subdivision does not authorize a transfer that would  
20 interfere with the carrying out of the object for which these funds  
21 were created.

22 (2) This subdivision does not apply to the Supportive Housing  
23 Program Subaccount created by subdivision (f) of Section 5890  
24 or moneys paid by the California Health Facilities Financing  
25 Authority to the Department of Housing and Community  
26 Development as a service fee pursuant to a service contract  
27 authorized by Section 5849.35.

28 (c) Commencing July 1, 2012, on or before the 15th day of each  
29 month, pursuant to a methodology provided by the State  
30 Department of Health Care Services, the Controller shall distribute  
31 to each Local Behavioral Health Service Fund established by  
32 counties, pursuant to subdivision (g) of Section 5892, all  
33 unexpended and unreserved funds on deposit as of the last day of  
34 the prior month in the Behavioral Health Services Fund,  
35 established pursuant to Section 5890, for the provision of programs  
36 and other related activities set forth in Section 5892.

37 (d) (1) A county shall base its expenditures on the county mental  
38 health and substance use disorder program's integrated plan or  
39 annual update as required by Section 5963.02.

40 (2) This subdivision does not affect subdivision (a) or (b).

1 (e) Each year, the State Department of Health Care Services  
2 shall post on its internet website the methodology used for  
3 allocating revenue from the Behavioral Health Service Fund to  
4 the counties.

5 (f) For purposes of this section, “behavioral health services”  
6 shall have the meaning as defined in subdivision (j) of Section  
7 5892.

8 (g) For purposes of this section, “substance use disorder” shall  
9 have the meaning as defined in subdivision (c) of Section 5891.5.

10 (h) For purposes of this section, “substance use disorder  
11 treatment services” shall have the meaning as defined in  
12 subdivision (c) of Section 5891.5.

13 (i) This section shall become operative on July 1, 2026, if  
14 amendments to the Mental Health Services Act are approved by  
15 the voters at the March 5, 2024, statewide primary election.

16 SEC. 82. Section 5891.5 of the Welfare and Institutions Code  
17 is amended to read:

18 5891.5. (a) (1) The programs in paragraphs (1) to (3),  
19 inclusive, and paragraph (5) of subdivision (a) of Section 5890  
20 may include substance use disorder treatment for children, adults,  
21 and older adults with cooccurring mental health and substance use  
22 disorders who are eligible to receive mental health services  
23 pursuant to those programs. The MHSA includes persons with a  
24 serious mental disorder and a diagnosis of substance abuse in the  
25 definition of persons who are eligible for MHSA services in  
26 Sections 5878.2 and 5813.5, which reference paragraph (2) of  
27 subdivision (b) of Section 5600.3.

28 (2) Provision of substance use disorder *treatment* services  
29 pursuant to this section shall comply with all applicable  
30 requirements of the Mental Health Services Act.

31 (3) Treatment of cooccurring mental health and substance use  
32 disorders shall be identified in a county’s three-year program and  
33 expenditure plan or annual update, as required by Section 5847.

34 (b) (1) When a person being treated for cooccurring mental  
35 health and substance use disorders pursuant to subdivision (a) is  
36 determined to not need the mental health services that are eligible  
37 for funding pursuant to the MHSA, the county shall refer the person  
38 receiving treatment to substance use disorder treatment services  
39 in a timely manner.

1 (2) Funding established pursuant to the MHSA may be used to  
2 assess whether a person has cooccurring mental health and  
3 substance use disorders and to treat a person who is preliminarily  
4 assessed to have cooccurring mental health and substance use  
5 disorders, even when the person is later determined not to be  
6 eligible for services provided with funding established pursuant  
7 to the MHSA.

8 (c) A county shall report to the department, in a form and  
9 manner determined by the department, both of the following:

10 (1) The number of people assessed for cooccurring mental health  
11 and substance use disorders.

12 (2) The number of people assessed for cooccurring mental health  
13 and substance use disorders who were ultimately determined to  
14 have only a substance use disorder without another cooccurring  
15 mental health condition.

16 (d) The department shall by January 1, 2022, and each January  
17 1 thereafter, publish on its internet website a report summarizing  
18 county activities pursuant to this section for the prior fiscal year.  
19 Data shall be reported statewide and by county or groupings of  
20 counties, as necessary to protect the private health information of  
21 persons assessed.

22 (e) (1) Notwithstanding Chapter 3.5 (commencing with Section  
23 11340) of Part 1 of Division 3 of Title 2 of the Government Code,  
24 the department may implement, interpret, or make specific this  
25 section by means of plan or county letters, information notices,  
26 plan or provider bulletins, or other similar instructions, without  
27 taking any further regulatory action.

28 (2) On or before July 1, 2025, the department shall adopt  
29 regulations necessary to implement this section in accordance with  
30 the requirements of Chapter 3.5 (commencing with Section 11340)  
31 of Part 1 of Division 3 of Title 2 of the Government Code.

32 (f) *If amendments to the Mental Health Services Act are*  
33 *approved by the voters at the March 5, 2024, statewide primary*  
34 *election, this section shall become inoperative on July 1, 2026,*  
35 *and as of January 1, 2027, is repealed.*

36 *SEC. 83. Section 5891.5 is added to the Welfare and Institutions*  
37 *Code, to read:*

38 *5891.5. (a) (1) The programs in paragraphs (2) and (3) of*  
39 *subdivision (a) of Section 5892 shall include substance use disorder*

1 *treatment services, as defined in this section for children, youth,*  
2 *adults, and older adults with a substance use disorder.*

3 *(2) Counties that provide substance use disorder treatment*  
4 *services shall provide all forms of federal Food and Drug*  
5 *Administration approved medications for addiction treatment.*

6 *(3) The programs in Section 5840.10 may include services to*  
7 *reduce the risk to children and youth of developing a substance*  
8 *use disorder.*

9 *(4) Funding established pursuant to the Behavioral Health*  
10 *Services Act may be used to assess whether a person has a*  
11 *substance use disorder and to treat a person prior to a diagnosis*  
12 *of a substance use disorder, even when the person is later*  
13 *determined not to be eligible for services provided with funding*  
14 *established pursuant to the Behavioral Health Services Act.*

15 *(5) Substance use disorder treatment services shall be identified*  
16 *in a county's integrated plan or annual update, as required by*  
17 *Section 5963.02.*

18 *(b) (1) A county shall report to the department data and*  
19 *information regarding implementation of this section specified by*  
20 *the department.*

21 *(2) The data and information shall be reported in a form,*  
22 *manner, and frequency determined by the department.*

23 *(c) (1) For purposes of this section, "substance use disorder"*  
24 *means an adult, child, or youth who has at least one diagnosis of*  
25 *a moderate or severe substance use disorder from the most current*  
26 *version of the Diagnostic and Statistical Manual of Mental*  
27 *Disorders (DSM) for Substance-Related and Addictive Disorders,*  
28 *with the exception of tobacco-related disorders and*  
29 *non-substance-related disorders.*

30 *(2) For purposes of this section, "substance use disorder*  
31 *treatment services" include harm reduction, treatment, and*  
32 *recovery services, including federal Food and Drug Administration*  
33 *approved medications.*

34 *(d) (1) The department shall, by January 1, 2022, and each*  
35 *January 1 thereafter, publish on its internet website a report*  
36 *summarizing county activities pursuant to this section for the prior*  
37 *fiscal year.*

38 *(2) Data shall be reported statewide and by county or groupings*  
39 *of counties, as necessary to protect the private health information*  
40 *of persons assessed.*



1 (e) This section shall become operative on July 1, 2026, if  
2 amendments to the Mental Health Services Act are approved by  
3 the voters at the March 5, 2024, statewide primary election.

4 SEC. 84. Section 5892 of the Welfare and Institutions Code is  
5 amended to read:

6 5892. (a) In order to promote efficient implementation of this  
7 act, the county shall use funds distributed from the Mental Health  
8 Services Fund as follows:

9 (1) In the 2005–06, 2006–07, and 2007–08 fiscal years, 10  
10 percent shall be placed in a trust fund to be expended for education  
11 and training programs pursuant to Part 3.1 (commencing with  
12 Section 5820).

13 (2) In the 2005–06, 2006–07, and 2007–08 fiscal years, 10  
14 percent for capital facilities and technological needs shall be  
15 distributed to counties in accordance with a formula developed in  
16 consultation with the County Behavioral Health Directors  
17 Association of California to implement plans developed pursuant  
18 to Section 5847.

19 (3) Twenty percent of funds distributed to the counties pursuant  
20 to subdivision (c) of Section 5891 shall be used for prevention and  
21 early intervention programs in accordance with Part 3.6  
22 (commencing with Section 5840).

23 (4) The expenditure for prevention and early intervention may  
24 be increased in any county in which the department determines  
25 that the increase will decrease the need and cost for additional  
26 services to persons with severe mental illness in that county by an  
27 amount at least commensurate with the proposed increase.

28 (5) The balance of funds shall be distributed to county mental  
29 health programs for services to persons with severe mental illnesses  
30 pursuant to Part 4 (commencing with Section 5850) for the  
31 children’s system of care and Part 3 (commencing with Section  
32 5800) for the adult and older adult system of care. These services  
33 may include housing assistance, as defined in Section 5892.5, to  
34 the target population specified in Section 5600.3.

35 (6) Five percent of the total funding for each county mental  
36 health program for Part 3 (commencing with Section 5800), Part  
37 3.6 (commencing with Section 5840), and Part 4 (commencing  
38 with Section 5850), shall be utilized for innovative programs in  
39 accordance with Sections 5830, 5847, and 5848.

1 (b) (1) In any fiscal year after the 2007–08 fiscal year, programs  
2 for services pursuant to Part 3 (commencing with Section 5800)  
3 and Part 4 (commencing with Section 5850) may include funds  
4 for technological needs and capital facilities, human resource  
5 needs, and a prudent reserve to ensure services do not have to be  
6 significantly reduced in years in which revenues are below the  
7 average of previous years. The total allocation for purposes  
8 authorized by this subdivision shall not exceed 20 percent of the  
9 average amount of funds allocated to that county for the previous  
10 five fiscal years pursuant to this section.

11 (2) A county shall calculate an amount it establishes as the  
12 prudent reserve for its Local Mental Health Services Fund, not to  
13 exceed 33 percent of the average community services and support  
14 revenue received for the fund in the preceding five years. The  
15 county shall reassess the maximum amount of this reserve every  
16 five years and certify the reassessment as part of the three-year  
17 program and expenditure plan required pursuant to Section 5847.

18 (3) Notwithstanding Chapter 3.5 (commencing with Section  
19 11340) of Part 1 of Division 3 of Title 2 of the Government Code,  
20 the State Department of Health Care Services may allow counties  
21 to determine the percentage of funds to allocate across programs  
22 created pursuant to Part 4 (commencing with Section 5850) for  
23 the children’s system of care and Part 3 (commencing with Section  
24 5800) for the adult and older adult system of care for the 2020–21  
25 and 2021–22 fiscal years by means of all-county letters or other  
26 similar instructions without taking further regulatory action.

27 (c) The allocations pursuant to subdivisions (a) and (b) shall  
28 include funding for annual planning costs pursuant to Section 5848.  
29 The total of these costs shall not exceed 5 percent of the total of  
30 annual revenues received for the fund. The planning costs shall  
31 include funds for county mental health programs to pay for the  
32 costs of consumers, family members, and other stakeholders to  
33 participate in the planning process and for the planning and  
34 implementation required for private provider contracts to be  
35 significantly expanded to provide additional services pursuant to  
36 Part 3 (commencing with Section 5800) and Part 4 (commencing  
37 with Section 5850).

38 (d) Prior to making the allocations pursuant to subdivisions (a),  
39 (b), and (c), funds shall be reserved for the costs for the State  
40 Department of Health Care Services, the California Behavioral

1 Health Planning Council, the Office of Statewide Health Planning  
2 and Development, the Mental Health Services Oversight and  
3 Accountability Commission, the State Department of Public Health,  
4 and any other state agency to implement all duties pursuant to the  
5 programs set forth in this section. These costs shall not exceed 5  
6 percent of the total of annual revenues received for the fund. The  
7 administrative costs shall include funds to assist consumers and  
8 family members to ensure the appropriate state and county agencies  
9 give full consideration to concerns about quality, structure of  
10 service delivery, or access to services. The amounts allocated for  
11 administration shall include amounts sufficient to ensure adequate  
12 research and evaluation regarding the effectiveness of services  
13 being provided and achievement of the outcome measures set forth  
14 in Part 3 (commencing with Section 5800), Part 3.6 (commencing  
15 with Section 5840), and Part 4 (commencing with Section 5850).  
16 The amount of funds available for the purposes of this subdivision  
17 in any fiscal year is subject to appropriation in the annual Budget  
18 Act.

19 (e) In the 2004–05 fiscal year, funds shall be allocated as  
20 follows:

21 (1) Forty-five percent for education and training pursuant to  
22 Part 3.1 (commencing with Section 5820).

23 (2) Forty-five percent for capital facilities and technology needs  
24 in the manner specified by paragraph (2) of subdivision (a).

25 (3) Five percent for local planning in the manner specified in  
26 subdivision (c).

27 (4) Five percent for state implementation in the manner specified  
28 in subdivision (d).

29 (f) Each county shall place all funds received from the State  
30 Mental Health Services Fund in a local Mental Health Services  
31 Fund. The Local Mental Health Services Fund balance shall be  
32 invested consistent with other county funds and the interest earned  
33 on the investments shall be transferred into the fund. The earnings  
34 on investment of these funds shall be available for distribution  
35 from the fund in future fiscal years.

36 (g) All expenditures for county mental health programs shall  
37 be consistent with a currently approved plan or update pursuant  
38 to Section 5847.

39 (h) (1) Other than funds placed in a reserve in accordance with  
40 an approved plan, any funds allocated to a county that have not

1 been spent for their authorized purpose within three years, and the  
2 interest accruing on those funds, shall revert to the state to be  
3 deposited into the Reversion Account, hereby established in the  
4 fund, and available for other counties in future years, provided,  
5 however, that funds, including interest accrued on those funds, for  
6 capital facilities, technological needs, or education and training  
7 may be retained for up to 10 years before reverting to the Reversion  
8 Account.

9 (2) (A) If a county receives approval from the Mental Health  
10 Services Oversight and Accountability Commission of a plan for  
11 innovative programs, pursuant to subdivision (e) of Section 5830,  
12 the county's funds identified in that plan for innovative programs  
13 shall not revert to the state pursuant to paragraph (1) so long as  
14 they are encumbered under the terms of the approved project plan,  
15 including any subsequent amendments approved by the  
16 commission, or until three years after the date of approval,  
17 whichever is later.

18 (B) Subparagraph (A) applies to all plans for innovative  
19 programs that have received commission approval and are in the  
20 process at the time of enactment of the act that added this  
21 subparagraph, and to all plans that receive commission approval  
22 thereafter.

23 (3) Notwithstanding paragraph (1), funds allocated to a county  
24 with a population of less than 200,000 that have not been spent  
25 for their authorized purpose within five years shall revert to the  
26 state as described in paragraph (1).

27 (4) (A) Notwithstanding paragraphs (1) and (2), if a county  
28 with a population of less than 200,000 receives approval from the  
29 Mental Health Services Oversight and Accountability Commission  
30 of a plan for innovative programs, pursuant to subdivision (e) of  
31 Section 5830, the county's funds identified in that plan for  
32 innovative programs shall not revert to the state pursuant to  
33 paragraph (1) so long as they are encumbered under the terms of  
34 the approved project plan, including any subsequent amendments  
35 approved by the commission, or until five years after the date of  
36 approval, whichever is later.

37 (B) Subparagraph (A) applies to all plans for innovative  
38 programs that have received commission approval and are in the  
39 process at the time of enactment of the act that added this

1 subparagraph, and to all plans that receive commission approval  
2 thereafter.

3 (i) Notwithstanding subdivision (h) and Section 5892.1, unspent  
4 funds allocated to a county, and interest accruing on those funds,  
5 which are subject to reversion as of July 1, 2019, and July 1, 2020,  
6 shall be subject to reversion on July 1, 2021.

7 (j) If there are revenues available in the fund after the Mental  
8 Health Services Oversight and Accountability Commission has  
9 determined there are prudent reserves and no unmet needs for any  
10 of the programs funded pursuant to this section, including all  
11 purposes of the Prevention and Early Intervention Program, the  
12 commission shall develop a plan for expenditures of these revenues  
13 to further the purposes of this act and the Legislature may  
14 appropriate these funds for any purpose consistent with the  
15 commission's adopted plan that furthers the purposes of this act.

16 (k) *If amendments to the Mental Health Services Act are*  
17 *approved by the voters at the March 5, 2024, statewide primary*  
18 *election, this section shall become inoperative on January 1, 2025,*  
19 *and as of that date is repealed.*

20 *SEC. 85. Section 5892 is added to the Welfare and Institutions*  
21 *Code, to read:*

22 *5892. (a) To promote efficient implementation of this act, the*  
23 *county shall use funds distributed from the Mental Health Services*  
24 *Fund as follows:*

25 *(1) Twenty percent of funds distributed to the counties pursuant*  
26 *to subdivision (c) of Section 5891 shall be used for prevention and*  
27 *early intervention programs in accordance with Part 3.6*  
28 *(commencing with Section 5840).*

29 *(2) The expenditure for prevention and early intervention may*  
30 *be increased in a county in which the department determines that*  
31 *the increase will decrease the need and cost for additional services*  
32 *to persons with severe mental illness in that county by an amount*  
33 *at least commensurate with the proposed increase.*

34 *(3) The balance of funds shall be distributed to county mental*  
35 *health programs for services to persons with severe mental*  
36 *illnesses pursuant to Part 4 (commencing with Section 5850) for*  
37 *the children's system of care and Part 3 (commencing with Section*  
38 *5800) for the adult and older adult system of care. These services*  
39 *may include housing assistance, as defined in Section 5892.5, to*  
40 *the target population specified in Section 5600.3.*

1 (4) Five percent of the total funding for each county mental  
2 health program for Part 3 (commencing with Section 5800), Part  
3 3.6 (commencing with Section 5840), and Part 4 (commencing  
4 with Section 5850) shall be utilized for innovative programs in  
5 accordance with Sections 5830, 5847, and 5848.

6 (b) (1) Programs for services pursuant to Part 3 (commencing  
7 with Section 5800) and Part 4 (commencing with Section 5850)  
8 may include funds for technological needs and capital facilities,  
9 human resource needs, and a prudent reserve to ensure services  
10 do not have to be significantly reduced in years in which revenues  
11 are below the average of previous years. The total allocation for  
12 purposes authorized by this subdivision shall not exceed 20 percent  
13 of the average amount of funds allocated to that county for the  
14 previous five fiscal years pursuant to this section.

15 (2) A county shall calculate a maximum amount it establishes  
16 as the prudent reserve for its Local Behavioral Health Services  
17 Fund, not to exceed 20 percent of the average of the total funds  
18 distributed to the county pursuant to subdivision (c) of Section  
19 5891 in the preceding five years.

20 (3) A county with a population of less than 200,000 shall  
21 calculate a maximum amount it establishes as the prudent reserve  
22 for its Local Behavioral Health Services Fund, not to exceed 25  
23 percent of the average of the total funds distributed to the county  
24 pursuant to subdivision (c) of Section 5891 in the preceding five  
25 years.

26 (c) The allocations pursuant to subdivisions (a) and (b) shall  
27 include funding for annual planning costs pursuant to Section  
28 5848. The total of these costs shall not exceed 5 percent of the  
29 total of annual revenues received for the fund. The planning costs  
30 shall include funds for county mental health programs to pay for  
31 the costs of consumers, family members, and other stakeholders  
32 to participate in the planning process and for the planning and  
33 implementation required for private provider contracts to be  
34 significantly expanded to provide additional services pursuant to  
35 Part 3 (commencing with Section 5800) and Part 4 (commencing  
36 with Section 5850).

37 (d) (1) (A) Notwithstanding subdivision (a) of Section 5891,  
38 the allocations pursuant to subdivision (a) shall include funding  
39 for annual planning costs pursuant to Sections 5963.02 and  
40 5963.03.

1 (B) *The total of these costs shall not exceed 5 percent of the*  
2 *total of annual revenues received for the Local Behavioral Health*  
3 *Services Fund.*

4 (C) *The planning costs shall include funds for county mental*  
5 *health and substance use disorder programs to pay for the costs*  
6 *of consumers, family members, and other stakeholders to*  
7 *participate in the planning process.*

8 (2) (A) *Notwithstanding subdivision (a) of Section 5891, the*  
9 *allocations pursuant to subdivision (a) may include funding to*  
10 *improve plan operations, quality outcomes, fiscal and*  
11 *programmatic data reporting, and monitoring of subcontractor*  
12 *compliance for all county behavioral health programs, including,*  
13 *but not limited to, programs administered by a Medi-Cal*  
14 *behavioral health delivery system, as defined in subdivision (i) of*  
15 *Section 14184.101, and programs funded by the Projects for*  
16 *Assistance in Transition from Homelessness grant, the Community*  
17 *Mental Health Services Block Grant, and other Substance Abuse*  
18 *and Mental Health Services Administration grants.*

19 (B) *The total of these costs shall not exceed 2 percent of the*  
20 *total of annual revenues received for the Local Behavioral Health*  
21 *Services Fund.*

22 (C) *A county may commence use of funding pursuant to this*  
23 *paragraph on July 1, 2025.*

24 (e) (1) (A) *Prior to making the allocations pursuant to*  
25 *subdivisions (a), (b), (c), and (d), funds shall be reserved for state*  
26 *directed purposes for the California Health and Human Services*  
27 *Agency, the State Department of Health Care Services, the*  
28 *California Behavioral Health Planning Council, the Department*  
29 *of Health Care Access and Information, the Behavioral Health*  
30 *Services Oversight and Accountability Commission, the State*  
31 *Department of Public Health, and any other state agency.*

32 (B) *These costs shall not exceed 5 percent of the total of annual*  
33 *revenues received for the fund.*

34 (C) *The costs shall include funds to assist consumers and family*  
35 *members to ensure the appropriate state and county agencies give*  
36 *full consideration to concerns about quality, structure of service*  
37 *delivery, or access to services.*

38 (D) *The amounts allocated for state directed purposes shall*  
39 *include amounts sufficient to ensure adequate research and*  
40 *evaluation regarding the effectiveness of services being provided*

1 *and achievement of the outcome measures set forth in Part 3*  
2 *(commencing with Section 5800), Part 3.6 (commencing with*  
3 *Section 5840), and Part 4 (commencing with Section 5850).*

4 *(E) The amount of funds available for the purposes of this*  
5 *subdivision in any fiscal year is subject to appropriation in the*  
6 *annual Budget Act.*

7 *(2) Prior to making the allocations pursuant to subdivisions*  
8 *(a), (b), (c), and (d), funds shall be reserved for the costs of the*  
9 *California Health and Human Services Agency to administer a*  
10 *behavioral health workforce initiative. Funding for this purpose*  
11 *shall not exceed thirty-six million dollars. The amount of funds*  
12 *available for the purposes of this subdivision in any fiscal year is*  
13 *subject to appropriation in the annual Budget Act.*

14 *(f) Each county shall place all funds received from the State*  
15 *Mental Health Services Fund in a local Mental Health Services*  
16 *Fund. The Local Mental Health Services Fund balance shall be*  
17 *invested consistent with other county funds and the interest earned*  
18 *on the investments shall be transferred into the fund. The earnings*  
19 *on investment of these funds shall be available for distribution*  
20 *from the fund in future fiscal years.*

21 *(g) All expenditures for county mental health programs shall*  
22 *be consistent with a currently approved plan or update pursuant*  
23 *to Section 5847.*

24 *(h) (1) Other than funds placed in a reserve in accordance with*  
25 *an approved plan, any funds allocated to a county that have not*  
26 *been spent for their authorized purpose within three years, and*  
27 *the interest accruing on those funds, shall revert to the state to be*  
28 *deposited into the Reversion Account, hereby established in the*  
29 *fund, and available for other counties in future years, provided,*  
30 *however, that funds, including interest accrued on those funds, for*  
31 *capital facilities, technological needs, or education and training*  
32 *may be retained for up to 10 years before reverting to the Reversion*  
33 *Account.*

34 *(2) (A) If a county receives approval from the Mental Health*  
35 *Services Oversight and Accountability Commission of a plan for*  
36 *innovative programs, pursuant to subdivision (e) of Section 5830,*  
37 *the county's funds identified in that plan for innovative programs*  
38 *shall not revert to the state pursuant to paragraph (1) so long as*  
39 *they are encumbered under the terms of the approved project plan,*  
40 *including any subsequent amendments approved by the*



1 commission, or until three years after the date of approval,  
2 whichever is later.

3 (B) Subparagraph (A) applies to all plans for innovative  
4 programs that have received commission approval and are in the  
5 process at the time of enactment of the act that added this  
6 subparagraph, and to all plans that receive commission approval  
7 thereafter.

8 (3) Notwithstanding paragraph (1), funds allocated to a county  
9 with a population of less than 200,000 that have not been spent  
10 for their authorized purpose within five years shall revert to the  
11 state as described in paragraph (1).

12 (4) (A) Notwithstanding paragraphs (1) and (2), if a county  
13 with a population of less than 200,000 receives approval from the  
14 Mental Health Services Oversight and Accountability Commission  
15 of a plan for innovative programs, pursuant to subdivision (e) of  
16 Section 5830, the county's funds identified in that plan for  
17 innovative programs shall not revert to the state pursuant to  
18 paragraph (1) so long as they are encumbered under the terms of  
19 the approved project plan, including any subsequent amendments  
20 approved by the commission, or until five years after the date of  
21 approval, whichever is later.

22 (B) Subparagraph (A) applies to all plans for innovative  
23 programs that have received commission approval and are in the  
24 process at the time of enactment of the act that added this  
25 subparagraph, and to all plans that receive commission approval  
26 thereafter.

27 (i) Notwithstanding subdivision (h) and Section 5892.1, unspent  
28 funds allocated to a county, and interest accruing on those funds,  
29 which are subject to reversion as of July 1, 2019, and July 1, 2020,  
30 shall be subject to reversion on July 1, 2021.

31 (j) If there are revenues available in the fund after the State  
32 Department of Health Care Services has determined there are  
33 prudent reserves and no unmet needs for any of the programs  
34 funded pursuant to this section, the department, in consultation  
35 with counties, shall develop a plan for expenditures of these  
36 revenues to further the purposes of this act and the Legislature  
37 may appropriate these funds for any purpose consistent with the  
38 department's plan that furthers the purposes of this act.

1     (k) *This section shall become operative on January 1, 2025, if*  
2 *amendments to the Mental Health Services Act are approved by*  
3 *the voters at the March 5, 2024, statewide primary election.*

4     (l) *This section shall become inoperative on July 1, 2026, if*  
5 *amendments to the Mental Health Services Act are approved by*  
6 *the voters at the March 5, 2024, statewide primary election.*

7     SEC. 86. *Section 5892 is added to the Welfare and Institutions*  
8 *Code, to read:*

9     5892. (a) *To promote efficient implementation of this act, the*  
10 *county shall use funds distributed from the Behavioral Health*  
11 *Services Fund as follows:*

12     (1) (A) (i) *Thirty percent of funds distributed to the counties*  
13 *pursuant to subdivision (c) of Section 5891 shall be used for*  
14 *housing interventions programs pursuant to Part 3.2 (commencing*  
15 *with Section 5830).*

16     (ii) *Of these funds, 50 percent shall be used for housing*  
17 *interventions for persons who are chronically homeless, with a*  
18 *focus on those in encampments.*

19     (iii) *Of these funds, no more than 25 percent may be used for*  
20 *capital development projects pursuant to paragraph (2) of*  
21 *subdivision (b) of Section 5830.*

22     (B) *Commencing with the 2032–2035 fiscal years’ integrated*  
23 *plan, and ongoing thereafter, the State Department of Health Care*  
24 *Services may establish criteria and a process for approving*  
25 *requests for an exemption from subparagraph (A) that considers*  
26 *factors such as a county’s homeless population, the number of*  
27 *individuals receiving Medi-Cal specialty behavioral health services*  
28 *or substance use disorder treatment services in another county,*  
29 *and other factors as determined by the State Department of Health*  
30 *Care Services.*

31     (2) (A) *Thirty-five percent of the funds shall be distributed to*  
32 *counties for full-service partnership programs pursuant to Part*  
33 *4.1 (commencing with Section 5887).*

34     (B) *Commencing with the 2032–2035 fiscal years integrated*  
35 *plan, and ongoing thereafter, the State Department of Health Care*  
36 *Services may establish criteria and a process for approving*  
37 *requests for an exemption from subparagraph (A) that considers*  
38 *factors such as county population, client counts, and other factors*  
39 *as determined by the State Department of Health Care Services.*

1 (C) *Housing interventions provided to individuals enrolled in*  
2 *full-service partnership programs shall be funded pursuant to*  
3 *subparagraph (A) of paragraph (1).*

4 (3) (A) *Thirty percent of the funds shall be distributed to*  
5 *counties for the following Behavioral Health Services and*  
6 *Supports:*

7 (i) *Services pursuant to Part 4 (commencing with Section 5850)*  
8 *for the children’s system of care and Part 3 (commencing with*  
9 *Section 5800) for the adult and older adult system of care,*  
10 *excluding those services specified in paragraphs (1) and (2).*

11 (ii) *Early intervention programs in accordance with Part 3.6*  
12 *(commencing with Section 5840).*

13 (iii) *Workforce education and training.*

14 (iv) *Capital facilities and technological needs.*

15 (v) *Innovative behavioral health pilots and projects.*

16 (vi) *A prudent reserve established pursuant to subdivision (b).*

17 (B) (i) *A county shall utilize a majority of Behavioral Health*  
18 *Services and Supports funding for early intervention programs.*

19 (ii) *A county shall comply with other funding allocations*  
20 *specified by the State Department of Health Care Services for the*  
21 *purposes listed in subparagraph (A).*

22 (4) *Five percent of the funds shall be distributed to counties for*  
23 *population-based mental health and substance use disorder*  
24 *prevention programs pursuant to Chapter 3 (commencing with*  
25 *Section 5840.10) of Part 3.6.*

26 (5) (A) *A county may pilot and test innovative behavioral health*  
27 *models of care programs or innovative promising practices for*  
28 *the programs specified in paragraphs (1), (2), and (4) and clauses*  
29 *(i) through (iii), inclusive, of subparagraph (A) of paragraph (3).*

30 (B) *The goal of these innovative pilots and innovative promising*  
31 *practices is to build the evidence base for the effectiveness of new*  
32 *statewide strategies.*

33 (6) *The programs established pursuant to paragraphs (1), (2),*  
34 *and (3) shall include services to address the needs of transition-age*  
35 *youth, 16 to 25 years of age, and transition-age foster youth.*

36 (b) (1) *A county shall establish and maintain a prudent reserve*  
37 *to ensure county programs are able to continue to meet the needs*  
38 *of children, adults, and older adults served pursuant to full-service*  
39 *partnership programs pursuant to paragraph (2) of subdivision*  
40 *(a), population-based prevention programs pursuant to paragraph*

1 (4) of subdivision (a), the Adult and Older Adult Mental Health  
2 System of Care Act (Part 3 (commencing with Section 5800)),  
3 Innovative Programs, including housing interventions, (Part 3.2  
4 (commencing with Section 5830)), Prevention and Early  
5 Intervention Programs (Part 3.6 (commencing with Section 5840)),  
6 and the Children's Mental Health Services Act (Part 4  
7 (commencing with Section 5850)) during years in which revenues  
8 for the Behavioral Health Services Fund are below recent averages  
9 adjusted by changes in the state population and the California  
10 Consumer Price Index.

11 (2) A county shall calculate a maximum amount it establishes  
12 as the prudent reserve for its Local Behavioral Health Services  
13 Fund, not to exceed 20 percent of the average of the total funds  
14 distributed to the county pursuant to subdivision (c) of Section  
15 5891 in the preceding five years.

16 (3) A county with a population of less than 200,000 shall  
17 calculate a maximum amount it establishes as the prudent reserve  
18 for its Local Behavioral Health Services Fund, not to exceed 25  
19 percent of the average of the total funds distributed to the county  
20 pursuant to subdivision (c) of Section 5891 in the preceding five  
21 years.

22 (4) (A) A county shall assess the maximum amount of its prudent  
23 reserve pursuant to paragraphs (2) and (3) every three years and  
24 shall include a plan for the expenditure of funds exceeding the  
25 maximum amount in the county's integrated plan required pursuant  
26 to Section 5963.02.

27 (B) A county may spend funds exceeding the maximum amount  
28 on programs and services authorized in paragraphs (1), (2), (3),  
29 and (4) of subdivision (a).

30 (5) (A) A county may spend prudent reserve funds on the  
31 programs and services authorized in paragraphs (1), (2), and (4)  
32 and clauses (i) and (ii) of paragraph (3) of subdivision (a).

33 (B) A county may not spend prudent reserve funds for the  
34 purposes specified in paragraph (2) of subdivision (b) of Section  
35 5830.

36 (c) The programs established pursuant to subdivision (a) shall  
37 prioritize services for the following populations:

38 (1) Adults and older adults with a serious mental illness, as  
39 defined in Section 5600.3, or substance use disorder, as defined  
40 in Section 5891.5, who satisfy one of the following:

- 1 (A) Are chronically homeless or experiencing homelessness or  
2 are at risk of homelessness.
- 3 (B) Are in, or are at risk of being in, the justice system.
- 4 (C) Are reentering the community from prison or jail.
- 5 (D) Are at risk of conservatorship pursuant to Chapter 3  
6 (commencing with Section 5350) of Part 1 of Division 5.
- 7 (E) Are at risk of institutionalization.
- 8 (2) Children and youth with a serious emotional disturbance,  
9 as defined in Section 5600.3, or a substance use disorder, as  
10 defined in Section 5891.5, who satisfy one of the following:
- 11 (A) Are chronically homeless or experiencing homelessness or  
12 are at risk of homelessness.
- 13 (B) Are in, or at risk of being in, the juvenile justice system.
- 14 (C) Are reentering the community from a youth correctional  
15 facility.
- 16 (D) Are in the child welfare system pursuant to Sections 300,  
17 601, and 602.
- 18 (E) Are at risk of institutionalization.
- 19 (d) (1) (A) Notwithstanding subdivision (a) of Section 5891,  
20 the allocations pursuant to subdivision (a) shall include funding  
21 for annual planning costs pursuant to Sections 5963.02 and  
22 5963.03.
- 23 (B) The total of these costs shall not exceed 5 percent of the  
24 total of annual revenues received for the Local Behavioral Health  
25 Services Fund.
- 26 (C) The planning costs shall include funds for county mental  
27 health and substance use disorder programs to pay for the costs  
28 of consumers, family members, and other stakeholders to  
29 participate in the planning process.
- 30 (2) (A) Notwithstanding subdivision (a) of Section 5891, the  
31 allocations pursuant to subdivision (a) may include funding to  
32 improve plan operations, quality outcomes, fiscal and  
33 programmatic data reporting, and monitoring of subcontractor  
34 compliance for all county behavioral health programs, including,  
35 but not limited to, programs administered by a Medi-Cal  
36 behavioral health delivery system, as defined in subdivision (i) of  
37 Section 14184.101, and programs funded by the Projects for  
38 Assistance in Transition from Homelessness grant, the Community  
39 Mental Health Services Block Grant, and other Substance Abuse  
40 and Mental Health Services Administration grants.

1 (B) *The total of these costs shall not exceed 2 percent of the*  
2 *total of annual revenues received for the Local Behavioral Health*  
3 *Services Fund.*

4 (C) *A county may commence use of funding pursuant to this*  
5 *paragraph on July 1, 2025.*

6 (e) *This subdivision shall be effective commencing July 1, 2026.*

7 (1) *Prior to making the allocations pursuant to subdivisions*  
8 *(a), (b), (c), and (d), funds shall be reserved for:*

9 (A) *State directed purposes consistent with the Behavioral*  
10 *Health Services Act, for the California Health and Human Services*  
11 *Agency, State Department of Health Care Services, the California*  
12 *Behavioral Health Planning Council, the Department of Health*  
13 *Care Access and Information, the Behavioral Health Services*  
14 *Oversight and Accountability Commission, the State Department*  
15 *of Public Health, and any other state agency.*

16 (B) *The costs to assist consumers and family members so that*  
17 *the appropriate state and county agencies give full consideration*  
18 *to concerns about quality, structure of service delivery, or access*  
19 *to services.*

20 (C) *The costs for research and evaluation regarding the*  
21 *effectiveness of programs and services listed in subdivision (a)*  
22 *and achievement of the outcome measures and metrics pursuant*  
23 *to subdivision (d) of Section 5897.*

24 (D) (i) *The costs of the California Health and Human Services*  
25 *Agency to implement a behavioral health workforce initiative. The*  
26 *cost for this initiative shall not exceed 3 percent of the funds*  
27 *allocated pursuant to this subdivision.*

28 (ii) *This initiative shall be developed in consultation with labor*  
29 *stakeholders and shall focus on efforts to build and support the*  
30 *workforce to meet the need to provide holistic and quality services*  
31 *and support the development and implementation of strategies to*  
32 *for training, supporting, and retaining the non-county contracted*  
33 *behavioral health workforce.*

34 (iii) *A portion of the workforce initiative may focus on providing*  
35 *technical assistance and support to county contracted providers*  
36 *to implement and maintain workforce provisions that support the*  
37 *stabilization and retention of the broad behavioral health*  
38 *workforce.*

39 (2) *The costs for the purposes specified in paragraph (1) shall*  
40 *not exceed 8 percent of the total of annual revenues received for*

1 *the fund. The amount of funds available for the purposes of this*  
2 *subdivision in any fiscal year is subject to appropriation in the*  
3 *annual Budget Act.*

4 *(f) Each county shall place all funds received from the State*  
5 *Behavioral Health Services Fund in a local Behavioral Health*  
6 *Services Fund. The Local Behavioral Health Services Fund balance*  
7 *shall be invested consistent with other county funds and the interest*  
8 *earned on the investments shall be transferred into the fund. The*  
9 *earnings on investment of these funds shall be available for*  
10 *distribution from the fund in future fiscal years.*

11 *(g) All expenditures for county behavioral health programs*  
12 *shall be consistent with a currently approved plan or update*  
13 *pursuant to Section 5847.*

14 *(h) (1) Other than funds placed in a reserve in accordance with*  
15 *an approved plan, any funds allocated to a county that have not*  
16 *been spent for their authorized purpose within three years, and*  
17 *the interest accruing on those funds, shall revert to the state to be*  
18 *deposited into the Reversion Account, hereby established in the*  
19 *fund, and available for other counties in future years, provided,*  
20 *however, that funds, including interest accrued on those funds, for*  
21 *capital facilities, technological needs, or education and training*  
22 *may be retained for up to 10 years before reverting to the Reversion*  
23 *Account.*

24 *(2) (A) The Controller shall revert funds by offsetting amounts*  
25 *from each monthly distribution to a county's Local Behavioral*  
26 *Health Service Fund pursuant to subdivision (c) of Section 5891,*  
27 *until the full amount of the reverted funds has been offset. The*  
28 *reverted funds shall be deposited into the Reversion Account for*  
29 *use, consistent with this section and Sections 5890, 5891 and*  
30 *5891.5, as determined by the State Department of Health Care*  
31 *Services.*

32 *(B) Funds that have been reverted that are owed to a county as*  
33 *a result of an audit adjustment, or for other reasons, shall be paid*  
34 *from the Reversion Account. If the balance of funds in the*  
35 *Reversion Account is inadequate, funds owed to a county shall be*  
36 *offset from the monthly distributions to other counties pursuant to*  
37 *subdivision (c) of Section 5891, based on a methodology provided*  
38 *by the State Department of Health Care Services. Owed funds shall*  
39 *be paid to a county in the monthly distribution pursuant to*  
40 *subdivision (c) of Section 5891.*

1 (C) If the State Department of Health Care Services withholds  
2 funds from a monthly distribution to a county pursuant to  
3 subdivision (e) of Section 5963.04, funds shall be reverted first  
4 and the remaining balance shall be withheld.

5 (3) Notwithstanding paragraph (1), funds allocated to a county  
6 with a population of less than 200,000 that have not been spent  
7 for their authorized purpose within five years shall revert to the  
8 state as described in paragraph (1).

9 (i) If there are revenues available in the fund after the State  
10 Department of Health Care Services has determined there are  
11 prudent reserves and no unmet needs for any of the programs  
12 funded pursuant to this section, the department, in consultation  
13 with counties, shall develop a plan for expenditures of these  
14 revenues to further the purposes of this act and the Legislature  
15 may appropriate these funds for any purpose consistent with the  
16 department's plan that furthers the purposes of this act.

17 (j) For purposes of this section, and elsewhere in law where  
18 specified, the following definitions shall apply:

19 (1) "Experiencing homelessness or are at risk of homelessness"  
20 means people who are homeless or at risk of homelessness, as  
21 defined in Section 91.5 of Title 24 of the Code of Federal  
22 Regulations, or as otherwise defined by the State Department of  
23 Health Care Services for purposes of the Medi-Cal program.

24 (2) "Chronically homeless" means an individual or family that  
25 is chronically homeless, as defined in Section 11360 of Title 42 of  
26 the United States Code, or as otherwise defined by the State  
27 Department of Health Care Services.

28 (3) "Behavioral health services" means mental health services  
29 and substance use disorder treatment services, as defined in Section  
30 5891.5.

31 (4) "Workforce education and training" includes, but is not  
32 limited to, the following for the county workforce:

33 (A) Workforce recruitment, development, training, and retention.

34 (B) Professional licensing and/or certification testing and fees.

35 (C) Loan repayment.

36 (D) Retention incentives and stipends.

37 (E) Internship and apprenticeship programs.

38 (F) Continuing education.

39 (G) Efforts to increase the racial, ethnic, and geographic  
40 diversity of the behavioral health workforce.



1 (k) This section shall become operative on July 1, 2026, if  
2 amendments to the Mental Health Services Act are approved by  
3 the voters at the March 5, 2024, statewide primary election.

4 SEC. 87. Section 5892.1 of the Welfare and Institutions Code  
5 is amended to read:

6 5892.1. (a) All unspent funds subject to reversion pursuant to  
7 subdivision (h) of Section 5892 as of July 1, 2017, are deemed to  
8 have been reverted to the fund and reallocated to the county of  
9 origin for the purposes for which they were originally allocated.

10 (b) (1) The department shall, on or before July 1, 2018, in  
11 consultation with counties and other stakeholders, prepare a report  
12 to the Legislature identifying the amounts that were subject to  
13 reversion prior to July 1, 2017, including to which purposes the  
14 unspent funds were allocated pursuant to Section 5892.

15 (2) Prior to the preparation of the report referenced in paragraph  
16 (1), the department shall provide to counties the amounts it has  
17 determined are subject to reversion, and provide a process for  
18 counties to appeal this determination.

19 (c) (1) By July 1, 2018, each county with unspent funds subject  
20 to reversion that are deemed reverted and reallocated pursuant to  
21 subdivision (a) shall prepare a plan to expend these funds on or  
22 before July 1, 2020. The plan shall be submitted to the commission  
23 for review.

24 (2) A county with unspent funds that are deemed reverted and  
25 reallocated pursuant to subdivision (a) that has not prepared and  
26 submitted a plan to the commission pursuant to paragraph (1) as  
27 of January 1, 2019, shall remit the unspent funds to the state  
28 pursuant to paragraph (1) of subdivision (h) of Section 5892 no  
29 later than July 1, 2019.

30 (d) Funds included in the plan required pursuant to subdivision  
31 (c) that are not spent as of July 1, 2020, shall revert to the state  
32 pursuant to paragraph (1) of subdivision (h) of Section 5892.

33 (e) Notwithstanding subdivision (d), innovation funds included  
34 in the plan required pursuant to subdivision (c) that are not spent  
35 by July 1, 2020, or the end of the project plan approved by the  
36 Mental Health Service Oversight and Accountability Commission  
37 pursuant to subdivision (e) of Section 5830, whichever is later,  
38 shall revert to the state pursuant to subdivision (h) of Section 5892.

1 (f) (1) The requirement for submitting a report imposed under  
2 subdivision (b) is inoperative on July 1, 2022, pursuant to Section  
3 10231.5 of the Government Code.

4 (2) A report to be submitted pursuant to subdivision (b) shall  
5 be submitted in compliance with Section 9795 of the Government  
6 Code.

7 (g) Notwithstanding Chapter 3.5 (commencing with Section  
8 11340) of Part 1 of Division 3 of Title 2 of the Government Code,  
9 the department, without taking any further regulatory action, may  
10 implement, interpret, or make specific this section, Section 5899.1,  
11 and subdivision (h) of Section 5892, by means of all-county letters  
12 or other similar instructions, until applicable regulations are  
13 adopted in accordance with Section 5898, or until July 1, 2019,  
14 whichever occurs first. The all-county letters or other similar  
15 instructions shall be issued only after the department provides the  
16 opportunity for public participation and comments.

17 (h) *If amendments to the Mental Health Services Act are*  
18 *approved by the voters at the March 5, 2024, statewide primary*  
19 *election, this section shall become inoperative on July 1, 2026,*  
20 *and as of January 1, 2027, is repealed.*

21 *SEC. 88. Section 5892.1 is added to the Welfare and Institutions*  
22 *Code, to read:*

23 *5892.1. (a) All unspent funds subject to reversion pursuant to*  
24 *subdivision (i) of Section 5892 as of July 1, 2017, are deemed to*  
25 *have been reverted to the fund and reallocated to the county of*  
26 *origin for the purposes for which they were originally allocated.*

27 (b) (1) *The department shall, on or before July 1, 2018, in*  
28 *consultation with counties and other stakeholders, prepare a report*  
29 *to the Legislature identifying the amounts that were subject to*  
30 *reversion prior to July 1, 2017, including to which purposes the*  
31 *unspent funds were allocated pursuant to Section 5892.*

32 (2) *Prior to the preparation of the report referenced in*  
33 *paragraph (1), the department shall provide to counties the*  
34 *amounts it has determined are subject to reversion and provide a*  
35 *process for counties to appeal this determination.*

36 (c) (1) *By July 1, 2018, each county with unspent funds subject*  
37 *to reversion that are deemed reverted and reallocated pursuant*  
38 *to subdivision (a) shall prepare a plan to expend these funds on*  
39 *or before July 1, 2020. The plan shall be submitted to the*  
40 *commission for review.*

1 (2) A county with unspent funds that are deemed reverted and  
2 reallocated pursuant to subdivision (a) that has not prepared and  
3 submitted a plan to the commission pursuant to paragraph (1) as  
4 of January 1, 2019, shall remit the unspent funds to the state  
5 pursuant to paragraph (1) of subdivision (i) of Section 5892 no  
6 later than July 1, 2019.

7 (d) Funds included in the plan required pursuant to subdivision  
8 (c) that are not spent as of July 1, 2020, shall revert to the state  
9 pursuant to paragraph (1) of subdivision (i) of Section 5892.

10 (e) Notwithstanding subdivision (d), innovation funds included  
11 in the plan required pursuant to subdivision (c) that are not spent  
12 by July 1, 2020, or the end of the project plan approved by the  
13 Behavioral Health Service Oversight and Accountability  
14 Commission pursuant to subdivision (e) of Section 5830, whichever  
15 is later, shall revert to the state pursuant to subdivision (h) of  
16 Section 5892.

17 (f) (1) The requirement for submitting a report imposed under  
18 subdivision (b) is inoperative on July 1, 2022, pursuant to Section  
19 10231.5 of the Government Code.

20 (2) A report to be submitted pursuant to subdivision (b) shall  
21 be submitted in compliance with Section 9795 of the Government  
22 Code.

23 (g) (1) Notwithstanding Chapter 3.5 (commencing with Section  
24 11340) of Part 1 of Division 3 of Title 2 of the Government Code,  
25 the department, without taking further regulatory action, may  
26 implement, interpret, or make specific this section, Section 5899.1,  
27 and subdivision (h) of Section 5892 by means of all-county letters  
28 or other similar instructions until applicable regulations are  
29 adopted in accordance with Section 5898 or until July 1, 2019,  
30 whichever occurs first.

31 (2) The all-county letters or other similar instructions shall be  
32 issued only after the department provides the opportunity for public  
33 participation and comments.

34 (h) This section shall be operative on July 1, 2026, if  
35 amendments to the Mental Health Services Act are approved by  
36 the voters at the March 5, 2024, statewide primary election.

37 SEC. 89. Section 5892.5 of the Welfare and Institutions Code  
38 is amended to read:

39 5892.5. (a) (1) The California Housing Finance Agency, with  
40 the concurrence of the State Department of Health Care Services,

1 shall release unencumbered Mental Health Services Fund moneys  
2 dedicated to the Mental Health Services Act housing program upon  
3 the written request of the respective county. The county shall use  
4 these Mental Health Services Fund moneys released by the agency  
5 to provide housing assistance to the target populations who are  
6 identified in Section 5600.3.

7 (2) For purposes of this section, “housing assistance” means  
8 each of the following:

9 (A) Rental assistance or capitalized operating subsidies.

10 (B) Security deposits, utility deposits, or other move-in cost  
11 assistance.

12 (C) Utility payments.

13 (D) Moving cost assistance.

14 (E) Capital funding to build or rehabilitate housing for homeless,  
15 mentally ill persons or mentally ill persons who are at risk of being  
16 homeless.

17 (b) For purposes of administering those funds released to a  
18 respective county pursuant to subdivision (a), the county shall  
19 comply with all of the requirements described in the Mental Health  
20 Services Act, including, but not limited to, Sections 5664, 5847,  
21 subdivision (h) of Section 5892, and 5899.

22 (c) *If amendments to the Mental Health Services Act are*  
23 *approved by the voters at the March 5, 2024, statewide primary*  
24 *election, this section shall become inoperative on July 1, 2026,*  
25 *and as of January 1, 2027, is repealed.*

26 *SEC. 90. Section 5892.5 is added to the Welfare and Institutions*  
27 *Code, to read:*

28 *5892.5. (a) (1) The California Housing Finance Agency, with*  
29 *the concurrence of the State Department of Health Care Services,*  
30 *shall release unencumbered Behavioral Health Services Fund*  
31 *moneys dedicated to the Behavioral Health Services Act housing*  
32 *program upon the written request of the respective county.*

33 *(2) The county shall use these Behavioral Health Services Fund*  
34 *moneys released by the agency to provide housing interventions*  
35 *pursuant to Section 5830.*

36 *(b) For purposes of administering those funds released to a*  
37 *respective county pursuant to subdivision (a), the county shall*  
38 *comply with all of the requirements described in the Behavioral*  
39 *Health Services Act, including, but not limited to, Section 5664,*

1 Section 5963.02, subdivision (j) of Section 5892, and Section  
2 5963.04.

3 (c) This section shall become operative on July 1, 2026, if  
4 amendments to the Mental Health Services Act are approved by  
5 the voters at the March 5, 2024, statewide primary election.

6 SEC. 91. Section 5893 of the Welfare and Institutions Code is  
7 amended to read:

8 5893. (a) In any year in which the funds available exceed the  
9 amount allocated to counties, such funds shall be carried forward  
10 to the next fiscal year to be available for distribution to counties  
11 in accordance with Section 5892 in that fiscal year.

12 (b) All funds deposited into the Mental Health Services Fund  
13 shall be invested in the same manner in which other state funds  
14 are invested. The fund shall be increased by its share of the amount  
15 earned on investments.

16 (c) If amendments to the Mental Health Services Act are  
17 approved by the voters at the March 5, 2024, statewide primary  
18 election, this section shall become inoperative on July 1, 2026,  
19 and as of January 1, 2027, is repealed.

20 SEC. 92. Section 5893 is added to the Welfare and Institutions  
21 Code, to read:

22 5893. (a) In a year that the funds available exceed the amount  
23 allocated to counties, the excess funds shall be carried forward to  
24 the next fiscal year to be available for distribution to counties in  
25 accordance with Section 5892 in that fiscal year.

26 (b) (1) All funds deposited into the Behavioral Health Services  
27 Fund shall be invested in the same manner that other state funds  
28 are invested.

29 (2) The fund shall be increased by its share of the amount earned  
30 on investments.

31 (c) This section shall become operative on July 1, 2026, if  
32 amendments to the Mental Health Services Act are approved by  
33 voters at the March 5, 2024, statewide primary election.

34 SEC. 93. Section 5895 of the Welfare and Institutions Code is  
35 amended to read:

36 5895. ~~In the event~~ (a) If any provisions of Part 3 (commencing  
37 with Section ~~5800~~; 5800) or Part 4 (commencing with Section  
38 5850) of this division, are repealed or modified so the purposes of  
39 this act cannot be accomplished, the funds in the Mental Health

1 Services Fund shall be administered in accordance with those  
2 sections as they read on January 1, 2004.

3 *(b) If amendments to the Mental Health Services Act are*  
4 *approved by the voters at the March 5, 2024, statewide primary*  
5 *election, this section shall become inoperative on July 1, 2026,*  
6 *and as of January 1, 2027, is repealed.*

7 *SEC. 94. Section 5897 of the Welfare and Institutions Code is*  
8 *amended to read:*

9 5897. (a) Notwithstanding any other state law, the State  
10 Department of Health Care Services shall implement the mental  
11 health services provided by Part 3 (commencing with Section  
12 5800), Part 3.6 (commencing with Section 5840), and Part 4  
13 (commencing with Section 5850) through contracts with county  
14 mental health programs or counties acting jointly. A contract may  
15 be exclusive and may be awarded on a geographic basis. For  
16 purposes of this section, a county mental health program includes  
17 a city receiving funds pursuant to Section 5701.5.

18 (b) Two or more counties acting jointly may agree to deliver or  
19 subcontract for the delivery of those mental health services. The  
20 agreement may encompass all or any part of the mental health  
21 services provided pursuant to these parts. Any agreement between  
22 counties shall delineate each county's responsibilities and fiscal  
23 liability.

24 (c) The department shall implement the provisions of Part 3  
25 (commencing with Section 5800), Part 3.2 (commencing with  
26 Section 5830), Part 3.6 (commencing with Section 5840), and Part  
27 4 (commencing with Section 5850) through the county mental  
28 health services performance contract, as specified in Chapter 2  
29 (commencing with Section 5650) of Part 2.

30 (d) The department shall conduct program reviews of  
31 performance contracts to determine compliance. Each county  
32 performance contract shall be reviewed at least once every three  
33 years, subject to available funding for this purpose.

34 (e) When a county mental health program is not in compliance  
35 with its performance contract, the department may request a plan  
36 of correction with a specific timeline to achieve improvements.  
37 The department shall post on its ~~Internet Web site~~ *internet website*  
38 any plans of correction requested and the related findings.

39 (f) Contracts awarded by the State Department of Health Care  
40 Services, the State Department of Public Health, the California

1 Behavioral Health Planning Council, the Office of Statewide Health  
2 Planning and Development, and the Mental Health Services  
3 Oversight and Accountability Commission pursuant to Part 3  
4 (commencing with Section 5800), Part 3.1 (commencing with  
5 Section 5820), Part 3.2 (commencing with Section 5830), Part 3.6  
6 (commencing with Section 5840), Part 3.7 (commencing with  
7 Section 5845), Part 4 (commencing with Section 5850), and Part  
8 4.5 (commencing with Section 5890), may be awarded in the same  
9 manner in which contracts are awarded pursuant to Section 5814  
10 and the provisions of subdivisions (g) and (h) of Section 5814 shall  
11 apply to those contracts.

12 (g) For purposes of Section 14712, the allocation of funds  
13 pursuant to Section 5892 that are used to provide services to  
14 Medi-Cal beneficiaries shall be included in calculating anticipated  
15 county matching funds and the transfer to the State Department  
16 of Health Care Services of the anticipated county matching funds  
17 needed for community mental health programs.

18 (h) *If amendments to the Mental Health Services Act are*  
19 *approved by the voters at the March 5, 2024, statewide primary*  
20 *election, this section shall become inoperative on July 1, 2026,*  
21 *and as of January 1, 2027, is repealed.*

22 *SEC. 95. Section 5897 is added to the Welfare and Institutions*  
23 *Code, to read:*

24 *5897. (a) (1) Notwithstanding any other state law, the State*  
25 *Department of Health Care Services shall implement the programs*  
26 *and services specified in subdivision (a) of Section 5892, and*  
27 *related activities, through contracts with a county or counties*  
28 *acting jointly.*

29 *(2) A contract may be exclusive and may be awarded on a*  
30 *geographic basis.*

31 *(3) For purposes of this section, a “county” includes a city*  
32 *receiving funds pursuant to Section 5701.5.*

33 *(b) (1) Two or more counties acting jointly may agree to deliver*  
34 *or subcontract for the delivery of programs and services pursuant*  
35 *to subdivision (a) of Section 5892.*

36 *(2) The agreement may encompass all or part of these programs*  
37 *and services.*

38 *(3) An agreement between counties shall delineate each county’s*  
39 *responsibilities and fiscal liability.*

1 (c) The department shall contract with counties, or counties  
2 acting jointly pursuant to subdivision (a), through the county  
3 behavioral health services performance contract as specified in  
4 Chapter 2 (commencing with Section 5650) of Part 2.

5 (d) (1) The department shall conduct program reviews of  
6 performance contracts to determine compliance, including  
7 compliance with Sections 5963.02 and 5963.04.

8 (2) Each county performance contract shall be reviewed at least  
9 once every three years, subject to available funding for this  
10 purpose.

11 (e) (1) If a county behavioral health department is not in  
12 compliance with its performance contract, the department may  
13 request a plan of correction with a specific timeline to achieve  
14 improvements and take administrative action, including, but not  
15 limited to, the temporary withholding of funds and the imposition  
16 of monetary sanctions pursuant to Sections 5655, 5963.04, and  
17 14197.7.

18 (2) The department shall post plans of correction requested and  
19 the related findings on its internet website.

20 (f) Contracts awarded by the State Department of Health Care  
21 Services, the State Department of Public Health, the California  
22 Behavioral Health Planning Council, the Department of Health  
23 Care Access and Information, and the California Health and  
24 Human Services Agency to implement programs and services set  
25 forth in subdivision (a) of Section 5892 and programs pursuant  
26 to Part 3.1 (commencing with Section 5820) may be awarded in  
27 the same manner that contracts are awarded pursuant to Section  
28 5814, and the provisions of subdivisions (g) and (h) of Section  
29 5814 shall apply to those contracts.

30 (g) This section shall become operative on July 1, 2026, if  
31 amendments to the Mental Health Services Act are approved by  
32 voters at the March 5, 2024, statewide primary election.

33 SEC. 96. Section 5898 of the Welfare and Institutions Code is  
34 amended to read:

35 5898. (a) The State Department of Health Care Services, in  
36 consultation with the Mental Health Services Oversight and  
37 Accountability Commission, shall develop regulations, as  
38 necessary, for the State Department of Health Care Services, the  
39 Mental Health Services Oversight and Accountability Commission,  
40 or designated state and local agencies to implement this act.



1 Regulations adopted pursuant to this section shall be developed  
2 with the maximum feasible opportunity for public participation  
3 and comments.

4 *(b) If amendments to the Mental Health Services Act are*  
5 *approved by the voters at the March 5, 2024, statewide primary*  
6 *election, this section shall become inoperative on January 1, 2025,*  
7 *and as of that date is repealed.*

8 *SEC. 97. Section 5898 is added to the Welfare and Institutions*  
9 *Code, to read:*

10 5898. (a) (1) *The State Department of Health Care Services*  
11 *shall develop regulations, as necessary, to implement this act.*

12 (2) *Regulations adopted pursuant to this section shall be*  
13 *developed with the maximum feasible opportunity for public*  
14 *participation and comments.*

15 *(b) This section shall become operative on January 1, 2025, if*  
16 *amendments to the Mental Health Services Act are approved by*  
17 *the voters at the March 5, 2024, statewide primary election.*

18 *SEC. 98. Section 5899 of the Welfare and Institutions Code is*  
19 *amended to read:*

20 5899. (a) (1) *The State Department of Health Care Services,*  
21 *in consultation with the Mental Health Services Oversight and*  
22 *Accountability Commission and the County Behavioral Health*  
23 *Directors Association of California, shall develop and administer*  
24 *instructions for the Annual Mental Health Services Act Revenue*  
25 *and Expenditure Report. ~~The~~*

26 *(2) The instructions shall include a requirement that the county*  
27 *certify the accuracy of this report. ~~With~~*

28 *(3) With the exception of expenditures and receipts related to*  
29 *the capital facilities and technology needs component described*  
30 *in paragraph (6) of subdivision (d), each county shall adhere to*  
31 *uniform accounting standards and procedures that conform to the*  
32 *Generally Accepted Accounting Principles prescribed by the*  
33 *Controller pursuant to Section 30200 of the Government Code*  
34 *when accounting for receipts and expenditures of Mental Health*  
35 *Services Act (MHSA) funds in preparing the report. ~~Counties~~*

36 *(4) Counties shall report receipts and expenditures related to*  
37 *capital facilities and technology needs using the cash basis of*  
38 *accounting, which recognizes expenditures at the time payment is*  
39 *made. ~~Each~~*

1 (5) *Each* county shall electronically submit the report to the  
2 department and to the Mental Health Services Oversight and  
3 Accountability Commission. ~~The~~

4 (6) *The* department and the commission shall annually post each  
5 county's report in a text-searchable format on its ~~Internet Web site~~  
6 *internet website* in a timely manner.

7 (b) The department, in consultation with the commission and  
8 the County Behavioral Health Directors Association of California,  
9 shall revise the instructions described in subdivision (a) by July  
10 1, 2017, and as needed thereafter, to improve the timely and  
11 accurate submission of county revenue and expenditure data.

12 (c) The purpose of the Annual Mental Health Services Act  
13 Revenue and Expenditure Report is as follows:

14 (1) Identify the expenditures of MHSA funds that were  
15 distributed to each county.

16 (2) Quantify the amount of additional funds generated for the  
17 mental health system as a result of the MHSA.

18 (3) Identify unexpended ~~funds~~, *funds* and interest earned on  
19 MHSA funds.

20 (4) Determine reversion amounts, if applicable, from prior fiscal  
21 year distributions.

22 (d) This report is intended to provide information that allows  
23 for the evaluation of all of the following:

24 (1) Children's systems of care.

25 (2) Prevention and early intervention strategies.

26 (3) Innovative projects.

27 (4) Workforce education and training.

28 (5) Adults and older adults systems of care.

29 (6) Capital facilities and technology needs.

30 (e) If a county does not submit the annual revenue and  
31 expenditure report described in subdivision (a) by the required  
32 deadline, the department may withhold MHSA funds until the  
33 reports are submitted.

34 (f) A county shall also report the amount of MHSA funds that  
35 were spent on mental health services for veterans.

36 (g) By October 1, 2018, and by October 1 of each subsequent  
37 year, the department shall, in consultation with counties, publish  
38 on its ~~Internet Web site~~ *internet website* a report detailing funds  
39 subject to reversion by county and by originally allocated purpose.

1 The report also shall include the date on which the funds will revert  
2 to the Mental Health Services Fund.

3 *(h) If amendments to the Mental Health Services Act are*  
4 *approved by the voters at the March 5, 2024, statewide primary*  
5 *election, this section shall become inoperative on July 1, 2026,*  
6 *and as of January 1, 2027, is repealed.*

7 *SEC. 99. Chapter 3 (commencing with Section 5962) is added*  
8 *to Part 7 of Division 5 of the Welfare and Institutions Code, to*  
9 *read:*

10

11 *CHAPTER 3. BEHAVIORAL HEALTH MODERNIZATION ACT*

12

13 *Article 1. Veterans Behavioral Health and Housing*

14

15 *5962. (a) The Department of Housing and Community*  
16 *Development, in consultation with the Department of Veterans*  
17 *Affairs, shall determine the methodology and distribution of the*  
18 *grant funds, used for the purposes specified in paragraph (2) of*  
19 *subdivision (a) of Section 5965.04, to those entities it determines*  
20 *to be qualified.*

21 *(b) The Department of Housing and Community Development*  
22 *and the Department of Veterans Affairs shall work collaboratively*  
23 *pursuant to a memorandum of understanding to carry out the*  
24 *duties and functions of this article.*

25 *5962.01. As used in this article, the following terms have the*  
26 *following meanings:*

27 *(a) "Department" means the Department of Housing and*  
28 *Community Development.*

29 *(b) "Behavioral health challenge" means, but is not limited to,*  
30 *a veteran who has a serious mental illness, as defined in Section*  
31 *5600.3, or a substance use disorder, as defined in Section 5891.5.*

32 *5962.02. (a) The department shall issue guidance regarding*  
33 *the implementation of this article by July 1, 2027.*

34 *(b) In developing the guidance referenced in subdivision (a),*  
35 *the department shall consult with the Department of Veterans*  
36 *Affairs regarding supportive services plan standards and other*  
37 *program areas where the Department of Veterans Affairs holds*  
38 *expertise.*

39 *5962.03. (a) Notwithstanding any other law, funds allocated*  
40 *for the purposes specified in paragraph (2) of subdivision (a) of*

1 Section 5965.04 shall be disbursed in accordance with the  
2 Multifamily Housing Program as provided in Chapter 6.7  
3 (commencing with Section 50675) of Part 2 of Division 31 of the  
4 Health and Safety Code and this article, including as grants to  
5 cities, counties, and other local public entities, as necessary,  
6 consistent with applicable law and guidance, for the following  
7 uses:

8 (1) Acquisition, rehabilitation, or acquisition and rehabilitation  
9 of motels, hotels, hostels, or other sites and assets, including  
10 apartments, homes, adult residential facilities, residential care  
11 facilities for the elderly, manufactured housing, commercial  
12 properties, and other buildings with existing uses that could be  
13 converted to permanent or interim housing.

14 (2) Master leasing of properties for noncongregant housing.

15 (3) Conversion of units from nonresidential to residential.

16 (4) New construction of dwelling units.

17 (5) The purchase of affordability covenants and restrictions for  
18 units.

19 (6) Relocation costs for individuals who are being displaced as  
20 a result of rehabilitation of existing units.

21 (7) Upon request and upon demonstration by the eligible  
22 applicant that other resources are not available for this purpose,  
23 the department may, in its sole discretion, provide funding for  
24 capitalized operating subsidies for units purchased, converted, or  
25 altered with funds provided pursuant to this section.

26 (b) Where possible, the department shall allocate the funds  
27 described in subdivision (a) in a manner that takes into  
28 consideration all of the following:

29 (1) Geographic need across the state.

30 (2) The demonstrated ability of the applicant to fund ongoing  
31 operating reserves, with priority given to an applicant who  
32 demonstrates a commitment to the sustained operations of these  
33 units, utilizing ongoing federal and state resources, including, but  
34 not limited to, the Veterans Affairs Supportive Housing program  
35 and the Behavioral Health Services Act.

36 (3) The creation of new permanent housing options.

37 (c) A conflict between the requirements of the Multifamily  
38 Housing Program and this article shall be resolved in favor of this  
39 article as may be set forth in the guidance authorized by Section  
40 5962.02.

1 (d) Up to 5 percent of the funds appropriated for this article  
2 may be expended for the costs to administer this program.

3 5962.04. (a) Notwithstanding any other law, any project funded  
4 by a grant pursuant to this article shall be deemed consistent and  
5 in conformity with any applicable local plan, standard, or  
6 requirement and any applicable coastal plan, local or otherwise,  
7 shall be allowed as a permitted use within the zone where the  
8 structure is located, and shall not be subject to a conditional use  
9 permit, discretionary permit, or to any other discretionary reviews  
10 or approvals.

11 (b) Notwithstanding any other law, the California Environmental  
12 Quality Act (Division 13 (commencing with Section 21000) of the  
13 Public Resources Code) does not apply to a project, including a  
14 phased project, funded by a grant pursuant to this chapter if, where  
15 applicable, all of the following applicable requirements are  
16 satisfied:

17 (1) No units were acquired by eminent domain.

18 (2) The units will be in decent, safe, and sanitary condition at  
19 the time of occupancy.

20 (3) Notwithstanding paragraph (1) of subdivision (a) of Section  
21 1720 of the Labor Code, construction of the project constitutes a  
22 public works project for purposes of Chapter 1 (commencing with  
23 Section 1720) of Part 7 of Division 2 of the Labor Code.

24 (4) The project proponent obtains an enforceable commitment  
25 that all contractors and subcontractors performing work on the  
26 project will use a skilled and trained workforce for any proposed  
27 rehabilitation, construction, or major alterations in accordance  
28 with Chapter 2.9 (commencing with Section 2600) of Part 1 of  
29 Division 2 of the Public Contract Code.

30 (5) The project proponent submits to the lead agency a letter  
31 of support from a county, city, city and county, or other local public  
32 entity for any proposed rehabilitation, construction, or major  
33 alteration work.

34 (6) Any acquisition is paid for, in whole or part, with public  
35 funds.

36 (7) The project provides housing units for veterans who are  
37 experiencing homelessness, or at risk of homelessness, and who  
38 are living with a behavioral health challenge.

39 (8) Long-term covenants and restrictions require the units to  
40 be restricted to veterans who are experiencing homelessness, or

1 at risk of homelessness, and are living with a behavioral health  
2 challenge for no fewer than 55 years.

3 (9) (A) The project does not result in an increase in the existing  
4 onsite development footprint of structure, structures, or  
5 improvements by more than 10 percent.

6 (B) An increase to the existing, onsite development footprint  
7 shall be exclusively to support the provision of, or conversion to,  
8 housing for the designated population, including, but not limited  
9 to, both of the following:

10 (i) Achieving compliance with local, state, and federal  
11 requirements.

12 (ii) Providing sufficient space for the provision of services and  
13 amenities.

14 (c) If a project applicant determines that a project is not subject  
15 to the California Environmental Quality Act (Division 13  
16 commencing with Section 21000) of the Public Resources Code  
17 pursuant to this section and the lead agency for the project publicly  
18 concurs in that determination, the project applicant shall file a  
19 notice of exemption with the Office of Planning and Research and  
20 the county clerk of the county where the project is located in the  
21 manner specified in subdivisions (b) and (c) of Section 21152 of  
22 the Public Resources Code.

23 5962.05. The department shall administer funding, as set forth  
24 below, subject to modifications set forth by the guidance required  
25 by Section 5962.02:

26 (a) The department may accept funding applications and issue  
27 awards on a continuous, over-the-counter basis until the funding  
28 has been exhausted or as otherwise required by law.

29 (b) (1) Each award shall be expended on the uses authorized  
30 in subdivision (a) of Section 5962.03 and in accordance with all  
31 relevant representations and descriptions in the application, within  
32 eight months of the date of the award.

33 (2) Applicants may ask the department for an extension of this  
34 timeframe on the grounds and according to the procedures set  
35 forth in the guidelines.

36 (3) The department director shall have reasonable discretion  
37 to approve or deny an extension upon conducting a full and good  
38 faith review of the applicant's extension request.

1            *Article 2. Behavioral Health Planning and Reporting*

2  
3            5963. (a) *It is the intent of the Legislature that this chapter*  
4 *establish the Integrated Plan for Behavioral Health Services and*  
5 *Outcomes, which each county shall develop every three years to*  
6 *include all of the following:*

7            (1) *A demonstration of how the county will utilize various funds*  
8 *for behavioral health services to deliver high-quality and timely*  
9 *care along the continuum of services from prevention and wellness*  
10 *in schools and other settings to community-based outpatient care,*  
11 *residential care, crisis care, acute care, and housing services and*  
12 *supports.*

13            (2) *A demonstration of how the county will use Behavioral*  
14 *Health Services Act funds to prioritize addressing the needs of*  
15 *those with the most severe mental illness, serious emotional*  
16 *disturbance, and substance use disorders who are experiencing*  
17 *unsheltered homelessness, are incarcerated or at risk of being*  
18 *incarcerated, or have been hospitalized or institutionalized as a*  
19 *result of their behavioral health condition.*

20            (3) *A demonstration of how the county will strategically invest*  
21 *in population-based prevention, early intervention, and innovation.*

22            (4) *A demonstration of how the county has considered other*  
23 *local program planning efforts in the development of the integrated*  
24 *plan to maximize opportunities to leverage funding and services*  
25 *from other programs, including federal funding, Medi-Cal*  
26 *managed care, and commercial health plans.*

27            (5) *A demonstration of how the county will support and retain*  
28 *a robust county and non-county contracted behavioral health*  
29 *workforce to achieve the statewide and local behavioral health*  
30 *outcome goals.*

31            (6) *A development process in partnership with local*  
32 *stakeholders.*

33            (7) *A set of measures used to track progress and hold counties*  
34 *accountable in meeting specific outcomes and goals of the*  
35 *integrated plan.*

36            (8) *Information for the state to consider, if necessary to*  
37 *recommend changes to the county's integrated plan or requiring*  
38 *sanctions to a county's Behavioral Health Services Act funding*  
39 *as a result of a county not meeting its obligations or state outcome*  
40 *metrics.*

1 (b) For purposes of this article, the following definitions apply:

2 (1) “Department” means the State Department of Health Care  
3 Services.

4 (2) “Integrated plan” means the Integrated Plan for Behavioral  
5 Health Services and Outcomes required by this section.

6 5963.01. (a) A county shall work with each Medi-Cal managed  
7 care plan, as defined in subdivision (j) of Section 14184.101, that  
8 covers residents of the county on development of the Managed  
9 Care plan’s population needs assessment.

10 (b) A county shall work with its local health jurisdiction on  
11 development of its community health improvement plan.

12 (c) This section shall become operative on July 1, 2026, if  
13 amendments to the Mental Health Services Act are approved by  
14 the voters at the March 5, 2024, statewide primary election.

15 5963.02. (a) (1) Each county shall prepare and submit an  
16 integrated plan and annual updates to the Behavioral Health  
17 Services Oversight and Accountability Commission and the  
18 department.

19 (2) All references to the three-year program and expenditure  
20 plan mean the integrated plan.

21 (3) Each county’s Board of Supervisors shall approve the  
22 integrated plan and annual updates by June 30 prior to the fiscal  
23 year or years the integrated plan or update would cover.

24 (4) A county shall not use the integrated plan to demonstrate  
25 compliance with federal law, state law, or requirements imposed  
26 by the department related to programs listed in subdivision (c).

27 (b) (1) Each section of the integrated plan and annual update  
28 listed in subdivision (c) shall be based on available funding or  
29 obligations under Section 30025 of the Government Code and  
30 corresponding contracts, for the applicable fiscal years and in  
31 accordance with established stakeholder engagement and planning  
32 requirements as required in Section 5963.03.

33 (2) A county shall consider relevant data sources to guide  
34 addressing local needs, including the prevalence of mental health  
35 and substance use disorders, the unmet need for mental health and  
36 substance use disorder treatment in the county, and the  
37 homelessness point-in-time count, in preparing each integrated  
38 plan and annual update, and should use the data to appropriately  
39 allocate funding between mental health and substance use disorder  
40 treatment services.



1 (3) A county shall consider the population needs assessment of  
2 each Medi-Cal managed care plan, as defined in subdivision (j)  
3 of Section 14184.101, that covers residents of the county in  
4 preparing each integrated plan and annual update.

5 (4) A county shall consider the community health improvement  
6 plan of the local health jurisdiction for the county in preparing  
7 each integrated plan and annual update.

8 (5) A county shall stratify data to identify behavioral health  
9 disparities and consider approaches to eliminate disparities,  
10 including, but not limited to, promising practices, models of care,  
11 community-defined evidence-based practices, workforce diversity,  
12 and cultural responsiveness in preparing each integrated plan and  
13 annual update.

14 (6) A county shall report and consider the achievement of  
15 defined goals and outcomes measures of the prior integrated plan  
16 and annual update, in addition to other data and information as  
17 specified by the department pursuant to Section 5963.05, in  
18 preparing each integrated plan and annual update.

19 (7) A county with more than 200,000 population shall  
20 collaborate with the five most populous cities in the county,  
21 managed care plans, and continuums of care to outline respective  
22 responsibilities and coordination of services related to housing  
23 interventions described in Section 5830.

24 (c) The integrated plan and annual updates shall include a  
25 section for each of the following:

26 (1) (A) Community mental health services provided pursuant  
27 to Part 2 (commencing with Section 5600).

28 (B) Programs and services funded from the Behavioral Health  
29 Services Fund pursuant to Section 5890, including a description  
30 of how the county meets the requirements of paragraph (7) of  
31 subdivision (b).

32 (C) Programs and services funded by the Projects for Assistance  
33 in Transition from Homelessness grant pursuant to Sections  
34 290cc-21 through 290cc-35, inclusive, of Title 42 of the United  
35 States Code.

36 (D) Programs and services funded by the Community Mental  
37 Health Services Block Grant pursuant to Sections 300x through  
38 300x-9, inclusive, of Title 42 of the United States Code.

1 (E) Programs and services funded by the Substance Abuse Block  
2 Grant pursuant to Sections 300x-21 through 300x-35, inclusive,  
3 of Title 42 of the United States Code.

4 (F) Programs and services provided pursuant to Article 5  
5 (commencing with Section 14680) of Chapter 8.8 of Part 3 of  
6 Division 9 and Chapter 8.9 (commencing with Section 14700) of  
7 Part 3 of Division 9.

8 (G) Programs and services provided pursuant to Article 3.2  
9 (commencing with Section 14124.20) of Chapter 7 of Part 3 of  
10 Division 9.

11 (H) Programs and services provided pursuant to Section  
12 14184.401.

13 (I) Programs and services funded by distributions from the  
14 Opioid Settlements Fund established pursuant to Section 12534  
15 of the Government Code.

16 (J) Services provided through other federal grants or other  
17 county mental health and substance use disorder programs.

18 (2) (A) A description of how the integrated plan and annual  
19 update aligns with statewide behavioral health goals and outcome  
20 measures, as defined by the department in consultation with  
21 counties and stakeholders, pursuant to Section 5963.05.

22 (B) Outcome measures may include, but not be limited to,  
23 measures that demonstrate achievement of goals to reduce  
24 unsheltered homelessness among those eligible for housing  
25 interventions pursuant to Section 5830 and measures that  
26 demonstrate reductions in the number of people with serious mental  
27 illness and substance use disorders who are incarcerated in the  
28 county.

29 (3) A description of how the integrated plan aligns with local  
30 goals and outcome measures for behavioral health.

31 (4) The programs and services specified in paragraph (1) shall  
32 include descriptions of efforts to reduce identified disparities in  
33 behavioral health outcomes.

34 (5) A description of the data sources considered to meet the  
35 requirements specified in paragraph (2) of subdivision (b).

36 (6) A description of its workforce strategy, to include actions  
37 the county will take to ensure its county and non-county contracted  
38 behavioral health workforce is well supported and robust enough  
39 to achieve the statewide and local behavioral health goals and

1 *measures. This description shall include how the county will do*  
2 *all of the following:*

3 *(A) Maintain and monitor a network of appropriate, high-quality*  
4 *county and non-county contracted providers, where applicable,*  
5 *that is sufficient to provide adequate access to services and*  
6 *supports for individuals with behavioral health needs.*

7 *(B) Meet federal and state standards for timely access to care*  
8 *and services, considering the urgency of the need for services.*

9 *(C) Ensure the health and welfare of the individual and support*  
10 *community integration of the individual.*

11 *(D) Promote the delivery of services in a culturally competent*  
12 *manner to all individuals, including those with limited English*  
13 *proficiency and diverse cultural and ethnic backgrounds and*  
14 *disabilities, regardless of age, religion, sexual orientation, and*  
15 *gender identity.*

16 *(E) Ensure physical access, reasonable accommodations, and*  
17 *accessible equipment for individuals with physical, intellectual*  
18 *and developmental, and mental disabilities.*

19 *(F) Select and retain all contracted network providers, including*  
20 *ensuring all contracted providers meet minimum standards for*  
21 *license, certification, training, experience, and credentialing*  
22 *requirements.*

23 *(G) Ensure that the contractor's hiring practices meet applicable*  
24 *nondiscrimination standards.*

25 *(H) Adequately fund contracts to ensure that non-county*  
26 *contracted providers are resourced to achieve the behavioral*  
27 *health goals outlined in their contract for the purposes of meeting*  
28 *statewide metrics.*

29 *(I) Conduct oversight of compliance of all federal and state*  
30 *laws and regulations of all contracted network providers.*

31 *(J) Fill county vacancies and retain county employees providing*  
32 *direct behavioral health services, if applicable.*

33 *(7) Certification by the county behavioral health director, that*  
34 *ensures that the county has complied with all pertinent regulations,*  
35 *laws, and statutes, including stakeholder participation*  
36 *requirements.*

37 *(8) Certification by the county behavioral health director and*  
38 *by the county auditor-controller that the county has complied with*  
39 *fiscal accountability requirements, as directed by the department,*

1 *and that all expenditures are consistent with applicable state and*  
2 *federal law.*

3 *(d) The county shall submit its integrated plan and annual*  
4 *updates to the department in a form and manner prescribed by the*  
5 *department.*

6 *(e) The department shall post on its internet website, in a timely*  
7 *manner, the integrated plan submitted by every county pursuant*  
8 *to subdivision (a).*

9 *(f) This section shall become operative on July 1, 2026, if*  
10 *amendments to the Mental Health Services Act are approved by*  
11 *the voters at the March 5, 2024, statewide primary election.*

12 *5963.03. (a) (1) Each integrated plan shall be developed with*  
13 *local stakeholders, including, but not limited to, all of the*  
14 *following:*

15 *(A) Adults and older adults with serious mental illness or in*  
16 *recovery from a substance use disorder.*

17 *(B) Families of children, adults, and older adults with serious*  
18 *mental illness or with a substance use disorder.*

19 *(C) Youths or youth mental health or substance use disorder*  
20 *organizations.*

21 *(D) Providers of mental health services and substance use*  
22 *disorder treatment services.*

23 *(E) Public safety partners.*

24 *(F) Education agencies.*

25 *(G) Higher education partners.*

26 *(H) Early childhood organizations.*

27 *(I) Local health jurisdictions.*

28 *(J) County social services and child welfare agencies.*

29 *(K) Labor representative organizations.*

30 *(L) Veterans.*

31 *(M) Representatives from veterans organizations.*

32 *(N) Health care organizations.*

33 *(O) Health care service plans, including Medi-Cal managed*  
34 *care plans as defined in subdivision (j) of Section 14184.101.*

35 *(P) Disability insurers.*

36 *(Q) Tribal and Indian Health Program designees established*  
37 *for Medi-Cal Tribal consultation purposes.*

38 *(R) The five most populous cities in counties with a population*  
39 *greater than 200,000.*

40 *(S) Area agencies on aging.*

1 (T) *Independent living centers.*

2 (U) *Continuums of care.*

3 (V) *Regional centers.*

4 (2) (A) (i) *A county shall demonstrate a partnership with*  
5 *constituents and stakeholders throughout the process that includes*  
6 *meaningful stakeholder involvement on mental health and*  
7 *substance use disorder policy, program planning, and*  
8 *implementation, monitoring, workforce, quality improvement,*  
9 *health equity, evaluation, and budget allocations.*

10 (ii) *Stakeholders shall include sufficient participation of*  
11 *individuals representing diverse viewpoints, including, but not*  
12 *limited to, representatives from youth from historically*  
13 *marginalized communities, representatives from organizations*  
14 *specializing in working with underserved racially and ethnically*  
15 *diverse communities, representatives from LGBTQ+ communities,*  
16 *and victims of domestic violence and sexual abuse.*

17 (B) *A draft plan and update shall be prepared and circulated*  
18 *for review and comment for at least 30 days to representatives of*  
19 *stakeholder interest and any interested party who has requested*  
20 *a copy of the draft plan.*

21 (b) (1) *The behavioral health board established pursuant to*  
22 *Section 5604 shall conduct a public hearing on the draft integrated*  
23 *plan and annual updates at the close of the 30-day comment period*  
24 *required by subdivision (a).*

25 (2) *Each adopted integrated plan and update shall include*  
26 *substantive written recommendations for revisions.*

27 (3) *The adopted integrated plan or update shall summarize and*  
28 *analyze the recommended revisions.*

29 (4) *The behavioral health board shall review the adopted*  
30 *integrated plan or update and make recommendations to the local*  
31 *mental health agency or local behavioral health agency, as*  
32 *applicable, for revisions.*

33 (5) *The local mental health agency, local substance use disorder*  
34 *agency, or local behavioral health agency, as applicable, shall*  
35 *provide an annual report of written explanations to the local*  
36 *governing body and the department for substantive*  
37 *recommendations made by the local behavioral health board that*  
38 *are not included in the final integrated plan or update.*

39 (c) (1) *A county shall prepare annual updates to its integrated*  
40 *plan and may prepare intermittent updates.*

1 (2) *In preparing annual and intermittent updates:*

2 (A) *A county is not required to comply with the stakeholder*  
3 *process described in subdivisions (a) and (b).*

4 (B) *A county shall post on its internet website all updates to its*  
5 *integrated plan and a summary and justification of the changes*  
6 *made by the updates for a 30-day comment period prior to the*  
7 *effective date of the updates.*

8 (d) *For purposes of this section, “substantive recommendations*  
9 *made by the local behavioral health board” means a*  
10 *recommendation that is brought before the board and approved*  
11 *by a majority vote of the membership present at a public hearing*  
12 *of the local behavioral health board that has established a quorum.*

13 (e) *This section shall become operative on January 1, 2025, if*  
14 *amendments to the Mental Health Services Act are approved by*  
15 *the voters at the March 5, 2024, statewide primary election.*

16 5963.04. (a) (1) *Annually, counties and Medi-Cal behavioral*  
17 *health delivery systems, as defined in subdivision (i) of Section*  
18 *14184.101, shall submit the County Behavioral Health Outcomes,*  
19 *Accountability, and Transparency Report to the department.*

20 (2) *This report shall include the following data and information*  
21 *that shall be submitted in a form, manner, and in accordance with*  
22 *timelines prescribed by the department:*

23 (A) *The county’s annual allocation of state and federal*  
24 *behavioral health funds, by category.*

25 (B) *The county’s annual expenditure of state and federal*  
26 *behavioral health funds, by category.*

27 (C) *The amounts of annual and cumulative unspent state and*  
28 *federal behavioral health funds, including funds in a reserve*  
29 *account, by category.*

30 (D) *The county’s annual expenditure of county general funds*  
31 *and other funds, by category, on mental health or substance use*  
32 *disorder treatment services.*

33 (E) *The sources and amounts spent annually as the nonfederal*  
34 *share for Medi-Cal specialty mental health services and Medi-Cal*  
35 *substance use disorder treatment services, by category.*

36 (F) *All administrative costs, by category.*

37 (G) *All contracted services, and the cost of those contracted*  
38 *services, by category.*

39 (H) *Information on behavioral health services provided to*  
40 *persons not covered by Medi-Cal, including, but not limited to,*

1 *those who are uninsured or covered by Medicare or commercial*  
2 *insurance, by category.*

3 *(I) Other data and information, which shall include, but is not*  
4 *limited to, service utilization data, performance outcome measures*  
5 *across all behavioral health delivery systems, and data and*  
6 *information pertaining to populations with identified disparities*  
7 *in behavioral health outcomes, as specified by the department.*  
8 *Examples may include, but are not limited to, data through the*  
9 *lens of health equity to identify racial, ethnic, and other*  
10 *demographic disparities and inform disparity reduction efforts,*  
11 *the number of people with serious mental illness or substance use*  
12 *disorder, or both, who are incarcerated, experiencing*  
13 *homelessness, inclusive of the availability of housing, the number*  
14 *of youth under 26 years of age who access evidence based early*  
15 *psychosis and mood disorder detection and intervention programs.*

16 *(J) Data and information on workforce measures and metrics,*  
17 *including, but not limited to, all of the following:*

18 *(i) Vacancies and efforts to fill vacancies.*

19 *(ii) The number of county employees providing direct clinical*  
20 *behavioral health services.*

21 *(iii) Whether there is a net change in the number of county*  
22 *employees providing direct clinical behavioral health services*  
23 *compared to the prior year and an explanation for that change.*

24 *(b) The department may establish metrics, in consultation with*  
25 *counties and stakeholders, to measure and evaluate the quality*  
26 *and efficacy of the behavioral health services and programs listed*  
27 *in paragraph (1) of subdivision (c) of Section 5963.02.*

28 *(c) Each county's board of supervisors shall attest that the*  
29 *County Behavioral Health Outcomes, Accountability, and*  
30 *Transparency Report is complete and accurate before it is*  
31 *submitted to the department.*

32 *(d) Each year, the department shall post on its internet website*  
33 *a statewide County Behavioral Health Outcomes, Accountability,*  
34 *and Transparency Report.*

35 *(e) (1) The department may require a county or Medi-Cal*  
36 *behavioral health delivery system, as defined in subdivision (i) of*  
37 *Section 14184.101, to revise its integrated plan or annual update*  
38 *pursuant to Section 5963.02 if the department determines the plan*  
39 *or update fails to adequately address local needs pursuant to*  
40 *paragraph (2) of subdivision (b) of Section 5963.02.*

1 (2) *The department may impose a corrective action plan or*  
2 *require a county or Medi-Cal behavioral health delivery system,*  
3 *as defined in subdivision (i) of Section 14184.101, to revise its*  
4 *integrated plan or annual update pursuant to Section 5963.02 if*  
5 *the department determines that the county or delivery system fails*  
6 *to make adequate progress in meeting the metrics established by*  
7 *the department pursuant to subdivision (b).*

8 (3) (A) (i) *If a county or Medi-Cal behavioral health delivery*  
9 *system fails to submit the data and information specified in*  
10 *subdivision (a) by the required deadline, or as otherwise required*  
11 *by the department, fails to allocate funding pursuant to Section*  
12 *5892, or fails to follow the process pursuant to Section 5963.03,*  
13 *the department may impose a corrective action plan or monetary*  
14 *sanctions pursuant to Section 14197.7 and temporarily withhold*  
15 *payments to the county or Medi-Cal behavioral health delivery*  
16 *system.*

17 (ii) *Notwithstanding any other law, payments shall be withheld*  
18 *from the Behavioral Health Services Fund.*

19 (B) *The department shall temporarily withhold amounts it deems*  
20 *necessary to ensure the county or Medi-Cal behavioral health*  
21 *delivery system comes into compliance.*

22 (C) *The department shall release the temporarily withheld funds*  
23 *when it determines the county or Medi-Cal behavioral health*  
24 *delivery system has come into compliance.*

25 (f) *This section shall be read in conjunction with, and apply in*  
26 *addition to, any other applicable law that authorizes the*  
27 *department to impose sanctions or otherwise take remedial actions*  
28 *against a county and Medi-Cal behavioral health delivery system.*

29 (g) *This section shall become operative on July 1, 2026, if*  
30 *amendments to the Mental Health Services Act are approved by*  
31 *the voters at the March 5, 2024, statewide primary election.*

32 5963.05. (a) *Notwithstanding Chapter 3.5 (commencing*  
33 *Section 11340) of Part 1 of Division 3 of Title 2 of the Government*  
34 *Code, the department may implement, interpret, or make specific*  
35 *the amendments made pursuant to this act by means of plan or*  
36 *county letters, information notices, plan or provider bulletins, or*  
37 *other similar instructions without taking further regulatory action.*

38 (b) *By July 1, 2033, the department shall adopt regulations*  
39 *necessary to implement, interpret, or make specific the amendments*  
40 *made pursuant to this act in accordance with the requirements of*



1 Chapter 3.5 (commencing Section 11340) of Part 1 of Division 3  
2 of Title 2 of the Government Code.

3 (c) (1) For purposes of implementing this act, the department  
4 may enter into exclusive or nonexclusive contracts, or amend  
5 existing contracts, on a bid or negotiated basis, including contracts  
6 to implement new or change existing information technology  
7 systems.

8 (2) Notwithstanding any other law, contracts entered into or  
9 amended, or changes to existing information technology systems  
10 made pursuant to this subdivision shall be exempt from Chapter  
11 6 (commencing with Section 14825) of Part 5.5 of Division 3 of  
12 Title 2 of the Government Code, Article 4 (commencing with  
13 Section 19130) of Chapter 5 of Part 2 of Division 5 of Title 2 of  
14 the Government Code, Part 2 (commencing with Section 12100)  
15 of Division 2 of the Public Contract Code, the Statewide  
16 Information Management Manual, and the State Administrative  
17 Manual and shall be exempt from the review or approval of any  
18 division of the Department of General Services or the Department  
19 of Technology.

20 (d) This section shall become operative on January 1, 2025, if  
21 amendments to the Mental Health Services Act are approved by  
22 the voters at the March 5, 2024, statewide primary election.

23

24 Article 3. Behavioral Health Infrastructure Act Grant Program

25

26 5964. (a) (1) Community-based treatment settings and  
27 residential care settings referenced in paragraph (1) of subdivision  
28 (a) of Section 5965.04 shall include, but not be limited to,  
29 residential behavioral health treatment facilities.

30 (2) Settings shall be voluntary, unlocked, and create step downs  
31 from higher acuity levels of care along the behavioral health care  
32 continuum.

33 (b) These facilities shall focus on stabilizing and rehabilitating  
34 residents' behavioral health conditions, building recovery skills,  
35 encouraging community involvement, and support residents  
36 continued treatment and long-term recovery.

37 (c) Eligible facilities will be defined by the department.

38 5964.01. As used in this article, "department" means the State  
39 Department of Health Care Services.

1 5964.02. (a) (1) Except as provided in subdivision (b), the  
2 department shall determine the methodology and distribution of  
3 the grant funds that are allocated for the purposes specified in  
4 paragraph (1) of subdivision (a) of Section 5965.04 to those entities  
5 it determines to be qualified.

6 (2) The department shall issue guidance regarding the  
7 implementation of this article by July 1, 2027.

8 (b) To receive grant funds pursuant to subdivision (a), an entity  
9 shall meet, to the extent applicable and as required by the  
10 department, all of the following conditions:

11 (1) Provide matching funds or real property.

12 (2) Expend grant funds to supplement, and not supplant, existing  
13 funds to construct, acquire, and rehabilitate capital assets.

14 (3) Report data, in a form and manner and as specified by the  
15 department, to the department within 90 days of the end of each  
16 quarter for the first five years.

17 (4) Operate services in the financed facility for the intended  
18 purpose for a minimum of 30 years.

19 (c) Up to 5 percent of the funds appropriated for this article  
20 may be expended for the costs to administer this program.

21 5964.03. Notwithstanding Chapter 3.5 (commencing with  
22 Section 11340) of Part 1 of Division 3 of Title 2 of the Government  
23 Code, the department may implement, interpret, or make specific  
24 this article, in whole or in part, by means of information notices  
25 or other similar instructions without taking further regulatory  
26 action.

27 5964.04. For purposes of implementing this article, the  
28 department may enter into exclusive or nonexclusive contracts, or  
29 amend existing contracts, on a bid or negotiated basis.

30 5964.05. (a) Notwithstanding any other law, a project funded  
31 by a grant pursuant to this article shall be deemed consistent and  
32 in conformity with any applicable local plan, standard, or  
33 requirement and allowed as a permitted use within the zone that  
34 the structure is located and shall not be subject to a conditional  
35 use permit, discretionary permit, or to other discretionary reviews  
36 or approvals.

37 (b) Notwithstanding any other law, the California Environmental  
38 Quality Act (Division 13 (commencing with Section 21000) of the  
39 Public Resources Code) does not apply to a project, including a  
40 phased project, funded by a grant pursuant to this article if, where

1 applicable, all of the following applicable requirements are  
2 satisfied:

3 (1) The project is not acquired by eminent domain.

4 (2) (A) The project applicant demonstrates that the project is,  
5 and will continue to be, licensed by, and in good standing with,  
6 the department or other state licensing entity at the time of, and  
7 for the duration of, occupancy.

8 (B) The project shall be in decent, safe, and sanitary condition  
9 at the time of occupancy.

10 (3) Notwithstanding paragraph (1) of subdivision (a) of Section  
11 1720 of the Labor Code, construction of the project constitutes a  
12 public works project for purposes of Chapter 1 (commencing with  
13 Section 1720) of Part 7 of Division 2 of the Labor Code.

14 (4) The project applicant obtains an enforceable commitment  
15 that all contractors and subcontractors performing work on the  
16 project will use a skilled and trained workforce for a proposed  
17 rehabilitation, construction, or major alteration in accordance  
18 with Chapter 2.9 (commencing with Section 2600) of Part 1 of  
19 Division 2 of the Public Contract Code.

20 (5) The project applicant submits to the lead agency a letter of  
21 support, or other durable documentary proof for the project, from  
22 a county, city, or other local public entity for a new proposed  
23 construction, major alteration work, or rehabilitation.

24 (6) The project applicant demonstrates that not less than 95  
25 percent of the total cost of a new construction, facility acquisition,  
26 or rehabilitation project is paid for with public funds, private  
27 nonprofit funds, or philanthropic funds.

28 (7) The project applicant demonstrates that the project expands  
29 the availability of behavioral health treatment services in the  
30 subject jurisdiction.

31 (8) The project applicant demonstrates that there are long-term  
32 covenants and restrictions that require the project to be used to  
33 provide behavioral health treatment for no less than 30 years, and  
34 those covenants and restrictions may not be amended or  
35 extinguished by a subsequent title holder, owner, or operator.

36 (9) The project does not result in an increase in the existing  
37 onsite development footprint of structures or improvements.

38 (c) If a project applicant determines that a project is not subject  
39 to the California Environmental Quality Act (Division 13  
40 (commencing with Section 21000) of the Public Resources Code)

1 pursuant to this section and the lead agency for the project publicly  
2 concurs in that determination, the project applicant shall file a  
3 notice of exemption with the Office of Planning and Research and  
4 the county clerk of the county where the project is located and in  
5 the manner specified in subdivisions (b) and (c) of Section 21152  
6 of the Public Resources Code.

7 5964.06. "Low rent housing project," as defined in Section 1  
8 of Article XXXIV of the California Constitution, does not apply to  
9 a project pursuant to this section that meets any of the following  
10 criteria:

11 (a) The project is privately owned housing, receiving no ad  
12 valorem property tax exemption other than exemptions granted  
13 pursuant to subdivision (f) or (g) of Section 214 of the Revenue  
14 and Taxation Code, not fully reimbursed to all taxing entities, and  
15 not more than 49 percent of the dwellings, apartments, or other  
16 living accommodations of the development may be occupied by  
17 persons of low income.

18 (b) The project is privately owned housing, is not exempt from  
19 ad valorem taxation by reason of public ownership, and is not  
20 financed with direct, long-term financing from a public body.

21 (c) The project is intended for owner occupancy, which may  
22 include a limited-equity housing cooperative as defined in Section  
23 50076.5 of the Health and Safety Code, or cooperative or  
24 condominium ownership rather than for rental-occupancy.

25 (d) The project consists of newly constructed, privately owned,  
26 one to four family dwellings not located on adjoining sites.

27 (e) The project consists of existing dwelling units leased by the  
28 state public body from the private owner of these dwelling units.

29 (f) The project consists of the rehabilitation, reconstruction,  
30 improvement, or addition to, or replacement of, dwelling units of  
31 a previously existing low-rent housing project or a project  
32 previously or currently occupied by lower-income households as  
33 defined in Section 50079.5 of the Health and Safety Code.

34 (g) The project consists of the acquisition, rehabilitation,  
35 reconstruction, or improvement, or any combination thereof, of a  
36 project that, prior to the date of the transaction to acquire,  
37 rehabilitate, reconstruct, or improve, or any combination thereof,  
38 was subject to a contract for federal or state public body assistance  
39 for the purpose of providing affordable housing for low-income  
40 households and maintains, or enters into, a contract for federal

1 *or state public body assistance for the purpose of providing*  
2 *affordable housing for low-income households.*

3 *5964.07. The provisions of this article are severable. If any*  
4 *provision of this article or its application is held invalid, that*  
5 *invalidity shall not affect other provisions or applications that can*  
6 *be given effect without the invalid provision or application.*

7 *SEC. 100. Section 14197.7 of the Welfare and Institutions Code*  
8 *is amended to read:*

9 14197.7. (a) Notwithstanding any other law, if the director  
10 finds that any entity that contracts with the department for the  
11 delivery of health care services (contractor), including a Medi-Cal  
12 managed care plan or a prepaid health plan, fails to comply with  
13 contract requirements, state or federal law or regulations, or the  
14 state plan or approved waivers, or for other good cause, the director  
15 may terminate the contract or impose sanctions as set forth in this  
16 section. Good cause includes, but is not limited to, a finding of  
17 deficiency that results in improper denial or delay in the delivery  
18 of health care services, potential endangerment to patient care,  
19 disruption in the contractor's provider network, failure to approve  
20 continuity of care, that claims accrued or to accrue have not or  
21 will not be recompensed, or a delay in required contractor reporting  
22 to the department.

23 (b) The director may identify findings of noncompliance or  
24 good cause through any means, including, but not limited to,  
25 findings in audits, investigations, contract compliance reviews,  
26 quality improvement system monitoring, routine monitoring,  
27 facility site surveys, encounter and provider data submissions,  
28 grievances and appeals, network adequacy reviews, assessments  
29 of timely access requirements, reviews of utilization data, health  
30 plan rating systems, fair hearing decisions, complaints from  
31 beneficiaries and other stakeholders, whistleblowers, and contractor  
32 self-disclosures.

33 (c) Except when the director determines that there is an  
34 immediate threat to the health of Medi-Cal beneficiaries receiving  
35 health care services from the contractor, at the request of the  
36 contractor, the department shall hold a public hearing to commence  
37 30 days after notice of intent to terminate the contract has been  
38 received by the contractor. The department shall present evidence  
39 at the hearing showing good cause for the termination. The  
40 department shall assign an administrative law judge who shall

1 provide a written recommendation to the department on the  
2 termination of the contract within 30 days after conclusion of the  
3 hearing. Reasonable notice of the hearing shall be given to the  
4 contractor, Medi-Cal beneficiaries receiving services through the  
5 contractor, and other interested parties, including any other persons  
6 and organizations as the director may deem necessary. The notice  
7 shall state the effective date of, and the reason for, the termination.

8 (d) In lieu of contract termination, the director shall have the  
9 power and authority to require or impose a plan of correction and  
10 issue one or more of the following sanctions against a contractor  
11 for findings of noncompliance or good cause, including, but not  
12 limited to, those specified in subdivision (a):

13 (1) Temporarily or permanently suspend enrollment and  
14 marketing activities.

15 (2) Require the contractor to suspend or terminate contractor  
16 personnel or subcontractors.

17 (3) Issue one or more of the temporary suspension orders set  
18 forth in subdivision (j).

19 (4) Impose temporary management consistent with the  
20 requirements specified in Section 438.706 of Title 42 of the Code  
21 of Federal Regulations.

22 (5) Suspend default enrollment of enrollees who do not select  
23 a contractor for the delivery of health care services.

24 (6) Impose civil monetary sanctions consistent with the dollar  
25 amounts and violations specified in Section 438.704 of Title 42  
26 of the Code of Federal Regulations, as follows:

27 (A) A limit of twenty-five thousand dollars (\$25,000) for each  
28 determination of the following:

29 (i) The contractor fails to provide medically necessary services  
30 that the contractor is required to provide, under law or under its  
31 contract with the department, to an enrollee covered under the  
32 contract.

33 (ii) The contractor misrepresents or falsifies information to an  
34 enrollee, potential enrollee, or health care provider.

35 (iii) The contractor distributes directly, or indirectly through an  
36 agent or independent contractor, marketing materials that have not  
37 been approved by the state or that contain false or materially  
38 misleading information.

39 (B) A limit of one hundred thousand dollars (\$100,000) for each  
40 determination of the following:

1 (i) The contractor conducts any act of discrimination against an  
2 enrollee on the basis of their health status or need for health care  
3 services. This includes termination of enrollment or refusal to  
4 reenroll a beneficiary, except as permitted under the Medicaid  
5 program, or any practice that would reasonably be expected to  
6 discourage enrollment by beneficiaries whose medical condition  
7 or history indicates probable need for substantial future medical  
8 services.

9 (ii) The contractor misrepresents or falsifies information that it  
10 furnishes to the federal Centers for Medicare and Medicaid Services  
11 or to the department.

12 (C) A limit of fifteen thousand dollars (\$15,000) for each  
13 beneficiary the director determines was not enrolled because of a  
14 discriminatory practice under clause (i) of subparagraph (B). This  
15 sanction is subject to the overall limit of one hundred thousand  
16 dollars (\$100,000) under subparagraph (B).

17 (e) Notwithstanding the monetary sanctions imposed for the  
18 violations set forth in paragraph (6) of subdivision (d), the director  
19 may impose monetary sanctions in accordance with this section  
20 based on any of the following:

21 (1) The contractor violates any federal or state statute or  
22 regulation.

23 (2) The contractor violates any provision of its contract with  
24 the department.

25 (3) The contractor violates any provision of the state plan or  
26 approved waivers.

27 (4) The contractor fails to meet quality metrics or benchmarks  
28 established by the department. Any changes to the minimum quality  
29 metrics or benchmarks made by the department that are effective  
30 on or after January 1, 2020, shall be established in advance of the  
31 applicable reporting or performance measurement period, unless  
32 required by the federal government.

33 (5) The contractor fails to demonstrate that it has an adequate  
34 network to meet anticipated utilization in its service area.

35 (6) The contractor fails to comply with network adequacy  
36 standards, including, but not limited to, time and distance, timely  
37 access, and provider-to-beneficiary ratio requirements pursuant to  
38 standards and formulae that are set forth in federal or state law,  
39 regulation, state plan or contract, and that are posted in advance  
40 to the department's internet website.

1 (7) The contractor fails to comply with the requirements of a  
2 corrective action plan.

3 (8) The contractor fails to submit timely and accurate network  
4 provider data.

5 (9) The director identifies deficiencies in the contractor's  
6 delivery of health care services.

7 (10) The director identifies deficiencies in the contractor's  
8 operations, including the timely payment of claims.

9 (11) The contractor fails to comply with reporting requirements,  
10 including, but not limited to, those set forth in Section 53862 of  
11 Title 22 of the California Code of Regulations.

12 (12) The contractor fails to timely and accurately process  
13 grievances or appeals.

14 (f) (1) Monetary sanctions imposed pursuant to subdivision (e)  
15 may be separately and independently assessed and may also be  
16 assessed for each day the contractor fails to correct an identified  
17 deficiency. For a deficiency that impacts beneficiaries, each  
18 beneficiary impacted constitutes a separate violation. Monetary  
19 sanctions shall be assessed in the following amounts:

20 (A) Up to twenty-five thousand dollars (\$25,000) for a first  
21 violation.

22 (B) Up to fifty thousand dollars (\$50,000) for a second violation.

23 (C) Up to one hundred thousand dollars (\$100,000) for each  
24 subsequent violation.

25 (2) For monetary sanctions imposed on a contractor that is  
26 funded from one or more of the realigned accounts described in  
27 paragraphs (2) to (4), inclusive, of subdivision (n), the department  
28 shall calculate a percentage of the funds attributable to the  
29 contractor to be offset per month pursuant to paragraphs (2) to (4),  
30 inclusive, of subdivision (n) until the amount offset equals the  
31 amount of the penalty imposed pursuant to paragraph (1).

32 (g) When assessing sanctions pursuant to this section, the  
33 director shall determine the appropriate amount of the penalty for  
34 each violation based upon one or more of the following  
35 nonexclusive factors:

36 (1) The nature, scope, and gravity of the violation, including  
37 the potential harm or impact on beneficiaries.

38 (2) The good or bad faith of the contractor.

39 (3) The contractor's history of violations.

40 (4) The willfulness of the violation.



- 1 (5) The nature and extent to which the contractor cooperated
- 2 with the department's investigation.
- 3 (6) The nature and extent to which the contractor aggravated or
- 4 mitigated any injury or damage caused by the violation.
- 5 (7) The nature and extent to which the contractor has taken
- 6 corrective action to ensure the violation will not recur.
- 7 (8) The financial status of the contractor, including whether the
- 8 sanction will affect the ability of the contractor to come into
- 9 compliance.
- 10 (9) The financial cost of the health care service that was denied,
- 11 delayed, or modified.
- 12 (10) Whether the violation is an isolated incident.
- 13 (11) The amount of the penalty necessary to deter similar
- 14 violations in the future.
- 15 (12) Any other mitigating factors presented by the contractor.
- 16 (h) Except in exigent circumstances in which there is an
- 17 immediate risk to the health of beneficiaries, as determined by the
- 18 department, the director shall give reasonable written notice to the
- 19 contractor of the intention to impose any of the sanctions authorized
- 20 by this section and others who may be directly interested, including
- 21 any other persons and organizations as the director may deem
- 22 necessary. The notice shall include the effective date for, the
- 23 duration of, and the reason for each sanction proposed by the
- 24 director. A contractor may request the department to meet and
- 25 confer with the contractor to discuss information and evidence that
- 26 may impact the director's final decision to impose sanctions
- 27 authorized by this section. The director shall grant a request to
- 28 meet and confer prior to issuance of a final sanction if the
- 29 contractor submits the request in writing to the department no later
- 30 than two business days after the contractor's receipt of the
- 31 director's notice of intention to impose sanctions.
- 32 (i) Notwithstanding subdivision (d), the director shall terminate
- 33 a contract with a contractor that the United States Secretary of
- 34 Health and Human Services has determined does not meet the
- 35 requirements for participation in the Medicaid program contained
- 36 in Subchapter XIX (commencing with Section 1396) of Chapter
- 37 7 of Title 42 of the United States Code.
- 38 (j) (1) The department may make one or more of the following
- 39 temporary suspension orders as an immediate sanction:
- 40 (A) Temporarily suspend enrollment activities.

1 (B) Temporarily suspend marketing activities.

2 (C) Require the contractor to temporarily suspend specified  
3 personnel of the contractor.

4 (D) Require the contractor to temporarily suspend participation  
5 by a specified subcontractor.

6 (2) The temporary suspension orders shall be effective no earlier  
7 than 20 days after the notice specified in subdivision (k).

8 (k) Prior to issuing a temporary suspension order, or temporarily  
9 withholding funds pursuant to subdivision (o), the department shall  
10 provide the contractor with a written notice. The notice shall state  
11 the department's intent to impose a temporary suspension or  
12 temporary withhold, and specify the nature and effective date of  
13 the temporary suspension or temporary withhold. The contractor  
14 shall have 30 calendar days from the date of receipt of the notice  
15 to file a written appeal with the department. Upon receipt of a  
16 written appeal filed by the contractor, the department shall within  
17 15 days set the matter for hearing, which shall be held as soon as  
18 possible, but not later than 30 days after receipt of the notice of  
19 hearing by the contractor. The hearing may be continued at the  
20 request of the contractor if a continuance is necessary to permit  
21 presentation of an adequate defense. The temporary suspension  
22 order shall remain in effect until the hearing is completed and the  
23 department has made a final determination on the merits. However,  
24 the temporary suspension order shall be deemed vacated if the  
25 director fails to make a final determination on the merits within  
26 60 days after the original hearing has been completed. The  
27 department shall stay imposition of a temporary withhold, pursuant  
28 to subdivision (o), until the hearing is completed and the  
29 department has made a final determination on the merits.

30 (l) (1) Except as provided in paragraph (2), a contractor may  
31 request a hearing in connection with any sanctions applied pursuant  
32 to subdivision (d) or (e) within 15 working days after the notice  
33 of the effective date of the sanctions has been given, by sending  
34 a letter so stating to the address specified in the notice. The  
35 department shall stay collection of monetary sanctions upon receipt  
36 of the request for a hearing. Collection of the sanction shall remain  
37 stayed until the effective date of the final decision of the  
38 department.

39 (2) With respect to mental health plans, the due process and  
40 appeals process specified in paragraph (4) of subdivision (b) of

1 Section 14718 shall be made available in connection with any  
2 contract termination actions, temporary suspension orders,  
3 temporary withholds of funds pursuant to subdivision (o), and  
4 sanctions applied pursuant to subdivision (d) or (e).

5 (m) Except as otherwise provided in this section, all hearings  
6 to review the imposition of sanctions, including temporary  
7 suspension orders, the withholding or offsetting of funds pursuant  
8 to subdivision (n), or the temporary withholding of funds pursuant  
9 to subdivision (o), shall be held pursuant to the procedures set  
10 forth in Section 100171 of the Health and Safety Code.

11 (n) (1) If the director imposes monetary sanctions pursuant to  
12 this section on a contractor, except for a contractor described in  
13 paragraphs (2) to (4), inclusive, the amount of the sanction may  
14 be collected by withholding the amount from capitation or other  
15 associated payments owed to the contractor.

16 (2) If the director imposes monetary sanctions on a contractor  
17 that is funded from the Mental Health Subaccount, the Mental  
18 Health Equity Subaccount, the Vehicle License Collection Account  
19 of the Local Revenue Fund, or the Mental Health Account, the  
20 director may offset the monetary sanctions from the respective  
21 account. The offset is subject to paragraph (2) of subdivision (q).

22 (3) If the director imposes monetary sanctions on a contractor  
23 that is funded from the Behavioral Health Subaccount of the Local  
24 Revenue Fund 2011, the director may offset the monetary sanctions  
25 from that account from the distribution attributable to the applicable  
26 contractor. The offset is subject to paragraph (2) of subdivision  
27 (q).

28 (4) If the director imposes monetary sanctions on a contractor  
29 that is funded from any other mental health or substance use  
30 disorder realignment funds from which the Controller is authorized  
31 to make distributions to the contractor, the director may offset the  
32 monetary sanctions from these funds if the funds described in  
33 paragraphs (2) and (3) are insufficient for the purposes described  
34 in this subdivision, as appropriate. The offset is subject to  
35 paragraph (2) of subdivision (q).

36 (o) (1) Whenever the department determines that a mental  
37 health plan or any entity that contracts with the department to  
38 provide Drug Medi-Cal services has violated state or federal law,  
39 a requirement of this chapter, Chapter 8 (commencing with Section  
40 14200), Chapter 8.8 (commencing with Section 14600), or Chapter

1 8.9 (commencing with Section 14700), or any regulations, the state  
2 plan, or a term or condition of an approved waiver, or a provision  
3 of its contract with the department, the department may temporarily  
4 withhold payments of federal financial participation and payments  
5 from the accounts listed in paragraphs (2) to (4), inclusive, of  
6 subdivision (n). The department shall temporarily withhold  
7 amounts it deems necessary to ensure the mental health plan or  
8 the entity that contracts with the department to provide Drug  
9 Medi-Cal services promptly corrects the violation. The department  
10 shall release the temporarily withheld funds when it determines  
11 the mental health plan or the entity that contracts with the  
12 department to provide Drug Medi-Cal services has come into  
13 compliance.

14 (2) A mental health plan, or any entity that contracts with the  
15 department to provide Drug Medi-Cal services, may appeal the  
16 imposition of a temporary withhold pursuant to this subdivision  
17 in accordance with the procedures described in subdivisions (k)  
18 and (m). Imposition of a temporary withhold shall be stayed until  
19 the effective date of the final decision of the department.

20 (p) This section shall be read in conjunction with, and apply in  
21 addition to, any other applicable law that authorizes the department  
22 to impose sanctions or otherwise take remedial action upon  
23 contractors.

24 (q) (1) Notwithstanding any other law, nonfederal moneys  
25 collected by the department pursuant to this section, except for  
26 moneys collected from a contractor funded from one or more of  
27 the realigned accounts described in paragraphs (2) to (4), inclusive,  
28 of subdivision (n), shall be deposited into the General Fund for  
29 use, and upon appropriation by the Legislature, to address  
30 workforce issues in the Medi-Cal program and to improve access  
31 to care in the Medi-Cal program.

32 (2) Monetary sanctions imposed via offset on a contractor that  
33 is funded from one or more of the realigned accounts described in  
34 paragraphs (2) to (4), inclusive, of subdivision (n) shall be  
35 redeposited into the account from which the monetary sanctions  
36 were offset pursuant to paragraphs (2) to (4), inclusive, of  
37 subdivision (n). The department shall notify the Department of  
38 Finance of the percentage reduction for the affected county. The  
39 Department of Finance shall subsequently notify the Controller,  
40 and the Controller shall redistribute the monetary sanction amount

1 to nonsanctioned counties based on each county’s prorated share  
2 of the monthly base allocations from the realigned account. With  
3 respect to an individual contractor, the department shall not collect  
4 via offset more than 25 percent of the total amount of the funds  
5 distributed from the applicable account or accounts that are  
6 attributable to the contractor in a given month. If the department  
7 is not able to collect the full amount of monetary sanctions imposed  
8 on a contractor funded from one or more of the realigned accounts  
9 described in paragraphs (2) to (4), inclusive, of subdivision (n) in  
10 a given month, the department shall continue to offset the amounts  
11 attributable to the contractor in subsequent months until the full  
12 amount of monetary sanctions has been collected.

13 (r) (1) Notwithstanding Chapter 3.5 (commencing with Section  
14 11340) of Part 1 of Division 3 of Title 2 of the Government Code,  
15 the department may implement, interpret, or make specific this  
16 section, in whole or in part, by means of plan or county letters,  
17 information notices, plan or provider bulletins, or other similar  
18 instructions, without taking any further regulatory action.

19 (2) By July 1, 2025, the department shall adopt any regulations  
20 necessary to implement this section in accordance with the  
21 requirements of Chapter 3.5 (commencing with Section 11340) of  
22 Part 1 of Division 3 of Title 2 of the Government Code.

23 (s) This section shall be implemented only to the extent that any  
24 necessary federal approvals have been obtained and that federal  
25 financial participation is available.

26 (t) For purposes of this section, “contractor” means any  
27 individual, organization, or entity that enters into a contract with  
28 the department to provide services to enrolled Medi-Cal  
29 beneficiaries pursuant to any of the following:

30 (1) Article 2.7 (commencing with Section 14087.3), including  
31 dental managed care programs developed pursuant to Section  
32 14087.46.

33 (2) Article 2.8 (commencing with Section 14087.5).

34 (3) Article 2.81 (commencing with Section 14087.96).

35 (4) Article 2.82 (commencing with Section 14087.98).

36 (5) Article 2.9 (commencing with Section 14088).

37 (6) Article 2.91 (commencing with Section 14089).

38 (7) Chapter 8 (commencing with Section 14200), including  
39 dental managed care plans.

40 (8) Chapter 8.9 (commencing with Section 14700).

1 (9) A county Drug Medi-Cal organized delivery system  
2 authorized under the California Medi-Cal 2020 Demonstration  
3 pursuant to Article 5.5 (commencing with Section 14184) or a  
4 successor demonstration or waiver, as applicable.

5 *(u) If amendments to the Mental Health Services Act are*  
6 *approved by the voters at the March 5, 2024, statewide primary*  
7 *election, this section shall become inoperative on January 1, 2025,*  
8 *and as of that date is repealed.*

9 *SEC. 101. Section 14197.7 is added to the Welfare and*  
10 *Institutions Code, to read:*

11 *14197.7. (a) (1) Notwithstanding any other law, if the director*  
12 *finds that an entity that contracts with the department for the*  
13 *delivery of health care services (contractor), including a Medi-Cal*  
14 *managed care plan or a prepaid health plan, fails to comply with*  
15 *contract requirements, state or federal law or regulations, or the*  
16 *state plan or approved waivers, or for other good cause, the*  
17 *director may terminate the contract or impose sanctions as set*  
18 *forth in this section.*

19 *(2) Good cause includes, but is not limited to, a finding of*  
20 *deficiency that results in improper denial or delay in the delivery*  
21 *of health care services, potential endangerment to patient care,*  
22 *disruption in the contractor's provider network, failure to approve*  
23 *continuity of care, that claims accrued or to accrue have not or*  
24 *will not be recompensed, or a delay in required contractor*  
25 *reporting to the department.*

26 *(b) The director may identify findings of noncompliance or good*  
27 *cause through any means, including, but not limited to, findings*  
28 *in audits, investigations, contract compliance reviews, quality*  
29 *improvement system monitoring, routine monitoring, facility site*  
30 *surveys, encounter and provider data submissions, grievances and*  
31 *appeals, network adequacy reviews, assessments of timely access*  
32 *requirements, reviews of utilization data, health plan rating*  
33 *systems, fair hearing decisions, complaints from beneficiaries and*  
34 *other stakeholders, whistleblowers, and contractor self-disclosures.*

35 *(c) (1) Except when the director determines there is an*  
36 *immediate threat to the health of Medi-Cal beneficiaries receiving*  
37 *health care services from the contractor, at the request of the*  
38 *contractor, the department shall hold a public hearing to*  
39 *commence 30 days after notice of intent to terminate the contract*  
40 *has been received by the contractor.*

1 (2) *The department shall present evidence at the hearing*  
2 *showing good cause for the termination.*

3 (3) *The department shall assign an administrative law judge*  
4 *who shall provide a written recommendation to the department*  
5 *on the termination of the contract within 30 days after conclusion*  
6 *of the hearing.*

7 (4) (A) *Reasonable notice of the hearing shall be given to the*  
8 *contractor, Medi-Cal beneficiaries receiving services through the*  
9 *contractor, and other interested parties, including any other person*  
10 *and organization the director may deem necessary.*

11 (B) *The notice shall state the effective date of, and the reason*  
12 *for, the termination.*

13 (d) *In lieu of contract termination, the director shall have the*  
14 *power and authority to require or impose a plan of correction and*  
15 *issue one or more of the following sanctions against a contractor*  
16 *for findings of noncompliance or good cause, including, but not*  
17 *limited to, those specified in subdivision (a):*

18 (1) *Temporarily or permanently suspend enrollment and*  
19 *marketing activities.*

20 (2) *Require the contractor to suspend or terminate contractor*  
21 *personnel or subcontractors.*

22 (3) *Issue one or more of the temporary suspension orders set*  
23 *forth in subdivision (j).*

24 (4) *Impose temporary management consistent with the*  
25 *requirements specified in Section 438.706 of Title 42 of the Code*  
26 *of Federal Regulations.*

27 (5) *Suspend default enrollment of enrollees who do not select*  
28 *a contractor for the delivery of health care services.*

29 (6) *Impose civil monetary sanctions consistent with the dollar*  
30 *amounts and violations specified in Section 438.704 of Title 42 of*  
31 *the Code of Federal Regulations, as follows:*

32 (A) *A limit of twenty-five thousand dollars (\$25,000) for each*  
33 *determination of the following:*

34 (i) *The contractor fails to provide medically necessary services*  
35 *that the contractor is required to provide, under law or under its*  
36 *contract with the department, to an enrollee covered under the*  
37 *contract.*

38 (ii) *The contractor misrepresents or falsifies information to an*  
39 *enrollee, potential enrollee, or health care provider.*

1 (iii) *The contractor distributes directly, or indirectly through*  
2 *an agent or independent contractor, marketing materials that have*  
3 *not been approved by the state or that contain false or materially*  
4 *misleading information.*

5 (B) *A limit of one hundred thousand dollars (\$100,000) for each*  
6 *determination of the following:*

7 (i) *The contractor conducts an act of discrimination against an*  
8 *enrollee on the basis of their health status or need for health care*  
9 *services. This includes termination of enrollment or refusal to*  
10 *reenroll a beneficiary, except as permitted under the Medicaid*  
11 *program, or a practice that would reasonably be expected to*  
12 *discourage enrollment by beneficiaries whose medical condition*  
13 *or history indicates probable need for substantial future medical*  
14 *services.*

15 (ii) *The contractor misrepresents or falsifies information that*  
16 *it furnishes to the federal Centers for Medicare and Medicaid*  
17 *Services or to the department.*

18 (C) *A limit of fifteen thousand dollars (\$15,000) for each*  
19 *beneficiary the director determines was not enrolled because of a*  
20 *discriminatory practice under clause (i) of subparagraph (B). This*  
21 *sanction is subject to the overall limit of one hundred thousand*  
22 *dollars (\$100,000) under subparagraph (B).*

23 (e) *Notwithstanding the monetary sanctions imposed for the*  
24 *violations set forth in paragraph (6) of subdivision (d), the director*  
25 *may impose monetary sanctions in accordance with this section*  
26 *based on any of the following:*

27 (1) *The contractor violates a federal or state statute or*  
28 *regulation.*

29 (2) *The contractor violates a provision of its contract with the*  
30 *department.*

31 (3) *The contractor violates a provision of the state plan or*  
32 *approved waivers.*

33 (4) *The contractor fails to meet quality metrics or benchmarks*  
34 *established by the department. Any changes to the minimum quality*  
35 *metrics or benchmarks made by the department that are effective*  
36 *on or after January 1, 2020, shall be established in advance of the*  
37 *applicable reporting or performance measurement period, unless*  
38 *required by the federal government.*

39 (5) *The contractor fails to demonstrate that it has an adequate*  
40 *network to meet anticipated utilization in its service area.*



1 (6) *The contractor fails to comply with network adequacy*  
2 *standards, including, but not limited to, time and distance, timely*  
3 *access, and provider-to-beneficiary ratio requirements pursuant*  
4 *to standards and formulae that are set forth in federal or state*  
5 *law, regulation, state plan, or contract and that are posted in*  
6 *advance to the department’s internet website.*

7 (7) *The contractor fails to comply with the requirements of a*  
8 *corrective action plan.*

9 (8) *The contractor fails to submit timely and accurate network*  
10 *provider data.*

11 (9) *The director identifies deficiencies in the contractor’s*  
12 *delivery of health care services.*

13 (10) *The director identifies deficiencies in the contractor’s*  
14 *operations, including the timely payment of claims.*

15 (11) *The contractor fails to comply with reporting requirements,*  
16 *including, but not limited to, those set forth in Section 53862 of*  
17 *Title 22 of the California Code of Regulations.*

18 (12) *The contractor fails to timely and accurately process*  
19 *grievances or appeals.*

20 (f) (1) *Monetary sanctions imposed pursuant to subdivision (e)*  
21 *may be separately and independently assessed and may also be*  
22 *assessed for each day the contractor fails to correct an identified*  
23 *deficiency. For a deficiency that impacts beneficiaries, each*  
24 *beneficiary impacted constitutes a separate violation. Monetary*  
25 *sanctions shall be assessed in the following amounts:*

26 (A) *Up to twenty-five thousand dollars (\$25,000) for a first*  
27 *violation.*

28 (B) *Up to fifty thousand dollars (\$50,000) for a second violation.*

29 (C) *Up to one hundred thousand dollars (\$100,000) for each*  
30 *subsequent violation.*

31 (2) *For monetary sanctions imposed on a contractor that is*  
32 *funded from one or more of the realigned accounts described in*  
33 *paragraphs (2) to (4), inclusive, of subdivision (n), the department*  
34 *shall calculate a percentage of the funds attributable to the*  
35 *contractor to be offset per month pursuant to paragraphs (2) to*  
36 *(4), inclusive, of subdivision (n) until the amount offset equals the*  
37 *amount of the penalty imposed pursuant to paragraph (1).*

38 (g) *When assessing sanctions pursuant to this section, the*  
39 *director shall determine the appropriate amount of the penalty for*

1 each violation based upon one or more of the following  
2 nonexclusive factors:

3 (1) The nature, scope, and gravity of the violation, including  
4 the potential harm or impact on beneficiaries.

5 (2) The good or bad faith of the contractor.

6 (3) The contractor's history of violations.

7 (4) The willfulness of the violation.

8 (5) The nature and extent to which the contractor cooperated  
9 with the department's investigation.

10 (6) The nature and extent to which the contractor aggravated  
11 or mitigated any injury or damage caused by the violation.

12 (7) The nature and extent to which the contractor has taken  
13 corrective action to ensure the violation will not recur.

14 (8) The financial status of the contractor, including whether the  
15 sanction will affect the ability of the contractor to come into  
16 compliance.

17 (9) The financial cost of the health care service that was denied,  
18 delayed, or modified.

19 (10) Whether the violation is an isolated incident.

20 (11) The amount of the penalty necessary to deter similar  
21 violations in the future.

22 (12) Other mitigating factors presented by the contractor.

23 (h) (1) Except in exigent circumstances in which there is an  
24 immediate risk to the health of beneficiaries, as determined by the  
25 department, the director shall give reasonable written notice to  
26 the contractor of the intention to impose any of the sanctions  
27 authorized by this section and others who may be directly  
28 interested, including any other persons and organizations the  
29 director may deem necessary.

30 (2) The notice shall include the effective date for, the duration  
31 of, and the reason for each sanction proposed by the director.

32 (3) A contractor may request the department to meet and confer  
33 with the contractor to discuss information and evidence that may  
34 impact the director's final decision to impose sanctions authorized  
35 by this section.

36 (4) The director shall grant a request to meet and confer prior  
37 to issuance of a final sanction if the contractor submits the request  
38 in writing to the department no later than two business days after  
39 the contractor's receipt of the director's notice of intention to  
40 impose sanctions.

1     (i) Notwithstanding subdivision (d), the director shall terminate  
2 a contract with a contractor that the United States Secretary of  
3 Health and Human Services has determined does not meet the  
4 requirements for participation in the Medicaid program contained  
5 in Subchapter XIX (commencing with Section 1396) of Chapter 7  
6 of Title 42 of the United States Code.

7     (j) (1) The department may make one or more of the following  
8 temporary suspension orders as an immediate sanction:

9     (A) Temporarily suspend enrollment activities.

10    (B) Temporarily suspend marketing activities.

11    (C) Require the contractor to temporarily suspend specified  
12 personnel of the contractor.

13    (D) Require the contractor to temporarily suspend participation  
14 by a specified subcontractor.

15    (2) The temporary suspension orders shall be effective no earlier  
16 than 20 days after the notice specified in subdivision (k).

17    (k) (1) Prior to issuing a temporary suspension order, or  
18 temporarily withholding funds pursuant to subdivision (o), the  
19 department shall provide the contractor with a written notice.

20    (2) The notice shall state the department's intent to impose a  
21 temporary suspension or temporary withhold and specify the nature  
22 and effective date of the temporary suspension or temporary  
23 withhold.

24    (3) The contractor shall have 30 calendar days from the date  
25 of receipt of the notice to file a written appeal with the department.

26    (4) Upon receipt of a written appeal filed by the contractor, the  
27 department shall, within 15 days, set the matter for hearing, which  
28 shall be held as soon as possible but not later than 30 days after  
29 receipt of the notice of hearing by the contractor.

30    (5) The hearing may be continued at the request of the  
31 contractor if a continuance is necessary to permit presentation of  
32 an adequate defense.

33    (6) The temporary suspension order shall remain in effect until  
34 the hearing is completed and the department has made a final  
35 determination on the merits. However, the temporary suspension  
36 order shall be deemed vacated if the director fails to make a final  
37 determination on the merits within 60 days of the close of the  
38 record for the matter.

39    (7) The department shall stay imposition of a temporary  
40 withhold, pursuant to subdivision (o), until the hearing is completed

1 *and the department has made a final determination on the merits*  
2 *within 60 days of the close of the record for the matter.*

3 *(l) (1) A contractor may request a hearing in connection with*  
4 *sanctions applied pursuant to subdivision (d) or (e) within 15*  
5 *working days after the notice of the effective date of the sanctions*  
6 *has been given by sending a letter so stating to the address*  
7 *specified in the notice.*

8 *(2) The department shall stay collection of monetary sanctions*  
9 *upon receipt of the request for a hearing.*

10 *(3) Collection of the sanction shall remain stayed until the*  
11 *effective date of the final decision of the department.*

12 *(m) Except as otherwise provided in this section, all hearings*  
13 *to review the imposition of sanctions, including temporary*  
14 *suspension orders, the withholding or offsetting of funds pursuant*  
15 *to subdivision (n), or the temporary withholding of funds pursuant*  
16 *to subdivision (o) shall be held pursuant to the procedures set forth*  
17 *in Section 100171 of the Health and Safety Code.*

18 *(n) (1) If the director imposes monetary sanctions pursuant to*  
19 *this section on a contractor, except for a contractor described in*  
20 *paragraphs (2) to (5), inclusive, the amount of the sanction may*  
21 *be collected by withholding the amount from capitation or other*  
22 *associated payments owed to the contractor.*

23 *(2) If the director imposes monetary sanctions on a contractor*  
24 *that is funded from the Mental Health Subaccount, the Mental*  
25 *Health Equity Subaccount, the Vehicle License Collection Account*  
26 *of the Local Revenue Fund, or the Mental Health Account, the*  
27 *director may offset the monetary sanctions from the respective*  
28 *account. The offset is subject to paragraph (2) of subdivision (q).*

29 *(3) If the director imposes monetary sanctions on a contractor*  
30 *that is funded from the Behavioral Health Subaccount of the Local*  
31 *Revenue Fund 2011, the director may offset the monetary sanctions*  
32 *from that account from the distribution attributable to the*  
33 *applicable contractor. The offset is subject to paragraph (2) of*  
34 *subdivision (q).*

35 *(4) If the director imposes monetary sanctions on a contractor*  
36 *that is funded from another mental health or substance use disorder*  
37 *realignment fund from which the Controller is authorized to make*  
38 *distributions to the contractor, the director may offset the monetary*  
39 *sanctions from these funds if the funds described in paragraphs*  
40 *(2) and (3) are insufficient for the purposes described in this*

1 *subdivision, as appropriate. The offset is subject to paragraph (2)*  
2 *of subdivision (q).*

3 *(5) (A) If the director imposes monetary sanctions pursuant to*  
4 *subdivision (e) of Section 5963.04, the director may offset the*  
5 *monetary sanctions from the Behavioral Health Services Fund*  
6 *from the distribution attributable to the applicable contractor.*

7 *(B) With respect to an individual contractor, the department*  
8 *shall not collect via offset more than 25 percent of the total amount*  
9 *of the funds distributed from the Behavioral Health Services Fund*  
10 *that are attributable to the contractor in a given month.*

11 *(C) If the department is not able to collect the full amount of*  
12 *monetary sanctions imposed on a contractor in a given month, the*  
13 *department shall continue to offset the amounts attributable to the*  
14 *contractor in subsequent months until the full amount of monetary*  
15 *sanctions has been collected. The offset is subject to paragraph*  
16 *(3) of subdivision (q).*

17 *(o) (1) (A) Whenever the department determines that a mental*  
18 *health plan or an entity that contracts with the department to*  
19 *provide Drug Medi-Cal services has violated state or federal law,*  
20 *a requirement of this chapter, Chapter 8 (commencing with Section*  
21 *14200), Chapter 8.8 (commencing with Section 14600), or Chapter*  
22 *8.9 (commencing with Section 14700), or any regulations, the state*  
23 *plan, a term or condition of an approved waiver, or a provision*  
24 *of its contract with the department, the department may temporarily*  
25 *withhold payments of federal financial participation and payments*  
26 *from the accounts listed in paragraphs (2) to (4), inclusive, of*  
27 *subdivision (n).*

28 *(B) The department shall temporarily withhold amounts it deems*  
29 *necessary to ensure the mental health plan or the entity that*  
30 *contracts with the department to provide Drug Medi-Cal services*  
31 *promptly corrects the violation.*

32 *(C) The department shall release the temporarily withheld funds*  
33 *when it determines the mental health plan or the entity that*  
34 *contracts with the department to provide Drug Medi-Cal services*  
35 *has come into compliance.*

36 *(2) (A) A mental health plan or an entity that contracts with*  
37 *the department to provide Drug Medi-Cal services may appeal*  
38 *the imposition of a temporary withhold pursuant to this subdivision*  
39 *in accordance with the procedures described in subdivisions (k)*  
40 *and (m).*

1 (B) *Imposition of a temporary withhold shall be stayed until the*  
2 *effective date of the final decision of the department.*

3 (p) *This section shall be read in conjunction with, and apply in*  
4 *addition to, any other applicable law that authorizes the*  
5 *department to impose sanctions or otherwise take remedial action*  
6 *upon contractors.*

7 (q) (1) *Notwithstanding any other law, nonfederal moneys*  
8 *collected by the department pursuant to this section, except for*  
9 *moneys collected from a contractor funded from one or more of*  
10 *the realigned accounts described in paragraphs (2) to (4),*  
11 *inclusive, of subdivision (n), shall be deposited into the General*  
12 *Fund for use and, upon appropriation by the Legislature, to*  
13 *address workforce issues in the Medi-Cal program and improve*  
14 *access to care in the Medi-Cal program.*

15 (2) (A) *Monetary sanctions imposed via offset on a contractor*  
16 *that is funded from one or more of the realigned accounts described*  
17 *in paragraphs (2) to (4), inclusive, of subdivision (n) shall be*  
18 *redeposited into the account from which the monetary sanctions*  
19 *were offset pursuant to paragraphs (2) to (4), inclusive, of*  
20 *subdivision (n).*

21 (B) *The department shall notify the Department of Finance of*  
22 *the percentage reduction for the affected county.*

23 (C) *The Department of Finance shall subsequently notify the*  
24 *Controller, and the Controller shall redistribute the monetary*  
25 *sanction amount to nonsanctioned counties based on each county's*  
26 *prorated share of the monthly base allocations from the realigned*  
27 *account.*

28 (D) *With respect to an individual contractor, the department*  
29 *shall not collect via offset more than 25 percent of the total amount*  
30 *of the funds distributed from the applicable account or accounts*  
31 *that are attributable to the contractor in a given month.*

32 (E) *If the department is not able to collect the full amount of*  
33 *monetary sanctions imposed on a contractor funded from one or*  
34 *more of the realigned accounts described in paragraphs (2) to (4),*  
35 *inclusive, of subdivision (n) in a given month, the department shall*  
36 *continue to offset the amounts attributable to the contractor in*  
37 *subsequent months until the full amount of monetary sanctions*  
38 *has been collected.*

39 (3) *Monetary sanctions imposed via offset on a contractor*  
40 *pursuant to subdivision (e) of Section 5963.04 shall be redeposited*

1 *into the account from which the monetary sanctions were offset*  
2 *pursuant to paragraph (5) of subdivision (n).*

3 *(r) (1) Notwithstanding Chapter 3.5 (commencing with Section*  
4 *11340) of Part 1 of Division 3 of Title 2 of the Government Code,*  
5 *the department may implement, interpret, or make specific this*  
6 *section, in whole or in part, by means of plan or county letters,*  
7 *information notices, plan or provider bulletins, or other similar*  
8 *instructions without taking any further regulatory action.*

9 *(2) By July 1, 2030, the department shall adopt regulations*  
10 *necessary to implement this section in accordance with the*  
11 *requirements of Chapter 3.5 (commencing with Section 11340) of*  
12 *Part 1 of Division 3 of Title 2 of the Government Code.*

13 *(s) This section shall be implemented only to the extent that*  
14 *necessary federal approvals have been obtained and that federal*  
15 *financial participation is available.*

16 *(t) For purposes of this section, “contractor” means an*  
17 *individual, organization, or entity that enters into a contract with*  
18 *the department to provide services to enrolled Medi-Cal*  
19 *beneficiaries or other individuals receiving behavioral health*  
20 *services, as applicable, pursuant to any of the following:*

21 *(1) Article 2.7 (commencing with Section 14087.3), including*  
22 *dental managed care programs developed pursuant to Section*  
23 *14087.46.*

24 *(2) Article 2.8 (commencing with Section 14087.5).*

25 *(3) Article 2.81 (commencing with Section 14087.96).*

26 *(4) Article 2.82 (commencing with Section 14087.98).*

27 *(5) Article 2.9 (commencing with Section 14088).*

28 *(6) Article 2.91 (commencing with Section 14089).*

29 *(7) Chapter 8 (commencing with Section 14200), including*  
30 *dental managed care plans.*

31 *(8) Chapter 8.9 (commencing with Section 14700).*

32 *(9) A county Drug Medi-Cal organized delivery system*  
33 *authorized under the California Medi-Cal 2020 Demonstration*  
34 *pursuant to Article 5.5 (commencing with Section 14184) or a*  
35 *successor demonstration or waiver, as applicable.*

36 *(10) Part 4.5 (commencing with Section 5890) of Division 5.*

37 *(11) Chapter 2 (commencing with Section 5650) of Part 2 of*  
38 *Division 5, solely for purposes of imposition of monetary sanctions*  
39 *pursuant to subdivision (e) of Section 5963.04.*

40 *(12) Section 12534 of the Government Code.*

1 (u) This section shall become operative on January 1, 2025, if  
2 amendments to the Mental Health Services Act are approved by  
3 the voters at the March 5, 2024, statewide primary election.

4 SEC. 102. Section 14197.71 is added to the Welfare and  
5 Institutions Code, to read:

6 14197.71. (a) The department may, at its discretion, align  
7 relevant terms of its contract with a Medi-Cal behavioral health  
8 delivery system with the terms of its contract with a Medi-Cal  
9 managed care plan, as defined in subdivision (j) of Section  
10 14184.101, for those requirements that apply to both entities.  
11 Requirements that apply to both entities include, but are not limited  
12 to, all of the following:

13 (1) Organization and administration of the plan, including key  
14 administrative staffing requirements.

15 (2) Financial information.

16 (3) Information systems.

17 (4) Quality improvement systems.

18 (5) Utilization management.

19 (6) Provider network.

20 (7) Provider compensation arrangements.

21 (8) Provider oversight and monitoring.

22 (9) Access and availability of services, including, but not limited  
23 to, reporting of waitlists for behavioral health services or attesting  
24 to no waitlists.

25 (10) Care coordination and data sharing.

26 (11) Member services.

27 (12) Member grievances and appeals data.

28 (13) Reporting requirements.

29 (14) Other contractual requirements determined by the  
30 department.

31 (b) The department shall establish minimum quality metrics to  
32 measure and evaluate the quality and efficacy of services and  
33 programs covered under Medi-Cal behavioral health delivery  
34 systems.

35 (c) (1) Each Medi-Cal behavioral health delivery system shall  
36 report annually to the county board of supervisors on utilization,  
37 quality, patient care expenditures, and other data as determined  
38 by the department.

39 (2) The board of supervisors shall annually submit an attestation  
40 to the department that the county is meeting its obligations to



1 *provide realigned programs and services pursuant to clauses (i),*  
2 *(iv), and (v) of subparagraph (B) of paragraph (16) of subdivision*  
3 *(f) of Section 30025 of the Government Code.*

4 *(d) (1) Notwithstanding any other state or local law, including,*  
5 *but not limited to, Section 5328 of this code and Sections 11812*  
6 *and 11845.5 of the Health and Safety Code, the sharing of health,*  
7 *social services, housing, and criminal justice information, records,*  
8 *and other data with and among the department, other state*  
9 *departments, including the State Department of Public Health and*  
10 *the State Department of Social Services, Medi-Cal managed care*  
11 *plans, as defined in subdivision (j) of Section 14184.101, Medi-Cal*  
12 *behavioral health delivery systems, as defined in subdivision (i)*  
13 *of Section 14184.101, counties, health care providers, social*  
14 *services organizations, care coordination and case management*  
15 *teams, and other authorized provider or plan entities, and*  
16 *contractors of all of those entities, shall be permitted to the extent*  
17 *necessary and consistent with federal law.*

18 *(2) The department shall issue guidance identifying permissible*  
19 *data-sharing arrangements.*

20 *(e) For purposes of this section, the term “Medi-Cal behavioral*  
21 *health delivery system” means an entity or local agency that*  
22 *contracts with the department to provide covered behavioral health*  
23 *Medi-Cal benefits pursuant to Section 14184.400 and Chapter 8.9*  
24 *(commencing with Section 14700) or a county Drug Medi-Cal*  
25 *Organized Delivery System pilot authorized under the CalAIM*  
26 *Terms and Conditions and described in Section 14184.401 or*  
27 *authorized under the Medi-Cal 2020 Demonstration Project Act*  
28 *pursuant to Article 5.5 (commencing with Section 14184).*

29 *(f) This section shall be implemented only to the extent that*  
30 *necessary federal approvals have been obtained and federal*  
31 *financial participation is available and not otherwise jeopardized.*

32 *(g) The department shall implement this section no later than*  
33 *January 1, 2027.*

34 *SEC. 103. Section 14707.5 of the Welfare and Institutions Code*  
35 *is amended to read:*

36 14707.5. (a) It is the intent of the Legislature to develop a  
37 performance outcome system for Early and Periodic Screening,  
38 Diagnosis, and Treatment (EPSDT) mental health services that  
39 will improve outcomes at the individual and system levels and will  
40 inform fiscal decisionmaking related to the purchase of services.

1 (b) The State Department of Health Care Services, in  
2 collaboration with the California Health and Human Services  
3 Agency, and in consultation with the Mental Health Services  
4 Oversight and Accountability Commission, shall create a plan for  
5 a performance outcome system for EPSDT mental health services  
6 provided to eligible Medi-Cal beneficiaries under the age of 21  
7 pursuant to 42 U.S.C. Section 1396d(a)(4)(B).

8 (1) Commencing no later than September 1, 2012, the  
9 department shall convene a stakeholder advisory committee  
10 comprised of representatives of child and youth clients, family  
11 members, providers, counties, and the Legislature. This  
12 consultation shall inform the creation of a plan for a performance  
13 outcome system for EPSDT mental health services.

14 (2) In developing a plan for a performance outcomes system  
15 for EPSDT mental health services, the department shall consider  
16 the following objectives, among others:

17 (A) ~~High-quality~~ *High-quality* and accessible EPSDT mental  
18 health services for eligible children and youth, consistent with  
19 federal law.

20 (B) Information that improves practice at the individual,  
21 program, and system levels.

22 (C) Minimization of costs by building upon existing resources  
23 to the fullest extent possible.

24 (D) Reliable data that are collected and analyzed in a timely  
25 fashion.

26 (3) At a minimum, the plan for a performance outcome system  
27 for EPSDT mental health services shall consider evidence-based  
28 models for performance outcome systems, such as the Child and  
29 Adolescent Needs and Strengths (CANS), federal requirements,  
30 including the review by the External Quality Review Organization  
31 (EQRO), and, timelines for implementation at the provider, county,  
32 and state levels.

33 (c) The State Department of Health Care Services shall provide  
34 the performance outcomes system plan, including milestones and  
35 timelines, for EPSDT mental health services described in  
36 subdivision (a) to all fiscal committees and appropriate policy  
37 committees of the Legislature no later than October 1, 2013.

38 (d) The State Department of Health Care Services shall propose  
39 how to implement the performance outcomes system plan for

1 EPSDT mental health services described in subdivision (a) no later  
2 than January 10, 2014.

3 (e) Commencing no later than February 1, 2014, the department  
4 shall convene a stakeholder advisory committee comprised of  
5 advocates for and representatives of, child and youth clients, family  
6 members, managed care health plans, providers, counties, and the  
7 Legislature. The committee shall develop methods to routinely  
8 measure, assess, and communicate program information regarding  
9 informing, identifying, screening, assessing, referring, and linking  
10 Medi-Cal eligible beneficiaries to mental health services and  
11 supports. The committee shall also review health plan screenings  
12 for mental health illness, health plan referrals to Medi-Cal  
13 fee-for-service providers, and health plan referrals to county mental  
14 health plans, among others. The committee shall make  
15 recommendations to the department regarding performance and  
16 outcome measures that will contribute to improving timely access  
17 to appropriate care for Medi-Cal eligible beneficiaries.

18 (1) The department shall incorporate into the performance  
19 outcomes system established pursuant to this section the screenings  
20 and referrals described in this subdivision, including milestones  
21 and timelines, and shall provide an updated performance outcomes  
22 system plan to all fiscal committees and the appropriate policy  
23 committees of the Legislature no later than October 1, 2014.

24 (2) The department shall propose how to implement the updated  
25 performance systems outcome plan described in paragraph (1) no  
26 later than January 10, 2015.

27 (f) *If amendments to the Mental Health Services Act are*  
28 *approved by the voters at the March 5, 2024, statewide primary*  
29 *election, this section shall become inoperative on January 1, 2025,*  
30 *and as of that date is repealed.*

31 *SEC. 104. Section 14707.5 is added to the Welfare and*  
32 *Institutions Code, to read:*

33 *14707.5. (a) It is the intent of the Legislature to develop a*  
34 *performance outcome system for Early and Periodic Screening,*  
35 *Diagnosis, and Treatment (EPSDT) mental health and substance*  
36 *use disorder treatment services that will improve outcomes at the*  
37 *individual and system levels and will inform fiscal decisionmaking*  
38 *related to the purchase of services.*

39 *(b) The State Department of Health Care Services, in*  
40 *collaboration with the California Health and Human Services*

1 *Agency and in consultation with the Behavioral Health Services*  
2 *Oversight and Accountability Commission, shall create a plan for*  
3 *a performance outcome system for EPSDT mental health and*  
4 *substance use disorder treatment services provided to eligible*  
5 *Medi-Cal beneficiaries under the age of 21 pursuant to 42 U.S.C.*  
6 *Section 1396d(a)(4)(B).*

7 *(1) (A) Commencing no later than September 1, 2012, the*  
8 *department shall convene a stakeholder advisory committee*  
9 *comprised of representatives of child and youth clients, family*  
10 *members, providers, counties, and the Legislature.*

11 *(B) This consultation shall inform the creation of a plan for a*  
12 *performance outcome system for EPSDT mental health and*  
13 *substance use disorder treatment services.*

14 *(2) In developing a plan for a performance outcomes system*  
15 *for EPSDT mental health and substance use disorder treatment*  
16 *services, the department shall consider the following objectives,*  
17 *among others:*

18 *(A) High-quality and accessible EPSDT mental health and*  
19 *substance use disorder treatment services for eligible children and*  
20 *youth, consistent with federal law.*

21 *(B) Information that improves practice at the individual,*  
22 *program, and system levels.*

23 *(C) Minimization of costs by building upon existing resources*  
24 *to the fullest extent possible.*

25 *(D) Reliable data that is collected and analyzed in a timely*  
26 *fashion.*

27 *(3) At a minimum, the plan for a performance outcome system*  
28 *for EPSDT mental health and substance use disorder treatment*  
29 *services shall consider evidence-based models for performance*  
30 *outcome systems, such as the Child and Adolescent Needs and*  
31 *Strengths (CANS), federal requirements, including the review by*  
32 *the External Quality Review Organization (EQRO), and timelines*  
33 *for implementation at the provider, county, and state levels.*

34 *(c) The State Department of Health Care Services shall provide*  
35 *the performance outcomes system plan, including milestones and*  
36 *timelines, for EPSDT mental health and substance use disorder*  
37 *treatment services described in subdivision (a) to all fiscal*  
38 *committees and appropriate policy committees of the Legislature*  
39 *no later than October 1, 2013.*

1 (d) *The State Department of Health Care Services shall propose*  
2 *how to implement the performance outcomes system plan for*  
3 *EPSDT mental health and substance use disorder treatment*  
4 *services described in subdivision (a) no later than January 10,*  
5 *2014.*

6 (e) (1) (A) *Commencing no later than February 1, 2014, the*  
7 *department shall convene a stakeholder advisory committee*  
8 *comprised of advocates for, and representatives of, child and youth*  
9 *clients, family members, managed care health plans, providers,*  
10 *counties, and the Legislature.*

11 (B) *The committee shall develop methods to routinely measure,*  
12 *assess, and communicate program information regarding*  
13 *informing, identifying, screening, assessing, referring, and linking*  
14 *Medi-Cal eligible beneficiaries to mental health and substance*  
15 *use disorder treatment services and supports.*

16 (C) *The committee shall also review health plan screenings for*  
17 *mental health and substance use disorder, health plan referrals*  
18 *to Medi-Cal fee-for-service providers, and health plan referrals*  
19 *to county mental health plans, Drug Medi-Cal counties, and Drug*  
20 *Medi-Cal organized delivery systems, among others.*

21 (D) *The committee shall make recommendations to the*  
22 *department regarding performance and outcome measures that*  
23 *will contribute to improving timely access to appropriate care for*  
24 *Medi-Cal eligible beneficiaries.*

25 (2) *The department shall incorporate into the performance*  
26 *outcomes system established pursuant to this section the screenings*  
27 *and referrals described in this subdivision, including milestones*  
28 *and timelines, and shall provide an updated performance outcomes*  
29 *system plan to all fiscal committees and the appropriate policy*  
30 *committees of the Legislature no later than October 1, 2014.*

31 (3) *The department shall propose how to implement the updated*  
32 *performance systems outcome plan described in paragraph (2) no*  
33 *later than January 10, 2015.*

34 (f) *This section shall become operative on January 1, 2025, if*  
35 *amendments to the Mental Health Services Act are approved by*  
36 *the voters at the March 5, 2024, statewide primary election.*

37 SEC. 105. *Section 18 of the Mental Health Services Act, as*  
38 *added by Proposition 63 at the November 2, 2004, statewide*  
39 *general election, is amended to read:*

1     Sec. 18. (a) This act shall be broadly construed to accomplish  
2 its purposes. All of the provisions of this act may be amended by  
3 a two-thirds vote of the Legislature so long as such amendments  
4 are consistent with and further the intent of this act. The Legislature  
5 may by majority vote add provisions to clarify procedures and  
6 terms including the procedures for the collection of the tax  
7 surcharge imposed by Section 12 of this act.

8     (b) *If amendments to the Mental Health Services Act are*  
9 *approved by the voters at the March 5, 2024, statewide primary*  
10 *election, this section shall become inoperative on January 1, 2025,*  
11 *and as of that date is repealed.*

12     SEC. 106. (a) *Notwithstanding Chapter 3.5 (commencing with*  
13 *Section 11340) of Part 1 of Division 3 of Title 2 of the Government*  
14 *Code, the department may implement, interpret, or make specific*  
15 *the amendments made pursuant to this act by means of plan or*  
16 *county letters, information notices, plan or provider bulletins, or*  
17 *other similar instructions without taking further regulatory action.*

18     (b) *By July 1, 2033, the department shall adopt regulations*  
19 *necessary to implement, interpret, or make specific the amendments*  
20 *made pursuant to this act, except for the additions of Article 3*  
21 *(commencing with Section 5964) of Chapter 3 and Chapter 4*  
22 *(commencing with Section 5965) of Part 7 of Division 5 of the*  
23 *Welfare and Institutions Code, in accordance with the requirements*  
24 *of Chapter 3.5 (commencing with Section 11340) of Part 1 of*  
25 *Division 3 of Title 2 of the Government Code.*

26     (c) (1) *For purposes of implementing this act, the department*  
27 *may enter into exclusive or nonexclusive contracts, or amend*  
28 *existing contracts, on a bid or negotiated basis, including contracts*  
29 *to implement new or change existing information technology*  
30 *systems.*

31     (2) *Notwithstanding any other law, contracts entered into or*  
32 *amended, or changes to existing information technology systems*  
33 *made pursuant to this subdivision shall be exempt from Chapter*  
34 *6 (commencing with Section 14825) of Part 5.5 of Division 3 of*  
35 *Title 2 of the Government Code, Chapter 5 (commencing with*  
36 *Section 19130) of the Part 2 of Division 5 of Title 2 of the*  
37 *Government Code, Part 2 (commencing with Section 12100) of*  
38 *Division 2 of the Public Contract Code, the Statewide Information*  
39 *Management Manual, and the State Administrative Manual and*

1 shall be exempt from the review or approval of any division of the  
2 Department of General Services or the Department of Technology.

3 SEC. 107. The provisions of this act are severable. If any  
4 provision of this act or its application is held invalid or  
5 unconstitutional by a decision of a court of competent jurisdiction,  
6 such decision shall not affect the validity of the remaining portions  
7 or applications of this act. The Legislature declares that it would  
8 have enacted this act and each portion thereof not declared invalid  
9 or unconstitutional without regard to whether any other portion  
10 of this act or its application thereof would be subsequently declared  
11 invalid or unconstitutional.

12 SEC. 108. This act shall take effect on January 1, 2025, upon  
13 approval by the voters of the Behavioral Health Infrastructure Act  
14 and amendments to the Mental Health Services Act at the March  
15 5, 2024, statewide primary election.

16 SEC. 109. The Behavioral Health Infrastructure Act and  
17 amendments to the Mental Health Services Act shall be submitted  
18 to the voters at the March 5, 2024, statewide primary election in  
19 accordance with provisions of the Government Code and the  
20 Elections Code governing the submission of a statewide measure  
21 to the voters.

22 SECTION 1. Section 5891 of the Welfare and Institutions Code  
23 is amended to read:

24 5891. (a) (1) ~~The funding established pursuant to this act shall~~  
25 ~~be utilized to expand mental health services. These funds shall not~~  
26 ~~be used to supplant existing state or county funds utilized to~~  
27 ~~provide mental health services. The state shall continue to provide~~  
28 ~~financial support for mental health programs with not less than the~~  
29 ~~same entitlements, amounts of allocations from the General Fund~~  
30 ~~or from the Local Revenue Fund 2011 in the State Treasury, and~~  
31 ~~formula distributions of dedicated funds as provided in the 2003-04~~  
32 ~~fiscal year. The state shall not make any change to the structure~~  
33 ~~of financing mental health services that increase a county's share~~  
34 ~~of costs or financial risk for mental health services unless the state~~  
35 ~~includes adequate funding to fully compensate for the increased~~  
36 ~~costs or financial risk. These funds shall only be used to pay for~~  
37 ~~the programs authorized in Sections 5890 and 5892. These funds~~  
38 ~~may not be used to pay for any other program. These funds may~~  
39 ~~not be loaned to the General Fund or any other fund of the state,~~

1 or a county general fund or any other county fund for any purpose  
2 other than those authorized by Sections 5890 and 5892.

3 ~~(2) In order to maximize federal financial participation in  
4 furtherance of subdivision (d) of Section 5890, a county shall  
5 submit claims for reimbursement to the State Department of Health  
6 Care Services in accordance with applicable Medi-Cal rules and  
7 procedures for a behavioral health service eligible for  
8 reimbursement pursuant to Title XIX or XXI of the federal Social  
9 Security Act (42 U.S.C. Secs. 1396 et seq. and 1397aa et seq.)  
10 when that service is paid, in whole or in part, using the funding  
11 established pursuant to this section.~~

12 ~~(b) (1) Notwithstanding subdivision (a), and except as provided  
13 in paragraph (2), the Controller may use the funds created pursuant  
14 to this part for loans to the General Fund as provided in Sections  
15 16310 and 16381 of the Government Code. Any loan shall be  
16 repaid from the General Fund with interest computed at 110 percent  
17 of the Pooled Money Investment Account rate, with interest  
18 commencing to accrue on the date the loan is made from the fund.  
19 This subdivision does not authorize any transfer that would  
20 interfere with the carrying out of the object for which these funds  
21 were created.~~

22 ~~(2) This subdivision does not apply to the Supportive Housing  
23 Program Subaccount created by subdivision (f) of Section 5890  
24 or any moneys paid by the California Health Facilities Financing  
25 Authority to the Department of Housing and Community  
26 Development as a service fee pursuant to a service contract  
27 authorized by Section 5849.35.~~

28 ~~(e) Commencing July 1, 2012, on or before the 15th day of each  
29 month, pursuant to a methodology provided by the State  
30 Department of Health Care Services, the Controller shall distribute  
31 to each Local Mental Health Service Fund established by counties  
32 pursuant to subdivision (f) of Section 5892, all unexpended and  
33 unreserved funds on deposit as of the last day of the prior month  
34 in the Mental Health Services Fund, established pursuant to Section  
35 5890, for the provision of programs and other related activities set  
36 forth in Part 3 (commencing with Section 5800), Part 3.2  
37 (commencing with Section 5830), Part 3.6 (commencing with  
38 Section 5840), Part 3.9 (commencing with Section 5849.1), and  
39 Part 4 (commencing with Section 5850).~~



1 ~~(d) Counties shall base their expenditures on the county mental~~  
2 ~~health program's three-year program and expenditure plan or~~  
3 ~~annual update, as required by Section 5847. This section does not~~  
4 ~~affect subdivision (a) or (b).~~

5 ~~SEC. 2. If the Commission on State Mandates determines that~~  
6 ~~this act contains costs mandated by the state, reimbursement to~~  
7 ~~local agencies and school districts for those costs shall be made~~  
8 ~~pursuant to Part 7 (commencing with Section 17500) of Division~~  
9 ~~4 of Title 2 of the Government Code.~~

10 ~~SEC. 3. The Legislature finds and declares that this act adds~~  
11 ~~provisions to clarify procedures and terms of the Mental Health~~  
12 ~~Services Act, enacted by Proposition 63 at the November 2, 2004,~~  
13 ~~statewide general election.~~