

File No. 240133

Committee Item No. _____

Board Item No. 40

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: _____

Date: _____

Board of Supervisors Meeting

Date: February 27, 2024

Cmte Board

- Motion
- Resolution
- Ordinance
- Legislative Digest
- Budget and Legislative Analyst Report
- Youth Commission Report
- Introduction Form
- Department/Agency Cover Letter and/or Report
- MOU
- Grant Information Form
- Grant Budget
- Subcontract Budget
- Contract/Agreement
- Form 126 – Ethics Commission
- Award Letter
- Application
- Public Correspondence

OTHER

- Proposed Proposition 1 Text _____
- Senate Bill 326 - 6/19/23 _____
- Assembly Bill 531 - 6/19/23 _____
- Senate Bill 326 and Assembly Bill 531 CSAC Standings _____
- Senate Bill 326 LCC Standing _____
- Assembly Bill 531 LCC Standing _____
- _____
- _____

Prepared by: Lisa Lew

Date: February 23, 2024

Prepared by: _____

Date: _____

1 [Supporting California Governor Gavin Newsom’s March 2024 Ballot Initiative Proposition 1]

2
3 **Resolution supporting Proposition 1, Governor Gavin Newsom’s March 2024 ballot**
4 **initiative to modernize California’s behavioral healthcare system, comprised of Senate**
5 **Bill No. 326, an update of the Mental Health Services Act authored by Senator Susan**
6 **Talamantes Eggman, and Assembly Bill No. 531, a \$6,380,000,000 General Obligation**
7 **Bond authored by Assembly Member Jacqui Irwin intended to build more than 11,150**
8 **new behavioral health beds and housing, and 26,700 outpatient treatment slots across**
9 **California.**

10
11 WHEREAS, In California, 82% of people experiencing homelessness suffer from
12 mental health issues; and

13 WHEREAS, In 2023, 806 people died in San Francisco from accidental drug
14 overdoses, more than any other year on record; and

15 WHEREAS, Since California began shuttering State hospitals in the 1950s and shifting
16 responsibility to counties to finance and implement mental health services, people
17 experiencing severe mental illness have become overrepresented in the State's carceral
18 system, with more than half of the over 93,000 inmates incarcerated in California state prisons
19 being treated for varying levels of mental illness; and

20 WHEREAS, As the number of mental health treatment beds per 100,000 people in
21 California decreased 31% from 1998 through 2017, the State currently faces a shortage of at
22 least 6,000 beds to care for patients with mental health disorders, and its need for treatment
23 beds will continue to grow; and

24 WHEREAS, California's lack of mental health infrastructure and facilities to meet acute,
25 subacute, and community residential levels of care has contributed to system bottlenecks, and

1 California's five State hospitals, which treat the most critically ill patients, have a severe
2 shortage of beds with wait times of one year or longer; and

3 WHEREAS, The Mental Health Services Act (MHSA), authored by then-Senator Darrell
4 Steinberg and passed as Proposition 63 by voters in 2004, instituted a 1% income tax on
5 personal income in excess of \$1,000,000 per year to fund a continuum of prevention, early
6 intervention, and service needs for those experiencing or at risk of severe mental illness; and

7 WHEREAS, The MHSA requires reform to better align with current service gaps across
8 the State, including to ensure resources for people with the most acute behavioral health
9 issues and substance use disorders; and

10 WHEREAS, Senate Bill No. 326 (SB 326), authored by Senator Susan Talamantes
11 Eggman and signed into California law on October 12, 2023, authorized the placement on the
12 March 2024 ballot of an update to the MHSA, which would expand services to include
13 treatment for Substance Use Disorders (SUD) alone and allow counties to use funds in
14 combination with federal funds to expand SUD services; and

15 WHEREAS, SB 326 also requires that 30% of county MHSA allocations, which equates
16 to almost \$1,000,000,000 per year, be reserved for housing interventions for children and
17 families, youth, adults, and older adults living with severe mental illness, severe emotional
18 disturbance, and/or SUD who are experiencing homelessness or are at risk of homelessness,
19 which include rental subsidies, operating subsidies, shared housing, and family housing; and

20 WHEREAS, SB 326 addresses California's acute behavioral health workforce shortage
21 by providing at least 3% of annual MHSA funds for the California Health and Human Services
22 Agency to implement a statewide behavioral health workforce initiative; and

23 WHEREAS, California State Assembly Bill No. 531 (AB 531), authored by Assembly
24 Member Jacqui Irwin and signed into California law on October 12, 2023, authorized the
25 placement of a \$6,380,000,000 General Obligation Bond for the March 2024 ballot intended to

1 fund the construction, acquisition, and rehabilitation of residential care settings for individuals
2 with behavioral health needs, increasing the availability of care settings that support
3 rehabilitation and recovery; and

4 WHEREAS, Approximately 70% of veterans experiencing homelessness are affected
5 by SUD, and AB 531 dedicates \$1,000,000,000 in bond funding to be disbursed as grants for
6 new construction, acquisition, rehabilitation, or preservation of affordable multifamily housing
7 to provide interim, transitional, and permanent supportive housing for veterans who are
8 homeless, or at risk of homelessness, and living with behavioral health challenges; and

9 WHEREAS, On July 18, 2023, the San Francisco Board of Supervisors voted
10 unanimously to support Governor Gavin Newsom’s 2024 ballot initiative proposal, which
11 included SB 326 and AB 531; now, therefore, be it

12 RESOLVED, That the San Francisco Board of Supervisors supports Proposition 1,
13 Governor Gavin Newsom’s March 2024 ballot initiative to modernize California’s behavioral
14 healthcare system, comprised of SB 326, an update of the Mental Health Services Act
15 authored by Senator Susan Talamantes Eggman, and AB 531, a \$6,380,000,000 General
16 Obligation Bond authored by Assembly Member Jacqui Irwin intended to build more than
17 11,150 new behavioral health beds and housing and 26,700 outpatient treatment slots across
18 California.

19
20
21
22
23
24
25

PROPOSITION 1

This law proposed by Senate Bill 326 of the 2023–2024 Regular Session (Chapter 790, Statutes of 2023) and Assembly Bill 531 of the 2023–2024 Regular Session (Chapter 789, Statutes of 2023) is submitted to the people in accordance with the provisions of Section 10 of Article II of, and Article XVI of, the California Constitution. This proposed law amends and adds sections to the Welfare and Institutions Code; therefore, existing provisions proposed to be deleted are printed in ~~strikeout type~~ and new provisions proposed to be added are printed in *italic type* to indicate that they are new.

PROPOSED LAW

PROVISIONS PROPOSED BY CHAPTER 790 OF THE STATUTES OF 2023

SECTION 1. The people of the State of California hereby find and declare all of the following:

(a) One in 20 adults in California is living with a serious mental illness (SMI). One in 13 children in California has a serious emotional disturbance (SED) and 30 percent of youth 12 to 24 years of age experience serious psychological distress.

(b) One in 10 Californians meet the criteria for a substance use disorder.

(c) The number of amphetamine-related emergency department (ED) visits increased nearly 50 percent between 2018 and 2020, while the number of non-heroin-related opioid ED visits, including fentanyl ED visits, more than doubled in the same period. Data shows a 121% increase in opioid deaths between 2019 and 2021.

(d) Nationally, suicide rates among youth between 10 and 18 years of age have increased. Hospitals have reported a significant increase in the number of adolescents seeking psychiatric treatment in emergency departments.

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

(f) Recent research from the University of California, San Francisco found that the majority of homeless Californians (82%) reported a period in their life where they experienced a serious mental health condition. More than one quarter (27%) had been hospitalized for a mental health condition. Nearly two-thirds (65%) reported having had a period in their life in which they regularly used illicit drugs.

(g) California's behavioral health care system must serve the state's diversity of people, families, and communities and reduce gaps in access and outcomes for all—including gaps due to geography, age, gender, race, ethnicity, or other factors identified by data.

(h) Research shows that incarcerating the mentally ill is counterproductive to rehabilitation and long-term public safety due to recidivism. It costs \$100,000 per person to incarcerate an estimated 150,000 people who are mentally ill; treatment provides far better outcomes at far less cost.

(i) The limited availability of community-based care facilities to support rehabilitation and recovery contributes to the growing crisis of homelessness and incarceration among those living with a mental health disorder. Research indicates that the state has a shortage of over 2,700 subacute and nearly 3,000 community residential beds. This shortage leads to huge increases in emergency department visits for mental health treatment at a very high cost.

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

(a) In 2004, California voters passed Proposition 63, the Mental Health Services Act (MHSA) to expand mental health support and services in California communities.

(b) The time has come to modernize the MHSA to focus funds where they are most needed: expanding services to include treatment for those with substance use disorders and prioritizing care for those with the most serious mental illness, including the disproportionate number experiencing unsheltered homelessness.

(c) Reforms will provide guaranteed, ongoing resources for housing for those needing behavioral health services and continuing support for prevention and early intervention. This includes taking a whole person approach that is streamlined and seamless in service delivery, and supports the individual's recovery and well-being.

(d) Reforms will require strict accountability measures to ensure funds are focused on outcomes for all California families and communities and provide transparency for the public, utilizing all available behavioral health fund sources that local governments have at their disposal. Strong oversight will ensure investments are being made in effective, equitable and high-quality care.

(e) Reforms will provide funding for a robust behavioral health workforce, including thousands of counselors and psychologists. The state will lead efforts to recruit, train, and create pathways to high-quality jobs that can meet the growing and changing behavioral health care needs of Californians.

(f) Reforms will provide ongoing funding to build and sustain the necessary treatment centers and professional workforce to treat people with mental illness to avoid incarceration.

(g) Reforms will include bond funding that is intended to build more than 10,000 new treatment beds and supportive housing. Over 100,000 people per year with behavioral health conditions will get treatment, including those experiencing homelessness, veterans, and youth.

(h) The bond will dedicate funding for veterans experiencing challenges with mental health or substance abuse and homelessness.

(i) Overall, this measure strengthens the continuum of care for all Californians and especially the most vulnerable. It provides substantial state investment, improves statewide accountability, and increases Californians' access to behavioral health services.

SEC. 14. Section 5604 of the Welfare and Institutions Code is amended to read:

5604. (a) (1) Each community mental health service shall have a mental health board consisting of 10 to 15 members, depending on the preference of the county, appointed by the governing body, except that boards in counties with a population of fewer than 80,000 may have a minimum of five members. A county with more than five supervisors shall have at least the same number of members as the size of its board of supervisors. This section does not limit the ability of the governing body to increase the number of members above 15.

(2) (A) The board shall serve in an advisory role to the governing body, and one member of the board shall be a member of the local governing body. Local mental health boards may recommend appointees to the county supervisors. The board membership should reflect the diversity of the client population in the county to the extent possible.

(B) Fifty percent of the board membership shall be consumers, or the parents, spouses, siblings, or adult children of consumers, who are receiving or have received mental health services. At least 20 percent of the total membership shall be consumers, and at least 20 percent shall be families of consumers.

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

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

(D) In addition to the requirements in subparagraphs (B) and (C), counties are encouraged to appoint individuals who have experience with, and knowledge of, the mental health system. This would include members of the community that engage with individuals living with mental illness in the course of daily operations, such as representatives of county offices of education, large and small businesses, hospitals, hospital districts, physicians practicing in emergency departments, city police chiefs, county sheriffs, and community and nonprofit service providers.

(3) (A) In counties with a population that is fewer than 80,000, at least one member shall be a consumer and at least one member shall be a parent, spouse, sibling,

or adult child of a consumer who is receiving, or has received, mental health services.

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

(b) The mental health board shall review and evaluate the local public mental health system, pursuant to Section 5604.2, and advise the governing body on community mental health services delivered by the local mental health agency or local behavioral health agency, as applicable.

(c) The term of each member of the board shall be for three years. The governing body shall equitably stagger the appointments so that approximately one-third of the appointments expire in each year.

(d) If two or more local agencies jointly establish a community mental health service pursuant to Article 1 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code, the mental health board for the community mental health service shall consist of an additional two members for each additional agency, one of whom shall be a consumer or a parent, spouse, sibling, or adult child of a consumer who has received mental health services.

(e) (1) Except as provided in paragraph (2), a member of the board or the member's spouse shall not be a full-time or part-time county employee of a county mental health service, an employee of the State Department of Health Care Services, or an employee of, or a paid member of the governing body of, a mental health contract agency.

(2) A consumer of mental health services who has obtained employment with an employer described in paragraph (1) and who holds a position in which the consumer does not have any interest, influence, or authority over any financial or contractual matter concerning the employer may be appointed to the board. The member shall abstain from voting on any financial or contractual issue concerning the member's employer that may come before the board.

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

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

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

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

(j) *If amendments to the Mental Health Services Act are approved by the voters at the March 5, 2024, statewide primary election, this section shall become inoperative on January 1, 2025, and as of January 1, 2026, is repealed.*

SEC. 15. Section 5604 is added to the Welfare and Institutions Code, to read:

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

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

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

(2) (A) (i) *The board shall serve in an advisory role to the governing body, and one member of the board shall be a member of the local governing body.*

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

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

(B) (i) *Fifty percent of the board membership shall be consumers, or the parents, spouses, siblings, or adult children of consumers, who are receiving or have received behavioral health services. At least one of these members shall be an individual who is 25 years of age or younger.*

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

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

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

(D) (i) *At least one member of the board shall be an employee of a local education agency.*

(ii) *To comply with clause (i), a county shall notify its county office of education about vacancies on the board.*

(E) (i) *In addition to the requirements in subparagraphs (B), (C), and (D), counties are encouraged to appoint*

individuals who have experience with, and knowledge of, the behavioral health system.

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

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

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

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

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

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

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

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

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

(2) (A) *A consumer of behavioral health services who has obtained employment with an employer described in paragraph (1) and who holds a position in which the consumer does not have an interest, influence, or*

authority over a financial or contractual matter concerning the employer may be appointed to the board.

(B) The member shall abstain from voting on a financial or contractual issue concerning the member's employer that may come before the board.

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

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

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

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

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

SEC. 18. Section 5604.2 of the Welfare and Institutions Code is amended to read:

5604.2. (a) The local mental health board shall do all of the following:

(1) Review and evaluate the community's public mental health needs, services, facilities, and special problems in any facility within the county or jurisdiction where mental health evaluations or services are being provided, including, but not limited to, schools, emergency departments, and psychiatric facilities.

(2) Review any county agreements entered into pursuant to Section 5650. The local mental health board may make recommendations to the governing body regarding concerns identified within these agreements.

(3) Advise the governing body and the local mental health director as to any aspect of the local mental health program. Local mental health boards may request assistance from the local patients' rights advocates when reviewing and advising on mental health evaluations or services provided in public facilities with limited access.

(4) Review and approve the procedures used to ensure citizen and professional involvement at all stages of the planning process. Involvement shall include individuals with lived experience of mental illness and their families, community members, advocacy organizations, and mental health professionals. It shall also include

other professionals that interact with individuals living with mental illnesses on a daily basis, such as education, emergency services, employment, health care, housing, law enforcement, local business owners, social services, seniors, transportation, and veterans.

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

(6) Review and make recommendations on applicants for the appointment of a local director of mental health services. The board shall be included in the selection process prior to the vote of the governing body.

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

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

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

(c) If amendments to the Mental Health Services Act are approved by the voters at the March 5, 2024, statewide primary election, this section shall become inoperative on January 1, 2025, and as of January 1, 2026, is repealed.

SEC. 19. Section 5604.2 is added to the Welfare and Institutions Code, to read:

5604.2. (a) The local behavioral health board shall do all of the following:

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

(2) (A) Review county agreements entered into pursuant to Section 5650.

(B) The local behavioral health board may make recommendations to the governing body regarding concerns identified within these agreements.

(3) (A) Advise the governing body and the local behavioral health director as to any aspect of the local behavioral health systems.

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

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

(B) Involvement shall include individuals with lived experience of mental illness, substance use disorder, or

both, and their families, community members, advocacy organizations, and behavioral health professionals. It shall also include other professionals who interact with individuals living with mental illnesses or substance use disorders on a daily basis, such as education, emergency services, employment, health care, housing, public safety, local business owners, social services, older adults, transportation, and veterans.

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

(6) (A) Review and make recommendations on applicants for the appointment of a local director of behavioral health services.

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

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

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

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

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

SEC. 20. Section 5604.3 of the Welfare and Institutions Code is amended to read:

5604.3. (a) The board of supervisors may pay from any available funds the actual and necessary expenses of the members of the mental health board of a community mental health service incurred incident to the performance of their official duties and functions. The expenses may include travel, lodging, childcare, and meals for the members of an advisory board while on official business as approved by the director of the local mental health program.

(b) Governing bodies are encouraged to provide a budget for the local mental health board, using planning and administrative revenues identified in subdivision (c) of Section 5892, that is sufficient to facilitate the purpose, duties, and responsibilities of the local mental health board.

(c) If amendments to the Mental Health Services Act are approved by the voters at the March 5, 2024, statewide primary election, this section shall become inoperative on January 1, 2025, and as of January 1, 2026, is repealed.

SEC. 21. Section 5604.3 is added to the Welfare and Institutions Code, to read:

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

(2) The expenses may include travel, lodging, childcare, and meals for the members of the board while on official business as approved by the director of the local behavioral health program.

(b) Governing bodies are encouraged to provide a budget for the local behavioral health board using planning and administrative revenues identified in paragraph (1) of subdivision (e) of Section 5892, that is sufficient to facilitate the purpose, duties, and responsibilities of the local behavioral health board.

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

SEC. 22. Section 5604.5 of the Welfare and Institutions Code is amended to read:

5604.5. The local mental health board shall develop bylaws to be approved by the governing body which shall do all of the following:

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

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

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

(d) Establish that the chairperson of the mental health board be in consultation with the local mental health director.

(e) Establish that there may be an executive committee of the mental health board.

(f) If amendments to the Mental Health Services Act are approved by the voters at the March 5, 2024, statewide primary election, this section shall become inoperative on January 1, 2025, and as of January 1, 2026, is repealed.

SEC. 23. Section 5604.5 is added to the Welfare and Institutions Code, to read:

5604.5. The local behavioral health board shall develop bylaws to be approved by the governing body that shall do all of the following:

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

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

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

(d) Establish that the chairperson of the behavioral health board be in consultation with the local behavioral health director.

(e) Establish that there may be an executive committee of the behavioral health board.

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

SEC. 28. Section 5614 of the Welfare and Institutions Code is amended to read:

5614. (a) The department, in consultation with the Compliance Advisory Committee that shall have representatives from relevant stakeholders, including, but not limited to, local mental behavioral health departments, local mental behavioral health boards and commissions, private and community-based providers, consumers and family members of consumers, local educational agency representatives including, but not limited to, educators and school staff, and advocates, shall establish a protocol for ensuring that local mental behavioral health departments meet statutory and regulatory requirements for the provision of publicly funded community mental health services provided under this part.

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

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

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

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

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

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

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

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

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

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

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

(d) If amendments to the Mental Health Services Act are approved by the voters at the March 5, 2024, statewide primary election, this section shall become inoperative on January 1, 2025, and as of January 1, 2027, is repealed.

SEC. 29. Section 5614 is added to the Welfare and Institutions Code, to read:

5614. (a) The department, in consultation with the Compliance Advisory Committee that shall have representatives from relevant stakeholders, including, but not limited to, local behavioral health departments, local behavioral health boards and commissions, private and community-based providers, consumers and family members of consumers, local education agency representatives including, but not limited to, educators and school staff, and advocates, shall establish a protocol for ensuring that local behavioral health departments meet statutory and regulatory requirements for the provision of publicly funded community mental health services provided under this part.

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

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

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

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

(4) The local behavioral health department complies with reporting requirements developed by the department.

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

(6) The local behavioral health department meets the reporting required by the performance outcome systems for adults and children.

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

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

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

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

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

SEC. 30. Section 5664 of the Welfare and Institutions Code is amended to read:

5664. (a) In consultation with the County Behavioral Health Directors Association of California, the State Department of Health Care Services, the Mental Health Services Oversight and Accountability Commission, the California Behavioral Health Planning Council, and the California Health and Human Services Agency, county behavioral health systems shall provide reports and data to meet the information needs of the state, as necessary.

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

SEC. 35. Section 5805 of the Welfare and Institutions Code is amended to read:

5805. (a) The State Department of Health Care Services shall require counties to use available state and matching funds for the client target population as defined in Section 5600.3 to develop a comprehensive array of services as defined in Sections 5600.6 and 5600.7.

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

SEC. 36. Section 5805 is added to the Welfare and Institutions Code, to read:

5805. (a) *The State Department of Health Care Services shall require counties to use funds distributed pursuant to subdivision (c) of Section 5891 for eligible adults and older adults, as defined in Section 5892, to develop a comprehensive array of services, as defined in Sections 5600.6 and 5600.7, and substance use disorder treatment services, as defined in Section 5891.5.*

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

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

SEC. 37. Section 5806 of the Welfare and Institutions Code is amended to read:

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

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

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

(2) Plans for services, including outreach to families whose severely mentally ill adult is living with them, design of mental health services, coordination and access to medications, psychiatric and psychological services, substance abuse services, supportive housing or other housing assistance, vocational rehabilitation, and veterans' services. Plans also shall contain evaluation ~~strategies~~, *strategies* that shall consider cultural, linguistic, gender, age, and special needs of minorities in the target populations. Provision shall be made for ~~staff~~ *a workforce* with the cultural background and linguistic skills necessary to remove barriers to mental health services due to limited-English-speaking ability and cultural differences. Recipients of outreach services may include families, the public, primary care physicians, and others who are likely to come into contact with individuals who may be suffering from an untreated severe mental illness who would be likely to become homeless if the illness continued to be untreated for a substantial period of time. Outreach to adults may include adults voluntarily or involuntarily hospitalized as a result of a severe mental illness.

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

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

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

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

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

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

(9) Services reflecting special needs of women from diverse cultural backgrounds, including supportive housing that accepts children, personal services coordinator therapeutic treatment, and substance treatment programs that address gender-specific trauma and abuse in the lives of persons with mental illness, and vocational rehabilitation programs that offer job training programs free of gender bias and sensitive to the needs of women.

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

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

(12) Provision for services for veterans.

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

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

(1) Live in the most independent, least restrictive housing feasible in the local community, and for clients with children, to live in a supportive housing environment that strives for reunification with their

children or assists clients in maintaining custody of their children as is appropriate.

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

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

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

(5) Obtain an adequate income.

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

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

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

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

(10) Have freedom from dangerous addictive substances.

(d) The individual personal services plan shall describe the service array that meets the requirements of subdivision ~~(e)~~, and *(c)* and, to the extent applicable to the individual, the requirements of subdivision (a).

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

SEC. 38. Section 5806 is added to the Welfare and Institutions Code, to read:

5806. (a) The State Department of Health Care Services shall establish service standards so that adults and older adults in the target population are identified and receive needed and appropriate services from qualified staff in the least restrictive environment to assist them to live independently, work, and thrive in their communities. This section shall not apply to services covered by the Medi-Cal program and services covered by a health care service plan or other insurance coverage. These standards shall include, but are not limited to, all of the following:

(1) For services funded pursuant to subdivision (a) of Section 5892, the county may consult with the stakeholders listed in paragraph (1) of subdivision (a) of Section 5963.03.

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

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

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

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

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

(3) Provision for services for populations with identified disparities in behavioral health outcomes.

(4) Provision for full participation of the family in all aspects of assessment, service planning, and treatment, including, but not limited to, family support and consultation services, parenting support and consultation services, and peer support or self-help group support, where appropriate and when supported by the individual.

(5) Treatment for clients who have been suffering from an untreated serious mental illness or substance use disorder, or both, for less than one year and who do not require the full range of services but are at risk of becoming homeless or incarcerated unless comprehensive individual and family support services are provided consistent with the planning process specified in subdivision (d). This includes services that are available and designed to meet their needs, including housing for clients that is immediate, transitional, permanent, or all of these services.

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

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

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

(8) Provision for services for frequent users of behavioral health urgent care, crisis stabilization units,

and hospitals or emergency room services as the primary resource for mental health and substance use disorder treatment.

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

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

(b) Each adult or older adult shall have a clearly designated personal services coordinator, or case manager who may be part of a multidisciplinary treatment team who is responsible for providing case management services. The personal services coordinator may be a person or entity formally designated as primarily responsible for coordinating the services accessed by the client. The client shall be provided information on how to contact their designated person or entity.

(c) A personal services coordinator shall perform all of the following:

(1) Conduct a comprehensive assessment and periodic reassessment of a client's needs. The assessment shall include all of the following:

(A) Taking the client's history.

(B) Identifying the individual's needs, including reviewing available records and gathering information from other sources, including behavioral health service providers, medical providers, family members, social workers, and others needed to form a complete assessment.

(C) Assessing the client's living arrangements, employment status, and training needs.

(2) Plan for services using information collected through the assessment. The planning process shall do all of the following:

(A) Identify the client's goals and the behavioral health, supportive, medical, educational, social, prevocational, vocational, rehabilitative, housing, or other community services needed to assist the client to reach their goals.

(B) Include active participation of the client and others in the development of the client's goals.

(C) Identify a course of action to address the client's needs.

(D) Address the transition of care when a client has achieved their goals.

(3) Assist the client in accessing needed behavioral health, supportive, medical, educational, social,

prevocational, vocational, rehabilitative, housing, or other community services.

(4) Coordinate the services the county furnishes to the client between settings of care, including appropriate discharge planning for short-term hospital and institutional stays.

(5) Coordinate the services the county furnishes to the client with the services the client receives from managed care organizations, the Medicaid fee-for-service delivery system, other human services agencies, and community and social support providers.

(6) Ensure that, in the course of coordinating care, the client's privacy is protected in accordance with all federal and state privacy laws.

(d) The county shall ensure that each provider furnishing services to clients maintains and shares, as appropriate, client health records in accordance with professional standards.

(e) The service planning process shall ensure that adults and older adults receive age-appropriate, gender-appropriate, and culturally appropriate services, or appropriate services based on a characteristic listed or defined in Section 11135 of the Government Code, to the extent feasible, that are designed to enable recipients to:

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

(B) Assist individuals to rejoin or return to a home that had previously been maintained with a family member or in a shared housing environment that is supportive of their recovery and stabilization.

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

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

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

(5) Obtain an adequate income.

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

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

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

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

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

(f) (1) (A) The client's clinical record shall describe the service array that meets the requirements of subdivisions (c) and (e) and, to the extent applicable to the individual, the requirements of subdivisions (a) and (b).

(B) The State Department of Health Care Services may develop and revise documentation standards for service planning to be consistent with the standards developed pursuant to paragraph (3) of subdivision (h) of Section 14184.402.

(2) Documentation of the service planning process in the client's clinical record pursuant to paragraph (1) may fulfill the documentation requirements for both the Medi-Cal program and this section.

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

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

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

SEC. 39. Section 5813.5 of the Welfare and Institutions Code is amended to read:

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

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

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

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

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

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

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

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

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

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

(f) Each county plan and annual update pursuant to Section 5847 shall consider ways to provide services similar to those established pursuant to the Mentally Ill Offender Crime Reduction Grant Program. Funds shall not be used to pay for persons incarcerated in state prison. Funds may be used to provide services to persons who are participating in a presentencing or postsentencing diversion program or who are on parole, probation, postrelease community supervision, or mandatory supervision. When included in county plans pursuant to Section 5847, funds may be used for the provision of mental health services under Sections 5347 and 5348 in counties that elect to participate in the Assisted Outpatient Treatment Demonstration Project Act of 2002 (Article 9 (commencing with Section 5345) of Chapter 2 of Part 1), and for the provision of services to clients pursuant to Part 8 (commencing with Section 5970).

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

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

SEC. 40. Section 5813.5 is added to the Welfare and Institutions Code, to read:

5813.5. (a) Counties shall use funds distributed pursuant to subdivision (c) of Section 5891 for the provision of behavioral health services under Sections 5801, 5802, 5806, and 5891.5 to county behavioral health programs. This part does not obligate the counties to use funds from any other source for services pursuant to this part.

(b) Services shall be available to eligible adults and older adults, as defined in Section 5892.

(c) Funding shall be provided at sufficient levels to ensure counties can provide each adult and older adult served pursuant to this part with the medically necessary mental health and substance use disorder treatment services and medications identified during

the service planning process pursuant to Section 5806, which are in the applicable client clinical record.

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

(2) (A) To maximize funding from other sources, a county shall seek reimbursement for a behavioral health service, supportive service, housing intervention, or other related activity provided pursuant to subdivision (a) of Section 5892 that is covered by or can be paid from another available funding source, including other mental health funds, substance use disorder funds, public and private insurance, and other local, state, and federal funds. This paragraph does not require counties to exhaust other funding sources before using behavioral health services fund moneys to pay for a service or related activity.

(B) A county shall make a good faith effort to enter into contracts, single case agreements, or other agreements to obtain reimbursement with health care service plans and disability insurance plans, pursuant to Section 1374.72 of the Health and Safety Code and Section 10144.5 of the Insurance Code.

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

(3) (A) A county may report to the Department of Managed Health Care or the Department of Insurance, as appropriate, complaints about a health plan's or a health insurer's failure to make a good faith effort to contract or enter into a single case agreement or other agreements to obtain reimbursement with the county.

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

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

(d) Each county behavioral health program's integrated plan pursuant to Section 5963.02 shall provide for services to eligible adults and older adults, as defined in Section 5892, in accordance with the system of care for adults and older adults.

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

(1) *To promote concepts key to the recovery for individuals who have a mental illness or substance use disorder, or both: hope, personal empowerment, respect, social connections, self-responsibility, and self-determination.*

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

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

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

(f) *The integrated plan for each county pursuant to Section 5963.02 shall indicate, subject to the availability of funds as determined by Part 4.5 (commencing with Section 5890) and other funds available for behavioral health services as defined in Section 5892, that eligible adults and older adults, as defined in Section 5892, being served by this program are either receiving services from this program or have a mental illness or substance use disorder that is not sufficiently severe to require the level of services required of this program.*

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

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

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

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

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

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

(i) *For purposes of this section, "behavioral health services" shall have the meaning as defined in subdivision (j) of Section 5892.*

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

(k) *For purposes of this section, "substance use disorder treatment services" shall have the meaning as defined in subdivision (c) of Section 5891.5.*

(l) *For purposes of this section, "supportive services" shall have the meaning as defined in subdivision (h) of Section 5887.*

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

SEC. 42. Section 5830 of the Welfare and Institutions Code is amended to read:

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

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

(1) To increase access to underserved groups.

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

(3) To promote interagency collaboration.

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

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

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

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

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

(C) Promote interagency and community collaboration.

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

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

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

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

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

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

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

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

(2) Advocacy.

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

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

(5) System development.

(6) Public education efforts.

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

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

(9) Permanent supportive housing development.

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

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

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

SEC. 43. Section 5830 is added to the Welfare and Institutions Code, to read:

5830. (a) (1) *Each county shall establish and administer a program for housing interventions to serve persons who are chronically homeless or experiencing homelessness or are at risk of homelessness, as defined in Section 5892, and meet one of the following conditions:*

(A) Eligible children and youth, as defined in Section 5892.

(B) Eligible adults and older adults, as defined in Section 5892.

(2) Housing interventions shall not be limited to individuals enrolled in full-service partnerships pursuant to subdivision (d) of Section 5887.

(3) Housing interventions shall not be limited to individuals enrolled in Medi-Cal.

(4) Housing interventions shall not discriminate against or deny access to housing for individuals that are utilizing medications for addiction treatment or other authorized medications.

(5) Housing interventions shall comply with the core components of Housing First, as defined in subdivision (b) of Section 8255, and may include recovery housing, as defined by the federal Department of Housing and Urban Development.

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

(A) Rental subsidies.

(B) Operating subsidies.

(C) Shared housing.

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

(E) The nonfederal share for transitional rent.

(F) Other housing supports, as defined by the State Department of Health Care Services, including, but not limited to, the community supports policy guide.

(G) Capital development projects, including affordable housing, as described in paragraph (2).

(H) Project-based housing assistance, including master leasing of project-based housing.

(I) Funds pursuant to paragraph (1) of subdivision (a) of Section 5892 shall not be used for mental health and substance use disorder treatment services.

(2) (A) County programs for housing interventions may include capital development projects, under the provisions of Section 5831, to either construct or rehabilitate housing units, or both, for the persons meeting the criteria specified in subdivision (a) consistent with the State Department of Health Care Services guidelines for this purpose.

(B) The units funded pursuant to this provision shall be available in a reasonable timeframe, as specified by the State Department of Health Care Services and consistent with the county integrated plan pursuant to Section 5963.02, and shall meet a cost-per-unit threshold as specified by the State Department of Health Care Services.

(C) For purposes of this section and Section 5831, "affordable housing" includes supportive housing. "Supportive housing" has the same meaning as defined in Section 50675.14 of the Health and Safety Code.

(3) County programs for housing interventions shall comply with all requirements specified by the State Department of Health Care Services, pursuant to

Section 5963.05, for the purposes of administering paragraphs (1) and (2).

(c) (1) To the extent that necessary federal approvals have been obtained for the Medi-Cal program to cover housing interventions and federal financial participation is available and not otherwise jeopardized, the housing interventions funds distributed pursuant to paragraph (1) of subdivision (a) of Section 5892 may be used for the nonfederal share of Medi-Cal covered housing related services. The housing intervention funds distributed pursuant to paragraph (1) of subdivision (a) of Section 5892 shall only cover the costs that cannot be paid for with Medi-Cal program funds, including costs for Medi-Cal members enrolled in a Medi-Cal managed care plan, as defined in subdivision (j) of Section 14184.101, that does not cover those services.

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

(d) Notwithstanding any other law, a capital development project funded pursuant to this section shall not constitute a "low rent housing project," as provided for in subdivision (e).

(e) "Low rent housing project," as defined in Section 1 of Article XXXIV of the California Constitution, does not apply to a project that meets any of the following criteria:

(1) The project meets both of the following criteria:

(A) Is privately owned housing, receiving no ad valorem property tax exemption other than exemptions granted pursuant to subdivision (f) or (g) of Section 214 of the Revenue and Taxation Code, not fully reimbursed to all taxing entities.

(B) Not more than 49 percent of the dwellings, apartments, or other living accommodations of the development may be occupied by persons of low income.

(2) The project is privately owned housing, is not exempt from ad valorem taxation by reason of public ownership, and is not financed with direct long-term financing from a public body.

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

(4) The project consists of newly constructed, privately owned, one- to four-family dwellings not located on adjoining sites.

(5) The project consists of existing dwelling units leased by the state public body from the private owner of these dwelling units.

(6) The project consists of the rehabilitation, reconstruction, improvement, or addition to, or replacement of, dwelling units of a previously existing low-rent housing project or a project previously or currently occupied by lower income households, as

defined in Section 50079.5 of the Health and Safety Code.

(7) The project consists of the acquisition, rehabilitation, reconstruction, or improvement, or any combination thereof, of a project that, prior to the date of the transaction to acquire, rehabilitate, reconstruct, or improve, or any combination thereof, was subject to a contract for federal or state public body assistance for the purpose of providing affordable housing for low-income households and maintains, or enters into, a contract for federal or state public body assistance for the purpose of providing affordable housing for low-income households.

(8) The project consists of the acquisition, rehabilitation, reconstruction, alterations work, or new construction, or a combination thereof, of lodging facilities or dwelling units using moneys received from the Behavioral Health Services Fund established pursuant to subdivision (a) of Section 5890.

(f) This section shall be implemented only to the extent that funds are provided from the Behavioral Health Services Fund for purposes of this section. This section does not obligate the counties to use funds from any other source for services pursuant to this section.

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

SEC. 44. Section 5831 is added to the Welfare and Institutions Code, to read:

5831. (a) (1) Notwithstanding any other law, a capital development project funded, in whole or in part, pursuant to Section 5892 shall be a use by right that shall be subject to the streamlined, ministerial review process, pursuant to subdivision (b), if it meets all of the following criteria:

(A) (i) Affordable housing shall be located in a zone where multifamily residential, office, retail, or parking are a principally permitted use. Nothing here shall be construed to limit other housing interventions pursuant to Section 5830 that conform to existing zoning.

(ii) The intent of capital development funding is to prioritize the production of housing that provides long-term housing stability.

(B) At least 75 percent of the perimeter of the site adjoins parcels that are developed with urban uses.

(C) It satisfies the requirements specified in subparagraphs (B) to (K), inclusive, of paragraph (6) of subdivision (a) of Section 65913.4 of the Government Code.

(D) It is not on a site or adjoined to any site where more than one-third of the square footage on the site is dedicated to industrial use.

(E) The development will meet the following objective zoning standards, objective subdivision standards, and objective design review standards:

(i) For affordable housing, the applicable objective standards shall be those for the zone that allows residential use at a greater density between the following:

(I) The existing zoning designation for the parcel if existing zoning allows for residential use.

(II) The zoning designation for the closest parcel that allows residential use at a density deemed appropriate to accommodate housing for lower income households in that jurisdiction as specified in paragraph (3) of subdivision (c) of Section 65583.2 of the Government Code.

(ii) The applicable objective standards shall be those in effect at the time that the development application is submitted to the local government pursuant to this article.

(iii) A development proposed pursuant to this section shall be eligible for the same density bonus, incentives or concessions, waivers or reductions of development standards, and parking ratios applicable to a project that meets the criteria specified in subparagraph (G) of paragraph (1) of subdivision (b) of Section 65915 of the Government Code.

(F) No housing units were acquired by eminent domain.

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

(H) The project meets the labor standards contained in Sections 65912.130 and 65912.131 of the Government Code.

(I) The project provides housing for individuals who meet the criteria specified in subdivision (a) of Section 5830 and their families.

(J) Affordable housing shall require long-term covenants and restrictions require the housing units to be restricted to persons who meet the criteria specified in subdivision (a) for no fewer than 30 years.

(2) (A) For purposes of this subdivision, parcels only separated by a street or highway shall be considered to be adjoined.

(B) For purposes of this subdivision, “dedicated to industrial use” means any of the following:

(i) The square footage is currently being used as an industrial use.

(ii) The most recently permitted use of the square footage is an industrial use.

(iii) The site was designated for industrial use in the latest version of a local government’s general plan adopted before January 1, 2022.

(b) The project shall be subject to the following streamlined, ministerial review process:

(1) (A) If the local government determines that a development submitted pursuant to this article is consistent with the objective planning standards specified in this article, it shall approve the development.

(B) If a local government determines that a development submitted pursuant to this article is in conflict with any of the objective planning standards specified in this article, it shall provide the development proponent written documentation of which standard or standards the development conflicts with, and an explanation for the reason or reasons the development conflicts with that standard or standards, within the following timeframes:

(i) Within 60 days of submission of the development proposal to the local government if the development contains 150 or fewer housing units.

(ii) Within 90 days of submission of the development proposal to the local government if the development contains more than 150 housing units.

(C) If the local government fails to provide the required documentation pursuant to subparagraph (B), the development shall be deemed to satisfy the required objective planning standards.

(D) (i) For purposes of this section, a development is consistent with the objective planning standards if there is substantial evidence that would allow a reasonable person to conclude that the development is consistent with the objective planning standards.

(ii) For purposes of this section, a development is not in conflict with the objective planning standards solely on the basis that application materials are not included, if the application contains substantial evidence that would allow a reasonable person to conclude that the development is consistent with the objective planning standards.

(E) The determination of whether a proposed project submitted pursuant to this section is or is not in conflict with the objective planning standards is not a “project” as defined in Section 21065 of the Public Resources Code.

(2) Design review of the development may be conducted by the local government’s planning commission or any equivalent board or commission responsible for design review. That design review shall be objective and be strictly focused on assessing compliance with criteria required for streamlined, ministerial review of projects, as well as any reasonable objective design standards published and adopted by ordinance or resolution by a local jurisdiction before submittal of the development to the local government, and shall be broadly applicable to developments within the jurisdiction. That design review shall be completed as follows and shall not in any way inhibit, chill, or preclude the ministerial approval provided by this section or its effect, as applicable:

(A) Within 90 days of submittal of the development proposal to the local government pursuant to this section if the development contains 150 or fewer housing units.

(B) Within 180 days of submittal of the development proposal to the local government pursuant to this section if the development contains more than 150 housing units.

(c) *Division 13 (commencing with Section 21000) of the Public Resources Code shall not apply to actions taken by the Department of Housing and Community Development, the State Department of Health Care Services, or a local agency not acting as the lead agency to provide financial assistance or insurance for the development and construction of projects built pursuant to this section.*

(d) *The applicant shall file a notice of exemption with the Office of Planning and Research and the county clerk of the county in which the project is located in the manner specified in subdivisions (b) and (c) of Section 21152 of the Public Resources Code.*

(e) *For purposes of this section, the following definitions shall apply:*

(1) *“Objective zoning standards,” “objective subdivision standards,” and “objective design review standards” mean standards that involve no personal or subjective judgment by a public official and are uniformly verifiable by reference to an external and uniform benchmark or criterion available and knowable by both the development applicant or proponent and the public official before submittal. These standards may be embodied in alternative objective land use specifications adopted by a city or county, and may include, but are not limited to, housing overlay zones, specific plans, inclusionary zoning ordinances, and density bonus ordinances.*

(2) *“Use by right” means a development project that satisfies both of the following conditions:*

(A) *The development project does not require a conditional use permit, planned unit development permit, or other discretionary local government review.*

(B) *The development project is not a “project” for purposes of Division 13 (commencing with Section 21000) of the Public Resources Code.*

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

SEC. 49. Section 5840 of the Welfare and Institutions Code is amended to read:

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

(b) The program shall include the following components:

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

(2) Access and linkage to medically necessary care provided by county mental health programs for children with severe serious mental illness, as defined in Section 5600.3, and for adults and seniors with severe mental

illness, as defined in Section 5600.3, as early in the onset of these conditions as practicable.

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

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

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

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

(1) Suicide.

(2) Incarcerations.

(3) School failure or dropout.

(4) Unemployment.

(5) Prolonged suffering.

(6) Homelessness.

(7) Removal of children from their homes.

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

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

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

SEC. 50. Section 5840 is added to the Welfare and Institutions Code, to read:

5840. (a) (1) *Each county shall establish and administer an early intervention program that is designed to prevent mental illnesses and substance use disorders from becoming severe and disabling and to reduce disparities in behavioral health.*

(2) *Early intervention programs shall be funded pursuant to clause (ii) of subparagraph (A) of paragraph (3) of subdivision (a) of Section 5892.*

(b) An early intervention program shall include the following components:

(1) Outreach to families, employers, primary care health care providers, behavioral health urgent care, hospitals, inclusive of emergency departments, education, including early care and learning, T-12, and higher education, and others to recognize the early signs of potentially severe and disabling mental health illnesses and substance use disorders.

(2) (A) Access and linkage to medically necessary care provided by county behavioral health programs as early in the onset of these conditions as practicable.

(B) Access and linkage to care includes the scaling of, and referral to, the Early Psychosis Intervention (EPI) Plus Program, pursuant to Part 3.4 (commencing with Section 5835), Coordinated Specialty Care, or other similar evidence-based practices and community-defined evidence practices for early psychosis and mood disorder detection and intervention programs.

(3) (A) Mental health and substance use disorder treatment services, evidence-based practices and community-defined evidence practices for similar to those provided under other programs that are effective in preventing mental health illnesses and substance use disorders from becoming severe, and components similar to programs that have been successful in reducing the duration of untreated serious mental health illnesses and substance use disorders and assisting people in quickly regaining productive lives.

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

(C) Mental health and substance use disorder services shall include services that are demonstrated to be effective at meeting the cultural and linguistic needs of diverse communities.

(D) Mental health and substance use disorder services may be provided to the following eligible children and youth:

(E) Mental health and substance use services may include services that prevent, respond, or treat a behavioral health crisis.

(i) Individual children and youth at high risk for a behavioral health disorder due to experiencing trauma, as evidenced by scoring in the high-risk range under a trauma screening tool such as an adverse childhood experiences (ACEs) screening tool, involvement in the child welfare system or juvenile justice system, or experiencing homelessness.

(ii) Individual children and youth in populations with identified disparities in behavioral health outcomes.

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

(c) (1) The State Department of Health Care Services, in consultation with the Behavioral Health Services Oversight and Accountability Commission, counties, and stakeholders, shall establish a biennial list of evidence-based practices and community-defined evidence practices that may include practices identified

pursuant to the Children and Youth Behavioral Health Initiative Act set forth in Chapter 2 (commencing with Section 5961) of Part 7.

(2) Evidence-based practices and community-defined evidence practices may focus on addressing the needs of those who decompensate into severe behavioral health conditions.

(3) Local programs utilizing evidence-based practices and community-defined evidence practices may focus on addressing the needs of underserved communities, such as BIPOC and LGBTQ+.

(4) Counties shall utilize the list to determine which evidence-based practices and community-defined evidence practices to implement locally.

(5) The State Department of Health Care Services may require a county to implement specific evidence-based and community-defined evidence practices.

(d) The early intervention program shall emphasize the reduction of the likelihood of:

(1) Suicide and self-harm.

(2) Incarcerations.

(3) School, including early childhood 0 to 5 years of age, inclusive, TK-12, and higher education, suspension, expulsion, referral to an alternative or community school, or failure to complete.

(4) Unemployment.

(5) Prolonged suffering.

(6) Homelessness.

(7) Removal of children from their homes.

(8) Overdose.

(9) Mental illness in children and youth from social, emotional, developmental, and behavioral needs in early childhood.

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

(f) For purposes of this section, “community-defined evidence practices” is defined as an alternative or complement to evidence-based practices, that offers culturally anchored interventions that reflect the values, practices, histories, and lived-experiences of the communities they serve. These practices come from the community and the organizations that serve them and are found to yield positive results as determined by community consensus over time.

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

SEC. 51. Section 5840.5 of the Welfare and Institutions Code is amended to read:

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

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

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

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

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

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

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

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

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

(i) Encourage counties to leverage innovative technology platforms.

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

(k) This section shall be repealed on January 1, 2026, if amendments to the Mental Health Services Act are approved by the voters at the March 5, 2024, statewide primary election.

SEC. 52. Section 5840.6 of the Welfare and Institutions Code is amended to read:

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

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

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

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

(d) “Childhood trauma prevention and early intervention” refers to a program that targets children exposed to, or who are at risk of exposure to, adverse and traumatic childhood events and prolonged toxic stress in order to deal with the early origins of mental

health needs and prevent long-term mental health concerns. This may include, but is not limited to, all of the following:

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

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

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

(4) Support from peer support specialists and community health workers trained to provide mental health services.

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

(6) Linkages to primary care health settings, including, but not limited to, federally qualified health centers, rural health centers, community-based providers, school-based health centers, and school-based programs.

(7) Leveraging the healing value of traditional cultural connections, including policies, protocols, and processes that are responsive to the racial, ethnic, and cultural needs of individuals served and recognition of historical trauma.

(8) Coordinated and blended funding streams to ensure individuals and families experiencing toxic stress have comprehensive and integrated supports across systems.

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

(f) “Youth outreach and engagement” means strategies that target secondary school and transition age youth, with a priority on partnerships with college mental health programs that educate and engage students and provide either on-campus, off-campus, or linkages to mental health services not provided through the campus to students who are attending colleges and universities, including, but not limited to, public community colleges. Outreach and engagement may include, but is not limited to, all of the following:

(1) Meeting the mental health needs of students that cannot be met through existing education funds.

(2) Establishing direct linkages for students to community-based mental health services.

(3) Addressing direct services, including, but not limited to, increasing college mental health staff-to-student ratios and decreasing wait times.

(4) Participating in evidence-based and community-defined best practice programs for mental health services.

(5) Serving underserved and vulnerable populations, including, but not limited to, lesbian, gay, bisexual, transgender, and queer persons, victims of domestic violence and sexual abuse, and veterans.

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

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

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

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

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

(11) Integrated youth mental health programming.

(12) Suicide prevention programming.

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

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

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

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

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

(2) Suicide prevention programming.

(3) Outreach to older adults who are isolated.

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

(i) *If amendments to the Mental Health Services Act are approved by the voters at the March 5, 2024, statewide primary election, this section shall become*

inoperative on July 1, 2026, and as of January 1, 2027, is repealed.

SEC. 53. Section 5840.6 is added to the Welfare and Institutions Code, to read:

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

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

(b) "Early intervention funds" means funds from the Behavioral Health Services Fund allocated for early intervention services and programs pursuant to clause (ii) of subparagraph (A) of paragraph (3) of subdivision (a) of Section 5892.

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

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

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

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

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

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

(6) *Collaboration with county child welfare agencies and other system partners, including Medi-Cal managed care plans, as defined in subdivision (j) of Section 14184.101, and homeless youth service providers, to address the physical and behavioral health-related needs and social needs of child-welfare-involved youth.*

(7) *Linkages to primary care health settings, including, but not limited to, federally qualified health centers, rural health centers, community-based providers, school-based health centers, school-linked providers, and school-based programs and community-based organizations specializing in serving underserved communities.*

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

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

(10) *Partnerships with local educational agencies and school-based behavioral health professionals to identify and address children exposed to, or who are at risk of exposure to, adverse and traumatic childhood events and prolonged toxic stress.*

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

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

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

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

(3) *Providing supports to facilitate access to services and programs, including those utilizing community-defined evidence practices, for underserved and vulnerable populations, including, but not limited to, members of ethnically and racially diverse communities, members of the LGBTQ+ communities, victims of domestic violence and sexual abuse, and veterans.*

(4) *Establishing direct linkages for students to community-based mental health and substance use disorder treatment services for which reimbursement is available through the students’ health coverage.*

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

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

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

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

(f) *“Culturally competent and linguistically appropriate intervention” refers to a program that creates critical linkages with community-based organizations, including, but not limited to, clinics licensed or operated under subdivision (a) of Section 1204 of the Health and Safety Code and clinics exempt from clinic licensure pursuant to subdivision (c) of Section 1206 of the*

Health and Safety Code. The community-based organizations include facilities and providers licensed or certified by the State Department of Health Care Services, including, but not limited to, residential substance use disorder facilities licensed pursuant to Section 11834.01 of the Health and Safety Code or certified pursuant to Section 11830.1 of the Health and Safety Code and narcotic treatment programs licensed pursuant to Section 11839 of the Health and Safety Code. Community-based organizations may also include those organizations that provide community-defined evidence practices.

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

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

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

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

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

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

(h) *“Community-defined evidence practices” is defined as an alternative or complement to evidence-based practices, that offer culturally anchored interventions that reflect the values, practices, histories, and lived-experiences of the communities they serve. These practices come from the community and the organizations that serve them and are found to yield positive results as determined by community consensus over time.*

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

SEC. 54. Section 5840.7 of the Welfare and Institutions Code is amended to read:

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

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

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

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

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

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

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

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

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

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

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

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

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

SEC. 55. Section 5840.7 is added to the Welfare and Institutions Code, to read:

5840.7. (a) The State Department of Health Care Services, in consultation with the Behavioral Health Services Oversight and Accountability Commission, shall establish priorities for the use of early intervention

funds. These priorities shall include, but are not limited to, the following:

(1) Childhood trauma early intervention to deal with the early origins of mental health and substance use disorder treatment needs, including strategies focused on eligible children and youth experiencing homelessness, justice-involved children and youth, child welfare-involved children and youth with a history of trauma, and other populations at risk of developing a mental health disorder or condition as specified in subdivision (d) of Section 14184.402 or substance use disorders. Childhood trauma early intervention services shall not be limited to individuals enrolled in the Medi-Cal program.

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

(3) Outreach and engagement strategies that target early childhood 0 to 5 years of age, inclusive, out-of-school youth, and secondary school youth. Partnerships with community-based organizations and college mental health and substance use disorder programs may be utilized to implement the strategies.

(4) Culturally competent and linguistically appropriate interventions.

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

(6) Strategies targeting the mental health needs of eligible children and youth, as defined in Section 5892, who are 0 to 5 years of age, including, but not limited to, infant and early childhood mental health consultation.

(7) Strategies to advance equity and reduce disparities.

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

(9) Other programs the State Department of Health Care Services identifies that are proven effective in preventing mental illness and substance use disorders from becoming severe and disabling, consistent with Section 5840.

(10) Strategies to address the needs of individuals at high risk of crisis.

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

(B) (i) A county may include other priorities, as determined through the stakeholder process, in addition to the established priorities.

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

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

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

SEC. 56. Section 5840.8 of the Welfare and Institutions Code is amended to read:

5840.8. (a) Notwithstanding the rulemaking provisions of the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code), the commission may implement this chapter without taking regulatory action until regulations are adopted. The commission may use information notices or related communications to implement this chapter.

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

SEC. 57. Section 5845 of the Welfare and Institutions Code is amended to read:

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

(1) The Attorney General or the Attorney General's designee.

(2) The Superintendent of Public Instruction or the Superintendent's designee.

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

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

(5) Two persons with a severe mental illness, a family member of an adult or senior with a severe mental illness, a family member of a child who has or has had a severe mental illness, a physician specializing in alcohol and drug treatment, a mental health professional, a county sheriff, a superintendent of a school district, a representative of a labor organization,

a representative of an employer with less than 500 employees, a representative of an employer with more than 500 employees, and a representative of a health care service plan or insurer, all appointed by the Governor. In making appointments, the Governor shall seek individuals who have had personal or family experience with mental illness. At least one person appointed pursuant to this paragraph shall have a background in auditing.

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

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

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

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

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

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

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

(5) Enter into contracts.

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

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

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

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

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

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

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

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

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

SEC. 58. Section 5845 is added to the Welfare and Institutions Code, to read:

5845. (a) *The Behavioral Health Services Oversight and Accountability Commission is hereby established to promote transformational change in California's behavioral health system through research, evaluation and tracking outcomes, and other strategies to assess and report progress. The commission shall use this information and analyses to inform the commission's grant making, identify key policy issues and emerging best practices, provide technical assistance and training, promote high-quality programs implemented, and advise the Governor and the Legislature, pursuant to the Behavioral Health Services Act and related components of California's behavioral health system. For this purpose, the commission shall collaborate with the California Health and Human Services Agency, its departments and other state entities.*

(b) (1) The commission shall replace the advisory committee established pursuant to Section 5814.

(2) The commission shall consist of 27 voting members as follows:

(A) The Attorney General or the Attorney General's designee.

(B) The Superintendent of Public Instruction or the Superintendent's designee.

(C) The Chairperson of the Senate Committee on Health, the Chairperson of the Senate Committee on Human Services, or another member of the Senate selected by the President pro Tempore of the Senate, or their designee.

(D) The Chairperson of the Assembly Committee on Health, the Chairperson of the Assembly Committee on Human Services, or another Member of the Assembly selected by the Speaker of the Assembly, or their designee.

(E) (i) The following individuals, all appointed by the Governor:

(I) Two persons who have or have had a mental health disorder.

(II) Two persons who have or have had a substance use disorder.

(III) A family member of an adult or older adult who has or has had a mental health disorder.

(IV) One person who is 25 years of age or younger and has or has had a mental health disorder, substance use disorder, or cooccurring disorder.

(V) A family member of an adult or older adult who has or has had a substance use disorder.

(VI) A family member of a child or youth who has or has had a mental health disorder.

(VII) A family member of a child or youth who has or has had a substance use disorder.

(VIII) A current or former county behavioral health director.

(IX) A physician specializing in substance use disorder treatment, including the provision of medications for addiction treatment.

(X) A mental health professional.

(XI) A professional with expertise in housing and homelessness.

(XII) A county sheriff.

(XIII) A superintendent of a school district.

(XIV) A representative of a labor organization.

(XV) A representative of an employer with less than 500 employees.

(XVI) A representative of an employer with more than 500 employees.

(XVII) A representative of a health care service plan or insurer.

(XVIII) A representative of an aging or disability organization.

(XIX) A person with knowledge and experience in community-defined evidence practices and reducing behavioral health disparities.

(XX) A representative of a children and youth organization.

(XXI) A veteran or a representative of a veterans organization.

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

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

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

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

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

(3) The Executive Director shall be selected by the commission.

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

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

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

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

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

(4) Establish technical advisory committees, such as a committee of consumers and family members, and a reducing disparities committee focusing on demographic, geographic, and other communities. The commission may provide pertinent information gained from those committees to relevant state agencies and departments, including, but not limited to, the California Health and Humans Services Agency and its departments.

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

(6) Enter into contracts.

(7) Make reasonable requests for data and information to the State Department of Health Care Services, the Department of Health Care Access and Information, the State Department of Public Health, or other state and local entities that receive Behavioral Health Services Act funds. These entities shall respond in a timely manner and provide information and data in their possession that the commission deems necessary for the purposes of carrying out its responsibilities.

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

(9) Identify best practices to overcome stigma and discrimination, in consultation with the State Department of Public Health.

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

(11) If the commission identifies a critical issue related to the performance of a county mental health program, it may refer the issue to the State Department of Health Care Services pursuant to Section 5655 or 5963.04.

(12) Provide technical assistance to counties on implementation planning, training, and capacity building investments as defined by the State Department of Health Care Services and in consultation with the County Behavioral Health Directors Association of California. Technical assistance may also include innovative behavioral health models of care and innovative promising practices pursuant to subparagraph (A) of paragraph (4) of subdivision (a) of Section 5892. Technical assistance may also include compiling and publishing a list of innovative behavioral health models of care programs and promising practices for each of the programs set forth in subparagraphs (1), (2), and (3) of subdivision (a) of Section 5892.

(13) Work in collaboration with the State Department of Health Care Services to define the parameters of a report that includes recommendations for improving and standardizing promising practices across the state based on the technical assistance provided to counties as specified in paragraph (12). The commission shall prepare and publish the report on its internet website. In formulating this report, the commission shall prioritize the perspectives of the California behavioral health community through a robust public engagement process with a focus on priority populations and diverse communities.

(14) Establish a framework and voluntary standard for mental health in the workplace that serves to reduce mental health stigma, increase public, employee, and employer awareness of the recovery goals of the Mental Health Services Act, and provide guidance to California's employer community to put in place strategies and programs, as determined by the

commission, to support the mental health and wellness of employees. The commission shall consult with the Labor and Workforce Development Agency or its designee to develop the standard.

(g) (1) The commission shall work in collaboration with the State Department of Health Care Services and the California Behavioral Health Planning Council, and in consultation with the County Behavioral Health Directors Association of California, to write a report that includes recommendations for improving and standardizing promising practices for Behavioral Health Services Act programs.

(2) The commission shall complete the report and provide a written report on its internet website no later than January 1, 2030, and every three years thereafter.

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

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

SEC. 59. Section 5845.1 is added to the Welfare and Institutions Code, to read:

5845.1. (a) (1) The Behavioral Health Services Act Innovation Partnership Fund is hereby created in the State Treasury.

(2) The fund shall be administered by the state for the purposes of funding a grant program administered by the Behavioral Health Services Oversight and Accountability Commission pursuant to this section and subdivision (f) of Section 5892.

(b) (1) The Behavioral Health Services Oversight and Accountability Commission shall award grants to private, public, and nonprofit partners to promote development of innovative mental health and substance use disorder programs and practices.

(2) The innovative mental health and substance use disorder programs and practices shall be designed for the following purposes:

(A) Improving Behavioral Health Services Act programs and practices funded pursuant to subdivision (a) of Section 5892 for the following groups:

(i) Underserved populations.

(ii) Low-income populations.

(iii) Communities impacted by other behavioral health disparities.

(iv) Other populations, as determined by the Behavioral Health Services Oversight and Accountability Commission.

(B) Meeting statewide Behavioral Health Services Act goals and objectives.

(3) The Behavioral Health Services Oversight and Accountability Commission, in determining the allowable uses of the funds, shall consult with the California Health and Human Services Agency and the

State Department of Health Care Services. If the Behavioral Health Services Oversight and Accountability Commission utilizes funding for population-based prevention or workforce innovation grants, the commission shall consult with the State Department of Public Health for population-based prevention innovations and the Department of Health Care Access and Information for workforce innovations.

(c) (1) The Behavioral Health Services Oversight and Accountability Commission shall submit a report to the Legislature by January 1, 2030, and every three years thereafter. The report shall cover the three-fiscal-year period immediately preceding the date of submission.

(2) The report shall include the practices funded pursuant to this section and the extent to which they accomplished the purposes specified in paragraphs (1), (2), and (3) of subdivision (b).

(3) A report to be submitted pursuant to paragraph (1) shall be submitted in compliance with Section 9795 of the Government Code.

SEC. 62. Section 5846 of the Welfare and Institutions Code is amended to read:

5846. (a) The commission shall adopt regulations for programs and expenditures pursuant to Part 3.2 (commencing with Section 5830), for innovative programs, and Part 3.6 (commencing with Section 5840), for prevention and early intervention.

(b) Any regulations adopted by the department pursuant to Section 5898 shall be consistent with the commission’s regulations.

(c) The commission may provide technical assistance to any county mental health plan as needed to address concerns or recommendations of the commission or when local programs could benefit from technical assistance for improvement of their plans.

(d) The commission shall ensure that the perspective and participation of diverse community members reflective of California populations and others suffering from severe mental illness and their family members is a significant factor in all of its decisions and recommendations.

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

SEC. 63. Section 5847 of the Welfare and Institutions Code is amended to read:

5847. Integrated Plans for Prevention, Innovation, and System of Care Services.

(a) Each county mental health program shall prepare and submit a three-year program and expenditure plan, and annual updates, adopted by the county board of supervisors, to the Mental Health Services Oversight and Accountability Commission and the State Department of Health Care Services within 30 days after adoption.

(b) The three-year program and expenditure plan shall be based on available unspent funds and estimated revenue allocations provided by the state and in accordance with established stakeholder engagement and planning requirements, as required in Section 5848. The three-year program and expenditure plan and annual updates shall include all of the following:

(1) A program for prevention and early intervention in accordance with Part 3.6 (commencing with Section 5840).

(2) A program for services to children in accordance with Part 4 (commencing with Section 5850), to include a program pursuant to Chapter 4 (commencing with Section 18250) of Part 6 of Division 9 or provide substantial evidence that it is not feasible to establish a wraparound program in that county.

(3) A program for services to adults and seniors in accordance with Part 3 (commencing with Section 5800).

(4) A program for innovations in accordance with Part 3.2 (commencing with Section 5830).

(5) A program for technological needs and capital facilities needed to provide services pursuant to Part 3 (commencing with Section 5800), Part 3.6 (commencing with Section 5840), and Part 4 (commencing with Section 5850). All plans for proposed facilities with restrictive settings shall demonstrate that the needs of the people to be served cannot be met in a less restrictive or more integrated setting, such as permanent supportive housing.

(6) Identification of shortages in personnel to provide services pursuant to the above programs and the additional assistance needed from the education and training programs established pursuant to Part 3.1 (commencing with Section 5820).

(7) Establishment and maintenance of a prudent reserve to ensure the county program will continue to be able to serve children, adults, and seniors that it is currently serving pursuant to Part 3 (commencing with Section 5800), the Adult and Older Adult Mental Health System of Care Act, Part 3.6 (commencing with Section 5840), Prevention and Early Intervention Programs, and Part 4 (commencing with Section 5850), the Children's Mental Health Services Act, during years in which revenues for the Mental Health Services Fund are below recent averages adjusted by changes in the state population and the California Consumer Price Index.

(8) Certification by the county behavioral health director, which ensures that the county has complied with all pertinent regulations, laws, and statutes of the Mental Health Services Act, including stakeholder participation and nonsupplantation requirements.

(9) Certification by the county behavioral health director and by the county auditor-controller that the county has complied with any fiscal accountability requirements as directed by the State Department of Health Care Services, and that all expenditures are

consistent with the requirements of the Mental Health Services Act.

(c) The programs established pursuant to paragraphs (2) and (3) of subdivision (b) shall include services to address the needs of transition age youth 16 to 25 years of age, *inclusive*. In implementing this subdivision, county mental health programs shall consider the needs of transition age foster youth.

(d) Each year, the State Department of Health Care Services shall inform the County Behavioral Health Directors Association of California and the Mental Health Services Oversight and Accountability Commission of the methodology used for revenue allocation to the counties.

(e) Each county mental health program shall prepare expenditure plans pursuant to Part 3 (commencing with Section 5800) for adults and seniors, Part 3.2 (commencing with Section 5830) for innovative programs, Part 3.6 (commencing with Section 5840) for prevention and early intervention programs, and Part 4 (commencing with Section 5850) for services for children, and updates to the plans developed pursuant to this section. Each expenditure update shall indicate the number of children, adults, and seniors to be served pursuant to Part 3 (commencing with Section ~~5800~~; 5800) and Part 4 (commencing with Section ~~5850~~; 5850) and the cost per person. The expenditure update shall include utilization of unspent funds allocated in the previous year and the proposed expenditure for the same purpose.

(f) A county mental health program shall include an allocation of funds from a reserve established pursuant to paragraph (7) of subdivision (b) for services pursuant to paragraphs (2) and (3) of subdivision (b) in years in which the allocation of funds for services pursuant to subdivision (e) are not adequate to continue to serve the same number of individuals as the county had been serving in the previous fiscal year.

(g) The department shall post on its internet website the three-year program and expenditure plans submitted by every county pursuant to subdivision (a) in a timely manner.

(h) (1) Notwithstanding subdivision (a), a county that is unable to complete and submit a three-year program and expenditure plan or annual update for the 2020–21 or 2021–22 fiscal years due to the COVID-19 Public Health Emergency may extend the effective timeframe of its currently approved three-year plan or annual update to include the 2020–21 and 2021–22 fiscal years. The county shall submit a three-year program and expenditure plan or annual update to the Mental Health Services Oversight and Accountability Commission and the State Department of Health Care Services by July 1, 2022.

(2) For purposes of this subdivision, "COVID-19 Public Health Emergency" means the federal Public Health Emergency declaration made pursuant to Section 247d of Title 42 of the United States Code on January 30, 2020, entitled "Determination that a Public Health

Emergency Exists Nationwide as the Result of the 2019 Novel Coronavirus,” and any renewal of that declaration.

(i) Notwithstanding paragraph (7) of subdivision (b) and subdivision (f), a county may, during the 2020–21 and 2021–22 fiscal years, use funds from its prudent reserve for prevention and early intervention programs created in accordance with Part 3.6 (commencing with Section 5840) and for services to persons with severe mental illnesses pursuant to Part 4 (commencing with Section 5850) for the children’s system of care and Part 3 (commencing with Section 5800) for the adult and older adult system of care. These services may include housing assistance, as defined in Section 5892.5, to the target population specified in Section 5600.3.

(j) Notwithstanding Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, the department, without taking any further regulatory action, may implement, interpret, or make specific subdivisions (h) and (i) of this section and subdivision (i) of Section 5892 by means of all-county letters or other similar instructions.

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

SEC. 64. Section 5848 of the Welfare and Institutions Code is amended to read:

5848. (a) Each three-year program and expenditure plan and update shall be developed with local stakeholders, including adults and seniors with severe mental illness, families of children, adults, and seniors with severe mental illness, providers of services, law enforcement agencies, education, social services agencies, veterans, representatives from veterans organizations, providers of alcohol and drug services, health care organizations, and other important interests. Counties shall demonstrate a partnership with constituents and stakeholders throughout the process that includes meaningful stakeholder involvement on mental health policy, program planning, and implementation, monitoring, quality improvement, evaluation, and budget allocations. A draft plan and update shall be prepared and circulated for review and comment for at least 30 days to representatives of stakeholder interests and any interested party who has requested a copy of the draft plans.

(b) The mental health board established pursuant to Section 5604 shall conduct a public hearing on the draft three-year program and expenditure plan and annual updates at the close of the 30-day comment period required by subdivision (a). Each adopted three-year program and expenditure plan and update shall include any substantive written recommendations for revisions. The adopted three-year program and expenditure plan or update shall summarize and analyze the recommended revisions. The mental health board shall review the adopted plan or update and

make recommendations to the local mental health agency or local behavioral health agency, as applicable, for revisions. The local mental health agency or local behavioral health agency, as applicable, shall provide an annual report of written explanations to the local governing body and the State Department of Health Care Services for any substantive recommendations made by the local mental health board that are not included in the final plan or update.

(c) The plans shall include reports on the achievement of performance outcomes for services pursuant to Part 3 (commencing with Section 5800), Part 3.6 (commencing with Section 5840), and Part 4 (commencing with Section 5850) funded by the Mental Health Services Fund and established jointly by the State Department of Health Care Services and the Mental Health Services Oversight and Accountability Commission, in collaboration with the County Behavioral Health Directors Association of California.

(d) Mental health services provided pursuant to Part 3 (commencing with Section 5800) and Part 4 (commencing with Section 5850) shall be included in the review of program performance by the California Behavioral Health Planning Council required by paragraph (2) of subdivision (c) of Section 5772 and in the local mental health board’s review and comment on the performance outcome data required by paragraph (7) of subdivision (a) of Section 5604.2.

(e) The department shall annually post on its internet website a summary of the performance outcomes reports submitted by counties if clearly and separately identified by counties as the achievement of performance outcomes pursuant to subdivision (c).

(f) For purposes of this section, “substantive recommendations made by the local mental health board” means any recommendation that is brought before the board and approved by a majority vote of the membership present at a public hearing of the local mental health board that has established its quorum.

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

SEC. 73. Section 5852.5 of the Welfare and Institutions Code is amended to read:

5852.5. The State Department of Health Care Services, in consultation with the Mental Health Services Oversight and Accountability Commission shall review those counties that have been awarded funds to implement a comprehensive system for the delivery of mental health services to children with serious emotional disturbance and to their families or foster families to determine compliance with either of the following:

(a) The total estimated cost avoidance in all of the following categories shall equal or exceed the applications for funding award moneys:

(1) Group home costs paid by Aid to Families with Dependent Children-Foster Care (AFDC-FC) program.

(2) Children and adolescent state hospital and acute inpatient programs.

(3) Nonpublic school residential placement costs.

(4) Juvenile justice reincarcerations.

(5) Other short- and long-term savings in public funds resulting from the applications for funding award moneys.

(b) If the department determines that the total cost avoidance listed in subdivision (a) does not equal or exceed applications for funding award amounts, the department shall determine that the county that has been awarded funding shall achieve substantial compliance with all of the following goals:

(1) Total cost avoidance in the categories listed in subdivision (a) to exceed 50 percent of the applications for funding award moneys.

(2) A 20-percent reduction in out-of-county ordered placements of juvenile justice wards and social service dependents.

(3) A statistically significant reduction in the rate of recidivism by juvenile offenders.

(4) A 25-percent reduction in the rate of state hospitalization of minors from placements of special education pupils.

(5) A 10-percent reduction in out-of-county nonpublic school residential placements of special education pupils.

(6) Allow at least 50 percent of children at risk of imminent placement served by the intensive in-home crisis treatment programs, which are wholly or partially funded by applications for funding award moneys, to remain at home at least six months.

(7) Statistically significant improvement in school attendance and academic performance of seriously emotionally disturbed special education pupils treated in day treatment programs, which are wholly or partially funded by applications for funding award moneys.

(8) Statistically significant increases in services provided in nonclinic settings among agencies.

(9) Increase in ethnic minority and gender access to services proportionate to the percentage of these groups in the county's school-age population.

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

SEC. 74. Section 5852.5 is added to the Welfare and Institutions Code, to read:

5852.5. The State Department of Health Care Services, in consultation with the Behavioral Health Services Oversight and Accountability Commission,

shall review those counties that have been awarded funds to implement a comprehensive system for the delivery of mental health services to children with a serious emotional disturbance and to their families or foster families to determine compliance with either of the following:

(a) The total estimated cost avoidance in all of the following categories shall equal or exceed the applications for funding award moneys:

(1) Group home costs paid by Aid to Families with Dependent Children-Foster Care (AFDC-FC) program.

(2) Children and adolescent state hospital and acute inpatient programs.

(3) Nonpublic school residential placement costs.

(4) Juvenile justice reincarcerations.

(5) Other short- and long-term savings in public funds resulting from the applications for funding award moneys.

(b) If the department determines that the total cost avoidance listed in subdivision (a) does not equal or exceed applications for funding award amounts, the department shall determine that the county that has been awarded funding shall achieve substantial compliance with all of the following goals:

(1) Total cost avoidance in the categories listed in subdivision (a) to exceed 50 percent of the applications for funding award moneys.

(2) A 20-percent reduction in out-of-county ordered placements of juvenile justice wards and social service dependents.

(3) A statistically significant reduction in the rate of recidivism by juvenile offenders.

(4) A 25-percent reduction in the rate of state hospitalization of minors from placements of special education pupils.

(5) A 10-percent reduction in out-of-county nonpublic school residential placements of special education pupils.

(6) Allow at least 50 percent of children at risk of imminent placement served by the intensive in-home crisis treatment programs, which are wholly or partially funded by applications for funding award moneys, to remain at home at least six months.

(7) Statistically significant improvement in school attendance and academic performance of seriously emotionally disturbed special education pupils treated in day treatment programs that are wholly or partially funded by applications for funding award moneys.

(8) Statistically significant increases in services provided in nonclinic settings among agencies.

(9) Increase in ethnic minority and gender access to services proportionate to the percentage of these groups in the county's schoolage population.

(c) This section shall become operative on January 1, 2025, if amendments to the Mental Health Services Act

are approved by the voters at the March 5, 2024, statewide primary election.

SEC. 75. Section 5868 of the Welfare and Institutions Code is amended to read:

5868. (a) The State Department of Health Care Services shall establish service standards that ensure that children in the target population are identified and receive needed and appropriate services from qualified staff in the least restrictive environment.

(b) The standards shall include, but not be limited to:

(1) Providing a comprehensive assessment and treatment plan for each target population client to be served, and developing programs and services that will meet their needs and facilitate client outcome goals.

(2) Providing for full participation of the family in all aspects of assessment, case planning, and treatment.

(3) Providing methods of assessment and services to meet the cultural, linguistic, and special needs of minorities in the target population.

(4) Providing for staff with the cultural background and linguistic skills necessary to remove barriers to mental health services resulting from a limited ability to speak English or from cultural differences.

(5) Providing mental health case management for all target population clients in, or being considered for, out-of-home placement.

(6) Providing mental health services in the natural environment of the child to the extent feasible and appropriate.

(c) The responsibility of the case managers shall be to ensure that each child receives the following services:

(1) A comprehensive mental health assessment.

(2) Case planning with all appropriate interagency participation.

(3) Linkage with all appropriate mental health services.

(4) Service plan monitoring.

(5) Client advocacy to ensure the provision of needed services.

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

SEC. 76. Section 5868 is added to the Welfare and Institutions Code, to read:

5868. (a) *The State Department of Health Care Services shall establish service standards so that children and youth in the target population are identified and receive needed and appropriate services from qualified staff in the least restrictive environment to correct or ameliorate their behavioral health condition. This section shall not apply to services covered by the Medi-Cal program and services covered by a health care service plan or other insurance coverage.*

(b) *These standards shall include, but are not limited to, all of the following:*

(1) *For services funded pursuant to subdivision (a) of Section 5892, the county may consult with the stakeholders listed in paragraph (1) of subdivision (a) of Section 5963.03.*

(2) (A) *Outreach to families with a child or youth with a serious emotional disturbance or a substance use disorder to provide coordination and access to behavioral health services, medications, housing interventions pursuant to Section 5830, and supportive services as defined in subdivision (h) of Section 5887.*

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

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

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

(3) *Provision for services for populations with identified disparities in behavioral health outcomes.*

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

(5) *Provision for clients who have been suffering from an untreated serious emotional disturbance or substance use disorder, or both, for less than one year and who do not require the full range of services but are at risk of becoming homeless or justice involved unless a comprehensive individual and family support services plan is implemented. These clients shall be served in a manner that is designed to meet their needs, including housing for clients that is immediate, transitional, permanent, or all of these.*

(6) *Provision for services to be client-directed, to use psychosocial rehabilitation and recovery principles, and to be integrated with other services.*

(7) *Provision for psychiatric and psychological collaboration in overall service planning.*

(8) *Provision for services specifically directed to children and youth experiencing first episode psychosis.*

(9) *Provision for services for frequent users of behavioral health urgent care, crisis stabilization units, and hospitals or emergency departments as the primary*

resource for mental health and substance use disorder treatment.

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

(c) Each child or youth shall have a clearly designated personal services coordinator or case manager who may be part of a multidisciplinary treatment team that is responsible for providing case management services. The personal services coordinator may be a person or entity formally designated as primarily responsible for coordinating the services accessed by the client. The client shall be provided information on how to contact their designated person or entity.

(d) A personal services coordinator shall perform all of the following:

(1) Conduct a comprehensive assessment and periodic reassessment of a client's needs. The assessment shall include the following:

(A) Taking the client's history.

(B) Identifying the individual's needs, including reviewing available records and gathering information from other sources, including behavioral health service providers, medical providers, family members, social workers, and others needed to form a complete assessment.

(C) Assessing the client's living arrangements, employment or education status, and training needs.

(2) Plan for services using information collected through the assessment. The planning process shall do all of the following:

(A) Identify the client's goals and the behavioral health, supportive, medical, educational, social, prevocational, vocational, rehabilitative, housing, or other community services needed to assist the client to reach their goals.

(B) Include active participation of the client and others in the development of the client's goals.

(C) Identify a course of action to address the client's needs.

(D) Address the transition of care when a client has achieved their goals.

(3) Assist the client in accessing needed behavioral health, supportive, medical, educational, social, prevocational, vocational, rehabilitative, housing, or other community services.

(4) Coordinate the services the county furnishes to the client between settings of care, including appropriate discharge planning for short-term hospital and institutional stays.

(5) Coordinate the services the county furnishes to the client with the services the client receives from managed care organizations, the Medicaid fee-for-service delivery system, other human services agencies, and community and social support providers, including local educational agencies.

(6) Ensure that, in the course of coordinating care, the client's privacy is protected in accordance with all federal and state privacy laws.

(e) The county shall ensure that each provider furnishing services to clients maintains and shares, as appropriate, client health records in accordance with professional standards.

(f) The service planning process shall ensure children and youth receive age-appropriate, gender-appropriate, and culturally appropriate services or appropriate services based on a characteristic listed or defined in Section 11135 of the Government Code, to the extent feasible, that are designed to enable recipients to:

(1) (A) Live in the most independent, least restrictive housing feasible in the local community and to live in a supportive housing environment that strives for family reunification.

(B) Rejoin or return to a home they had previously maintained with a family member or in shared housing environment that is supportive of their recovery and stabilization.

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

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

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

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

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

(7) Utilize trauma-informed approaches to reduce trauma and avoid retraumatization.

(g) (1) (A) The client's clinical record shall describe the service array that meets the requirements of subdivisions (d) and (f) and, to the extent applicable to the individual, the requirements of subdivision (a) and (b).

(B) The State Department of Health Care Services may develop and revise documentation standards for service planning to be consistent with the standards developed pursuant to paragraph (3) of subdivision (h) of Section 14184.402.

(2) Documentation of the service planning process in the client's clinical record pursuant to paragraph (1) may fulfill the documentation requirements for both the Medi-Cal program and this section.

(h) For purposes of this section, "behavioral health services" shall have the meaning as defined in Section 5892.

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

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

SEC. 77. Section 5878.1 of the Welfare and Institutions Code is amended to read:

5878.1. (a) It is the intent of this article to establish programs that ensure services will be provided to severely mentally ill children as defined in Section 5878.2 and that they be part of the children's system of care established pursuant to this part. It is the intent of this act that services provided under this chapter to severely mentally ill children are accountable, developed in partnership with youth and their families, culturally competent, and individualized to the strengths and needs of each child and ~~his or her~~ *their* family.

(b) Nothing in this act shall be construed to authorize any services to be provided to a minor without the consent of the child's parent or legal guardian beyond those already authorized by existing statute.

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

SEC. 78. Section 5878.1 is added to the Welfare and Institutions Code, to read:

5878.1. (a) *It is the intent of this article to establish programs that ensure services will be provided to eligible children and youth, as defined in Section 5892, and that they are part of the children and youth system of care established pursuant to this part.*

(b) It is the intent of this act that services provided under this chapter are accountable, developed in partnership with youth and their families and child welfare agencies, are culturally competent, and individualized to the strengths and needs of each child and their family.

(c) Nothing in this act shall be construed to authorize a service to be provided to a minor without the consent of the child's parent or legal guardian beyond those already authorized by existing statute.

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

SEC. 79. Section 5878.2 of the Welfare and Institutions Code is amended to read:

5878.2. (a) For purposes of this article, ~~severely mentally ill children~~ *"children with a serious emotional disturbance"* means minors under the age of 18 years of age who meet the criteria set forth in subdivision (a) of Section 5600.3.

(b) If amendments to the Mental Health Services Act are approved by the voters at the March 5, 2024, statewide primary election, this section shall become

inoperative on July 1, 2026, and as of January 1, 2027, is repealed.

SEC. 80. Section 5878.3 of the Welfare and Institutions Code is amended to read:

5878.3. (a) Subject to the availability of funds as determined pursuant to Part 4.5 (commencing with Section 5890) of this division, county mental health programs shall offer services to severely mentally ill children for whom services under any other public or private insurance or other mental health or entitlement program is inadequate or unavailable. Other entitlement programs include but are not limited to mental health services available pursuant to Medi-Cal, child welfare, and special education programs. The funding shall cover only those portions of care that cannot be paid for with public or private insurance, other mental health funds or other entitlement programs.

(b) Funding shall be at sufficient levels to ensure that counties can provide each child served all of the necessary services set forth in the applicable treatment plan developed in accordance with this part, including services where appropriate and necessary to prevent an out of home placement, such as services pursuant to Chapter 4 (commencing with Section 18250) of Part 6 of Division 9.

(c) The State Department of Health Care Services shall contract with county mental health programs for the provision of services under this article in the manner set forth in Section 5897.

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

SEC. 81. Section 5878.3 is added to the Welfare and Institutions Code, to read:

5878.3. (a) (1) (A) *Counties shall use funds distributed pursuant to subdivision (c) of Section 5891 to offer services to eligible children and youth, as defined in of Section 5892, for whom services under other public or private insurance or other mental health, substance use disorder, or other entitlement program is inadequate or unavailable. Counties are not required to spend funds for services pursuant to this part from any other source, including funds deposited in the mental health account of the local health and welfare fund.*

(B) Other entitlement programs include, but are not limited to, mental health and substance use disorder treatment services available pursuant to Medi-Cal, child welfare, and special education programs.

(C) The funding shall cover only those portions of care that cannot be paid for with public or private insurance, other mental health and substance use disorder funds, or other entitlement programs.

(2) To maximize federal financial participation in furtherance of subdivision (d) of Section 5890, a county shall submit claims for reimbursement to the State

Department of Health Care Services in accordance with applicable Medi-Cal rules and procedures for a behavioral health service or supportive service eligible for reimbursement pursuant to Title XIX or XXI of the federal Social Security Act (42 U.S.C. Sec. 1396, et seq. and 1397aa, et seq.) when such service is paid, in whole or in part, using funds from the Behavioral Health Services Fund established pursuant to Section 5890.

(3) (A) To maximize funding from other sources, a county shall seek reimbursement for a behavioral health service, supportive service, housing intervention, or other related activity provided pursuant to subdivision (a) of Section 5892 that is covered by, or can be paid from, another available funding source, including other mental health funds, substance use disorder funds, public and private insurance, and other local, state, and federal funds. This paragraph does not require counties to exhaust other funding sources before using behavioral health services fund moneys to pay for a service or related activity.

(B) A county shall make a good faith effort to enter into contracts or single case agreements with health care service plans and disability insurance plans, pursuant to Section 1374.72 of the Health and Safety Code and Section 10144.5 of the Insurance Code, as a contracted provider.

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

(4) (A) A county may report to the Department of Managed Health Care or the Department of Insurance, as appropriate, complaints about a health plan's or a health insurer's failure to make a good faith effort to contract or enter into a single case agreement with the county.

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

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

(b) (1) Funding shall be at sufficient levels to ensure counties can provide each child served all of the services determined to be necessary during the service planning process in accordance with this part, including services where appropriate and necessary to prevent an out of home placement, such as services pursuant to Chapter 4 (commencing with Section 18250) of Part 6 of Division 9.

(2) A county may use this funding to provide services to address first episode psychosis.

(c) The State Department of Health Care Services shall contract with county behavioral health programs for the provision of services under this article in the manner set forth in Section 5897.

(d) For purposes of this section, the following definitions shall apply:

(1) "Behavioral health services" shall have the meaning as defined in Section 5892.

(2) "Substance use disorder treatment services" shall have the meaning as defined in subdivision (c) of Section 5891.5.

(3) "Supportive services" shall have the meaning as defined in subdivision (h) of Section 5887.

(e) This act shall not be construed to modify or reduce a health plan's obligations under the Knox-Keene Health Care Service Plan Act of 1975.

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

SEC. 86. Part 4.1 (commencing with Section 5887) is added to Division 5 of the Welfare and Institutions Code, to read:

PART 4.1. FULL-SERVICE PARTNERSHIP

5887. (a) Each county shall establish and administer a full service partnership program that include the following services:

(1) Mental health services, supportive services, and substance use disorder treatment services.

(2) Assertive Community Treatment and Forensic Assertive Community Treatment fidelity, Individual Placement and Support model of Supported Employment, high fidelity wraparound, or other evidence-based services and treatment models, as specified by the State Department of Health Care Services. Counties with a population of less than 200,000 may request an exemption from these requirements. Exemption requests shall be subject to approval by the State Department of Health Care Services. The State Department of Health Care Services shall collaborate with the California State Association of Counties and the County Behavioral Health Directors Association of California on reasonable criteria for those requests and a timely and efficient exemption process.

(3) Assertive field-based initiation for substance use disorder treatment services, including the provision of medications for addiction treatment, as specified by the State Department of Health Care Services.

(4) Outpatient behavioral health services, either clinic or field based, necessary for the ongoing evaluation and stabilization of an enrolled individual.

(5) Ongoing engagement services necessary to maintain enrolled individuals in their treatment plan inclusive of clinical and nonclinical services, including services to support maintaining housing.

(6) *Other evidence-based services and treatment models, as specified by the State Department of Health Care Services.*

(7) *The service planning process pursuant to Sections 5806 or 5868 and all services identified during the applicable process.*

(8) *Housing interventions pursuant to Section 5830.*

(b) (1) (A) *Full-service partnership services shall be provided pursuant to a whole-person approach that is trauma informed, age appropriate, and in partnership with families or an individual's natural supports.*

(B) *These services shall be provided in a streamlined and coordinated manner so as to reduce any barriers to services.*

(2) *Full-service partnership services shall support the individual in the recovery process, reduce health disparities, and be provided for the length of time identified during the service planning process pursuant to Sections 5806 and 5868.*

(c) *Full-service partnership programs shall employ community-defined evidence practices, as specified by the State Department of Health Care Services.*

(d) (1) *Full-service partnership programs shall enroll eligible adults and older adults, as defined in Section 5892, who meet the priority population criteria specified in subdivision (c) of Section 5892 and other criteria, as specified by the State Department of Health Care Services.*

(2) *Full-service partnership programs shall enroll eligible children and youth, as defined in Section 5892.*

(e) *Full-service partnership programs shall have an established standard of care with levels based on an individual's acuity and criteria for step-down into the least intensive level of care, as specified by the State Department of Health Care Services, in consultation with the Behavioral Health Services Oversight and Accountability Commission, counties, providers, and other stakeholders.*

(f) *All behavioral health services, as defined in subdivision (j) of Section 5891.5, and supportive services provided to a client enrolled in a full-service partnership shall be paid from the funds allocated pursuant to paragraph (2) of subdivision (a) of Section 5892, subject to Section 5891.*

(g) (1) *The clinical record of each client participating in a full service partnership program shall describe all services identified during the service planning process pursuant to Sections 5806 and 5868 that are provided to the client pursuant to this section.*

(2) *The State Department of Health Care Services may develop and revise documentation standards for service planning to be consistent with the standards developed pursuant to paragraph (3) of subdivision (h) of Section 14184.402.*

(3) *Documentation of the service planning process in the client's clinical record pursuant to paragraph (1)*

may fulfill the documentation requirements for both the Medi-Cal program and this section.

(h) *For purposes of this part, the following definitions shall apply:*

(1) *"Community-defined evidence practices" means an alternative or complement to evidence-based practices, that offer culturally anchored interventions that reflect the values, practices, histories, and lived-experiences of the communities they serve. These practices come from the community and the organizations that serve them and are found to yield positive results as determined by community consensus over time.*

(2) *"Substance use disorder treatment services" means those services as defined in subdivision (c) of Section 5891.5.*

(3) *"Supportive services" means those services necessary to support clients' recovery and wellness, including, but not limited to, food, clothing, linkages to needed social services, linkages to programs administered by the federal Social Security Administration, vocational and education-related services, employment assistance, including supported employment, psychosocial rehabilitation, family engagement, psychoeducation, transportation assistance, occupational therapy provided by an occupational therapist, and group and individual activities that promote a sense of purpose and community participation.*

(i) *This section shall be implemented only to the extent that funds are provided from the Behavioral Health Services Fund for purposes of this section. This section does not obligate the counties to use funds from any other source for services pursuant to this section.*

5887.1. *This part shall become operative on July 1, 2026, if amendments to the Mental Health Services Act are approved by the voters at the March 5, 2024, statewide primary election.*

SEC. 87. Section 5890 of the Welfare and Institutions Code is amended to read:

5890. (a) The Mental Health Services Fund is hereby created in the State Treasury. The fund shall be administered by the state. Notwithstanding Section 13340 of the Government Code, all moneys in the fund are, except as provided in subdivision (d) of Section 5892, continuously appropriated, without regard to fiscal years, for the purpose of funding the following programs and other related activities as designated by other provisions of this division:

(1) Part 3 (commencing with Section 5800), the Adult and Older Adult Mental Health System of Care Act.

(2) Part 3.2 (commencing with Section 5830), Innovative Programs.

(3) Part 3.6 (commencing with Section 5840), Prevention and Early Intervention Programs.

(4) Part 3.9 (commencing with Section 5849.1), No Place Like Home Program.

(5) Part 4 (commencing with Section 5850), the Children's Mental Health Services Act.

(b) The establishment of this fund and any other provisions of the act establishing it or the programs funded shall not be construed to modify the obligation of health care service plans and disability insurance policies to provide coverage for mental health services, including those services required under Section 1374.72 of the Health and Safety Code and Section 10144.5 of the Insurance Code, related to mental health parity. This act shall not be construed to modify the oversight duties of the Department of Managed Health Care or the duties of the Department of Insurance with respect to enforcing these obligations of plans and insurance policies.

(c) This act shall not be construed to modify or reduce the existing authority or responsibility of the State Department of Health Care Services.

(d) The State Department of Health Care Services shall seek approval of all applicable federal Medicaid approvals to maximize the availability of federal funds and eligibility of participating children, adults, and seniors for medically necessary care.

(e) Share of costs for services pursuant to Part 3 (commencing with Section 5800) and Part 4 (commencing with Section 5850) of this division, shall be determined in accordance with the Uniform Method of Determining Ability to Pay applicable to other publicly funded mental health services, unless this Uniform Method is replaced by another method of determining copayments, in which case the new method applicable to other mental health services shall be applicable to services pursuant to Part 3 (commencing with Section 5800) and Part 4 (commencing with Section 5850) of this division.

(f) (1) The Supportive Housing Program Subaccount is hereby created in the Mental Health Services Fund. Notwithstanding Section 13340 of the Government Code, all moneys in the subaccount are reserved and continuously appropriated, without regard to fiscal years, to the California Health Facilities Financing Authority to provide funds to meet its financial obligations pursuant to any service contracts entered into pursuant to Section 5849.35. Notwithstanding any other law, including any other provision of this section, no later than the last day of each month, the Controller shall, before any transfer or expenditure from the fund for any other purpose for the following month, transfer from the Mental Health Services Fund to the Supportive Housing Program Subaccount an amount that has been certified by the California Health Facilities Financing Authority pursuant to paragraph (3) of subdivision (a) of Section 5849.35, but not to exceed an aggregate amount of one hundred forty million dollars (\$140,000,000) per year. ~~If~~ *if*, in any month *month*, the amounts in the Mental Health Services Fund are insufficient to fully transfer to the subaccount or the amounts in the subaccount are insufficient to fully pay the amount certified by the California Health Facilities Financing Authority, the shortfall shall be carried over

to the next month, to be transferred by the Controller with any transfer required by the preceding sentence. Moneys in the Supportive Housing Program Subaccount shall not be loaned to the General Fund pursuant to Section 16310 or 16381 of the Government Code.

(2) Prior to the issuance of any bonds pursuant to Section 15463 of the Government Code, the Legislature may appropriate for transfer funds in the Mental Health Services Fund to the Supportive Housing Program Subaccount in an amount up to one hundred forty million dollars (\$140,000,000) per year. Any amount appropriated for transfer pursuant to this paragraph and deposited in the No Place Like Home Fund shall reduce the authorized but unissued amount of bonds that the California Health Facilities Financing Authority may issue pursuant to Section 15463 of the Government Code by a corresponding amount. Notwithstanding Section 13340 of the Government Code, all moneys in the subaccount transferred pursuant to this paragraph are reserved and continuously appropriated, without regard to fiscal years, for transfer to the No Place Like Home Fund, to be used for purposes of Part 3.9 (commencing with Section 5849.1). The Controller shall, before any transfer or expenditure from the fund for any other purpose for the following month but after any transfer from the fund for purposes of paragraph (1), transfer moneys appropriated from the Mental Health Services Fund to the subaccount pursuant to this paragraph in equal amounts over the following 12-month period, beginning no later than 90 days after the effective date of the appropriation by the Legislature. ~~If~~ *if*, in any month *month*, the amounts in the Mental Health Services Fund are insufficient to fully transfer to the subaccount or the amounts in the subaccount are insufficient to fully pay the amount appropriated for transfer pursuant to this paragraph, the shortfall shall be carried over to the next month.

(3) The sum of any transfers described in paragraphs (1) and (2) shall not exceed an aggregate of one hundred forty million dollars (\$140,000,000) per year.

(4) Paragraph (2) shall become inoperative once any bonds authorized pursuant to Section 15463 of the Government Code are issued.

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

SEC. 88. Section 5890 is added to the Welfare and Institutions Code, to read:

5890. (a) (1) *The Behavioral Health Services Fund is hereby created in the State Treasury.*

(2) *The fund shall be administered by the state.*

(3) *Notwithstanding Section 13340 of the Government Code, all moneys in the fund are, except as provided in subdivision (e) of Section 5892, continuously appropriated, without regard to fiscal years, for the*

purpose of funding the programs, services, and other related activities as specified in Section 5892 and Part 3.9 (commencing with Section 5849.1), the No Place Like Home Program.

(b) (1) The establishment of this fund and other provisions of the act establishing it or the programs funded shall not be construed to modify the obligation of health care service plans and disability insurance policies to provide coverage for behavioral health services, including those services required under Section 1374.72 of the Health and Safety Code and Section 10144.5 of the Insurance Code, related to mental health and substance use disorder parity.

(2) This act does not modify the oversight duties of the Department of Managed Health Care or the duties of the Department of Insurance with respect to enforcing these obligations of plans and insurance policies.

(c) This act does not modify or reduce the existing authority or responsibility of the State Department of Health Care Services.

(d) The State Department of Health Care Services shall seek approval of all applicable federal Medicaid approvals to maximize the availability of federal funds and eligibility of participating children and youth, adults, and older adults for medically necessary care.

(e) Share of costs for services pursuant to Part 3 (commencing with Section 5800) and Part 4 (commencing with Section 5850) shall be determined in accordance with the Uniform Method of Determining Ability to Pay applicable to other publicly funded mental health and substance use disorder treatment services, unless this uniform method is replaced by another method of determining copayments, in which case the new method applicable to other mental health and substance use disorder treatment services shall be applicable to services pursuant to Part 3 (commencing with Section 5800) and Part 4 (commencing with Section 5850).

(f) (1) (A) The Supportive Housing Program Subaccount is hereby created in the Behavioral Health Services Fund.

(B) Notwithstanding Section 13340 of the Government Code, all moneys in the subaccount are reserved and continuously appropriated, without regard to fiscal years, to the California Health Facilities Financing Authority to provide funds to meet its financial obligations pursuant to service contracts entered into pursuant to Section 5849.35.

(C) Notwithstanding any other law, including any other provision of this section, no later than the last day of each month, the Controller shall, before any transfer or expenditure from the fund for any other purpose for the following month, transfer from the Behavioral Health Services Fund to the Supportive Housing Program Subaccount an amount that has been certified by the California Health Facilities Financing Authority pursuant to paragraph (3) of subdivision (a) of Section 5849.35 but not to exceed an aggregate amount of one hundred forty million dollars (\$140,000,000) per year.

(D) If, in any month, the amounts in the Behavioral Health Services Fund are insufficient to fully transfer to the subaccount or the amounts in the subaccount are insufficient to fully pay the amount certified by the California Health Facilities Financing Authority, the shortfall shall be carried over to the next month, to be transferred by the Controller with any transfer required by the preceding sentence.

(E) Moneys in the Supportive Housing Program Subaccount shall not be loaned to the General Fund pursuant to Section 16310 or 16381 of the Government Code.

(2) (A) Prior to the issuance of any bonds pursuant to Section 15463 of the Government Code, the Legislature may appropriate for transfer funds in the Behavioral Health Services Fund to the Supportive Housing Program Subaccount in an amount up to one hundred forty million dollars (\$140,000,000) per year.

(B) Any amount appropriated for transfer pursuant to this paragraph and deposited in the No Place Like Home Fund shall reduce the authorized but unissued amount of bonds that the California Health Facilities Financing Authority may issue pursuant to Section 15463 of the Government Code by a corresponding amount.

(C) Notwithstanding Section 13340 of the Government Code, all moneys in the subaccount transferred pursuant to this paragraph are reserved and continuously appropriated, without regard to fiscal years, for transfer to the No Place Like Home Fund, to be used for purposes of Part 3.9 (commencing with Section 5849.1).

(D) The Controller shall, before any transfer or expenditure from the fund for any other purpose for the following month but after any transfer from the fund for purposes of paragraph (1), transfer moneys appropriated from the Behavioral Health Services Fund to the subaccount pursuant to this paragraph in equal amounts over the following 12-month period, beginning no later than 90 days after the effective date of the appropriation by the Legislature.

(E) If, in any month, the amounts in the Behavioral Health Services Fund are insufficient to fully transfer to the subaccount or the amounts in the subaccount are insufficient to fully pay the amount appropriated for transfer pursuant to this paragraph, the shortfall shall be carried over to the next month.

(3) The sum of any transfer described in paragraphs (1) and (2) shall not exceed an aggregate of one hundred forty million dollars (\$140,000,000) per year.

(4) Paragraph (2) shall become inoperative once bonds authorized pursuant to Section 15463 of the Government Code are issued.

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

SEC. 89. Section 5891 of the Welfare and Institutions Code is amended to read:

5891. (a) (1) (A) The funding established pursuant to this act shall be utilized to expand mental health services.

(B) Except as provided in subdivision (j) of Section 5892 due to the state's fiscal crisis, these funds shall not be used to supplant existing state or county funds utilized to provide mental health services.

(C) The state shall continue to provide financial support for mental health programs with not less than the same entitlements, amounts of allocations from the General Fund or from the Local Revenue Fund 2011 in the State Treasury, and formula distributions of dedicated funds as provided in the last fiscal year which ended prior to the effective date of this act.

(D) The state shall not make any change to the structure of financing mental health services, which increases a county's share of costs or financial risk for mental health services unless the state includes adequate funding to fully compensate for such increased costs or financial risk.

(E) These funds shall only be used to pay for the programs authorized in Sections 5890 and 5892. These funds may not be used to pay for any other program.

(F) These funds may not be loaned to the General Fund or any other fund of the state, or a county general fund or any other county fund for any purpose other than those authorized by Sections 5890 and 5892.

(2) *To maximize federal financial participation in furtherance of subdivision (d) of Section 5890, a county shall submit claims for reimbursement to the State Department of Health Care Services in accordance with applicable Medi-Cal rules and procedures for a behavioral health service or supportive service eligible for reimbursement pursuant to Title XIX or XXI of the federal Social Security Act (42 U.S.C. Sec. 1396, et seq. and 1397aa, et seq.) when such service is paid, in whole or in part, using the funding established pursuant to this act.*

(3) (A) *To maximize funding from other sources, a county shall seek reimbursement for a behavioral health service, supportive service, housing intervention, or other related activity provided, pursuant to subdivision (a) of Section 5892, that is covered by or can be paid from another available funding source, including other mental health funds, substance use disorder funds, public and private insurance, and other local, state, and federal funds. This paragraph does not require counties to exhaust other funding sources before using behavioral health services fund moneys to pay for a service-related activity.*

(B) *A county shall make a good faith effort to enter into contracts, single case agreements, or other agreements to obtain reimbursement with health care service plans and disability insurance plans, pursuant to Section 1374.72 of the Health and Safety Code and Section 10144.5 of the Insurance Code.*

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

(b) (1) Notwithstanding subdivision (a), and except as provided in paragraph (2), the Controller may use the funds created pursuant to this part for loans to the General Fund as provided in Sections 16310 and 16381 of the Government Code. Any such loan shall be repaid from the General Fund with interest computed at 110 percent of the Pooled Money Investment Account rate, with interest commencing to accrue on the date the loan is made from the fund. This subdivision does not authorize any transfer that would interfere with the carrying out of the object for which these funds were created.

(2) This subdivision does not apply to the Supportive Housing Program Subaccount created by subdivision (f) of Section 5890 or any moneys paid by the California Health Facilities Financing Authority to the Department of Housing and Community Development as a service fee pursuant to a service contract authorized by Section 5849.35.

(c) Commencing July 1, 2012, on or before the 15th day of each month, pursuant to a methodology provided by the State Department of Health Care Services, the Controller shall distribute to each Local Mental Health Service Fund established by counties pursuant to subdivision (f) of Section 5892, all unexpended and unreserved funds on deposit as of the last day of the prior month in the Mental Health Services Fund, established pursuant to Section 5890, for the provision of programs and other related activities set forth in Part 3 (commencing with Section 5800), Part 3.2 (commencing with Section 5830), Part 3.6 (commencing with Section 5840), Part 3.9 (commencing with Section 5849.1), and Part 4 (commencing with Section 5850).

(d) (1) Counties shall base their expenditures on the county mental health program's three-year program and expenditure plan or annual update, as required by Section 5847. ~~Nothing in this subdivision shall affect subdivision (a) or (b).~~

(2) *This subdivision does not affect subdivision (a) or (b).*

(e) *This act shall not be construed to modify or reduce a health plan's obligations under the Knox-Keene Health Care Service Plan Act of 1975.*

(f) *This section shall become operative immediately if amendments to the Mental Health Services Act are approved by the voters at the March 5, 2024, statewide primary election.*

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

SEC. 90. Section 5891 is added to the Welfare and Institutions Code, to read:

5891. (a) (1) (A) *The funding established pursuant to this act shall be utilized by counties to expand mental health and substance use disorder treatment services.*

(B) *These funds shall not be used to supplant existing state or county funds utilized to provide mental health services or substance use disorder treatment services.*

(C) *The state shall continue to provide financial support for mental health and substance use disorder programs with not less than the same entitlements, amounts of allocations from the General Fund or from the Local Revenue Fund 2011 in the State Treasury, and formula distributions of dedicated funds as provided in the last fiscal year which ended prior to the effective date of this act.*

(D) *The state shall not make a change to the structure of financing mental health and substance use disorder treatment services that increases a county's share of costs or financial risk for behavioral health services unless the state includes adequate funding to fully compensate for such increased costs or financial risk.*

(E) *These funds shall only be used to pay for the programs authorized in Sections 5890 and 5892.*

(F) *These funds may not be used to pay for another program.*

(G) *These funds may not be loaned to the General Fund or another fund of the state, a county general fund, or another county fund for any purpose other than those authorized by Sections 5890 and 5892.*

(2) *To maximize federal financial participation in furtherance of subdivision (d) of Section 5890, a county shall submit claims for reimbursement to the State Department of Health Care Services in accordance with applicable Medi-Cal rules and procedures for a behavioral health service or supportive service eligible for reimbursement pursuant to Title XIX or XXI of the federal Social Security Act (42 U.S.C. Sec. 1396, et seq. and 1397aa, et seq.) when such service is paid, in whole or in part, using the funding established pursuant to this act.*

(3) (A) *To maximize funding from other sources, a county shall seek reimbursement for a behavioral health service, supportive service, housing intervention, or other related activity provided, pursuant to subdivision (a) of Section 5892, that is covered by or can be paid from another available funding source, including other mental health funds, substance use disorder funds, public and private insurance, and other local, state, and federal funds. This paragraph does not require counties to exhaust other funding sources before using behavioral health services fund moneys to pay for a service or related activity.*

(B) *A county shall make a good faith effort to enter into contracts, single case agreements, or other agreements to obtain reimbursement with health care service plans and disability insurance plans, pursuant to Section*

1374.72 of the Health and Safety Code and Section 10144.5 of the Insurance Code.

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

(4) (A) *A county may report to the Department of Managed Health Care or the Department of Insurance, as appropriate, complaints about a health plan's or a health insurer's failure to make a good faith effort to contract or enter into a single case agreement or other agreement with the county.*

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

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

(b) (1) (A) *Notwithstanding subdivision (a) and except as provided in paragraph (2), the Controller may use the funds created pursuant to this part for loans to the General Fund as provided in Sections 16310 and 16381 of the Government Code.*

(B) *Those loans shall be repaid from the General Fund with interest computed at 110 percent of the Pooled Money Investment Account rate, with interest commencing to accrue on the date the loan is made from the fund.*

(C) *This subdivision does not authorize a transfer that would interfere with the carrying out of the object for which these funds were created.*

(2) *This subdivision does not apply to the Supportive Housing Program Subaccount created by subdivision (f) of Section 5890 or moneys paid by the California Health Facilities Financing Authority to the Department of Housing and Community Development as a service fee pursuant to a service contract authorized by Section 5849.35.*

(c) *Commencing July 1, 2012, on or before the 15th day of each month, pursuant to a methodology provided by the State Department of Health Care Services, the Controller shall distribute to each Local Behavioral Health Service Fund established by counties, pursuant to subdivision (f) of Section 5892, all unexpended and unreserved funds on deposit as of the last day of the prior month in the Behavioral Health Services Fund, established pursuant to Section 5890, for the provision of programs and other related activities set forth in Section 5892.*

(d) (1) *A county shall base its expenditures on the county mental health and substance use disorder*

program's integrated plan or annual update as required by Section 5963.02 or intermittent update pursuant to subdivision (c) of Section 5963.03.

(2) This subdivision does not affect subdivision (a) or (b).

(e) Each year, the State Department of Health Care Services shall post on its internet website the methodology used for allocating revenue from the Behavioral Health Service Fund to the counties.

(f) For purposes of this section, "behavioral health services" shall have the meaning as defined in subdivision (k) of Section 5892.

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

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

(i) For purposes of this section, "supportive services" shall have the meaning as defined in subdivision (h) of Section 5887.

(j) This act shall not be construed to modify or reduce a health plan's obligations under the Knox-Keene Health Care Service Plan Act of 1975.

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

SEC. 91. Section 5891.5 of the Welfare and Institutions Code is amended to read:

5891.5. (a) (1) The programs in paragraphs (1) to (3), inclusive, and paragraph (5) of subdivision (a) of Section 5890 may include substance use disorder treatment for children, adults, and older adults with cooccurring mental health and substance use disorders who are eligible to receive mental health services pursuant to those programs. The MHSA includes persons with a serious mental disorder and a diagnosis of substance abuse in the definition of persons who are eligible for MHSA services in Sections 5878.2 and 5813.5, which reference paragraph (2) of subdivision (b) of Section 5600.3.

(2) Provision of substance use disorder *treatment* services pursuant to this section shall comply with all applicable requirements of the Mental Health Services Act.

(3) Treatment of cooccurring mental health and substance use disorders shall be identified in a county's three-year program and expenditure plan or annual update, as required by Section 5847.

(b) (1) When a person being treated for cooccurring mental health and substance use disorders pursuant to subdivision (a) is determined to not need the mental health services that are eligible for funding pursuant to the MHSA, the county shall refer the person receiving treatment to substance use disorder treatment services in a timely manner.

(2) Funding established pursuant to the MHSA may be used to assess whether a person has cooccurring mental health and substance use disorders and to treat a person who is preliminarily assessed to have cooccurring mental health and substance use disorders, even when the person is later determined not to be eligible for services provided with funding established pursuant to the MHSA.

(c) A county shall report to the department, in a form and manner determined by the department, both of the following:

(1) The number of people assessed for cooccurring mental health and substance use disorders.

(2) The number of people assessed for cooccurring mental health and substance use disorders who were ultimately determined to have only a substance use disorder without another cooccurring mental health condition.

(d) The department shall by January 1, 2022, and each January 1 thereafter, publish on its internet website a report summarizing county activities pursuant to this section for the prior fiscal year. Data shall be reported statewide and by county or groupings of counties, as necessary to protect the private health information of persons assessed.

(e) (1) Notwithstanding Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, the department may implement, interpret, or make specific this section by means of plan or county letters, information notices, plan or provider bulletins, or other similar instructions, without taking any further regulatory action.

(2) On or before July 1, 2025, the department shall adopt regulations necessary to implement this section in accordance with the requirements of Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code.

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

SEC. 92. Section 5891.5 is added to the Welfare and Institutions Code, to read:

5891.5. (a) (1) *Notwithstanding any other law, the programs and services and supports in paragraphs (1), (2), and (3) of subdivision (a) of Section 5892 may include substance use disorder treatment services, as defined in this section for children, youth, adults, and older adults.*

(2) Notwithstanding Section 5830, the provision of housing interventions to individuals with a substance use disorder shall be optional for counties.

(3) Counties that provide substance use disorder treatment services shall provide all forms of federal Food and Drug Administration approved medications for addiction treatment.

(4) Funding established pursuant to the Behavioral Health Services Act may be used to assess whether a person has a substance use disorder and to treat a person prior to a diagnosis of a substance use disorder, even when the person is later determined not to be eligible for services provided with funding established pursuant to the Behavioral Health Services Act.

(5) Substance use disorder treatment services shall be identified in a county's integrated plan or annual update, as required by Section 5963.02.

(b) (1) A county shall report to the department data and information regarding implementation of this section specified by the department.

(2) The data and information shall be reported in a form, manner, and frequency determined by the department.

(c) (1) For purposes of this section, "substance use disorder" means an adult, child, or youth who has at least one diagnosis of a moderate or severe substance use disorder from the most current version of the Diagnostic and Statistical Manual of Mental Disorders for Substance-Related and Addictive Disorders, with the exception of tobacco-related disorders and non-substance-related disorders.

(2) For purposes of this section, "substance use disorder treatment services" include harm reduction, treatment, and recovery services, including federal Food and Drug Administration approved medications.

(d) (1) The department shall, by January 1, 2022, and each January 1 thereafter, publish on its internet website a report summarizing county activities pursuant to this section for the prior fiscal year.

(2) Data shall be reported statewide and by county or groupings of counties, as necessary to protect the private health information of persons assessed.

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

SEC. 93. Section 5892 of the Welfare and Institutions Code is amended to read:

5892. (a) In order to promote efficient implementation of this act, the county shall use funds distributed from the Mental Health Services Fund as follows:

(1) In the 2005–06, 2006–07, and 2007–08 fiscal years, 10 percent shall be placed in a trust fund to be expended for education and training programs pursuant to Part 3.1 (commencing with Section 5820).

(2) In the 2005–06, 2006–07, and 2007–08 fiscal years, 10 percent for capital facilities and technological needs shall be distributed to counties in accordance with a formula developed in consultation with the County Behavioral Health Directors Association of California to implement plans developed pursuant to Section 5847.

(3) Twenty percent of funds distributed to the counties pursuant to subdivision (c) of Section 5891 shall be used for prevention and early intervention programs in accordance with Part 3.6 (commencing with Section 5840).

(4) The expenditure for prevention and early intervention may be increased in any county in which the department determines that the increase will decrease the need and cost for additional services to persons with severe mental illness in that county by an amount at least commensurate with the proposed increase.

(5) The balance of funds shall be distributed to county mental health programs for services to persons with severe mental illnesses pursuant to Part 4 (commencing with Section 5850) for the children's system of care and Part 3 (commencing with Section 5800) for the adult and older adult system of care. These services may include housing assistance, as defined in Section 5892.5, to the target population specified in Section 5600.3.

(6) Five percent of the total funding for each county mental health program for Part 3 (commencing with Section 5800), Part 3.6 (commencing with Section 5840), and Part 4 (commencing with Section 5850), shall be utilized for innovative programs in accordance with Sections 5830, 5847, and 5848.

(b) (1) In any fiscal year after the 2007–08 fiscal year, programs for services pursuant to Part 3 (commencing with Section 5800) and Part 4 (commencing with Section 5850) may include funds for technological needs and capital facilities, human resource needs, and a prudent reserve to ensure services do not have to be significantly reduced in years in which revenues are below the average of previous years. The total allocation for purposes authorized by this subdivision shall not exceed 20 percent of the average amount of funds allocated to that county for the previous five fiscal years pursuant to this section.

(2) A county shall calculate an amount it establishes as the prudent reserve for its Local Mental Health Services Fund, not to exceed 33 percent of the average community services and support revenue received for the fund in the preceding five years. The county shall reassess the maximum amount of this reserve every five years and certify the reassessment as part of the three-year program and expenditure plan required pursuant to Section 5847.

(3) Notwithstanding Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, the State Department of Health Care Services may allow counties to determine the percentage of funds to allocate across programs created pursuant to Part 4 (commencing with Section 5850) for the children's system of care and Part 3 (commencing with Section 5800) for the adult and older adult system of care for the 2020–21 and 2021–22 fiscal years by means of all-county letters or other similar instructions without taking further regulatory action.

(c) The allocations pursuant to subdivisions (a) and (b) shall include funding for annual planning costs pursuant to Section 5848. The total of these costs shall not exceed 5 percent of the total of annual revenues received for the fund. The planning costs shall include funds for county mental health programs to pay for the costs of consumers, family members, and other stakeholders to participate in the planning process and for the planning and implementation required for private provider contracts to be significantly expanded to provide additional services pursuant to Part 3 (commencing with Section 5800) and Part 4 (commencing with Section 5850).

(d) Prior to making the allocations pursuant to subdivisions (a), (b), and (c), funds shall be reserved for the costs for the State Department of Health Care Services, the California Behavioral Health Planning Council, the Office of Statewide Health Planning and Development, the Mental Health Services Oversight and Accountability Commission, the State Department of Public Health, and any other state agency to implement all duties pursuant to the programs set forth in this section. These costs shall not exceed 5 percent of the total of annual revenues received for the fund. The administrative costs shall include funds to assist consumers and family members to ensure the appropriate state and county agencies give full consideration to concerns about quality, structure of service delivery, or access to services. The amounts allocated for administration shall include amounts sufficient to ensure adequate research and evaluation regarding the effectiveness of services being provided and achievement of the outcome measures set forth in Part 3 (commencing with Section 5800), Part 3.6 (commencing with Section 5840), and Part 4 (commencing with Section 5850). The amount of funds available for the purposes of this subdivision in any fiscal year is subject to appropriation in the annual Budget Act.

(e) In the 2004–05 fiscal year, funds shall be allocated as follows:

(1) Forty-five percent for education and training pursuant to Part 3.1 (commencing with Section 5820).

(2) Forty-five percent for capital facilities and technology needs in the manner specified by paragraph (2) of subdivision (a).

(3) Five percent for local planning in the manner specified in subdivision (c).

(4) Five percent for state implementation in the manner specified in subdivision (d).

(f) Each county shall place all funds received from the State Mental Health Services Fund in a local Mental Health Services Fund. The Local Mental Health Services Fund balance shall be invested consistent with other county funds and the interest earned on the investments shall be transferred into the fund. The earnings on investment of these funds shall be available for distribution from the fund in future fiscal years.

(g) All expenditures for county mental health programs shall be consistent with a currently approved plan or update pursuant to Section 5847.

(h) (1) Other than funds placed in a reserve in accordance with an approved plan, any funds allocated to a county that have not been spent for their authorized purpose within three years, and the interest accruing on those funds, shall revert to the state to be deposited into the Reversion Account, hereby established in the fund, and available for other counties in future years, provided, however, that funds, including interest accrued on those funds, for capital facilities, technological needs, or education and training may be retained for up to 10 years before reverting to the Reversion Account.

(2) (A) If a county receives approval from the Mental Health Services Oversight and Accountability Commission of a plan for innovative programs, pursuant to subdivision (e) of Section 5830, the county's funds identified in that plan for innovative programs shall not revert to the state pursuant to paragraph (1) so long as they are encumbered under the terms of the approved project plan, including any subsequent amendments approved by the commission, or until three years after the date of approval, whichever is later.

(B) Subparagraph (A) applies to all plans for innovative programs that have received commission approval and are in the process at the time of enactment of the act that added this subparagraph, and to all plans that receive commission approval thereafter.

(3) Notwithstanding paragraph (1), funds allocated to a county with a population of less than 200,000 that have not been spent for their authorized purpose within five years shall revert to the state as described in paragraph (1).

(4) (A) Notwithstanding paragraphs (1) and (2), if a county with a population of less than 200,000 receives approval from the Mental Health Services Oversight and Accountability Commission of a plan for innovative programs, pursuant to subdivision (e) of Section 5830, the county's funds identified in that plan for innovative programs shall not revert to the state pursuant to paragraph (1) so long as they are encumbered under the terms of the approved project plan, including any subsequent amendments approved by the commission, or until five years after the date of approval, whichever is later.

(B) Subparagraph (A) applies to all plans for innovative programs that have received commission approval and are in the process at the time of enactment of the act that added this subparagraph, and to all plans that receive commission approval thereafter.

(i) Notwithstanding subdivision (h) and Section 5892.1, unspent funds allocated to a county, and interest accruing on those funds, which are subject to reversion as of July 1, 2019, and July 1, 2020, shall be subject to reversion on July 1, 2021.

(j) If there are revenues available in the fund after the Mental Health Services Oversight and Accountability

Commission has determined there are prudent reserves and no unmet needs for any of the programs funded pursuant to this section, including all purposes of the Prevention and Early Intervention Program, the commission shall develop a plan for expenditures of these revenues to further the purposes of this act and the Legislature may appropriate these funds for any purpose consistent with the commission's adopted plan that furthers the purposes of this act.

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

SEC. 94. Section 5892 is added to the Welfare and Institutions Code, to read:

5892. (a) *To promote efficient implementation of this act, the county shall use funds distributed from the Mental Health Services Fund as follows:*

(1) Twenty percent of funds distributed to the counties pursuant to subdivision (c) of Section 5891 shall be used for prevention and early intervention programs in accordance with Part 3.6 (commencing with Section 5840).

(2) The expenditure for prevention and early intervention may be increased in a county in which the department determines that the increase will decrease the need and cost for additional services to persons with severe mental illness in that county by an amount at least commensurate with the proposed increase.

(3) The balance of funds shall be distributed to county mental health programs for services to persons with severe mental illnesses pursuant to Part 4 (commencing with Section 5850) for the children's system of care and Part 3 (commencing with Section 5800) for the adult and older adult system of care. These services may include housing assistance, as defined in Section 5892.5, to the target population specified in Section 5600.3.

(4) Five percent of the total funding for each county mental health program for Part 3 (commencing with Section 5800), Part 3.6 (commencing with Section 5840), and Part 4 (commencing with Section 5850) shall be utilized for innovative programs in accordance with Sections 5830, 5847, and 5963.03.

(b) (1) Programs for services pursuant to Part 3 (commencing with Section 5800) and Part 4 (commencing with Section 5850) may include funds for technological needs and capital facilities, human resource needs, and a prudent reserve to ensure services do not have to be significantly reduced in years in which revenues are below the average of previous years. The total allocation for purposes authorized by this subdivision shall not exceed 20 percent of the average amount of funds allocated to that county for the previous five fiscal years pursuant to this section.

(2) A county shall calculate a maximum amount it establishes as the prudent reserve for its Local Behavioral Health Services Fund, not to exceed 33

percent of the average of the total funds distributed to the county pursuant to subdivision (c) of Section 5891 in the preceding five years.

(3) A county with a population of less than 200,000 shall calculate a maximum amount it establishes as the prudent reserve for its Local Behavioral Health Services Fund, not to exceed 25 percent of the average of the total funds distributed to the county pursuant to subdivision (c) of Section 5891 in the preceding five years.

(c) Notwithstanding subdivision (a) of Section 5891, the allocations pursuant to subdivisions (a) and (b) shall include funding for annual planning costs pursuant to Sections 5847 and 5963.03. The total of these costs shall not exceed 5 percent of the total of annual revenues received for the Local Behavioral Health Services Fund. The planning costs shall include funds for county mental health programs to pay for the costs of consumers, family members, and other stakeholders to participate in the planning process and for the planning and implementation required for private provider contracts to be significantly expanded to provide additional services pursuant to Part 3 (commencing with Section 5800) and Part 4 (commencing with Section 5850).

(d) (1) Notwithstanding subdivision (a) of Section 5891, the allocations pursuant to subdivision (a) may include funding to improve plan operations, quality outcomes, fiscal and programmatic data reporting, and monitoring of subcontractor compliance for all county behavioral health programs, including, but not limited to, programs administered by a Medi-Cal behavioral health delivery system, as defined in subdivision (i) of Section 14184.101, and programs funded by the Projects for Assistance in Transition from Homelessness grant, the Community Mental Health Services Block Grant, and other Substance Abuse and Mental Health Services Administration grants.

(2) The total of these costs shall not exceed 2 percent of the total of annual revenues received for the Local Behavioral Health Services Fund.

(3) A county may commence use of funding pursuant to this paragraph on July 1, 2025.

(e) (1) (A) Prior to making the allocations pursuant to subdivisions (a), (b), (c), and (d), funds shall be reserved for state directed purposes for the California Health and Human Services Agency, the State Department of Health Care Services, the California Behavioral Health Planning Council, the Department of Health Care Access and Information, the Behavioral Health Services Oversight and Accountability Commission, the State Department of Public Health, and any other state agency.

(B) These costs shall not exceed 5 percent of the total of annual revenues received for the fund.

(C) The costs shall include funds to assist consumers and family members to ensure the appropriate state and county agencies give full consideration to concerns

about quality, structure of service delivery, or access to services.

(D) The amounts allocated for state directed purposes shall include amounts sufficient to ensure adequate research and evaluation regarding the effectiveness of services being provided and achievement of the outcome measures set forth in Part 3 (commencing with Section 5800), Part 3.6 (commencing with Section 5840), and Part 4 (commencing with Section 5850).

(E) The amount of funds available for the purposes of this subdivision in any fiscal year is subject to appropriation in the annual Budget Act.

(2) Prior to making the allocations pursuant to subdivisions (a), (b), (c), and (d), funds shall be reserved for the costs of the Department of Health Care Access and Information to administer a behavioral health workforce initiative in collaboration with the California Health and Human Services Agency. Funding for this purpose shall not exceed thirty-six million dollars. The amount of funds available for the purposes of this subdivision in any fiscal year is subject to appropriation in the annual Budget Act.

(f) Each county shall place all funds received from the State Mental Health Services Fund in a local Mental Health Services Fund. The Local Mental Health Services Fund balance shall be invested consistent with other county funds and the interest earned on the investments shall be transferred into the fund. The earnings on investment of these funds shall be available for distribution from the fund in future fiscal years.

(g) All expenditures for county mental health programs shall be consistent with a currently approved plan or update pursuant to Section 5847.

(h) (1) Other than funds placed in a reserve in accordance with an approved plan, any funds allocated to a county that have not been spent for their authorized purpose within three years, and the interest accruing on those funds, shall revert to the state to be deposited into the Reversion Account, hereby established in the fund, and available for other counties in future years, provided, however, that funds, including interest accrued on those funds, for capital facilities, technological needs, or education and training may be retained for up to 10 years before reverting to the Reversion Account.

(2) (A) If a county receives approval from the Mental Health Services Oversight and Accountability Commission of a plan for innovative programs, pursuant to subdivision (e) of Section 5830, the county's funds identified in that plan for innovative programs shall not revert to the state pursuant to paragraph (1) so long as they are encumbered under the terms of the approved project plan, including any subsequent amendments approved by the commission, or until three years after the date of approval, whichever is later.

(B) Subparagraph (A) applies to all plans for innovative programs that have received commission approval and are in the process at the time of enactment of the act

that added this subparagraph, and to all plans that receive commission approval thereafter.

(3) Notwithstanding paragraph (1), funds allocated to a county with a population of less than 200,000 that have not been spent for their authorized purpose within five years shall revert to the state as described in paragraph (1).

(4) (A) Notwithstanding paragraphs (1) and (2), if a county with a population of less than 200,000 receives approval from the Mental Health Services Oversight and Accountability Commission of a plan for innovative programs, pursuant to subdivision (e) of Section 5830, the county's funds identified in that plan for innovative programs shall not revert to the state pursuant to paragraph (1) so long as they are encumbered under the terms of the approved project plan, including any subsequent amendments approved by the commission, or until five years after the date of approval, whichever is later.

(B) Subparagraph (A) applies to all plans for innovative programs that have received commission approval and are in the process at the time of enactment of the act that added this subparagraph, and to all plans that receive commission approval thereafter.

(i) Notwithstanding subdivision (h) and Section 5892.1, unspent funds allocated to a county, and interest accruing on those funds, which are subject to reversion as of July 1, 2019, and July 1, 2020, shall be subject to reversion on July 1, 2021.

(j) If there are revenues available in the fund after the State Department of Health Care Services has determined there are prudent reserves and no unmet needs for any of the programs funded pursuant to this section, the department, in consultation with counties, shall develop a plan for expenditures of these revenues to further the purposes of this act and the Legislature may appropriate these funds for any purpose consistent with the department's plan that furthers the purposes of this act.

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

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

SEC. 95. Section 5892 is added to the Welfare and Institutions Code, to read:

5892. (a) To promote efficient implementation of this act, subject to subdivision (c), the county shall use funds distributed from the Behavioral Health Services Fund as follows:

(1) (A) (i) Thirty percent of funds distributed to the counties pursuant to subdivision (c) of Section 5891 shall be used for housing interventions programs pursuant to Part 3.2 (commencing with Section 5830).

(ii) Of the funds distributed pursuant to clause (i), 50 percent shall be used for housing interventions for persons who are chronically homeless, with a focus on those in encampments.

(iii) Of the funds distributed pursuant clause (i), no more than 25 percent may be used for capital development projects pursuant to paragraph (2) of subdivision (b) of Section 5830.

(B) Commencing with the 2026–29 fiscal years' county integrated plan, pursuant to Section 5963.02, and ongoing thereafter, for counties with a population of less than 200,000, the State Department of Health Care Services shall establish criteria and a process for approving county requests for an exemption from subparagraph (A) that considers factors including a county's homeless population, the number of individuals receiving Medi-Cal specialty behavioral health services or substance use disorder treatment services in another county, and other factors as determined by the State Department of Health Care Services. The State Department of Health Care Services shall collaborate with the California State Association of Counties and the County Behavioral Health Directors Association of California on reasonable criteria for those requests and a timely and efficient exemption process. Requests for approval of an exemption under this subparagraph shall be responded to, approved, or denied within 30 days of receipt by the department, or shall otherwise be deemed approved by the department.

(C) Commencing with the 2032–35 fiscal years' county integrated plan, pursuant to Section 5963.02, and ongoing thereafter, the State Department of Health Care Services may establish criteria and a process for approving county requests for an exemption from subparagraph (A) that considers the factors set forth in subparagraph (B), regardless of the population size of the county. The State Department of Health Care Services shall collaborate with the California State Association of Counties and the County Behavioral Health Directors Association of California on reasonable criteria for those requests and a timely and efficient exemption process.

(2) (A) Thirty-five percent of the funds distributed to counties pursuant to subdivision (c) of Section 5891 shall be used for full-service partnership programs pursuant to Part 4.1 (commencing with Section 5887).

(B) Commencing with the 2032–35 fiscal years' county integrated plan, pursuant to Section 5963.02, and ongoing thereafter, the State Department of Health Care Services may establish criteria and a process for approving requests for an exemption from subparagraph (A) that considers factors such as county population, client counts, and other factors as determined by the State Department of Health Care Services. The State Department of Health Care Services shall collaborate with the California State Association of Counties and the County Behavioral Health Directors Association of California on reasonable criteria for those requests and a timely and efficient exemption process.

(C) Housing interventions provided to individuals enrolled in full-service partnership programs shall be funded pursuant to subparagraph (A) of paragraph (1).

(3) (A) Thirty-five percent of the funds distributed to counties pursuant to subdivision (c) of Section 5891 shall be used for the following Behavioral Health Services and Supports:

(i) Services pursuant to Part 4 (commencing with Section 5850) for the children's system of care and Part 3 (commencing with Section 5800) for the adult and older adult system of care, excluding those services specified in paragraphs (1) and (2).

(ii) Early intervention programs in accordance with Part 3.6 (commencing with Section 5840).

(iii) Outreach and engagement.

(iv) Workforce education and training.

(v) Capital facilities and technological needs.

(vi) Innovative behavioral health pilots and projects.

(B) (i) A county shall utilize at least 51 percent of Behavioral Health Services and Supports funding for early intervention programs.

(ii) A county shall utilize at least 51 percent of the county's funding allocated for early intervention programs to serve individuals who are 25 years of age and younger.

(iii) A county shall comply with other funding allocations specified by the State Department of Health Care Services for the purposes listed in subparagraph (A).

(4) (A) A county may pilot and test innovative behavioral health models of care programs or innovative promising practices for the programs specified in paragraphs (1), (2), and (3).

(B) The goal of these innovative pilots and innovative promising practices is to build the evidence base for the effectiveness of new statewide strategies.

(5) The programs established pursuant to paragraphs (1), (2), (3), and (4) shall include services to address the needs of eligible children and youth, 0 to 5 years of age, inclusive, transition age youth, and foster youth.

(6) A county is only obligated to fund the programs established pursuant to paragraphs (1) to (4), inclusive, with the funds it receives pursuant to subdivision (c) of Section 5891.

(b) (1) A county shall establish and maintain a prudent reserve to ensure county programs are able to continue to meet the needs of children and youth, adults, and older adults participating in housing intervention programs pursuant to paragraph (1) of subdivision (a), full-service partnership programs pursuant to paragraph (2) of subdivision (a), and receiving services pursuant to clauses (i), (ii), and (iii) of paragraph (3) of subdivision (a), during years in which revenues for the Behavioral Health Services Fund are below recent averages adjusted by changes in the state population and the California Consumer Price Index.

(2) Notwithstanding the allocation percentages specified in paragraphs (1), (2), and (3) of subdivision (a), a county may transfer funds into the prudent reserve from housing intervention programs pursuant to paragraph (1) of subdivision (a), full-service partnership programs pursuant to paragraph (2) of subdivision (a), and Behavioral Health Services and Supports pursuant to paragraph (3) of subdivision (a).

(3) A county shall calculate a maximum amount it establishes as the prudent reserve for its Local Behavioral Health Services Fund, not to exceed 20 percent of the average of the total funds distributed to the county pursuant to subdivision (c) of Section 5891 in the preceding five years.

(4) A county with a population of less than 200,000 shall calculate a maximum amount it establishes as the prudent reserve for its Local Behavioral Health Services Fund, not to exceed 25 percent of the average of the total funds distributed to the county pursuant to subdivision (c) of Section 5891 in the preceding five years.

(5) (A) A county shall assess the maximum amount of its prudent reserve pursuant to paragraphs (3) and (4) every three years and shall include a plan for the expenditure of funds exceeding the maximum amount in the county's integrated plan required pursuant to Section 5963.02.

(B) A county shall spend funds exceeding the maximum amount on programs and services authorized in paragraphs (1), (2), and (3) of subdivision (a).

(6) (A) A county shall spend prudent reserve funds on the programs and services authorized in paragraphs (1) and (3), and clauses (i), (ii), and (iii) of paragraph (3) of subdivision (a).

(B) A county shall not spend prudent reserve funds for the purposes specified in paragraph (2) of subdivision (b) of Section 5830.

(c) (1) A county may transfer up to 14 percent of the total funds allocated to the county in a fiscal year between one or more of the purposes authorized in paragraphs (1), (2) and (3) of subdivision (a). A county shall not decrease the allocation for any one of the purposes authorized in paragraph (1), (2) or (3) by more than 7 percent of the total funds allocated to the county in a fiscal year. County changes to the allocation percentages specified in paragraphs (1), (2), and (3) of subdivision (a) shall be subject to the approval of the State Department of Health Care Services.

(2) A county changing its allocation percentages pursuant to this subdivision does not relieve the county from the obligation to comply with any applicable laws, including, but not limited to, clauses (ii) and (iii) of subparagraph (A) of paragraph (1), and paragraphs (3) and (5), of subdivision (a).

(3) A county shall include proposed changes to the allocation percentages in the county integrated plan pursuant to Section 5963.02, and shall consult with local stakeholders pursuant to Section 5963.03.

(4) A county shall submit a request to shift funding allocation to the State Department of Health Care Services for approval after fulfilling the integrated planning and local stakeholder consultation requirements pursuant to Sections 5963.02 and 5963.03. The county shall submit the request for approval in a form and manner, and in accordance with timelines, prescribed by the department. Counties shall provide any other information, records, and reports that the department deems necessary for the purposes of this subdivision. The State Department of Health Care Services shall collaborate with the California State Association of Counties and the County Behavioral Health Directors Association of California on reasonable criteria for those requests and a timely and efficient approval process. Requests for approval of a shift under this subparagraph shall be responded to, approved, or denied within 30 days of receipt by the department, or shall otherwise be deemed approved by the department.

(A) The department shall review a county's request based on the county's compliance with paragraphs (1) and (2) and demonstration that the requested shift is responsive to local priorities, based on, at a minimum, local data and community input in the planning process.

(B) The State Department of Health Care Services may approve a proposed shift in funding allocations for the current integrated planning period based upon data and information a county submits demonstrating the need for the adjustment.

(C) Unless an annual change is approved by the State Department of Health Care Services, approved allocation adjustments are irrevocable during the applicable three-year period and a county shall not adjust the allocation of funds in the county's subsequent annual and intermittent updates to the county's integrated plan. The State Department of Health Care Services shall collaborate with the California State Association of Counties and the County Behavioral Health Directors Association on reasonable criteria for such requests and a timely and efficient approval process. Requests for approval of a change under this subparagraph shall be responded to, approved, or denied within 30 days of receipt by the department, or shall otherwise be deemed approved by the department.

(d) The programs established pursuant to subdivision (a) shall prioritize services for the following populations:

(1) Eligible adults and older adults, as defined in subdivision (k), who satisfy one of the following:

(A) Are chronically homeless or experiencing homelessness or are at risk of homelessness.

(B) Are in, or are at risk of being in, the justice system.

(C) Are reentering the community from prison or jail.

(D) Are at risk of conservatorship pursuant to Chapter 3 (commencing with Section 5350) of Part 1 of Division 5.

(E) Are at risk of institutionalization.

(2) *Eligible children and youth, as defined in subdivision (k), who satisfy one of the following:*

(A) *Are chronically homeless or experiencing homelessness or are at risk of homelessness.*

(B) *Are in, or at risk of being in, the juvenile justice system.*

(C) *Are reentering the community from a youth correctional facility.*

(D) *Are in the child welfare system pursuant to Section 300, 601, or 602.*

(E) *Are at risk of institutionalization.*

(e) (1) (A) *Notwithstanding subdivision (a) of Section 5891, the allocations pursuant to subdivision (a) shall include funding for annual planning costs pursuant to Sections 5963.02 and 5963.03.*

(B) *The total of these costs shall not exceed 5 percent of the total of annual revenues received for the Local Behavioral Health Services Fund.*

(C) *The planning costs shall include funds for county mental health and substance use disorder programs to pay for the costs of consumers, family members, and other stakeholders to participate in the planning process.*

(2) (A) *Notwithstanding subdivision (a) of Section 5891, the allocations pursuant to subdivision (a) may include funding to improve plan operations, quality outcomes, fiscal and programmatic data reporting pursuant to Section 5963.04, and monitoring of subcontractor compliance for all county behavioral health programs, including, but not limited to, programs administered by a Medi-Cal behavioral health delivery system, as defined in subdivision (i) of Section 14184.101, and programs funded by the Projects for Assistance in Transition from Homelessness grant, the Community Mental Health Services Block Grant, and other Substance Abuse and Mental Health Services Administration grants.*

(B) *The total of the costs in subparagraph (A) shall not exceed 2 percent of the total of annual revenues received for the Local Behavioral Health Services Fund. For counties with a population of less than 200,000, the total of the costs in subparagraph (A) shall not exceed 4 percent of the total annual revenues received from the Local Behavioral Health Services Fund.*

(C) *A county may commence use of funding pursuant to this paragraph on July 1, 2025.*

(D) *Notwithstanding any other law, new costs to implement this article that exceed existing county obligations and are in excess of the funds provided by subparagraph (B) of paragraph (2) of subdivision (e) shall be evaluated by the State Department of Health Care Services for inclusion in the Governor's 2024–25 May Revision. The department shall consult with the California State Association of Counties and the County Behavioral Health Directors Association of California, no later than March 15, 2024, to evaluate the resources needed to implement this article.*

(f) (1) *Notwithstanding subdivision (a) of Section 5891, prior to making the allocations pursuant to subdivisions (a), (b), (d), and (e), funds shall be reserved for:*

(A) *State directed purposes consistent with the Behavioral Health Services Act, for the California Health and Human Services Agency, State Department of Health Care Services, the California Behavioral Health Planning Council, the Department of Health Care Access and Information, the Behavioral Health Services Oversight and Accountability Commission, the State Department of Public Health, and any other state agency.*

(B) *The costs to assist consumers and family members so that the appropriate state and county agencies give full consideration to concerns about quality, structure of service delivery, or access to services.*

(C) *The costs for research and evaluation regarding the effectiveness of programs and services listed in subdivision (a) and achievement of the outcome measures and metrics pursuant to subdivision (d) of Section 5897.*

(D) (i) *The costs of the Department of Health Care Access and Information to implement a behavioral health workforce initiative. The cost for this initiative shall be a minimum of 3 percent of the total funds allocated pursuant to this subdivision.*

(ii) *This initiative shall be developed in consultation with stakeholders, including, but not limited to, behavioral health professionals, counties, behavioral health education and training programs, and behavioral health consumer advocates. The initiative shall focus on efforts to build and support the workforce to meet the need to provide holistic and quality services and support the development and implementation of strategies for training, supporting, and retaining the county behavioral health workforce and noncounty contracted behavioral health workforce, including efforts to increase the racial, ethnic, and linguistic diversity of behavioral health providers and increase access to behavioral health providers in geographically underserved areas.*

(iii) *A portion of the workforce initiative may focus on providing technical assistance and support to county contracted providers to implement and maintain workforce provisions that support the stabilization and retention of the broad behavioral health workforce.*

(iv) *A portion of the workforce initiative may focus on providing technical assistance and support to county and contracted providers to maximize the use of peer support specialists.*

(E) *The costs for the State Department of Public Health to provide population-based mental health and substance use disorder prevention programs. A minimum of 4 percent of the total funds allocated pursuant to this subdivision shall be distributed to the State Department of Public Health for this purpose. Of these funds, at least 51 percent shall be used for programs serving populations who are 25 years of age*

or younger. The State Department of Public Health shall consult with the State Department of Health Care Services and the Behavioral Health Services Oversight and Accountability Commission to ensure the provision of these programs.

(i) Population-based prevention programs are activities designed to reduce the prevalence of mental health and substance use disorders and resulting conditions.

(ii) Population-based prevention programs shall incorporate evidence-based promising or community-defined evidence practices and meet one or more of the following conditions:

(I) Target the entire population of the state, county, or particular community to reduce the risk of individuals developing a mental health or substance use disorder.

(II) Target specific populations at elevated risk for a mental health, substance misuse, or substance use disorder.

(III) Reduce stigma associated with seeking help for mental health challenges and substance use disorders.

(IV) Target populations disproportionately impacted by systemic racism and discrimination.

(V) Prevent suicide, self-harm, or overdose.

(iii) Population-based prevention programs may be implemented statewide or in community settings.

(iv) Population-based prevention programs shall not include the provision of early intervention, diagnostic, and treatment for individuals.

(v) Population-based prevention programs shall be provided on a schoolwide or classroom basis and may be provided by a community-based organization off campus or on school grounds.

(vi) School-based prevention supports and programs shall be provided at a school site or arranged for by a school on a schoolwide or classroom basis and shall not provide services and supports for individuals. These supports and programs may include, but are not limited to:

(I) School-based health centers, student wellness centers, or student wellbeing centers.

(II) Activities, including, but not limited to, group coaching and consultation, designed to prevent substance misuse, increase mindfulness, self-regulation, development of protective factors, calming strategies, and communication skills.

(III) Integrated or embedded school-based programs designed to reduce stigma associated with seeking help for mental health challenges and substance use disorders.

(IV) Student mental health first aid programs designed to identify and prevent suicide or overdose.

(V) Integrated training and systems of support for teachers and school administrators designed to mitigate suspension and expulsion practices and assist with classroom management.

(vii) Early childhood population-based prevention programs for children 0 to 5 years of age, inclusive, shall be provided in a range of settings.

(viii) Funding under this provision shall comply with Section 5891 and shall be used to strengthen population-based strategies and not supplant funding for services and supports for which ongoing funding is available through Children and Youth Behavioral Health Initiative or other sources.

(F) The Behavioral Health Services Act Innovation Partnership Fund as provided for in Section 5845.1. A maximum of twenty million dollars (\$20,000,000) shall be deposited into the fund annually, for fiscal years 2026–27 to 2030–31, inclusive. Thereafter funding shall be determined through the annual budget act.

(G) At its discretion, the commission may utilize funding received in support of the Mental Health Wellness Act to support this section, consistent with subparagraph (F) of paragraph (2) of subdivision (g), and subdivision (h), of Section 5848.5.

(2) The costs for the purposes specified in paragraph (1) shall not exceed 10 percent of the total of annual revenues received for the State Behavioral Health Services Fund. The amount of funds available for the purposes of this subdivision in any fiscal year is subject to appropriation in the annual Budget Act.

(g) Each county shall place all funds received from the State Behavioral Health Services Fund in a local Behavioral Health Services Fund. The Local Behavioral Health Services Fund balance shall be invested consistent with other county funds and the interest earned on the investments shall be transferred into the fund. The earnings on investment of these funds shall be available for distribution from the fund in future fiscal years.

(h) All expenditures for county behavioral health programs shall be consistent with a currently approved county integrated plan or annual update pursuant to Section 5963.02 or an intermittent update prepared pursuant to subdivision (c) of Section 5963.03.

(i) (1) Other than funds placed in a reserve in accordance with an approved plan, any funds allocated to a county that have not been spent for their authorized purpose within three years, and the interest accruing on those funds, shall revert to the state to be deposited into the Reversion Account, hereby established in the fund, and available for other counties in future years, provided, however, that funds, including interest accrued on those funds, for capital facilities, technological needs, or education and training may be retained for up to 10 years before reverting to the Reversion Account.

(2) (A) The Controller shall revert funds by offsetting amounts from each monthly distribution to a county's Local Behavioral Health Service Fund pursuant to subdivision (c) of Section 5891, until the full amount of the reverted funds has been offset. The reverted funds shall be deposited into the Reversion Account for use, consistent with this section and Sections 5890, 5891

and 5891.5, as determined by the State Department of Health Care Services.

(B) Funds that have been reverted that are owed to a county as a result of an audit adjustment, or for other reasons, shall be paid from the Reversion Account. If the balance of funds in the Reversion Account is inadequate, funds owed to a county shall be offset from the monthly distributions to other counties pursuant to subdivision (c) of Section 5891, based on a methodology provided by the State Department of Health Care Services. Owed funds shall be paid to a county in the monthly distribution pursuant to subdivision (c) of Section 5891.

(C) If the State Department of Health Care Services withholds funds from a monthly distribution to a county pursuant to subdivision (e) of Section 5963.04, funds shall be reverted first and the remaining balance shall be withheld.

(3) Notwithstanding paragraph (1), funds allocated to a county with a population of less than 200,000 that have not been spent for their authorized purpose within five years shall revert to the state as described in paragraph (1).

(j) If there are revenues available in the fund after the State Department of Health Care Services has determined there are prudent reserves and no unmet needs for any of the programs funded pursuant to this section, the department, in consultation with counties, shall develop a plan for expenditures of these revenues to further the purposes of this act and the Legislature may appropriate these funds for any purpose consistent with the department's plan that furthers the purposes of this act.

(k) For purposes of this section, the following definitions shall apply:

(1) "Behavioral health services" means mental health services and substance use disorder treatment services, as defined in Section 5891.5.

(2) "Chronically homeless" means an individual or family that is chronically homeless, as defined in Section 11360 of Title 42 of the United States Code, or as otherwise modified or expanded by the State Department of Health Care Services.

(3) "Experiencing homelessness or are at risk of homelessness" means people who are homeless or at risk of homelessness, as defined in Section 91.5 of Title 24 of the Code of Federal Regulations, or as otherwise defined by the State Department of Health Care Services for purposes of the Medi-Cal program.

(4) "Outreach and engagement" means activities to reach, identify, and engage individuals and communities in the behavioral health system, including peers and families, and to reduce disparities. Counties may include evidence-based practices and community-defined evidence practices in the provision of activities.

(5) "Workforce education and training" includes, but is not limited to, the following for the county workforce:

(A) Workforce recruitment, development, training, and retention.

(B) Professional licensing and/or certification testing and fees.

(C) Loan repayment.

(D) Retention incentives and stipends.

(E) Internship and apprenticeship programs.

(F) Continuing education.

(G) Efforts to increase the racial, ethnic, and geographic diversity of the behavioral health workforce.

(6) "Community-defined evidence practices" means an alternative or complement to evidence-based practices, that offer culturally anchored interventions that reflect the values, practices, histories, and lived-experiences of the communities they serve. These practices come from the community and the organizations that serve them and are found to yield positive results as determined by community consensus over time.

(7) (A) "Eligible children and youth" means persons who are 25 years of age or under, including early childhood or transition age youth who do either of the following:

(i) Meet the criteria specified in subdivision (d) of Section 14184.402, notwithstanding age limitations.

(ii) Have a substance use disorder, as defined in subdivision (c) of Section 5891.5.

(B) Eligible children and youth are not required to be enrolled in the Medi-Cal program.

(8) (A) "Eligible adults and older adults" means persons who are 26 years of age or older who do either of the following:

(i) Meet the criteria specified in subdivision (c) of Section 14184.402.

(ii) Have a substance use disorder, as defined in subdivision (c) of Section 5891.5.

(B) Eligible adults and older adults are not required to be enrolled in the Medi-Cal program.

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

SEC. 98. Section 5892.3 is added to the Welfare and Institutions Code, to read:

5892.3. (a) There is hereby created a Behavioral Health Services Act Revenue Stability Workgroup to assess year-over-year fluctuations in tax revenues generated by the Behavioral Health Services Act, in recognition of the need for a reliable strategy for short- and long-term fiscal stability, commencing no later than June 30, 2024.

(b) The workgroup shall develop and recommend solutions to reduce Behavioral Health Services Act revenue volatility and to propose appropriate prudent reserve levels to support the sustainability of county programs and services.

(c) (1) *The California Health and Human Services Agency and the State Department of Health Care Services shall jointly convene and lead the workgroup.*

(2) *Members of the workgroup shall serve without compensation. Members shall include representatives from the following entities:*

(A) *Behavioral Health Services Oversight and Accountability Commission.*

(B) *Legislative Analyst's Office.*

(C) *County Behavioral Health Director's Association of California.*

(D) *California State Association of Counties, including both urban and rural county representatives.*

(3) *The California Department of Finance may consult with the workgroup, as needed, to provide technical assistance.*

(d) *The workgroup shall review and analyze current and historical revenues generated pursuant to the Mental Health Services Act and the Behavioral Health Services Act and current and historical prudent reserve levels to develop the recommendations specified in subdivision (b).*

(e) *On or before June 30, 2025, the California Health and Human Services Agency and the State Department of Health Care Services shall submit a report that includes its recommendations specified in subdivision (b) to the Legislature and the Governor's Office.*

(f) *The workgroup may meet as often as necessary, as determined by the members of the workgroup, until the workgroup is disbanded upon submission of the report specified in subdivision (b).*

(g) *Prudent reserve requirements specified in this subdivision may be changed, and requirements to mitigate Behavioral Health Services Act revenue volatility and improve fiscal stability may be developed, based upon recommendations made by the Behavioral Health Services Act Revenue Stability Workgroup pursuant to Section 5892.3.*

(h) *The California Health and Human Services Agency and the State Department of Health Care Services may jointly reconvene the workgroup, if at any point the recommended revenue volatility strategy and prudent reserve requirements no longer adequately support the sustainability of county programs and services given the year-over-year fluctuations in tax revenues generated by the Behavioral Health Services Act.*

SEC. 99. Section 5892.5 of the Welfare and Institutions Code is amended to read:

5892.5. (a) (1) The California Housing Finance Agency, with the concurrence of the State Department of Health Care Services, shall release unencumbered Mental Health Services Fund moneys dedicated to the Mental Health Services Act housing program upon the written request of the respective county. The county shall use these Mental Health Services Fund moneys released by the agency to provide housing assistance

to the target populations who are identified in Section 5600.3.

(2) For purposes of this section, "housing assistance" means each of the following:

(A) Rental assistance or capitalized operating subsidies.

(B) Security deposits, utility deposits, or other move-in cost assistance.

(C) Utility payments.

(D) Moving cost assistance.

(E) Capital funding to build or rehabilitate housing for homeless, mentally ill persons or mentally ill persons who are at risk of being homeless.

(b) For purposes of administering those funds released to a respective county pursuant to subdivision (a), the county shall comply with all of the requirements described in the Mental Health Services Act, including, but not limited to, Sections 5664, 5847, subdivision (h) of Section 5892, and 5899.

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

SEC. 100. Section 5892.5 is added to the Welfare and Institutions Code, to read:

5892.5. (a) (1) *The California Housing Finance Agency, with the concurrence of the State Department of Health Care Services, shall release unencumbered Behavioral Health Services Fund moneys dedicated to the Mental Health Services Act housing program upon the written request of the respective county.*

(2) *The county shall use these Behavioral Health Services Fund moneys released by the agency to provide housing interventions pursuant to Section 5830.*

(b) *For purposes of administering those funds released to a respective county pursuant to subdivision (a), the county shall comply with all of the requirements described in the Behavioral Health Services Act, including, but not limited to, Section 5664, Section 5963.02, subdivision (g) of Section 5892, and Section 5963.04.*

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

SEC. 103. Section 5895 of the Welfare and Institutions Code is amended to read:

5895. ~~In the event~~ (a) *If any provisions of Part 3 (commencing with Section 5800), 5800) or Part 4 (commencing with Section 5850) of this division, are repealed or modified so the purposes of this act cannot be accomplished, the funds in the Mental Health Services Fund shall be administered in accordance with those sections as they read on January 1, 2004.*

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

SEC. 104. Section 5897 of the Welfare and Institutions Code is amended to read:

5897. (a) Notwithstanding any other state law, the State Department of Health Care Services shall implement the mental health services provided by Part 3 (commencing with Section 5800), Part 3.6 (commencing with Section 5840), and Part 4 (commencing with Section 5850) through contracts with county mental health programs or counties acting jointly. A contract may be exclusive and may be awarded on a geographic basis. For purposes of this section, a county mental health program includes a city receiving funds pursuant to Section 5701.5.

(b) Two or more counties acting jointly may agree to deliver or subcontract for the delivery of those mental health services. The agreement may encompass all or any part of the mental health services provided pursuant to these parts. Any agreement between counties shall delineate each county's responsibilities and fiscal liability.

(c) The department shall implement the provisions of Part 3 (commencing with Section 5800), Part 3.2 (commencing with Section 5830), Part 3.6 (commencing with Section 5840), and Part 4 (commencing with Section 5850) through the county mental health services performance contract, as specified in Chapter 2 (commencing with Section 5650) of Part 2.

(d) The department shall conduct program reviews of performance contracts to determine compliance. Each county performance contract shall be reviewed at least once every three years, subject to available funding for this purpose.

(e) When a county mental health program is not in compliance with its performance contract, the department may request a plan of correction with a specific timeline to achieve improvements. The department shall post on its ~~Internet Web site~~ *internet website* any plans of correction requested and the related findings.

(f) Contracts awarded by the State Department of Health Care Services, the State Department of Public Health, the California Behavioral Health Planning Council, the Office of Statewide Health Planning and Development, and the Mental Health Services Oversight and Accountability Commission pursuant to Part 3 (commencing with Section 5800), Part 3.1 (commencing with Section 5820), Part 3.2 (commencing with Section 5830), Part 3.6 (commencing with Section 5840), Part 3.7 (commencing with Section 5845), Part 4 (commencing with Section 5850), and Part 4.5 (commencing with Section 5890), may be awarded in the same manner in which contracts are awarded pursuant to Section 5814

and the provisions of subdivisions (g) and (h) of Section 5814 shall apply to those contracts.

(g) For purposes of Section 14712, the allocation of funds pursuant to Section 5892 that are used to provide services to Medi-Cal beneficiaries shall be included in calculating anticipated county matching funds and the transfer to the State Department of Health Care Services of the anticipated county matching funds needed for community mental health programs.

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

SEC. 105. Section 5897 is added to the Welfare and Institutions Code, to read:

5897. (a) (1) *Notwithstanding any other state law, the State Department of Health Care Services shall implement the programs and services specified in subdivision (a) of Section 5892, and related activities, through contracts with a county or counties acting jointly.*

(2) *A contract may be exclusive and may be awarded on a geographic basis.*

(3) *For purposes of this section, a "county" includes a city receiving funds pursuant to Section 5701.5.*

(b) (1) *Two or more counties acting jointly may agree to deliver or subcontract for the delivery of programs and services pursuant to subdivision (a) of Section 5892.*

(2) *The agreement may encompass all or part of these programs and services.*

(3) *An agreement between counties shall delineate each county's responsibilities and fiscal liability.*

(c) *The department shall contract with counties, or counties acting jointly pursuant to subdivision (a), through the county performance contract as specified in Chapter 2 (commencing with Section 5650) of Part 2.*

(d) (1) *The department shall conduct program reviews of performance contracts to determine compliance, including compliance with Sections 5963.02 and 5963.04.*

(2) *Each county performance contract shall be reviewed at least once every three years, subject to available funding for this purpose.*

(e) (1) *If a county behavioral health department is not in compliance with its performance contract, the department may request a plan of correction with a specific timeline to achieve improvements and take administrative action, including, but not limited to, the temporary withholding of funds and the imposition of monetary sanctions pursuant to Section 5963.04.*

(2) *The department shall post plans of correction requested and the related findings on its internet website.*

(f) *Contracts awarded by the State Department of Health Care Services, the State Department of Public Health, the California Behavioral Health Planning Council, the Department of Health Care Access and Information, the Behavioral Health Services Oversight and Accountability Commission and the California Health and Human Services Agency to implement programs and services set forth in subdivision (a) of Section 5892 and programs pursuant to Part 3.1 (commencing with Section 5820) may be awarded in the same manner that contracts are awarded pursuant to Section 5814, and the provisions of subdivisions (g) and (h) of Section 5814 shall apply to those contracts.*

(g) *For purposes of Section 14712, the allocation of funds pursuant to Section 5892 that are used to provide services to Medi-Cal beneficiaries shall be included in calculating anticipated county matching funds and the transfer to the State Department of Health Care Services of the anticipated county matching funds needed for community mental health programs.*

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

SEC. 106. Section 5898 of the Welfare and Institutions Code is amended to read:

5898. (a) The State Department of Health Care Services, in consultation with the Mental Health Services Oversight and Accountability Commission, shall develop regulations, as necessary, for the State Department of Health Care Services, the Mental Health Services Oversight and Accountability Commission, or designated state and local agencies to implement this act. Regulations adopted pursuant to this section shall be developed with the maximum feasible opportunity for public participation and comments.

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

SEC. 107. Section 5898 is added to the Welfare and Institutions Code, to read:

5898. (a) (1) *The State Department of Health Care Services shall develop regulations, as necessary, to implement this act.*

(2) *Regulations adopted pursuant to this section shall be developed with the maximum feasible opportunity for public participation and comments.*

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

SEC. 108. Section 5899 of the Welfare and Institutions Code is amended to read:

5899. (a) (1) The State Department of Health Care Services, in consultation with the Mental Health Services Oversight and Accountability Commission and

the County Behavioral Health Directors Association of California, shall develop and administer instructions for the Annual Mental Health Services Act Revenue and Expenditure Report.

(2) The instructions shall include a requirement that the county certify the accuracy of this report.

(3) With the exception of expenditures and receipts related to the capital facilities and technology needs component described in paragraph (6) of subdivision (d), each county shall adhere to uniform accounting standards and procedures that conform to the Generally Accepted Accounting Principles prescribed by the Controller pursuant to Section 30200 of the Government Code when accounting for receipts and expenditures of Mental Health Services Act (MHSA) funds in preparing the report.

(4) Counties shall report receipts and expenditures related to capital facilities and technology needs using the cash basis of accounting, which recognizes expenditures at the time payment is made.

(5) Each county shall electronically submit the report to the department and to the Mental Health Services Oversight and Accountability Commission.

(6) The department and the commission shall annually post each county's report in a text-searchable format on its ~~Internet Web site~~ *internet website* in a timely manner.

(b) The department, in consultation with the commission and the County Behavioral Health Directors Association of California, shall revise the instructions described in subdivision (a) by July 1, 2017, and as needed thereafter, to improve the timely and accurate submission of county revenue and expenditure data.

(c) The purpose of the Annual Mental Health Services Act Revenue and Expenditure Report is as follows:

(1) Identify the expenditures of MHSA funds that were distributed to each county.

(2) Quantify the amount of additional funds generated for the mental health system as a result of the MHSA.

(3) Identify unexpended funds, *funds* and interest earned on MHSA funds.

(4) Determine reversion amounts, if applicable, from prior fiscal year distributions.

(d) This report is intended to provide information that allows for the evaluation of all of the following:

(1) Children's systems of care.

(2) Prevention and early intervention strategies.

(3) Innovative projects.

(4) Workforce education and training.

(5) Adults and older adults systems of care.

(6) Capital facilities and technology needs.

(e) If a county does not submit the annual revenue and expenditure report described in subdivision (a) by the

required deadline, the department may withhold MHSA funds until the reports are submitted.

(f) A county shall also report the amount of MHSA funds that were spent on mental health services for veterans.

(g) By October 1, 2018, and by October 1 of each subsequent year, the department shall, in consultation with counties, publish on its ~~Internet Web site~~ *internet website* a report detailing funds subject to reversion by county and by originally allocated purpose. The report also shall include the date on which the funds will revert to the Mental Health Services Fund.

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

SEC. 109. Chapter 3 (commencing with Section 5963) is added to Part 7 of Division 5 of the Welfare and Institutions Code, to read:

CHAPTER 3. BEHAVIORAL HEALTH MODERNIZATION ACT

Article 2. Behavioral Health Planning and Reporting
5963. (a) *It is the intent of the Legislature that this article establish the Integrated Plan for Behavioral Health Services and Outcomes, which each county shall develop every three years to include all of the following:*

(1) *A demonstration of how the county will utilize various funds for behavioral health services to deliver high-quality, culturally responsive, and timely care along the continuum of services in the least restrictive setting from prevention and wellness in schools and other settings to community-based outpatient care, residential care, crisis care, acute care, and housing services and supports.*

(2) *A demonstration of how the county will use Behavioral Health Services Act funds to prioritize addressing the needs of those who meet both of the following:*

(A) *Chronically homeless, experiencing unsheltered homelessness, or are at risk of homelessness, are incarcerated or at risk of being incarcerated, are reentering the community from prison, jail, or a correctional facility, or at risk of institutionalization, conservatorship, or are in the child welfare or adult protective system.*

(B) *The criteria for eligible adults and older adults, as defined in Section 5892, or for eligible children and youth, as defined in Section 5892.*

(3) *A demonstration of how the county will strategically invest in early intervention and advancing behavioral health innovation.*

(4) *A demonstration of how the county has considered other local program planning efforts in the development of the integrated plan to maximize opportunities to leverage funding and services from other programs, including federal funding, Medi-Cal managed care, and commercial health plans.*

(5) *A demonstration of how the county will support and retain a robust, diverse county and noncounty contracted behavioral health workforce to achieve the statewide and local behavioral health outcome goals.*

(6) *A development process in partnership with local stakeholders.*

(7) *A set of measures used to track progress and hold counties accountable in meeting specific outcomes and goals of the integrated plan, including outcomes and goals that reduce disparities.*

(8) *Information for the state to consider, if necessary, to recommend changes to the county's integrated plan or requiring sanctions to a county's Behavioral Health Services Act funding as a result of a county not meeting its obligations or state outcome metrics.*

(b) *For purposes of this article, the following definitions apply:*

(1) *"Chronically homeless" means an individual or family that is chronically homeless, as defined in Section 11360 of Title 42 of the United States Code, or as otherwise modified or expanded by the State Department of Health Care Services.*

(2) *"Department" means the State Department of Health Care Services.*

(3) *"Experiencing homelessness or are at risk of homelessness" means people who are homeless or at risk of homelessness, as defined in Section 91.5 of Title 24 of the Code of Federal Regulations, or as otherwise defined by the department.*

(4) *"Integrated plan" means the Integrated Plan for Behavioral Health Services and Outcomes required by this section.*

(c) *Notwithstanding any other law, new and ongoing county and behavioral health agency administrative costs to implement this article and Section 14197.71, any costs for plan development required under this article that exceed the amounts set forth in subparagraph (B) of paragraph (1) of subdivision (e) of Section 5892, and any costs for reporting required by this article that exceed the amounts set forth in subparagraph (B) of paragraph (2) of subdivision (e) of Section 5892, shall be included in the Governor's 2024–25 May Revision. The State Department of Health Care Services shall consult with the California State Association of Counties and the County Behavioral Health Directors Association of California no later than March 15, 2024, to estimate the resources needed to implement this article and Section 14197.71.*

5963.01. (a) *A county shall work with each Medi-Cal managed care plan, as defined in subdivision (j) of Section 14184.101, that covers residents of the county on development of the managed care plan's population needs assessment.*

(b) *A county shall work with its local health jurisdiction on development of its community health improvement plan.*

(c) *This section shall become operative on July 1, 2026, if amendments to the Mental Health Services Act*

are approved by the voters at the March 5, 2024, statewide primary election.

5963.02. (a) (1) Each county shall prepare and submit an integrated plan and annual updates to the Behavioral Health Services Oversight and Accountability Commission and the department.

(2) All references to the three-year program and expenditure plan mean the integrated plan.

(3) Each county's board of supervisors shall approve the integrated plan and annual updates by June 30 prior to the fiscal year or years the integrated plan or update would cover.

(4) A county shall not use the integrated plan to demonstrate compliance with federal law, state law, or requirements imposed by the department related to programs listed in subdivision (c).

(b) (1) Each section of the integrated plan and annual update listed in subdivision (c) shall be based on available funding or obligations under Section 30025 of the Government Code and corresponding contracts for the applicable fiscal years and in accordance with established stakeholder engagement and planning requirements as required in Section 5963.03.

(2) A county shall consider relevant data sources, including local data, to guide addressing local needs, including the prevalence of mental health and substance use disorders, the unmet need for mental health and substance use disorder treatment in the county, behavioral health disparities, and the homelessness point-in-time count, in preparing each integrated plan and annual update, and should use the data to demonstrate how the plan appropriately allocates funding between mental health and substance use disorder treatment services.

(3) A county shall consider the population needs assessment of each Medi-Cal managed care plan, as defined in subdivision (j) of Section 14184.101, that covers residents of the county in preparing each integrated plan and annual update.

(4) A county shall consider the community health improvement plan of the local health jurisdiction for the county in preparing each integrated plan and annual update.

(5) A county shall stratify data to identify behavioral health disparities and consider approaches to eliminate disparities, including, but not limited to, promising practices, models of care, community-defined evidence practices, workforce diversity, and cultural responsiveness in preparing each integrated plan and annual update.

(6) A county shall report and consider the achievement of defined goals and outcomes measures of the prior integrated plan and annual update, in addition to other data and information as specified by the department pursuant to Section 5963.05, in preparing each integrated plan and annual update.

(7) A county with a population greater than 200,000 shall collaborate with the five most populous cities in

the county, managed care plans, and continuums of care to outline respective responsibilities and coordination of services related to housing interventions described in Section 5830.

(8) A county shall consider input and feedback into the plan provided by stakeholders, including, but not limited to, those with lived behavioral health experience, including peers and families.

(c) The integrated plan and annual updates shall include a section for each of the following:

(1) (A) Community mental health services provided pursuant to Part 2 (commencing with Section 5600).

(B) Programs and services funded from the Behavioral Health Services Fund pursuant to Section 5890, including a description of how the county meets the requirements of paragraph (7) of subdivision (b).

(C) Programs and services funded by the Projects for Assistance in Transition from Homelessness grant pursuant to Sections 290cc-21 to 290cc-35, inclusive, of Title 42 of the United States Code.

(D) Programs and services funded by the Community Mental Health Services Block Grant pursuant to Sections 300x to 300x-9, inclusive, of Title 42 of the United States Code.

(E) Programs and services funded by the Substance Abuse Block Grant pursuant to Sections 300x-21 to 300x-35, inclusive, of Title 42 of the United States Code.

(F) Programs and services provided pursuant to Article 5 (commencing with Section 14680) of Chapter 8.8 of Part 3 of Division 9 and Chapter 8.9 (commencing with Section 14700) of Part 3 of Division 9.

(G) Programs and services provided pursuant to Article 3.2 (commencing with Section 14124.20) of Chapter 7 of Part 3 of Division 9.

(H) Programs and services provided pursuant to Section 14184.401.

(I) Programs and services funded by distributions from the Opioid Settlements Fund established pursuant to Section 12534 of the Government Code.

(J) Services provided through other federal grants or other county mental health and substance use disorder programs.

(2) A budget that includes the county planned expenditures and reserves for the county distributions from the Behavioral Health Service Fund and any other funds allocated to the county to provide the services and programs set forth in paragraph (1). The budget shall also include proposed adjustments pursuant to the requirements set forth in paragraph (c) of Section 5892.

(3) (A) A description of how the integrated plan and annual update aligns with statewide behavioral health goals and outcome measures, including goals and outcome measures to reduce identified disparities, as defined by the department in consultation with counties, stakeholders, and the Behavioral Health

Services and Oversight Accountability Commission, pursuant to Section 5963.05.

(B) Outcome measures may include, but are not limited to, measures that demonstrate achievement of goals to reduce homelessness among those eligible for housing interventions pursuant to Section 5830 and measures that demonstrate reductions in the number of people who are justice-involved in the county and who are eligible adults or older adults, as defined in Section 5892, or eligible children and youth, as defined in Section 5892.

(4) A description of how the integrated plan aligns with local goals and outcome measures for behavioral health, including goals and outcome measures to reduce identified disparities.

(5) The programs and services specified in paragraph (1) shall include descriptions of efforts to reduce identified disparities in behavioral health outcomes.

(6) A description of the data sources considered to meet the requirements specified in paragraph (2) of subdivision (b).

(7) A description of how the county has considered the unique needs of LGBTQ+ youth, justice-involved youth, child welfare-involved, justice-involved adults, and older adults in the housing intervention program pursuant to Part 3.2 (commencing with Section 5830) and Full Service Partnership program pursuant to Part 4.1 (commencing with Section 5887).

(8) A description of its workforce strategy, to include actions the county will take to ensure its county and noncounty contracted behavioral health workforce is well-supported and culturally and linguistically concordant with the population to be served, and robust enough to achieve the statewide and local behavioral health goals and measures. This description shall include how the county will do all of the following:

(A) Maintain and monitor a network of appropriate, high-quality, culturally and linguistically concordant county and noncounty contracted providers, where applicable, that is sufficient to provide adequate access to services and supports for individuals with behavioral health needs.

(B) Meet federal and state standards for timely access to care and services, considering the urgency of the need for services.

(C) Ensure the health and welfare of the individual and support community integration of the individual.

(D) Promote the delivery of services in a culturally competent manner to all individuals, including those with limited English proficiency and diverse cultural and ethnic backgrounds and disabilities, regardless of age, religion, sexual orientation, and gender identity.

(E) Ensure physical access, reasonable accommodations, and accessible equipment for individuals with physical, intellectual and developmental, and mental disabilities.

(F) Select and retain all contracted network providers, including ensuring all contracted providers meet

minimum standards for license, certification, training, experience, and credentialing requirements.

(G) Ensure that the contractor's hiring practices meet applicable nondiscrimination standards and demonstrate best practices in promoting diversity and equity.

(H) Adequately fund contracts to ensure that noncounty contracted providers are resourced to achieve the behavioral health goals outlined in their contract for the purposes of meeting statewide metrics.

(I) Conduct oversight of compliance of all federal and state laws and regulations of all contracted network providers.

(J) Fill county vacancies and retain county employees providing direct behavioral health services, if applicable.

(9) A description of the system developed to transition a beneficiary's care between the beneficiary's mental health plan and their managed care plan based upon the beneficiary's health condition.

(10) Certification by the county behavioral health director, that ensures that the county has complied with all pertinent regulations, laws, and statutes, including stakeholder participation requirements.

(11) Certification by the county behavioral health director and by the county chief administration officer or their designee that the county has complied with fiscal accountability requirements, as directed by the department, and that all expenditures are consistent with applicable state and federal law.

(d) The county shall submit its integrated plan and annual updates to the department and the commission in a form and manner prescribed by the department.

(e) The department shall post on its internet website, in a timely manner, the integrated plan submitted by every county pursuant to this section.

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

5963.03. (a) (1) Each integrated plan shall be developed with local stakeholders, including, but not limited to, all of the following:

(A) Eligible adults and older adults, as defined in Section 5892.

(B) Families of eligible children and youth, eligible adults, and eligible older adults, as defined in Section 5892.

(C) Youths or youth mental health or substance use disorder organizations.

(D) Providers of mental health services and substance use disorder treatment services.

(E) Public safety partners, including county juvenile justice agencies.

(F) Local education agencies.

(G) Higher education partners.

- (H) Early childhood organizations.
- (I) Local public health jurisdictions.
- (J) County social services and child welfare agencies.
- (K) Labor representative organizations.
- (L) Veterans.
- (M) Representatives from veterans organizations.
- (N) Health care organizations, including hospitals.
- (O) Health care service plans, including Medi-Cal managed care plans as defined in subdivision (j) of Section 14184.101.
- (P) Disability insurers.
- (Q) Tribal and Indian Health Program designees established for Medi-Cal Tribal consultation purposes.
- (R) The five most populous cities in counties with a population greater than 200,000.
- (S) Area agencies on aging.
- (T) Independent living centers.
- (U) Continuums of care, including representatives from the homeless service provider community.
- (V) Regional centers.
- (W) Emergency medical services.
- (X) Community-based organizations serving culturally and linguistically diverse constituents.
- (2) (A) (i) A county shall demonstrate a partnership with constituents and stakeholders throughout the process that includes meaningful stakeholder involvement on mental health and substance use disorder policy, program planning, and implementation, monitoring, workforce, quality improvement, health equity, evaluation, and budget allocations.
- (ii) Stakeholders shall include sufficient participation of individuals representing diverse viewpoints, including, but not limited to, representatives from youth from historically marginalized communities, representatives from organizations specializing in working with underserved racially and ethnically diverse communities, representatives from LGBTQ+ communities, victims of domestic violence and sexual abuse, and people with lived experience of homelessness.
- (iii) A county may provide supports, including, but not limited to, training and technical assistance, to ensure stakeholders, including peers and families, receive sufficient information and data to meaningfully participate in the development of integrated plans and annual updates.
- (B) A draft plan and update shall be prepared and circulated for review and comment for at least 30 days to representatives of stakeholder interest and any interested party who has requested a copy of the draft plan.
- (b) (1) The behavioral health board established pursuant to Section 5604 shall conduct a public hearing on the draft integrated plan and annual updates at the

- close of the 30-day comment period required by subdivision (a).
- (2) Each adopted integrated plan and update shall include substantive written recommendations for revisions.
- (3) The adopted integrated plan or update shall summarize and analyze the recommended revisions.
- (4) The behavioral health board shall review the adopted integrated plan or update and make recommendations to the local mental health agency, local substance use disorder agency, or local behavioral health agency, as applicable, for revisions.
- (5) The local mental health agency, local substance use disorder agency, or local behavioral health agency, as applicable, shall provide an annual report of written explanations to the local governing body and the department for substantive recommendations made by the local behavioral health board that are not included in the final integrated plan or update.
- (6) A county may provide training to ensure stakeholders receive sufficient information and data to meaningfully participate in the development of integrated plans and annual updates.
- (c) (1) A county shall prepare annual updates to its integrated plan and may prepare intermittent updates.
- (2) In preparing annual and intermittent updates:
- (A) A county is not required to comply with the stakeholder process described in subdivisions (a) and (b).
- (B) A county shall post on its internet website all updates to its integrated plan and a summary and justification of the changes made by the updates for a 30-day comment period prior to the effective date of the updates.
- (d) For purposes of this section, "substantive recommendations made by the local behavioral health board" means a recommendation that is brought before the board and approved by a majority vote of the membership present at a public hearing of the local behavioral health board that has established a quorum.
- (e) This section shall become operative on January 1, 2025, if amendments to the Mental Health Services Act are approved by the voters at the March 5, 2024, statewide primary election.
- 5963.04. (a) (1) Annually, counties and Medi-Cal behavioral health delivery systems, as defined in subdivision (i) of Section 14184.101, shall submit the County Behavioral Health Outcomes, Accountability, and Transparency Report to the department.
- (2) This report shall include the following data and information that shall be submitted in a form, manner, and in accordance with timelines prescribed by the department:
- (A) The county's annual allocation of state and federal behavioral health funds, by category.
- (B) The county's annual expenditure of state and federal behavioral health funds, by category.

(C) The amounts of annual and cumulative unspent state and federal behavioral health funds, including funds in a reserve account, by category.

(D) The county's annual expenditure of county general funds and other funds, by category, on mental health or substance use disorder treatment services.

(E) The sources and amounts spent annually as the nonfederal share for Medi-Cal specialty mental health services and Medi-Cal substance use disorder treatment services, by category.

(F) All administrative costs, by category.

(G) All contracted services, and the cost of those contracted services, by category.

(H) Information on behavioral health services provided to persons not covered by Medi-Cal, including, but not limited to, those who are uninsured or covered by Medicare or commercial insurance, by category.

(I) Other data and information, which shall include, but is not limited to, information on spending on children and youth, service utilization data, performance outcome measures across all behavioral health delivery systems, and data and information pertaining to populations with identified disparities in behavioral health outcomes, as specified by the department. This shall include data through the lens of health equity to identify racial, ethnic, age, gender, and other demographic disparities and inform disparity reduction efforts. Other data and information may include the number of people who are eligible adults and older adults, as defined in Section 5892, who are incarcerated, experiencing homelessness, inclusive of the availability of housing, the number of eligible children and youth, as defined in Section 5892, who access evidence based early psychosis and mood disorder detection and intervention programs.

(J) Data and information on workforce measures and metrics, including, but not limited to, all of the following:

(i) Vacancies and efforts to fill vacancies.

(ii) The number of county employees providing direct clinical behavioral health services.

(iii) Whether there is a net change in the number of county employees providing direct clinical behavioral health services compared to the prior year and an explanation for that change.

(b) The department shall establish metrics, in consultation with counties, stakeholders, and the Behavioral Health Services Oversight and Accountability Commission to measure and evaluate the quality and efficacy of the behavioral health services and programs listed in paragraph (1) of subdivision (c) of Section 5963.02. The metrics shall be used to identify demographic and geographic disparities in the quality and efficacy of behavioral health services and programs listed in paragraph (1) of subdivision (c) of Section 5963.02.

(c) Each county's board of supervisors shall attest that the County Behavioral Health Outcomes,

Accountability, and Transparency Report is complete and accurate before it is submitted to the department.

(d) Each year, the department shall post on its internet website a statewide County Behavioral Health Outcomes, Accountability, and Transparency Report.

(e) (1) The department may require a county or Medi-Cal behavioral health delivery system, as defined in subdivision (i) of Section 14184.101, to revise its integrated plan or annual update pursuant to Section 5963.02 if the department determines the plan or update fails to adequately address local needs pursuant to paragraph (2) of subdivision (b) of Section 5963.02.

(2) The department may impose a corrective action plan or require a county or Medi-Cal behavioral health delivery system, as defined in subdivision (i) of Section 14184.101, to revise its integrated plan or annual update pursuant to Section 5963.02 if the department determines that the county or delivery system fails to make adequate progress in meeting the metrics established by the department pursuant to subdivision (b).

(3) (A) (i) If a county or Medi-Cal behavioral health delivery system fails to submit the data and information specified in subdivision (a) by the required deadline, or as otherwise required by the department, fails to allocate funding pursuant to Section 5892, or fails to follow the process pursuant to Section 5963.03, the department may impose a corrective action plan, monetary sanctions, or temporarily withhold payments to the county or Medi-Cal behavioral health delivery system, pursuant to Section 14197.7.

(ii) Subject to the guidance issued pursuant to Section 5963.05, if a county's actual expenditures of its allocations from the Behavioral Health Services Fund significantly varies from its budget in Section 5963.02, the department may impose a corrective action plan, monetary sanctions, or temporarily withhold payments to the county pursuant to Section 14197.7.

(iii) Notwithstanding subdivision (o) of Section 14197.7, temporarily withheld payments shall be withheld from the Behavioral Health Services Fund.

(B) (i) Notwithstanding subdivision (q) of Section 14197.7, monetary sanctions collected pursuant to this section shall be deposited in the Behavioral Health Services Act Accountability Fund, which is hereby created in the State Treasury.

(ii) Subject to the department's guidance issued pursuant to Section 5963.05, all monies in the Behavioral Health Services Act Accountability Fund shall be continuously appropriated and allocated and distributed to the county that paid the monetary sanction upon the department's determination that the county has come into compliance.

(C) The department shall temporarily withhold amounts it deems necessary to ensure the county or Medi-Cal behavioral health delivery system comes into compliance.

(D) The department shall release the temporarily withheld funds when it determines the county or Medi-Cal behavioral health delivery system has come into compliance.

(f) This section shall be read in conjunction with, and apply in addition to, any other applicable law that authorizes the department to impose sanctions or otherwise take remedial actions against a county and Medi-Cal behavioral health delivery system.

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

5963.05. (a) Notwithstanding Chapter 3.5 (commencing Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, the department may implement, interpret, or make specific the amendments made pursuant to this act by means of plan or county letters, information notices, plan or provider bulletins, or other similar instructions without taking further regulatory action.

(b) By July 1, 2033, the department shall adopt regulations necessary to implement, interpret, or make specific the amendments made pursuant to this act in accordance with the requirements of Chapter 3.5 (commencing Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code.

(c) (1) For purposes of implementing this act, the department may enter into exclusive or nonexclusive contracts, or amend existing contracts, on a bid or negotiated basis, including contracts to implement new or change existing information technology systems.

(2) Notwithstanding any other law, contracts entered into or amended, or changes to existing information technology systems made pursuant to this subdivision shall be exempt from Chapter 6 (commencing with Section 14825) of Part 5.5 of Division 3 of Title 2 of the Government Code, Article 4 (commencing with Section 19130) of Chapter 5 of Part 2 of Division 5 of Title 2 of the Government Code, Part 2 (commencing with Section 12100) of Division 2 of the Public Contract Code, the Statewide Information Management Manual, and the State Administrative Manual and shall be exempt from the review or approval of any division of the Department of General Services or the Department of Technology.

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

5963.06. (a) The California State Auditor shall, no later than December 31, 2029, issue to the Governor, the Legislature, the Senate and Assembly Committees on Health, the Assembly Committee on Housing and Community Development, and the Senate Committee on Housing, a comprehensive report on the progress and effectiveness of the implementation of the Behavioral Health Services Act.

(b) The California State Auditor shall conduct the audit required pursuant to subdivision (a) every three years thereafter with the final audit due on or before December 31, 2035. The final report shall include final findings, conclusions, and recommendations on the topics addressed in the previous reports.

(1) The California State Auditor shall make their reports available to the public.

(2) The California State Auditor shall make every effort to provide affected entities with an opportunity to reply to any facts, findings, issues, or conclusions in their reports with which the department may disagree.

(c) The audit conducted pursuant to this section shall include an assessment of the following:

(1) The impact of the policy changes of the Behavioral Health Services Act on the overall delivery of behavioral health services in California.

(2) The timeliness and thoroughness of guidance issued and training and technical assistance provided to impacted entities by the state as it transitions from the existing behavioral health system of care to the reforms envisioned pursuant to this act.

(3) The implementation of the Behavioral Health Services Act by each of the primary entities involved in the transition and implementation, including, but not limited to, the California Health and Human Services Agency, State Department of Health Care Services, Department of Health Care Access and Information, State Department of Public Health, Behavioral Health Services Oversight and Accountability Commission, counties, and county behavioral health directors.

(4) How counties demonstrate progress towards meeting the statewide behavioral health goals and outcome measures developed pursuant to subparagraph (A) of paragraph (3) of subdivision (c) of Section 5963.02.

(5) The fiscal and programmatic aspects of the Behavioral Health Services Act, including reserve levels, reversion activity, services and system outcomes, workforce training, workforce capacity, number of individuals served, number of individuals receiving services, number of individuals receiving housing interventions, as reported to the department by counties.

(6) The revised Behavioral Health Services Act allocations pursuant to paragraphs (1), (2), and (3) of subdivision (a) of Section 5892, gaps in service, and trends in unmet needs.

(7) The degree to which the inclusion of substance use disorders, substance use disorder treatment services, and substance use disorder personnel into the Behavioral Health Services Act has impacted the system of behavioral health care and the degree to which inclusion in the Behavioral Health Services Act has been initially successful.

(8) The effectiveness and outcomes achieved through the population-based prevention programs developed

and implemented by the State Department of Public Health.

(9) *The effectiveness and compliance by the counties with the revised reporting requirements under the act that added this section.*

(10) *The department's oversight of the revised Integrated Plan for Behavioral Health Services and Outcomes and County Behavioral Health Outcomes, Accountability, and Transparency Report, including the use of corrective action plans or sanctions, or both.*

(11) *The coordination and collaboration occurring throughout the transition period between, but not limited to, the California Health and Human Services Agency, State Department of Health Care Services, Behavioral Health Services Oversight and Accountability Commission, counties, and county behavioral health directors, and an identification of areas of improvement if warranted.*

(12) *Recommendations on any changes or improvements indicated by the audit pursuant to this section.*

(d) (1) *The California Health and Human Services Agency, State Department of Health Care Services, counties, and Behavioral Health Services Oversight and Accountability Commission staff shall cooperate with all requests of the California State Auditor to the extent such information is available and the State Department of Health Care Services, counties, and Behavioral Health Services Oversight and Accountability Commission shall provide data, information, and case files as requested by the California State Auditor to perform all of their duties, to the extent that information is available.*

(2) *The California State Auditor may also provide in its reports, additional information to either the department or the Legislature at their discretion or at the request of either the department or the Legislature.*

(e) *The California State Auditor shall, in making its recommendations, indicate the predicted quickest method of implementing those recommendations, including, but not limited to, regulatory or statutory changes.*

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

(g) *This section shall become inoperative on June 30, 2036, and, as of January 1, 2037, is repealed.*

SEC. 110. Section 14197.7 of the Welfare and Institutions Code is amended to read:

14197.7. (a) Notwithstanding any other law, if the director finds that any entity that contracts with the department for the delivery of health care services (contractor), including a Medi-Cal managed care plan or a prepaid health plan, fails to comply with contract requirements, state or federal law or regulations, or the state plan or approved waivers, or for other good cause, the director may terminate the contract or impose

sanctions as set forth in this section. Good cause includes, but is not limited to, a finding of deficiency that results in improper denial or delay in the delivery of health care services, potential endangerment to patient care, disruption in the contractor's provider network, failure to approve continuity of care, that claims accrued or to accrue have not or will not be recompensed, or a delay in required contractor reporting to the department.

(b) The director may identify findings of noncompliance or good cause through any means, including, but not limited to, findings in audits, investigations, contract compliance reviews, quality improvement system monitoring, routine monitoring, facility site surveys, encounter and provider data submissions, grievances and appeals, network adequacy reviews, assessments of timely access requirements, reviews of utilization data, health plan rating systems, fair hearing decisions, complaints from beneficiaries and other stakeholders, whistleblowers, and contractor self-disclosures.

(c) Except when the director determines that there is an immediate threat to the health of Medi-Cal beneficiaries receiving health care services from the contractor, at the request of the contractor, the department shall hold a public hearing to commence 30 days after notice of intent to terminate the contract has been received by the contractor. The department shall present evidence at the hearing showing good cause for the termination. The department shall assign an administrative law judge who shall provide a written recommendation to the department on the termination of the contract within 30 days after conclusion of the hearing. Reasonable notice of the hearing shall be given to the contractor, Medi-Cal beneficiaries receiving services through the contractor, and other interested parties, including any other persons and organizations as the director may deem necessary. The notice shall state the effective date of, and the reason for, the termination.

(d) In lieu of contract termination, the director shall have the power and authority to require or impose a plan of correction and issue one or more of the following sanctions against a contractor for findings of noncompliance or good cause, including, but not limited to, those specified in subdivision (a):

(1) Temporarily or permanently suspend enrollment and marketing activities.

(2) Require the contractor to suspend or terminate contractor personnel or subcontractors.

(3) Issue one or more of the temporary suspension orders set forth in subdivision (j).

(4) Impose temporary management consistent with the requirements specified in Section 438.706 of Title 42 of the Code of Federal Regulations.

(5) Suspend default enrollment of enrollees who do not select a contractor for the delivery of health care services.

(6) Impose civil monetary sanctions consistent with the dollar amounts and violations specified in Section 438.704 of Title 42 of the Code of Federal Regulations, as follows:

(A) A limit of twenty-five thousand dollars (\$25,000) for each determination of the following:

(i) The contractor fails to provide medically necessary services that the contractor is required to provide, under law or under its contract with the department, to an enrollee covered under the contract.

(ii) The contractor misrepresents or falsifies information to an enrollee, potential enrollee, or health care provider.

(iii) The contractor distributes directly, or indirectly through an agent or independent contractor, marketing materials that have not been approved by the state or that contain false or materially misleading information.

(B) A limit of one hundred thousand dollars (\$100,000) for each determination of the following:

(i) The contractor conducts any act of discrimination against an enrollee on the basis of their health status or need for health care services. This includes termination of enrollment or refusal to reenroll a beneficiary, except as permitted under the Medicaid program, or any practice that would reasonably be expected to discourage enrollment by beneficiaries whose medical condition or history indicates probable need for substantial future medical services.

(ii) The contractor misrepresents or falsifies information that it furnishes to the federal Centers for Medicare and Medicaid Services or to the department.

(C) A limit of fifteen thousand dollars (\$15,000) for each beneficiary the director determines was not enrolled because of a discriminatory practice under clause (i) of subparagraph (B). This sanction is subject to the overall limit of one hundred thousand dollars (\$100,000) under subparagraph (B).

(e) Notwithstanding the monetary sanctions imposed for the violations set forth in paragraph (6) of subdivision (d), the director may impose monetary sanctions in accordance with this section based on any of the following:

(1) The contractor violates any federal or state statute or regulation.

(2) The contractor violates any provision of its contract with the department.

(3) The contractor violates any provision of the state plan or approved waivers.

(4) The contractor fails to meet quality metrics or benchmarks established by the department. Any changes to the minimum quality metrics or benchmarks made by the department that are effective on or after January 1, 2020, shall be established in advance of the applicable reporting or performance measurement period, unless required by the federal government.

(5) The contractor fails to demonstrate that it has an adequate network to meet anticipated utilization in its service area.

(6) The contractor fails to comply with network adequacy standards, including, but not limited to, time and distance, timely access, and provider-to-beneficiary ratio requirements pursuant to standards and formulae that are set forth in federal or state law, regulation, state plan or contract, and that are posted in advance to the department's internet website.

(7) The contractor fails to comply with the requirements of a corrective action plan.

(8) The contractor fails to submit timely and accurate network provider data.

(9) The director identifies deficiencies in the contractor's delivery of health care services.

(10) The director identifies deficiencies in the contractor's operations, including the timely payment of claims.

(11) The contractor fails to comply with reporting requirements, including, but not limited to, those set forth in Section 53862 of Title 22 of the California Code of Regulations.

(12) The contractor fails to timely and accurately process grievances or appeals.

(f) (1) Monetary sanctions imposed pursuant to subdivision (e) may be separately and independently assessed and may also be assessed for each day the contractor fails to correct an identified deficiency. For a deficiency that impacts beneficiaries, each beneficiary impacted constitutes a separate violation. Monetary sanctions shall be assessed in the following amounts:

(A) Up to twenty-five thousand dollars (\$25,000) for a first violation.

(B) Up to fifty thousand dollars (\$50,000) for a second violation.

(C) Up to one hundred thousand dollars (\$100,000) for each subsequent violation.

(2) For monetary sanctions imposed on a contractor that is funded from one or more of the realigned accounts described in paragraphs (2) to (4), inclusive, of subdivision (n), the department shall calculate a percentage of the funds attributable to the contractor to be offset per month pursuant to paragraphs (2) to (4), inclusive, of subdivision (n) until the amount offset equals the amount of the penalty imposed pursuant to paragraph (1).

(g) When assessing sanctions pursuant to this section, the director shall determine the appropriate amount of the penalty for each violation based upon one or more of the following nonexclusive factors:

(1) The nature, scope, and gravity of the violation, including the potential harm or impact on beneficiaries.

(2) The good or bad faith of the contractor.

(3) The contractor's history of violations.

(4) The willfulness of the violation.

- (5) The nature and extent to which the contractor cooperated with the department's investigation.
- (6) The nature and extent to which the contractor aggravated or mitigated any injury or damage caused by the violation.
- (7) The nature and extent to which the contractor has taken corrective action to ensure the violation will not recur.
- (8) The financial status of the contractor, including whether the sanction will affect the ability of the contractor to come into compliance.
- (9) The financial cost of the health care service that was denied, delayed, or modified.
- (10) Whether the violation is an isolated incident.
- (11) The amount of the penalty necessary to deter similar violations in the future.
- (12) Any other mitigating factors presented by the contractor.
- (h) Except in exigent circumstances in which there is an immediate risk to the health of beneficiaries, as determined by the department, the director shall give reasonable written notice to the contractor of the intention to impose any of the sanctions authorized by this section and others who may be directly interested, including any other persons and organizations as the director may deem necessary. The notice shall include the effective date for, the duration of, and the reason for each sanction proposed by the director. A contractor may request the department to meet and confer with the contractor to discuss information and evidence that may impact the director's final decision to impose sanctions authorized by this section. The director shall grant a request to meet and confer prior to issuance of a final sanction if the contractor submits the request in writing to the department no later than two business days after the contractor's receipt of the director's notice of intention to impose sanctions.
- (i) Notwithstanding subdivision (d), the director shall terminate a contract with a contractor that the United States Secretary of Health and Human Services has determined does not meet the requirements for participation in the Medicaid program contained in Subchapter XIX (commencing with Section 1396) of Chapter 7 of Title 42 of the United States Code.
- (j) (1) The department may make one or more of the following temporary suspension orders as an immediate sanction:
- (A) Temporarily suspend enrollment activities.
- (B) Temporarily suspend marketing activities.
- (C) Require the contractor to temporarily suspend specified personnel of the contractor.
- (D) Require the contractor to temporarily suspend participation by a specified subcontractor.
- (2) The temporary suspension orders shall be effective no earlier than 20 days after the notice specified in subdivision (k).

(k) Prior to issuing a temporary suspension order, or temporarily withholding funds pursuant to subdivision (o), the department shall provide the contractor with a written notice. The notice shall state the department's intent to impose a temporary suspension or temporary withhold, and specify the nature and effective date of the temporary suspension or temporary withhold. The contractor shall have 30 calendar days from the date of receipt of the notice to file a written appeal with the department. Upon receipt of a written appeal filed by the contractor, the department shall ~~shall~~ *shall*, within 15 ~~days~~ *days*, set the matter for hearing, which shall be held as soon as possible, but not later than 30 days after receipt of the notice of hearing by the contractor. The hearing may be continued at the request of the contractor if a continuance is necessary to permit presentation of an adequate defense. The temporary suspension order shall remain in effect until the hearing is completed and the department has made a final determination on the merits. However, the temporary suspension order shall be deemed vacated if the director fails to make a final determination on the merits within 60 days after the original hearing has been completed. The department shall stay imposition of a temporary withhold, pursuant to subdivision (o), until the hearing is completed and the department has made a final determination on the merits.

(l) (1) Except as provided in paragraph (2), a contractor may request a hearing in connection with any sanctions applied pursuant to subdivision (d) or (e) within 15 working days after the notice of the effective date of the sanctions has been given, by sending a letter so stating to the address specified in the notice. The department shall stay collection of monetary sanctions upon receipt of the request for a hearing. Collection of the sanction shall remain stayed until the effective date of the final decision of the department.

(2) With respect to mental health plans, the due process and appeals process specified in paragraph (4) of subdivision (b) of Section 14718 shall be made available in connection with any contract termination actions, temporary suspension orders, temporary withholds of funds pursuant to subdivision (o), and sanctions applied pursuant to subdivision (d) or (e).

(m) Except as otherwise provided in this section, all hearings to review the imposition of sanctions, including temporary suspension orders, the withholding or offsetting of funds pursuant to subdivision (n), or the temporary withholding of funds pursuant to subdivision (o), shall be held pursuant to the procedures set forth in Section 100171 of the Health and Safety Code.

(n) (1) If the director imposes monetary sanctions pursuant to this section on a contractor, except for a contractor described in paragraphs (2) to (4), inclusive, the amount of the sanction may be collected by withholding the amount from capitation or other associated payments owed to the contractor.

(2) If the director imposes monetary sanctions on a contractor that is funded from the Mental Health Subaccount, the Mental Health Equity Subaccount, the

Vehicle License Collection Account of the Local Revenue Fund, or the Mental Health Account, the director may offset the monetary sanctions from the respective account. The offset is subject to paragraph (2) of subdivision (q).

(3) If the director imposes monetary sanctions on a contractor that is funded from the Behavioral Health Subaccount of the Local Revenue Fund 2011, the director may offset the monetary sanctions from that account from the distribution attributable to the applicable contractor. The offset is subject to paragraph (2) of subdivision (q).

(4) If the director imposes monetary sanctions on a contractor that is funded from any other mental health or substance use disorder realignment funds from which the Controller is authorized to make distributions to the contractor, the director may offset the monetary sanctions from these funds if the funds described in paragraphs (2) and (3) are insufficient for the purposes described in this subdivision, as appropriate. The offset is subject to paragraph (2) of subdivision (q).

(o) (1) Whenever the department determines that a mental health plan or any entity that contracts with the department to provide Drug Medi-Cal services has violated state or federal law, a requirement of this chapter, Chapter 8 (commencing with Section 14200), Chapter 8.8 (commencing with Section 14600), or Chapter 8.9 (commencing with Section 14700), or any regulations, the state plan, or a term or condition of an approved waiver, or a provision of its contract with the department, the department may temporarily withhold payments of federal financial participation and payments from the accounts listed in paragraphs (2) to (4), inclusive, of subdivision (n). The department shall temporarily withhold amounts it deems necessary to ensure the mental health plan or the entity that contracts with the department to provide Drug Medi-Cal services promptly corrects the violation. The department shall release the temporarily withheld funds when it determines the mental health plan or the entity that contracts with the department to provide Drug Medi-Cal services has come into compliance.

(2) A mental health plan, or any entity that contracts with the department to provide Drug Medi-Cal services, may appeal the imposition of a temporary withhold pursuant to this subdivision in accordance with the procedures described in subdivisions (k) and (m). Imposition of a temporary withhold shall be stayed until the effective date of the final decision of the department.

(p) This section shall be read in conjunction with, and apply in addition to, any other applicable law that authorizes the department to impose sanctions or otherwise take remedial action upon contractors.

(q) (1) Notwithstanding any other law, nonfederal moneys collected by the department pursuant to this section, except for moneys collected from a contractor funded from one or more of the realigned accounts described in paragraphs (2) to (4), inclusive, of subdivision (n), shall be deposited into the General

Fund for use, and upon appropriation by the Legislature, to address workforce issues in the Medi-Cal program and to improve access to care in the Medi-Cal program.

(2) Monetary sanctions imposed via offset on a contractor that is funded from one or more of the realigned accounts described in paragraphs (2) to (4), inclusive, of subdivision (n) shall be redeposited into the account from which the monetary sanctions were offset pursuant to paragraphs (2) to (4), inclusive, of subdivision (n). The department shall notify the Department of Finance of the percentage reduction for the affected county. The Department of Finance shall subsequently notify the Controller, and the Controller shall redistribute the monetary sanction amount to nonsanctioned counties based on each county's prorated share of the monthly base allocations from the realigned account. With respect to an individual contractor, the department shall not collect via offset more than 25 percent of the total amount of the funds distributed from the applicable account or accounts that are attributable to the contractor in a given month. If the department is not able to collect the full amount of monetary sanctions imposed on a contractor funded from one or more of the realigned accounts described in paragraphs (2) to (4), inclusive, of subdivision (n) in a given month, the department shall continue to offset the amounts attributable to the contractor in subsequent months until the full amount of monetary sanctions has been collected.

(r) (1) Notwithstanding Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, the department may implement, interpret, or make specific this section, in whole or in part, by means of plan or county letters, information notices, plan or provider bulletins, or other similar instructions, without taking any further regulatory action.

(2) By July 1, 2025, the department shall adopt any regulations necessary to implement this section in accordance with the requirements of Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code.

(s) This section shall be implemented only to the extent that any necessary federal approvals have been obtained and that federal financial participation is available.

(t) For purposes of this section, "contractor" means any individual, organization, or entity that enters into a contract with the department to provide services to enrolled Medi-Cal beneficiaries pursuant to any of the following:

(1) Article 2.7 (commencing with Section 14087.3), including dental managed care programs developed pursuant to Section 14087.46.

(2) Article 2.8 (commencing with Section 14087.5).

(3) Article 2.81 (commencing with Section 14087.96).

(4) Article 2.82 (commencing with Section 14087.98).

- (5) Article 2.9 (commencing with Section 14088).
- (6) Article 2.91 (commencing with Section 14089).
- (7) Chapter 8 (commencing with Section 14200), including dental managed care plans.
- (8) Chapter 8.9 (commencing with Section 14700).
- (9) A county Drug Medi-Cal organized delivery system authorized under the California Medi-Cal 2020 Demonstration pursuant to Article 5.5 (commencing with Section 14184) or a successor demonstration or waiver, as applicable.
- (u) If amendments to the Mental Health Services Act are approved by the voters at the March 5, 2024, statewide primary election, this section shall become inoperative on January 1, 2025, and as of that date is repealed.*

SEC. 111. Section 14197.7 is added to the Welfare and Institutions Code, to read:

14197.7. (a) (1) Notwithstanding any other law, if the director finds that an entity that contracts with the department for the delivery of health care services (contractor), including a Medi-Cal managed care plan or a prepaid health plan, fails to comply with contract requirements, state or federal law or regulations, or the state plan or approved waivers, or for other good cause, the director may terminate the contract or impose sanctions as set forth in this section.

(2) Good cause includes, but is not limited to, a finding of deficiency that results in improper denial or delay in the delivery of health care services, potential endangerment to patient care, disruption in the contractor's provider network, failure to approve continuity of care, that claims accrued or to accrue have not or will not be recompensed, or a delay in required contractor reporting to the department.

(b) The director may identify findings of noncompliance or good cause through any means, including, but not limited to, findings in audits, investigations, contract compliance reviews, quality improvement system monitoring, routine monitoring, facility site surveys, encounter and provider data submissions, grievances and appeals, network adequacy reviews, assessments of timely access requirements, reviews of utilization data, health plan rating systems, fair hearing decisions, complaints from beneficiaries and other stakeholders, whistleblowers, and contractor self-disclosures.

(c) (1) Except when the director determines there is an immediate threat to the health of Medi-Cal beneficiaries receiving health care services from the contractor, at the request of the contractor, the department shall hold a public hearing to commence 30 days after notice of intent to terminate the contract has been received by the contractor.

(2) The department shall present evidence at the hearing showing good cause for the termination.

(3) The department shall assign an administrative law judge who shall provide a written recommendation to the department on the termination of the contract within 30 days after conclusion of the hearing.

(4) (A) Reasonable notice of the hearing shall be given to the contractor, Medi-Cal beneficiaries receiving services through the contractor, and other interested parties, including any other person and organization the director may deem necessary.

(B) The notice shall state the effective date of, and the reason for, the termination.

(d) In lieu of contract termination, the director shall have the power and authority to require or impose a plan of correction and issue one or more of the following sanctions against a contractor for findings of noncompliance or good cause, including, but not limited to, those specified in subdivision (a):

(1) Temporarily or permanently suspend enrollment and marketing activities.

(2) Require the contractor to suspend or terminate contractor personnel or subcontractors.

(3) Issue one or more of the temporary suspension orders set forth in subdivision (j).

(4) Impose temporary management consistent with the requirements specified in Section 438.706 of Title 42 of the Code of Federal Regulations.

(5) Suspend default enrollment of enrollees who do not select a contractor for the delivery of health care services.

(6) Impose civil monetary sanctions consistent with the dollar amounts and violations specified in Section 438.704 of Title 42 of the Code of Federal Regulations, as follows:

(A) A limit of twenty-five thousand dollars (\$25,000) for each determination of the following:

(i) The contractor fails to provide medically necessary services that the contractor is required to provide, under law or under its contract with the department, to an enrollee covered under the contract.

(ii) The contractor misrepresents or falsifies information to an enrollee, potential enrollee, or health care provider.

(iii) The contractor distributes directly, or indirectly through an agent or independent contractor, marketing materials that have not been approved by the state or that contain false or materially misleading information.

(B) A limit of one hundred thousand dollars (\$100,000) for each determination of the following:

(i) The contractor conducts an act of discrimination against an enrollee on the basis of their health status or need for health care services. This includes termination of enrollment or refusal to reenroll a beneficiary, except as permitted under the Medicaid program, or a practice that would reasonably be expected to discourage enrollment by beneficiaries whose medical condition or history indicates probable need for substantial future medical services.

(ii) The contractor misrepresents or falsifies information that it furnishes to the federal Centers for Medicare and Medicaid Services or to the department.

(C) A limit of fifteen thousand dollars (\$15,000) for each beneficiary the director determines was not enrolled because of a discriminatory practice under clause (i) of subparagraph (B). This sanction is subject to the overall limit of one hundred thousand dollars (\$100,000) under subparagraph (B).

(e) Notwithstanding the monetary sanctions imposed for the violations set forth in paragraph (6) of subdivision (d), the director may impose monetary sanctions in accordance with this section based on any of the following:

(1) The contractor violates a federal or state statute or regulation.

(2) The contractor violates a provision of its contract with the department.

(3) The contractor violates a provision of the state plan or approved waivers.

(4) The contractor fails to meet quality metrics or benchmarks established by the department. Any changes to the minimum quality metrics or benchmarks made by the department that are effective on or after January 1, 2020, shall be established in advance of the applicable reporting or performance measurement period, unless required by the federal government.

(5) The contractor fails to demonstrate that it has an adequate network to meet anticipated utilization in its service area.

(6) The contractor fails to comply with network adequacy standards, including, but not limited to, time and distance, timely access, and provider-to-beneficiary ratio requirements pursuant to standards and formulae that are set forth in federal or state law, regulation, state plan, or contract and that are posted in advance to the department's internet website.

(7) The contractor fails to comply with the requirements of a corrective action plan.

(8) The contractor fails to submit timely and accurate network provider data.

(9) The director identifies deficiencies in the contractor's delivery of health care services.

(10) The director identifies deficiencies in the contractor's operations, including the timely payment of claims.

(11) The contractor fails to comply with reporting requirements, including, but not limited to, those set forth in Section 53862 of Title 22 of the California Code of Regulations.

(12) The contractor fails to timely and accurately process grievances or appeals.

(f) (1) Monetary sanctions imposed pursuant to subdivision (e) may be separately and independently assessed and may also be assessed for each day the contractor fails to correct an identified deficiency. For a deficiency that impacts beneficiaries, each beneficiary impacted constitutes a separate violation. Monetary sanctions shall be assessed in the following amounts:

(A) Up to twenty-five thousand dollars (\$25,000) for a first violation.

(B) Up to fifty thousand dollars (\$50,000) for a second violation.

(C) Up to one hundred thousand dollars (\$100,000) for each subsequent violation.

(2) For monetary sanctions imposed on a contractor that is funded from one or more of the realigned accounts described in paragraphs (2) to (4), inclusive, of subdivision (n), the department shall calculate a percentage of the funds attributable to the contractor to be offset per month pursuant to paragraphs (2) to (4), inclusive, of subdivision (n) until the amount offset equals the amount of the penalty imposed pursuant to paragraph (1).

(g) When assessing sanctions pursuant to this section, the director shall determine the appropriate amount of the penalty for each violation based upon one or more of the following nonexclusive factors:

(1) The nature, scope, and gravity of the violation, including the potential harm or impact on beneficiaries.

(2) The good or bad faith of the contractor.

(3) The contractor's history of violations.

(4) The willfulness of the violation.

(5) The nature and extent to which the contractor cooperated with the department's investigation.

(6) The nature and extent to which the contractor aggravated or mitigated any injury or damage caused by the violation.

(7) The nature and extent to which the contractor has taken corrective action to ensure the violation will not recur.

(8) The financial status of the contractor, including whether the sanction will affect the ability of the contractor to come into compliance.

(9) The financial cost of the health care service that was denied, delayed, or modified.

(10) Whether the violation is an isolated incident.

(11) The amount of the penalty necessary to deter similar violations in the future.

(12) Other mitigating factors presented by the contractor.

(h) (1) Except in exigent circumstances in which there is an immediate risk to the health of beneficiaries, as determined by the department, the director shall give reasonable written notice to the contractor of the intention to impose any of the sanctions authorized by this section and others who may be directly interested, including any other persons and organizations the director may deem necessary.

(2) The notice shall include the effective date for, the duration of, and the reason for each sanction proposed by the director.

(3) A contractor may request the department to meet and confer with the contractor to discuss information

and evidence that may impact the director's final decision to impose sanctions authorized by this section.

(4) The director shall grant a request to meet and confer prior to issuance of a final sanction if the contractor submits the request in writing to the department no later than two business days after the contractor's receipt of the director's notice of intention to impose sanctions.

(i) Notwithstanding subdivision (d), the director shall terminate a contract with a contractor that the United States Secretary of Health and Human Services has determined does not meet the requirements for participation in the Medicaid program contained in Subchapter XIX (commencing with Section 1396) of Chapter 7 of Title 42 of the United States Code.

(j) (1) The department may make one or more of the following temporary suspension orders as an immediate sanction:

(A) Temporarily suspend enrollment activities.

(B) Temporarily suspend marketing activities.

(C) Require the contractor to temporarily suspend specified personnel of the contractor.

(D) Require the contractor to temporarily suspend participation by a specified subcontractor.

(2) The temporary suspension orders shall be effective no earlier than 20 days after the notice specified in subdivision (k).

(k) (1) Prior to issuing a temporary suspension order, or temporarily withholding funds pursuant to subdivision (o), the department shall provide the contractor with a written notice.

(2) The notice shall state the department's intent to impose a temporary suspension or temporary withhold and specify the nature and effective date of the temporary suspension or temporary withhold.

(3) The contractor shall have 30 calendar days from the date of receipt of the notice to file a written appeal with the department.

(4) Upon receipt of a written appeal filed by the contractor, the department shall, within 15 days, set the matter for hearing, which shall be held as soon as possible but not later than 30 days after receipt of the notice of hearing by the contractor.

(5) The hearing may be continued at the request of the contractor if a continuance is necessary to permit presentation of an adequate defense.

(6) The temporary suspension order shall remain in effect until the hearing is completed and the department has made a final determination on the merits. However, the temporary suspension order shall be deemed vacated if the director fails to make a final determination on the merits within 60 days of the close of the record for the matter.

(7) The department shall stay imposition of a temporary withhold, pursuant to subdivision (o), until the hearing is completed and the department has made

a final determination on the merits within 60 days of the close of the record for the matter.

(l) (1) A contractor may request a hearing in connection with sanctions applied pursuant to subdivision (d) or (e) within 15 working days after the notice of the effective date of the sanctions has been given by sending a letter so stating to the address specified in the notice.

(2) The department shall stay collection of monetary sanctions upon receipt of the request for a hearing.

(3) Collection of the sanction shall remain stayed until the effective date of the final decision of the department.

(m) Except as otherwise provided in this section, all hearings to review the imposition of sanctions, including temporary suspension orders, the withholding or offsetting of funds pursuant to subdivision (n), or the temporary withholding of funds pursuant to subdivision (o) shall be held pursuant to the procedures set forth in Section 100171 of the Health and Safety Code.

(n) (1) If the director imposes monetary sanctions pursuant to this section on a contractor, except for a contractor described in paragraphs (2) to (5), inclusive, the amount of the sanction may be collected by withholding the amount from capitation or other associated payments owed to the contractor.

(2) If the director imposes monetary sanctions on a contractor that is funded from the Mental Health Subaccount, the Mental Health Equity Subaccount, the Vehicle License Collection Account of the Local Revenue Fund, or the Mental Health Account, the director may offset the monetary sanctions from the respective account. The offset is subject to paragraph (2) of subdivision (q).

(3) If the director imposes monetary sanctions on a contractor that is funded from the Behavioral Health Subaccount of the Local Revenue Fund 2011, the director may offset the monetary sanctions from that account from the distribution attributable to the applicable contractor. The offset is subject to paragraph (2) of subdivision (q).

(4) If the director imposes monetary sanctions on a contractor that is funded from another mental health or substance use disorder realignment fund from which the Controller is authorized to make distributions to the contractor, the director may offset the monetary sanctions from these funds if the funds described in paragraphs (2) and (3) are insufficient for the purposes described in this subdivision, as appropriate. The offset is subject to paragraph (2) of subdivision (q).

(5) (A) If the director imposes monetary sanctions pursuant to subdivision (e) of Section 5963.04, the director may offset the monetary sanctions from the Behavioral Health Services Fund from the distribution attributable to the applicable contractor.

(B) With respect to an individual contractor, the department shall not collect via offset more than 25 percent of the total amount of the funds distributed

from the Behavioral Health Services Fund that are attributable to the contractor in a given month.

(C) If the department is not able to collect the full amount of monetary sanctions imposed on a contractor in a given month, the department shall continue to offset the amounts attributable to the contractor in subsequent months until the full amount of monetary sanctions has been collected. The offset is subject to paragraph (3) of subdivision (q).

(o) (1) (A) Whenever the department determines that a mental health plan or an entity that contracts with the department to provide Drug Medi-Cal services has violated state or federal law, a requirement of this chapter, Chapter 8 (commencing with Section 14200), Chapter 8.8 (commencing with Section 14600), or Chapter 8.9 (commencing with Section 14700), or any regulations, the state plan, a term or condition of an approved waiver, or a provision of its contract with the department, the department may temporarily withhold payments of federal financial participation and payments from the accounts listed in paragraphs (2) to (4), inclusive, of subdivision (n).

(B) The department shall temporarily withhold amounts it deems necessary to ensure the mental health plan or the entity that contracts with the department to provide Drug Medi-Cal services promptly corrects the violation.

(C) The department shall release the temporarily withheld funds when it determines the mental health plan or the entity that contracts with the department to provide Drug Medi-Cal services has come into compliance.

(2) (A) A mental health plan or an entity that contracts with the department to provide Drug Medi-Cal services may appeal the imposition of a temporary withhold pursuant to this subdivision in accordance with the procedures described in subdivisions (k) and (m).

(B) Imposition of a temporary withhold shall be stayed until the effective date of the final decision of the department.

(p) This section shall be read in conjunction with, and apply in addition to, any other applicable law that authorizes the department to impose sanctions or otherwise take remedial action upon contractors.

(q) (1) Notwithstanding any other law, nonfederal moneys collected by the department pursuant to this section, except for moneys collected from a contractor funded from one or more of the realigned accounts described in paragraphs (2) to (4), inclusive, of subdivision (n), shall be deposited into the General Fund for use and, upon appropriation by the Legislature, to address workforce issues in the Medi-Cal program and improve access to care in the Medi-Cal program.

(2) (A) Monetary sanctions imposed via offset on a contractor that is funded from one or more of the realigned accounts described in paragraphs (2) to (4), inclusive, of subdivision (n) shall be redeposited into the account from which the monetary sanctions were offset

pursuant to paragraphs (2) to (4), inclusive, of subdivision (n).

(B) The department shall notify the Department of Finance of the percentage reduction for the affected county.

(C) The Department of Finance shall subsequently notify the Controller, and the Controller shall redistribute the monetary sanction amount to nonsanctioned counties based on each county's prorated share of the monthly base allocations from the realigned account.

(D) With respect to an individual contractor, the department shall not collect via offset more than 25 percent of the total amount of the funds distributed from the applicable account or accounts that are attributable to the contractor in a given month.

(E) If the department is not able to collect the full amount of monetary sanctions imposed on a contractor funded from one or more of the realigned accounts described in paragraphs (2) to (4), inclusive, of subdivision (n) in a given month, the department shall continue to offset the amounts attributable to the contractor in subsequent months until the full amount of monetary sanctions has been collected.

(3) Monetary sanctions imposed via offset on a contractor pursuant to subdivision (e) of Section 5963.04 shall be redeposited into the account from which the monetary sanctions were offset pursuant to paragraph (5) of subdivision (n).

(r) Notwithstanding Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, the department may implement, interpret, or make specific this section, in whole or in part, by means of plan or county letters, information notices, plan or provider bulletins, or other similar instructions without taking any further regulatory action.

(s) This section shall be implemented only to the extent that necessary federal approvals have been obtained and that federal financial participation is available.

(t) For purposes of this section, "contractor" means an individual, organization, or entity that enters into a contract with the department to provide services to enrolled Medi-Cal beneficiaries or other individuals receiving behavioral health services, as applicable, pursuant to any of the following:

(1) Article 2.7 (commencing with Section 14087.3), including dental managed care programs developed pursuant to Section 14087.46.

(2) Article 2.8 (commencing with Section 14087.5).

(3) Article 2.81 (commencing with Section 14087.96).

(4) Article 2.82 (commencing with Section 14087.98).

(5) Article 2.9 (commencing with Section 14088).

(6) Article 2.91 (commencing with Section 14089).

(7) Chapter 8 (commencing with Section 14200), including dental managed care plans.

(8) Chapter 8.9 (commencing with Section 14700).

(9) A county Drug Medi-Cal organized delivery system authorized under the California Medi-Cal 2020 Demonstration pursuant to Article 5.5 (commencing with Section 14184) or a successor demonstration or waiver, as applicable.

(10) Chapter 2 (commencing with Section 5650) of Part 2 of Division 5, solely for purposes of imposition of corrective action plans, monetary sanctions, or temporary withholdings pursuant to subdivision (e) of Section 5963.04.

(11) Section 12534 of the Government Code.

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

SEC. 112. Section 14197.71 is added to the Welfare and Institutions Code, to read:

14197.71. (a) The department may, at its discretion, align relevant terms of its contract with a Medi-Cal behavioral health delivery system with the terms of its contract with a Medi-Cal managed care plan, as defined in subdivision (j) of Section 14184.101, for those requirements that apply to both entities. Requirements that apply to both entities include, but are not limited to, all of the following:

(1) Organization and administration of the plan, including key administrative staffing requirements.

(2) Financial information.

(3) Information systems.

(4) Quality improvement systems.

(5) Utilization management.

(6) Provider network.

(7) Provider compensation arrangements.

(8) Provider oversight and monitoring.

(9) Access and availability of services, including, but not limited to, reporting of waitlists for behavioral health services or attesting to no waitlists.

(10) Care coordination and data sharing.

(11) Member services.

(12) Member grievances and appeals data.

(13) Reporting requirements.

(14) Other contractual requirements determined by the department.

(b) The department shall establish minimum quality metrics to measure and evaluate the quality and efficacy of services and programs covered under Medi-Cal behavioral health delivery systems.

(c) (1) Each Medi-Cal behavioral health delivery system shall report annually to the county board of supervisors on utilization, quality, patient care expenditures, and other data as determined by the department.

(2) The board of supervisors shall annually submit an attestation to the department that the county is meeting its obligations to provide realigned programs and services pursuant to clauses (i), (iv), and (v) of subparagraph (B) of paragraph (16) of subdivision (f) of Section 30025 of the Government Code.

(d) (1) Notwithstanding any other state or local law, including, but not limited to, Section 5328 of this code and Sections 11812 and 11845.5 of the Health and Safety Code, the sharing of health, social services, housing, and criminal justice information, records, and other data with and among the department, other state departments, including the State Department of Public Health and the State Department of Social Services, Medi-Cal managed care plans, as defined in subdivision (j) of Section 14184.101, Medi-Cal behavioral health delivery systems, as defined in subdivision (i) of Section 14184.101, counties, health care providers, social services organizations, care coordination and case management teams, and other authorized provider or plan entities, and contractors of all of those entities, shall be permitted to the extent necessary and consistent with federal law.

(2) The department shall issue guidance identifying permissible data-sharing arrangements.

(e) For purposes of this section, the term "Medi-Cal behavioral health delivery system" means an entity or local agency that contracts with the department to provide covered behavioral health Medi-Cal benefits pursuant to Section 14184.400 and Chapter 8.9 (commencing with Section 14700) or a county Drug Medi-Cal Organized Delivery System pilot authorized under the CalAIM Terms and Conditions and described in Section 14184.401 or authorized under the Medi-Cal 2020 Demonstration Project Act pursuant to Article 5.5 (commencing with Section 14184).

(f) This section shall be implemented only to the extent that necessary federal approvals have been obtained and federal financial participation is available and not otherwise jeopardized.

(g) The department shall implement this section no later than January 1, 2027.

SEC. 116. The provisions of this act are severable. If any provision of this act or its application is held invalid or unconstitutional by a decision of a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions or applications of this act. The Legislature declares that it would have enacted this act and each portion thereof not declared invalid or unconstitutional without regard to whether any other portion of this act or its application thereof would be subsequently declared invalid or unconstitutional.

SEC. 117. This act shall take effect on January 1, 2025, upon approval by the voters of the amendments to the Mental Health Services Act at the March 5, 2024, statewide primary election.

BOND ACT PROVISIONS PROPOSED BY
CHAPTER 789 OF THE STATUTES OF 2023

SEC. 4. Chapter 4 (commencing with Section 5965) is added to Part 7 of Division 5 of the Welfare and Institutions Code, to read:

CHAPTER 4. BEHAVIORAL HEALTH INFRASTRUCTURE
BOND ACT OF 2024

5965. This chapter shall be known, and may be cited, as the Behavioral Health Infrastructure Bond Act of 2024.

5965.01. The purposes and intent in enacting this act are as follows:

(a) Bonds issued under this act are to develop an array of treatment, residential care settings, and supportive housing to help provide appropriate care facilities for Californians experiencing mental health conditions and substance use disorders.

(b) The bond will dedicate funding for veterans with a behavioral health challenge or substance use disorder and at risk of experiencing homelessness.

(c) Efforts to streamline the process for approving projects and renovating or building new facilities to accelerate the delivery of care in residential settings made available through additional Behavioral Health Services Act and bond financing is a priority.

5965.02. As used in this chapter, the following terms have the following meanings:

(a) "Act" means the Behavioral Health Infrastructure Bond Act of 2024 (Chapter 4 (commencing with Section 5965)).

(b) "Behavioral health challenge" includes, but is not limited to, serious mental illness, as described in subdivision (c) or (d) of Section 14184.402, or a substance use disorder, as described in Section 5891.5.

(c) "Board" means, with respect to the bond proceeds referenced in paragraphs (3) and (4) of subdivision (b) of Section 5965.04, and with respect to and for requests up to the amount specified for bond proceeds referenced in paragraphs (3) and (4) of subdivision (b) of Section 5965.04, for purposes of Section 5965.12 of this code and Section 16726 of the Government Code, the State Department of Health Care Services, and with respect to bond proceeds referenced in paragraphs (1) and (2) of subdivision (b) of Section 5965.04, and, with respect to and for requests up to the amount specified for bond proceeds referenced in paragraphs (1) and (2) of subdivision (b) of Section 5965.04, for purposes of Section 5965.12 of this code and Section 16726 of the Government Code, the Department of Housing and Community Development.

(d) "Committee" means the Behavioral Health Infrastructure Bond Act Finance Committee created pursuant to Section 5965.07.

(e) "Fund" means the Behavioral Health Infrastructure Fund created pursuant to Section 5965.03.

(f) "State General Obligation Bond Law" means the State General Obligation Bond Law (Chapter 4

(commencing with Section 16720) of Part 3 of Division 4 of Title 2 of the Government Code), as it may be amended.

(g) "Target population" means a person described in subdivision (c) or (d) of Section 14184.402, or a person with a substance use disorder, as described in Section 5891.5, except that enrollment in Medi-Cal or in any other health plan shall not be a condition for accessing housing or continuing to be housed.

(h) "Veteran" means a person who served in the active military, naval, or air service, and who was discharged or released under conditions other than dishonorable.

5965.03. (a) The proceeds of interim debt and bonds, excluding proceeds used directly to repay interim debt and excluding bonds issued in accordance with Section 5965.14, issued and sold pursuant to this chapter shall be deposited in the Behavioral Health Infrastructure Fund, which is hereby created in the State Treasury.

(b) All moneys in the fund, notwithstanding Section 13340 of the Government Code, are hereby continuously appropriated without respect to fiscal years for the purposes of this chapter.

(c) Bonds shall be issued and delivered in the amount determined by the committee to be necessary or desirable pursuant to Section 5965.08.

5965.04. (a) Moneys in the fund shall be used for any of the following purposes:

(1) Making loans or grants administered by the Department of Housing and Community Development to eligible entities specified under Section 50675.1.3 of the Health and Safety Code or loans to development sponsors as defined under Section 50675.2 of the Health and Safety Code to acquire capital assets for the conversion, rehabilitation, or new construction of permanent supportive housing, including scattered site projects, for veterans or their households, who are homeless, chronically homeless, or are at risk of homelessness, as defined by Part 578.3 of Title 24 of the Code of Federal Regulations, and meet the criteria of the target population.

(2) Making loans or grants administered by the Department of Housing and Community Development to eligible entities specified under Section 50675.1.3 of the Health and Safety Code or loans to development sponsors as defined under Section 50675.2 of the Health and Safety Code to acquire capital assets for the conversion, rehabilitation, or new construction of permanent supportive housing, including scattered site projects for persons who are homeless, chronically homeless, or are at risk of homelessness, as defined by Part 578.3 of Title 24 of the Code of Federal Regulations, and are living with a behavioral health challenge.

(3) Making grants administered by the State Department of Health Care Services, as specified under the Behavioral Health Continuum Infrastructure Program to eligible entities specified pursuant to Chapter 1 (commencing with Section 5960) to construct, acquire, and rehabilitate real estate assets or

to invest in needed infrastructure to expand the continuum of behavioral health treatment resources to build new capacity or expand existing capacity for short-term crisis stabilization, acute and subacute care, crisis residential, community-based mental health residential, substance use disorder residential, peer respite, community and outpatient behavioral health services, and other clinically enriched longer term treatment and rehabilitation options for persons with behavioral health disorders in the least restrictive and least costly setting.

(4) (A) Paying the costs of issuing bonds, paying the annual administration costs of the bonds, and paying interest on bonds.

(B) In addition, moneys in the fund or other proceeds of the sale of bonds authorized by this chapter may be used to pay principal of, or redemption premium on, interim debt issued prior to the issuance of bonds authorized by this chapter.

(b) Moneys in the fund shall be allocated as follows:

(1) One billion sixty-five million dollars (\$1,065,000,000) of the proceeds of the bonds, after allocation of bond proceeds to the purposes described in paragraph (4) of subdivision (a), shall be used for the loans or grants, loan or grant implementation, and loan or grant oversight described in paragraph (1) of subdivision (a) and administrative costs.

(2) Nine hundred twenty-two million dollars (\$922,000,000) of the proceeds of the bonds, after allocation of bond proceeds to the purposes described in paragraph (4) of subdivision (a), shall be used for the loans or grants, loan or grant implementation, and loan or grant oversight, as described in paragraph (2) of subdivision (a), and administrative costs.

(3) One billion five hundred million dollars (\$1,500,000,000) of the proceeds of the bonds shall be awarded to cities, counties, city and counties, and tribal entities, after allocation of bond proceeds to the purposes described in paragraph (4) of subdivision (a) for grants, grant implementation, and grant oversight, as described in paragraph (3) of subdivision (a), and administrative costs. Of this amount, thirty million dollars (\$30,000,000) shall be designated to tribal entities.

(4) Up to two billion eight hundred ninety-three million dollars (\$2,893,000,000) of the proceeds of the bonds, after allocation of bond proceeds to the purposes of paragraph (4) of subdivision (a), shall be used for grants, grant implementation, and grant oversight, as described in paragraph (3) of subdivision (a), and administrative costs.

5965.05. (a) (1) Bonds in the total amount of six billion three hundred eighty million dollars (\$6,380,000,000) not including the amount of refunding bonds issued in accordance with Section 5965.14, may be issued and sold for the purposes expressed in this chapter and to reimburse the General Obligation Bond Expense Revolving Fund pursuant to Section 16724.5 of the Government Code.

(2) The bonds, when sold, issued, and delivered, shall be and constitute a valid and binding obligation of the State of California, and the full faith and credit of the State of California is hereby pledged for the punctual payment of both the principal of, and interest on, the bonds as the principal and interest become due and payable.

(b) (1) The Treasurer shall issue and sell the bonds authorized in subdivision (a) in the amount determined by the committee to be necessary or desirable pursuant to Section 5965.08. The bonds shall be issued and sold upon the terms and conditions specified in a resolution to be adopted by the committee pursuant to Section 16731 of the Government Code.

(2) The bonds shall be issued and sold upon the terms and conditions specified in a resolution to be adopted by the committee pursuant to Section 5965.08.

5965.06. The bonds authorized by this chapter shall be prepared, executed, issued, sold, paid, and redeemed as provided in the State General Obligation Bond Law (Chapter 4 (commencing with Section 16720) of Part 3 of Division 4 of Title 2 of the Government Code), as amended, from time to time, and all of the provisions of that law, as amended, apply to the bonds and to this chapter and are hereby incorporated in this chapter as though set forth in full in this chapter, except that subdivisions (a) and (b) of Section 16727 of the Government Code shall not apply.

5965.07. (a) Solely for the purpose of authorizing the issuance and sale, pursuant to the State General Obligation Bond Law, of the bonds authorized by this chapter, the Behavioral Health Infrastructure Bond Act Finance Committee is hereby created.

(b) (1) The committee consists of the Controller, the Treasurer, and the Director of Finance.

(2) Notwithstanding any other law, a member may designate a representative to act as that member in the member's place, for all purposes, as though the member were personally present.

(c) (1) The Treasurer shall serve as chairperson of the committee.

(2) A majority of the committee may act for the committee.

5965.08. (a) The committee shall determine, by resolution, whether it is necessary or desirable to issue and sell bonds authorized pursuant to this chapter to carry out the actions specified in this chapter and, if so, the amount of bonds to be issued and sold.

(b) Successive issues of bonds may be authorized and sold to carry out those actions progressively, and it is not necessary that all of the bonds authorized to be issued be sold at any one time.

5965.09. (a) There shall be collected each year, and in the same manner and at the same time as other state revenue is collected, in addition to the ordinary revenues of the state, a sum in an amount required to pay the principal of, and interest on, the bonds becoming due each year.

(b) *It is the duty of all officers charged by law with a duty in regard to the collection of the revenue to do and perform each and every act that is necessary to collect that additional sum.*

5965.10. *Notwithstanding Section 13340 of the Government Code, there is hereby continuously appropriated from the General Fund in the State Treasury, for the purposes of this chapter and without regard to fiscal years, an amount that equals the total of the following:*

(a) *The sum annually necessary to pay the principal of, and interest on, bonds issued and sold pursuant to this chapter, as the principal and interest become due and payable.*

(b) *The sum necessary to carry out Section 5965.11.*

5965.11. (a) *For the purpose of carrying out this chapter, the Director of Finance may authorize the withdrawal from the General Fund of an amount or amounts not to exceed the amount of the unsold bonds that have been authorized by the committee to be sold for the purpose of carrying out this chapter, excluding refunding bonds authorized pursuant to Section 5965.14 less any amount loaned pursuant to Section 5965.12 and not yet repaid, and any amount withdrawn from the General Fund pursuant to this section and not yet returned to the General Fund.*

(b) *Any amounts withdrawn shall be deposited in the fund.*

(c) *Any moneys made available under this section shall be returned to the General Fund, with interest at the rate earned by the moneys in the Pooled Money Investment Account, from proceeds received from the sale of bonds for the purpose of carrying out this chapter.*

5965.12. (a) *The board may request the Pooled Money Investment Board to make a loan from the Pooled Money Investment Account, in accordance with Section 16312 of the Government Code, for the purpose of carrying out this chapter.*

(b) *The amount of the request shall not exceed the amount of the unsold bonds that the committee has, by resolution, authorized to be sold for the purpose of carrying out this chapter, excluding refunding bonds authorized pursuant to Section 5965.14, less any amount loaned pursuant to this section and not yet repaid and withdrawn from the General Fund pursuant to Section 5965.11 and not yet returned to the General Fund.*

(c) *The board shall execute documents required by the Pooled Money Investment Board to obtain and repay the loan.*

(d) *Any amounts loaned shall be deposited in the fund to be allocated by the board in accordance with this chapter.*

5965.13. *All moneys deposited in the fund that are derived from premium and accrued interest on bonds sold pursuant to this chapter shall be reserved in the fund and shall be available for transfer to the General*

Fund as a credit to expenditures for bond interest, except that amounts derived from premium may be reserved and used to pay costs of bond issuance before any transfer to the General Fund.

5965.14. (a) *The bonds issued and sold pursuant to this chapter may be refunded in accordance with Article 6 (commencing with Section 16780) of Chapter 4 of Part 3 of Division 4 of Title 2 of the Government Code, which is a part of the State General Obligation Bond Law.*

(b) *Approval by the voters of the state for the issuance of the bonds described in this chapter includes the approval of the issuance of bonds issued to refund bonds originally issued under this chapter or any previously issued refunding bonds.*

(c) *A bond refunded with the proceeds of refunding bonds, as authorized by this section, may be legally defeased to the extent permitted by law in the manner and to the extent set forth in the resolution, as amended, authorizing that refunded bond.*

5965.15. (a) *Notwithstanding any provision of this chapter or the State General Obligation Bond Law, if the Treasurer sells bonds pursuant to this chapter that include a bond counsel opinion to the effect that the interest on the bonds is excluded from gross income for federal tax purposes, under designated conditions, or is otherwise entitled to a federal tax advantage, the Treasurer may maintain separate accounts for the investment of bond proceeds and the investment earnings on those proceeds.*

(b) *The Treasurer may use or direct the use of those proceeds or earnings to pay a rebate, penalty, or other payment required under federal law or to take any other action with respect to the investment and use of those bond proceeds, required or desirable under federal law, to maintain the tax-exempt status of those bonds and to obtain any other advantage under federal law on behalf of the funds of this state.*

5965.16. *The proceeds from the sale of bonds authorized by this chapter are not "proceeds of taxes" as that term is used in Article XIII B of the California Constitution, and the disbursement of these proceeds is not subject to the limitations imposed by that article.*

5966. (a) (1) *The Department of Housing and Community Development, in coordination with the Department of Veterans Affairs, shall determine the methodology and distribution of the funds provided pursuant to paragraph (1) of subdivision (b) of Section 5965.04, used for the purposes provided in paragraph (1) of subdivision (a) of Section 5965.04.*

(2) *The Department of Housing and Community Development and the Department of Veterans Affairs shall work in coordination pursuant to a memorandum of understanding.*

(b) *The Department of Housing and Community Development shall determine the methodology and distribution of the funds provided pursuant to paragraph (2) of subdivision (b) of Section 5965.04,*

used for the purposes provided in paragraph (2) of subdivision (a) of Section 5965.04.

5966.02. (a) (1) Notwithstanding any other law, funds allocated for the purposes specified in paragraphs (1) and (2) of subdivision (a) of Section 5965.04 shall be disbursed in accordance with subdivisions (a) to (h), inclusive, of Section 50675.1.3 of the Health and Safety Code and any associated guidelines changes to that program, as provided in the Multifamily Housing Program in Chapter 6.7 (commencing with Section 50675) of Part 2 of Division 31 of the Health and Safety Code, and this chapter, consistent with applicable law and guidance.

(2) The Department of Housing and Community Development shall issue guidance regarding implementation by July 1, 2025.

(b) In developing the methodology and distribution of funds referenced in subdivision (a) of Section 5966, the Department of Housing and Community Development shall consult with the Department of Veterans Affairs

regarding supportive services plan standards and other program areas where the Department of Veterans Affairs holds expertise for the purposes specified in paragraph (1) of subdivision (a) of Section 5965.04.

5967. The Department of Health Care Services shall determine the methodology and distribution of the funds provided pursuant to paragraphs (3) and (4) of subdivision (b) of Section 5965.04, used for the purposes provided in paragraphs (3) and (4) of subdivision (a) of Section 5965.04.

5967.01. (a) Notwithstanding any other law, funds allocated for the purposes specified in paragraph (3) of subdivision (a) of Section 5965.04 shall be disbursed in accordance with the Behavioral Health Continuum Infrastructure Program (commencing with Section 5960), and this chapter, consistent with applicable law and guidance.

(b) The Department of Health Care Services shall issue guidance regarding the implementation of this article by July 1, 2025.

AMENDED IN ASSEMBLY JUNE 19, 2023

AMENDED IN SENATE MARCH 21, 2023

SENATE BILL

No. 326

Introduced by Senator Eggman

February 7, 2023

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:

13
14
15
16
17
18
19
20

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

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:

33
34
35
36
37
38
39
40

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

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.~~

AMENDED IN SENATE JUNE 19, 2023

CALIFORNIA LEGISLATURE—2023–24 REGULAR SESSION

ASSEMBLY BILL

No. 531

Introduced by Assembly Member Irwin

(Principal coauthor: ~~Assembly Member Soria~~) *Senator Eggman*)

(Coauthors: Assembly Members Addis and Boerner)

(Coauthors: ~~Senators Archuleta and Umberg~~)

February 8, 2023

~~An act to add Article 5aa (commencing with Section 998.700) to Chapter 6 of Division 4 of the Military and Veterans Code, relating to veterans' housing, by providing the funds necessary therefor through an election for the issuance and sale of bonds of the State of California and for the handling and disposition of those funds. An act to add Chapter 4 (commencing with Section 5965) to Part 7 of Division 5 of the Welfare and Institutions Code, relating to behavioral health, by providing the funds necessary therefor through an election for the issuance and sale of bonds of the State of California and for the handling and disposition of those funds.~~

LEGISLATIVE COUNSEL'S DIGEST

AB 531, as amended, Irwin. ~~Veterans Housing and Homeless Prevention Bond Act of 2024. The Behavioral Health Infrastructure Bond Act of 2023.~~

Existing law, the Bronzan-McCorquodale Act, contains provisions governing the operation and financing of community mental health services in every county through locally administered and locally controlled community mental health programs. Existing law, the Mental Health Services Act (MHSA), an initiative measure enacted by the voters as Proposition 63 in the November 2, 2004, statewide general election,

establishes the Mental Health Services Fund to fund various county mental health programs.

This bill would enact the Behavioral Health Infrastructure Bond Act of 2023 which, if approved by the voters, would authorize the issuance of bonds in the amount of \$4,680,000,000 to finance grants for the acquisition of capital assets for, and the construction and rehabilitation of, unlocked, voluntary, and community-based treatment settings and residential care settings and also for housing for veterans and others who are experiencing homelessness or are at risk of homelessness and are living with a behavioral health challenge.

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

~~Existing law, the Veterans Housing and Homeless Prevention Bond Act of 2014 (the 2014 bond act), authorizes the issuance of bonds in the amount of \$600,000,000, as specified, for expenditure by the California Housing Finance Agency, the Department of Housing and Community Development, and the Department of Veterans Affairs to provide housing to veterans and their families pursuant to the Veterans Housing and Homeless Prevention Act of 2014 (VHHPA).~~

~~This bill would enact the Veterans Housing and Homeless Prevention Bond Act of 2024 to authorize the issuance of bonds in an amount not to exceed \$600,000,000 to provide additional funding for the VHHPA. The bill would provide for the handling and disposition of the funds in the same manner as the 2014 bond act.~~

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

~~Vote: $\frac{2}{3}$. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.~~

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

1 *SECTION 1. Chapter 4 (commencing with Section 5965) is*
2 *added to Part 7 of Division 5 of the Welfare and Institutions Code,*
3 *to read:*

4
5 *CHAPTER 4. BEHAVIORAL HEALTH INFRASTRUCTURE BOND*
6 *ACT OF 2023*

7
8 5965. *This chapter shall be known, and may be cited, as the*
9 *Behavioral Health Infrastructure Bond Act of 2023.*

1 5965.01. *The people of California find and declare all of the*
2 *following:*

3 (a) *The intent of the bonds issued under this act is to help*
4 *provide appropriate care options for Californians living with*
5 *serious mental health conditions and substance use disorders who*
6 *need a higher level of care, which may include long-term*
7 *residential support services.*

8 (b) *The bonds would fund the development of an array of*
9 *voluntary, unlocked, community-based treatment and residential*
10 *care settings. These settings represent key sublevels of care that*
11 *are necessary to support individuals with the most complex*
12 *behavioral health conditions to succeed as they journey through*
13 *the care continuum from acute settings to residential settings to*
14 *supported housing settings.*

15 (c) *There are over 10,000 Californian veterans experiencing*
16 *homelessness. Over 50 percent of homeless veterans suffer from*
17 *mental health issues and 70 percent are affected by substance use*
18 *disorders. The bond would also provide funding for housing of*
19 *veterans experiencing homelessness who are living with behavioral*
20 *health challenges.*

21 (d) *The data is alarming. In 2022, 1 in 20 adults in California*
22 *is living with a serious mental illness (SMI), representing a nearly*
23 *50-percent increase in the last decade. One in 13 children in*
24 *California has a serious emotional disturbance (SED), which is*
25 *more common in children in low-income families. Thirty percent*
26 *of youth 12 to 24 years of age, inclusive, experience serious*
27 *psychological distress. One in 10 Californians meet the criteria*
28 *for a substance use disorder (SUD) and the rate of SUDs among*
29 *youth 18 to 25 years of age, inclusive, is nearly twice that of adults*
30 *and more than three times that of adolescents.*

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

35 (f) *Meeting the growing demand for behavioral health care has*
36 *exposed strained infrastructure. The limited availability of*
37 *clinically appropriate, culturally competent, community-based*
38 *care facilities and residential settings to support rehabilitation*
39 *and recovery contributes to the growing crisis of homelessness*
40 *and incarceration among those living with an SMI and an SUD.*

1 *Research in 2021 indicates that the state has a shortage of over*
2 *2,700 subacute and nearly 3,000 community residential beds.*

3 *(g) The state will continue to invest in needed infrastructure*
4 *through establishing the Behavioral Health Infrastructure Bond*
5 *Act of 2023 and building community-based treatment and*
6 *residential care settings. Funds will also support housing for*
7 *veterans experiencing homelessness with behavioral health needs.*

8 *(h) Efforts to streamline the process for approving projects and*
9 *renovating or building new facilities to accelerate the delivery of*
10 *care in residential settings made available through additional*
11 *Behavioral Health Services Act and bond financing is a priority.*

12 *5965.02. As used in this chapter, the following terms have the*
13 *following meanings:*

14 *(a) “Act” means the Behavioral Health Infrastructure Bond*
15 *Act of 2023 (Chapter 4 (commencing with Section 5965)).*

16 *(b) “Board” means the State Department of Health Care*
17 *Services, with respect to the bond proceeds referenced in*
18 *paragraph (2) of subdivision (b) of Section 5965.04, and the*
19 *Department of Housing and Community Development, with respect*
20 *to bond proceeds referenced in paragraph (1) of subdivision (b)*
21 *of Section 5965.04, and either the State Department of Health*
22 *Care Services, with respect to and for requests up to the amount*
23 *specified for bond proceeds referenced in paragraph (2) of*
24 *subdivision (b) of Section 5965.04, or the Department of Housing*
25 *and Community Development, with respect to and for requests up*
26 *to the amount specified for bond proceeds referenced in paragraph*
27 *(1) of subdivision (b) of Section 5965.04, for purposes of Section*
28 *5965.12 of this code and Section 16726 of the Government Code.*

29 *(c) “Committee” means the Behavioral Health Infrastructure*
30 *Act Finance Committee created pursuant to Section 5965.07.*

31 *(d) “Fund” means the Behavioral Health Infrastructure Fund*
32 *created pursuant to Section 5965.03.*

33 *(e) “State General Obligation Bond Law” means the State*
34 *General Obligation Bond Law (Chapter 4 (commencing with*
35 *Section 16720) of Part 3 of Division 4 of Title 2 of the Government*
36 *Code), as it may be amended.*

37 *5965.03. (a) The proceeds of interim debt and bonds, excluding*
38 *proceeds used directly to repay interim debt and excluding bonds*
39 *issued in accordance with Section 5965.14, issued and sold*

1 *pursuant to this chapter shall be deposited in the Behavioral Health*
2 *Infrastructure Fund, which is hereby created in the State Treasury.*

3 *(b) All moneys in the fund, notwithstanding Section 13340 of*
4 *the Government Code, are hereby continuously appropriated*
5 *without respect to fiscal years for the purposes of this chapter.*

6 *(c) Bonds shall be issued and delivered in the amount*
7 *determined by the committee to be necessary or desirable pursuant*
8 *to Section 5965.08.*

9 *5965.035. (a) An eligible applicant that is allocated funds for*
10 *a grant program pursuant to this chapter shall not use more than*
11 *5 percent of the funds allocated for the program to pay the*
12 *administrative costs of that program.*

13 *(b) Eligible administrative costs will be determined by the State*
14 *Department of Health Care Services for grants administered under*
15 *paragraph (1) of subdivision (a) of Section 5965.04 and by the*
16 *Department of Housing and Community Development under*
17 *paragraph (2) of subdivision (a) of Section 5965.04.*

18 *5965.04. (a) Moneys in the fund shall be used for all of the*
19 *following purposes:*

20 *(1) Making grants administered by the State Department of*
21 *Health Care Services for the acquisition of capital assets for, and*
22 *the construction and rehabilitation of, unlocked, voluntary, and*
23 *community-based treatment settings and residential care settings.*

24 *(2) Making grants administered by the Department of Housing*
25 *and Community Development to acquire capital assets for, and to*
26 *construct and rehabilitate housing for, veterans and others who*
27 *are experiencing homelessness or are at risk of homelessness and*
28 *are living with a behavioral health challenge, as defined in*
29 *subdivision (b) of Section 5962.01.*

30 *(3) Paying general administrative costs of the board, not to*
31 *exceed 3 percent of the net proceeds of each sale of bonds.*

32 *(4) (A) Paying the costs of issuing bonds, paying the annual*
33 *administration costs of the bonds, and paying interest on bonds.*

34 *(B) In addition, moneys in the fund or other proceeds of the sale*
35 *of bonds authorized by this chapter may be used to pay principal*
36 *of, or redemption premium on, interim debt issued prior to the*
37 *issuance of bonds authorized by this chapter.*

38 *(b) Moneys in the fund shall be allocated as follows:*

39 *(1) Up to eight hundred sixty-five million dollars (\$865,000,000)*
40 *of the proceeds of the bonds, after allocation of bond proceeds to*

1 *the purposes described in paragraphs (3) and (4) of subdivision*
2 *(a), shall be used for the grants, grant implementation, and grant*
3 *oversight described in paragraph (2) of subdivision (a).*
4 *Subdivisions (a) and (b) of Section 16727 of the Government Code*
5 *shall not apply to the allocation of these proceeds.*

6 *(2) The remaining proceeds of the bonds, after allocation of*
7 *bond proceeds for purposes described in paragraphs (2) to (4),*
8 *inclusive, of subdivision (a), shall be used for grants, as described*
9 *in paragraph (1) of subdivision (a), and for grant implementation*
10 *oversight.*

11 *(c) (1) A housing project funded, in whole or in part, pursuant*
12 *to this section shall be a use by right subject to a streamlined,*
13 *ministerial review pursuant to Section 65912.114 of the*
14 *Government Code, notwithstanding subdivision (i) of that section.*

15 *(2) A project proponent shall require all contractors and*
16 *subcontractors performing work on the project to pay prevailing*
17 *wages for any proposed rehabilitation, construction, or major*
18 *alterations in accordance with Chapter 1 (commencing with*
19 *Section 1720) of Part 7 of Division 2 of the Labor Code.*

20 *(3) A project complies with Sections 65912.130 and 65912.131*
21 *of the Government Code if it is 50 or more housing units.*

22 *5965.05. (a) (1) Bonds in the total amount of four billion six*
23 *hundred eighty million dollars (\$4,680,000,000), not including*
24 *the amount of refunding bonds issued in accordance with Section*
25 *5965.14, may be issued and sold for the purposes expressed in this*
26 *chapter and to reimburse the General Obligation Bond Expense*
27 *Revolving Fund pursuant to Section 16724.5 of the Government*
28 *Code.*

29 *(2) The bonds, when sold, issued, and delivered, shall be and*
30 *constitute a valid and binding obligation of the State of California,*
31 *and the full faith and credit of the State of California is hereby*
32 *pledged for the punctual payment of both the principal of, and*
33 *interest on, the bonds as the principal and interest become due*
34 *and payable.*

35 *(b) (1) The Treasurer shall issue and sell the bonds authorized*
36 *in subdivision (a) in the amount determined by the committee to*
37 *be necessary or desirable pursuant to Section 5965.08.*

38 *(2) The bonds shall be issued and sold upon the terms and*
39 *conditions specified in a resolution to be adopted by the committee*
40 *pursuant to Section 5965.08.*

1 5965.06. *The bonds authorized by this chapter shall be*
2 *prepared, executed, issued, sold, paid, and redeemed as provided*
3 *in the State General Obligation Bond Law (Chapter 4 (commencing*
4 *with Section 16720) of Part 3 of Division 4 of Title 2 of the*
5 *Government Code), as amended, and all of the provisions of that*
6 *law, as amended, apply to the bonds and to this chapter and are*
7 *hereby incorporated in this chapter as though set forth in full in*
8 *this chapter.*

9 5965.07. (a) *Solely for the purpose of authorizing the issuance*
10 *and sale, pursuant to the State General Obligation Bond Law, of*
11 *the bonds authorized by this chapter, the Behavioral Health*
12 *Infrastructure Act Finance Committee is hereby created.*

13 (b) (1) *The committee consists of the Controller, the Treasurer,*
14 *and the Director of Finance.*

15 (2) *Notwithstanding any other law, a member may designate a*
16 *representative to act as that member in the member's place, for*
17 *all purposes, as though the member were personally present.*

18 (c) (1) *The Treasurer shall serve as chairperson of the*
19 *committee.*

20 (2) *A majority of the committee may act for the committee.*

21 5965.08. (a) *The committee shall determine, by resolution,*
22 *whether it is necessary or desirable to issue and sell bonds*
23 *authorized pursuant to this chapter to carry out the actions*
24 *specified in this chapter and, if so, the amount of bonds to be issued*
25 *and sold.*

26 (b) *Successive issues of bonds may be authorized and sold to*
27 *carry out those actions progressively, and it is not necessary that*
28 *all of the bonds authorized to be issued be sold at any one time.*

29 5965.09. (a) *There shall be collected each year, and in the*
30 *same manner and at the same time as other state revenue is*
31 *collected, in addition to the ordinary revenues of the state, a sum*
32 *in an amount required to pay the principal of, and interest on, the*
33 *bonds becoming due each year.*

34 (b) *It is the duty of all officers charged by law with a duty in*
35 *regard to the collection of the revenue to do and perform each and*
36 *every act that is necessary to collect that additional sum.*

37 5965.10. *Notwithstanding Section 13340 of the Government*
38 *Code, there is hereby continuously appropriated from the General*
39 *Fund in the State Treasury, for the purposes of this chapter and*

1 *without regard to fiscal years, an amount that equals the total of*
2 *the following:*

3 *(a) The sum annually necessary to pay the principal of, and*
4 *interest on, bonds issued and sold pursuant to this chapter, as the*
5 *principal and interest become due and payable.*

6 *(b) The sum necessary to carry out Section 5965.11.*

7 *5965.11. (a) For the purpose of carrying out this chapter, the*
8 *Director of Finance may authorize the withdrawal from the*
9 *General Fund of an amount or amounts not to exceed the amount*
10 *of the unsold bonds that have been authorized by the committee*
11 *to be sold for the purpose of carrying out this chapter, excluding*
12 *refunding bonds authorized pursuant to Section 5965.14 less any*
13 *amount loaned pursuant to Section 5965.12 and not yet repaid,*
14 *and any amount withdrawn from the General Fund pursuant to*
15 *this section and not yet returned to the General Fund.*

16 *(b) Any amounts withdrawn shall be deposited in the fund.*

17 *(c) Any moneys made available under this section shall be*
18 *returned to the General Fund, with interest at the rate earned by*
19 *the moneys in the Pooled Money Investment Account, from*
20 *proceeds received from the sale of bonds for the purpose of*
21 *carrying out this chapter.*

22 *5965.12. (a) The board may request the Pooled Money*
23 *Investment Board to make a loan from the Pooled Money*
24 *Investment Account, in accordance with Section 16312 of the*
25 *Government Code, for the purpose of carrying out this chapter,*
26 *less any amount withdrawn pursuant to Section 5965.11 and not*
27 *yet returned to the General Fund.*

28 *(b) The amount of the request shall not exceed the amount of*
29 *the unsold bonds that the committee has, by resolution, authorized*
30 *to be sold for the purpose of carrying out this chapter, excluding*
31 *refunding bonds authorized pursuant to Section 5965.14, less any*
32 *amount withdrawn from the General Fund pursuant to Section*
33 *5965.11 and not yet returned to the General Fund.*

34 *(c) The board shall execute documents required by the Pooled*
35 *Money Investment Board to obtain and repay the loan.*

36 *(d) Any amounts loaned shall be deposited in the fund to be*
37 *allocated by the board in accordance with this chapter.*

38 *5965.13. All moneys deposited in the fund that are derived*
39 *from premium and accrued interest on bonds sold pursuant to this*
40 *chapter shall be reserved in the fund and shall be available for*

1 *transfer to the General Fund as a credit to expenditures for bond*
2 *interest, except that amounts derived from premium may be*
3 *reserved and used to pay costs of bond issuance before any transfer*
4 *to the General Fund.*

5 5965.14. (a) *The bonds issued and sold pursuant to this*
6 *chapter may be refunded in accordance with Article 6 (commencing*
7 *with Section 16780) of Chapter 4 of Part 3 of Division 4 of Title*
8 *2 of the Government Code, which is a part of the State General*
9 *Obligation Bond Law.*

10 (b) *Approval by the voters of the state for the issuance of the*
11 *bonds described in this chapter includes the approval of the*
12 *issuance of bonds issued to refund bonds originally issued under*
13 *this chapter or any previously issued refunding bonds.*

14 (c) *A bond refunded with the proceeds of refunding bonds, as*
15 *authorized by this section, may be legally defeased to the extent*
16 *permitted by law in the manner and to the extent set forth in the*
17 *resolution, as amended, authorizing that refunded bond.*

18 5965.15. (a) *Notwithstanding any provision of this chapter or*
19 *the State General Obligation Bond Law, if the Treasurer sells*
20 *bonds pursuant to this chapter that include a bond counsel opinion*
21 *to the effect that the interest on the bonds is excluded from gross*
22 *income for federal tax purposes, under designated conditions, or*
23 *is otherwise entitled to a federal tax advantage, the Treasurer may*
24 *maintain separate accounts for the investment of bond proceeds*
25 *and the investment earnings on those proceeds.*

26 (b) *The Treasurer may use or direct the use of those proceeds*
27 *or earnings to pay a rebate, penalty, or other payment required*
28 *under federal law or to take any other action with respect to the*
29 *investment and use of those bond proceeds, required or desirable*
30 *under federal law, to maintain the tax-exempt status of those bonds*
31 *and to obtain any other advantage under federal law on behalf of*
32 *the funds of this state.*

33 5965.16. *The sale of bonds authorized by this chapter are not*
34 *“proceeds of taxes” as that term is used in Article XIII B of the*
35 *California Constitution, and the disbursement of these proceeds*
36 *is not subject to the limitations imposed by that article.*

37 SEC. 2. *Section 1 of this act shall take effect upon the approval*
38 *by the voters of the Behavioral Health Infrastructure Bond Act of*
39 *2023, as set forth in Section 1 of this act.*

1 SEC. 3. Section 1 of this act shall be submitted to the voters at
2 the March 5, 2024, statewide primary election in accordance with
3 provisions of the Government Code and the Elections Code
4 governing the submission of a statewide measure to the voters.

5 SECTION 1. ~~Article 5aa (commencing with Section 998.700)~~
6 ~~is added to Chapter 6 of Division 4 of the Military and Veterans~~
7 ~~Code, to read:~~

8
9 ~~Article 5aa. The Veterans Housing and Homeless Prevention~~
10 ~~Bond Act of 2024~~

11
12 ~~998.700. This article shall be known, and may be cited, as the~~
13 ~~Veterans Housing and Homeless Prevention Bond Act of 2024.~~

14 ~~998.701. (a) The State General Obligation Bond Law (Chapter~~
15 ~~4 (commencing with Section 16720) of Part 3 of Division 4 of~~
16 ~~Title 2 of the Government Code), as amended from time to time,~~
17 ~~except as otherwise provided herein, is adopted for the purpose of~~
18 ~~the issuance, sale, and repayment of, and otherwise providing with~~
19 ~~respect to, the bonds authorized to be issued by this article, and~~
20 ~~the provisions of that law are included in this article as though set~~
21 ~~out in full in this article. All references in this article to “herein”~~
22 ~~refer both to this article and that law.~~

23 ~~(b) For purposes of the State General Obligation Bond Law, the~~
24 ~~Department of Veterans Affairs is designated the board. The~~
25 ~~Department of Veterans Affairs shall carry out the board duties in~~
26 ~~consultation with the California Housing Finance Agency and the~~
27 ~~Department of Housing and Community Development.~~

28 ~~998.702. As used herein, the following terms shall have the~~
29 ~~following meanings:~~

- 30 ~~(a) “Board” means the Department of Veterans Affairs.~~
- 31 ~~(b) “Bond” means a veterans’ bond, a state general obligation~~
32 ~~bond, issued pursuant to this article adopting the provisions of the~~
33 ~~State General Obligation Bond Law.~~
- 34 ~~(c) “Bond act” means this article authorizing the issuance of~~
35 ~~state general obligation bonds and adopting the State General~~
36 ~~Obligation Bond Law, as amended from time to time, by reference.~~
- 37 ~~(d) “Committee” means the Housing for Veterans Finance~~
38 ~~Committee, established pursuant to Section 998.547.~~
- 39 ~~(e) “Fund” means the Housing for Veterans Fund, established~~
40 ~~pursuant to Section 998.544.~~

1 998.703.—(a) Bonds in the total amount of six hundred million
2 dollars (\$600,000,000), not including the amount of any refunding
3 bonds issued pursuant to Section 998.713, may be issued and sold
4 to provide a fund to be used for carrying out the purposes expressed
5 in subdivision (b) and to reimburse the General Obligation Bond
6 Expense Revolving Fund pursuant to Section 16724.5 of the
7 Government Code. The bonds, when sold, issued, and delivered,
8 shall be and constitute a valid and binding obligation of the State
9 of California, and the full faith and credit of the State of California
10 is hereby pledged for the punctual payment of both principal of,
11 and interest on, the bonds as the principal and interest become due
12 and payable.

13 (b) The proceeds of bonds issued and sold pursuant to this
14 section, exclusive of refunding bonds issued pursuant to Section
15 998.713, shall be made available to the board for the purposes of
16 creating a fund to provide housing to veterans and their families
17 pursuant to the Veterans Housing and Homeless Prevention Act
18 of 2014 (Article 3.2 (commencing with Section 987.001)), and
19 any subsequent statutory enactment that amends that act or enacts
20 or amends any successor act for the purpose of providing housing
21 to veterans and their families.

22 (c) The Legislature may, from time to time, by majority vote,
23 amend the provisions of this act for the purpose of improving
24 program efficiency, effectiveness, and accountability, or for the
25 purpose of furthering overall program goals.

26 (d) The proceeds of bonds issued and sold pursuant to this
27 article, not including the proceeds of any refunding bonds issued
28 pursuant to Section 998.713, shall be deposited in the Housing for
29 Veterans Fund, established by Section 998.544.

30 998.704.—The bonds authorized by this article shall be prepared,
31 executed, issued, sold, paid, and redeemed as provided in the State
32 General Obligation Bond Law (Chapter 4 (commencing with
33 Section 16720) of Part 3 of Division 4 of Title 2 of the Government
34 Code), as amended from time to time, and all of the provisions of
35 that law, except subdivisions (a) and (b) of Section 16727 of the
36 Government Code, shall apply to the bonds and to this article and
37 are hereby incorporated in this article as though set forth in full in
38 this article.

39 998.705.—The Housing for Veterans Finance Committee, as
40 established and authorized pursuant to Section 998.547, shall act

1 for the purpose of authorizing the issuance and sale pursuant to
2 the State General Obligation Bond Law of the bonds authorized
3 by this article.

4 998.706. The committee shall determine whether or not it is
5 necessary or desirable to issue bonds authorized pursuant to this
6 article in order to carry out the actions specified in Section 998.703
7 and, if so, the amount of bonds to be issued and sold. Successive
8 issues of bonds may be authorized and sold to carry out those
9 actions progressively, and it is not necessary that all of the bonds
10 authorized to be issued be sold at any one time.

11 998.707. There shall be collected each year and in the same
12 manner and at the same time as other state revenue is collected,
13 in addition to the ordinary revenues of the state, a sum in an amount
14 required to pay the principal of, and interest on, the bonds each
15 year. It is the duty of all officers charged by law with any duty in
16 regard to the collection of the revenue to do and perform each and
17 every act that is necessary to collect that additional sum.

18 998.708. Notwithstanding Section 13340 of the Government
19 Code, there is hereby appropriated from the General Fund in the
20 State Treasury, for the purposes of this article, an amount that will
21 equal the total of the following:

22 (a) The sum annually necessary to pay the principal of, and
23 interest on, bonds issued and sold pursuant to this article, as the
24 principal and interest become due and payable.

25 (b) The sum necessary to carry out Section 998.709,
26 appropriated without regard to fiscal years.

27 998.709. For the purposes of carrying out this article, the
28 Director of Finance may authorize the withdrawal from the General
29 Fund of an amount not to exceed the amount of the unsold bonds
30 that have been authorized by the committee to be sold for the
31 purpose of carrying out this article, excluding refunding bonds
32 authorized pursuant to Section 998.713, less any amount borrowed
33 pursuant to Section 998.712 and not yet repaid and any amount
34 loaned from the General Fund pursuant to this section not yet
35 returned to the General Fund. Any amounts withdrawn shall be
36 deposited in the fund. Any money made available under this section
37 shall be returned to the General Fund plus an amount equal to the
38 interest that the money would have earned in the Pooled Money
39 Investment Account from proceeds received from the sale of bonds
40 for the purpose of carrying out this article.

1 998.710.— All money deposited in the fund that is derived from
2 premium and accrued interest on bonds sold, in excess of any
3 amount of premium used to pay costs of issuing the bonds, shall
4 be reserved in the fund and shall be available for transfer to the
5 General Fund as a credit to expenditures for bond interest, except
6 that amounts derived from premium may be reserved and used to
7 pay costs of bond issuance before any transfer to the General Fund.

8 998.711.— Pursuant to the State General Obligation Bond Law
9 (Chapter 4 (commencing with Section 16720) of Part 3 of Division
10 4 of Title 2 of the Government Code), all or a portion of the cost
11 of bond issuance may be paid out of the bond proceeds, including
12 any premium derived from the sale of the bonds. These costs shall
13 be shared proportionally by each program funded through this
14 bond act.

15 998.712.— The board may request the Pooled Money Investment
16 Board to make a loan from the Pooled Money Investment Account,
17 in accordance with Section 16312 of the Government Code, for
18 purposes of carrying out this article. The amount of the loan shall
19 not exceed the amount of the unsold bonds that the committee, by
20 resolution, has authorized to be sold for the purpose of carrying
21 out this article, excluding refunding bonds authorized pursuant to
22 Section 998.712, less any amount withdrawn pursuant to this
23 section and Section 998.709 and not yet repaid. The board shall
24 execute any documents required by the Pooled Money Investment
25 Board to obtain and repay the loan. Any amounts loaned shall be
26 deposited in the fund to be allocated by the board in accordance
27 with this article.

28 998.713.— Any bonds issued pursuant to this article may be
29 refunded in accordance with Article 6 (commencing with Section
30 16780) of Chapter 4 of Part 3 of Division 4 of Title 2 of the
31 Government Code, which is a part of the State General Obligation
32 Bond Law. Approval by the voters of the state for the issuance of
33 the bonds described in this article includes the approval of the
34 issuance and sale or exchange of any bonds issued to refund any
35 bonds originally issued under this article or any previously issued
36 refunding bonds. Any bond refunded with the proceeds of a
37 refunding bond as authorized by this section may be legally
38 defeased to the extent permitted by law in the manner and to the
39 extent set forth in the resolution, as amended from time to time,
40 authorizing that refunded bond.

1 998.714. Notwithstanding any other provision of this article,
2 or of the State General Obligation Bond Law, if the Treasurer sells
3 bonds pursuant to this part that include a bond counsel opinion to
4 the effect that the interest on the bonds is excluded from gross
5 income for federal tax purposes under designated conditions or is
6 otherwise entitled to any federal tax advantage, the Treasurer may
7 maintain separate accounts for the investment of bond proceeds
8 and for the investment of earnings on those proceeds. The Treasurer
9 may use or direct the use of those proceeds or earnings to pay any
10 rebate, penalty, or other payment required under federal law or
11 take any other action with respect to the investment and use of
12 those bond proceeds required or desirable under federal tax law
13 or to obtain any other advantage under federal law on behalf of
14 the funds of this state.

15 998.715. The Legislature hereby finds and declares that,
16 inasmuch as the proceeds from the sale of bonds authorized by
17 this article are not “proceeds of taxes” as that term is used in Article
18 XIII B of the California Constitution, the disbursement of these
19 proceeds is not subject to the limitations imposed by that article.

20 SEC. 2. Section 1 of this act shall take effect upon the approval
21 by the voters of the Veterans Housing and Homeless Prevention
22 Bond Act of 2024, as set forth in that section.

23 SEC. 3. Section 1 of this act shall be submitted to the voters
24 at the March 5, 2024, statewide primary election in accordance
25 with provisions of the Elections Code and the Government Code
26 governing the submission of a statewide measure to the voters.



Governor's Proposal to Modernize California's Behavioral Health System – SB 326 (Eggman) / AB 531 (Irwin)

Three months after Governor Newsom's initial announcement proposing to modernize the state's behavioral health system and create more behavioral health housing, details of the proposal were released in print through two legislative policy bills. SB 326, authored by Senator Susan Talamantes Eggman, proposes significant changes to the Mental Health Services Act (MHSA), and AB 531, authored by Assemblymember Jacqui Irwin, proposes a \$4.68 billion bond measure to finance the construction of community mental health facilities, for consideration on the March 2024 ballot.

While the top-line elements of the Governor's proposal remain from his initial announcement, the proposal also expands the state role in administering and directing MHSA funding. This comprehensive proposal requires detailed review and analysis to assess its full policy and fiscal impacts to counties and their communities. To be clear, although the Administration had indicated its plans to work in close partnership with legislative leaders as well as with the California State Association of Counties (CSAC) and other critical stakeholders as bill language was developed after the proposal's announcement, CSAC was not consulted on the provisions of the proposal released in print.

Yesterday afternoon, the Governor released a [statement and fact sheet](#). Attached you'll also find a more detailed summary of the proposal's provisions. The anticipated next steps for these two policy bills are to work their way through the legislative process in the coming months, and will require consideration and approval by the Legislature before moving to the Governor's desk for signature in 2023. These steps need to occur prior to being presented to the voters for approval in March 2024.

The Department of Health Care Services (DHCS) will host a [webinar](#) on Thursday, June 22 at 3:30 p.m. (no registration required) to provide an update on the Governor's proposal.

We believe many aspects of the Governor's proposal align with core principles CSAC has long supported to change MHSA, but other aspects will require significant vetting by counties as the actual service providers. We will continue to advocate for changes to make MHSA work better for your communities by engaging through the legislative process. We will also continue to update you, as the Legislature deliberates the proposal and makes its own changes.

As always, we welcome your questions, suggestions, and insights on this and any other priority issue for counties.

[View summary of proposed changes](#)



Search Results
Wednesday, February 14, 2024

[SB 326 \(Eggman D\) The Behavioral Health Services Act.](#)

This measure would modernize the MHSA to include treatment for people with substance use disorders, in addition to care for the most seriously mentally ill. It would also prioritize investments in housing interventions for individuals experiencing homelessness or at risk of homelessness by establishing an ongoing funding source for behavioral health beds.

Cal Cities Position: Support

Primary Lobbyist: [Caroline Cirrincione](#)

Policy Committee : [CS](#)

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Cal Cities Position Letter(s) & City Sample Letter(s):

- [SB 326 \(Eggman\) Request for Signature and AB 531 \(Irwin\) Concerns Final CITY SAMPLE LETTER](#)
- [SB 326 \(Eggman\) Request for Signature and AB 531 \(Irwin\) Concerns Final](#)
- [SB 326 Support Letter Final Asm Housing and Community Development Cmte. 08.24.23](#)
- [SB 326 and AB 531 City SAMPLE Support Letter](#)
- [SB 326 Support Letter Final Asm Health Committee 08.17.23](#)
- [Ongoing Funding for Homelessness Support in Concept Letter](#)

Total Measures: 1

1400 K Street, Suite 400, Sacramento, CA 95814-3916 | www.calcities.org | (916) 658-8200

2/14/2024 11:33:47 AM



March 28, 2023

The Honorable Esmeralda Soria
Chair, Assembly Military & Veterans Affairs Committee
1020 N Street, Room 389
Sacramento, CA 95814

RE: Measures to Improve California's Behavioral Healthcare System
Notice of Support in Concept *(As of 04/06/23)*

Dear Assembly Member Soria,

The League of California Cities (Cal Cities) is pleased to support in concept a suite of measures introduced in the Legislature, in partnership with the initiatives recently announced by Gov. Gavin Newsom, to improve the state's behavioral healthcare system, address the state's homelessness crisis, and spur the development of affordable housing.

To this end, Cal Cities supports in concept AB 1656 (Wicks), AB 1657 (Wicks), SB 834 (Portantino), and AB 531 (Irwin), which would provide substantial funding for homelessness and affordable housing programs. These bills would authorize, collectively, the issuance of more than \$25 billion in bonds across a variety of programs to fund the construction, rehabilitation, and preservation of affordable housing and permanent supportive housing. Within the context of the concurrent crises of lack of affordable housing and increases in individuals experiencing homelessness, if authorized, these measures would provide twice the funding included in the 2022 State Budget Act for similar programs.

Cities across the state are weaving together limited-term funding opportunities to fund creative solutions to prevent and reduce homelessness in their communities. Limited-term funding with restricted access inhibits cities' long-term planning efforts and stifles more ambitious goals. Cities support pairing funding and resources with appropriate accountability and transparency measures.

Furthermore, Cal Cities commends the Governor's proposal for a measure to include on the November 2024 ballot to improve how California treats mental illness, substance use, and homelessness by supporting a comprehensive system of care. This two-part initiative would authorize the issuance of bonds for construction of facilities for behavioral health treatment and facilities for housing for homeless veterans, and would amend the Mental Health Services Act (Proposition 63, 2004) to expand the eligible uses of the Mental Health Services Act revenue to include serious mental health care (as opposed to mild-to-moderate mental healthcare) and substance use disorder services, and would allocate \$1 billion in revenue, annually, for these expanded eligible expenditures.



Cal Cities applauds the Governor's recognition that long-term solutions require long-term funding, as demonstrated by the announcement of this proposed 2024 ballot initiative. As stated above, local governments are on the front lines of service delivery and program administration for California's most vulnerable populations, and a strong state-local fiscal partnership would advance our shared goals for behavioral healthcare and addressing homelessness and lack of affordable housing in this state.

For these reasons, Cal Cities **supports in concept** this suite of measures. We look forward to working with you to realize an even stronger partnership for the benefit of all Californians. If you have any questions, do not hesitate to contact us at jrhine@calcities.org and ccirincione@calcities.org.

Sincerely,

A handwritten signature in blue ink that reads "Caroline Cirrincione".

Caroline Cirrincione
Legislative Affairs, Lobbyist

A handwritten signature in black ink that reads "Jason Rhine".

Jason Rhine
Assistant Director, Legislative Affairs

Introduction Form

(by a Member of the Board of Supervisors or the Mayor)



I hereby submit the following item for introduction (select only one):

- 1. For reference to Committee (Ordinance, Resolution, Motion or Charter Amendment)
- 2. Request for next printed agenda (For Adoption Without Committee Reference)
(Routine, non-controversial and/or commendatory matters only)
- 3. Request for Hearing on a subject matter at Committee
- 4. Request for Letter beginning with "Supervisor [] inquires..."
- 5. City Attorney Request
- 6. Call File No. [] from Committee.
- 7. Budget and Legislative Analyst Request (attached written Motion)
- 8. Substitute Legislation File No. []
- 9. Reactivate File No. []
- 10. Topic submitted for Mayoral Appearance before the Board on []

The proposed legislation should be forwarded to the following (please check all appropriate boxes):

- Small Business Commission Youth Commission Ethics Commission
- Planning Commission Building Inspection Commission Human Resources Department

General Plan Referral sent to the Planning Department (proposed legislation subject to Charter 4.105 & Admin 2A.53):

- Yes No

(Note: For Imperative Agenda items (a Resolution not on the printed agenda), use the Imperative Agenda Form.)

Sponsor(s):

Subject:

Long Title or text listed:

Signature of Sponsoring Supervisor: []