

CITY AND COUNTY OF SAN FRANCISCO
BOARD OF SUPERVISORS
BUDGET AND LEGISLATIVE ANALYST

1390 Market Street, Suite 1150, San Francisco, CA 94102 (415) 552-9292
FAX (415) 252-0461

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TO: Budget and Finance Committee
FROM: Budget and Legislative Analyst 
SUBJECT: March 5, 2014 Budget and Finance Committee Meeting

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<p>Item 1 File 14-0056</p>	<p>Department: Department of Public Health (DPH)</p>
<p>EXECUTIVE SUMMARY</p>	
<p style="text-align: center;">Legislative Objectives</p> <ul style="list-style-type: none"> • The proposed resolution would (1) approve a performance contract between the California Department of Health Care Services and the Department of Public Health (DPH) for the DPH Community Behavioral Health Services to provide services funded by State Mental Health Services Act, and Federal PATH and Mental Health Services Block Grant funds to persons with mental illness and / or substance abuse problems, retroactive to July 1, 2013 through June 30, 2014; and (2) designate the Director of Community Behavioral Health Services to enter into the contract, including any amendments to the contract. <p style="text-align: center;">Key Points</p> <ul style="list-style-type: none"> • The California Department of Health Care Services allocates Mental Health Services Act (Proposition 63) funds annually to the DPH Community Behavioral Health Services to provide mental health services. Previously, the California Department of Mental Health (which merged into the California Department of Health Care Services in 2011) required Board of Supervisors’ approval by resolution of a performance contract for services provided by DPH and funded by the Mental Health Services Act, but has not required a performance contract with DPH since FY 2007-08. In December 2013, the California Department of Health Care Services requested that DPH obtain Board of Supervisors approval for the FY 2013-14 performance contract through a new resolution. • The proposed performance contract defines the mental health services to be performed by Community Behavioral Health Services and the requirements that Community Behavioral Health Services must meet to receive Mental Health Services Act, PATH, and Mental Health Services Block Grant funds. • The proposed performance contract requires the Board of Supervisors to approve a three-year program and expenditure plan and annual updates to the three-year plan. The resolution approving the FY 2013-14 Annual Update to the Mental Health Services Act Program and Expenditure Plans (File 13-1186) is calendared for the March 5, 2013 Budget and Finance Committee meeting. <p style="text-align: center;">Fiscal Impact</p> <ul style="list-style-type: none"> • The proposed performance contract is a “zero dollar” contract. Mental Health Services Act, PATH, and Mental Health Services Block Grant funds are approved in the State budget each year and incorporated into the annual DPH budget, subject to Board of Supervisors appropriation approval. FY 2013-14 Mental Health Services Act, PATH, and Mental Health Services Block Grant funds are \$33,745,930. <p style="text-align: center;">Recommendation</p> <ul style="list-style-type: none"> • Approve the proposed resolution. 	

MANDATE STATEMENT / BACKGROUND**Mandate Statement**

The California Department of Health Care Services requires Board of Supervisors' approval, by resolution, for the performance contract between the California Department of Health Care Services and the San Francisco Department of Public Health for State Mental Health Services Act, (2) federal Projects for Assistance in Transition from Homelessness (PATH) and (3) federal Community Mental Health Services Block Grant funds. The resolution designates the county official authorized to enter into the contract.

Background**Mental Health Services Act**

Proposition 63, approved by California voters in November 2004, created the Mental Health Services Act and Mental Health Services Fund. Proposition 63 imposed a 1 percent tax on incomes greater than \$1,000,000 per year and dedicated that tax revenue to expand access to public mental health programs in California. Under the State Welfare and Institutions Code, tax revenues deposited to the Mental Health Services Fund are expended for the implementation of the Adult and Older Adult Mental Health System of Care Act¹, Innovative Programs², Prevention and Early Intervention Programs³, and the Children's Mental Health Services Act.⁴

The California Department of Health Care Services allocates approximately \$30 million annually to San Francisco, equal to 1.9 percent of available Mental Health Services funds based on a formula determined by the California Department of Health Care Services. Under the Mental Health Services Act, the allocation to San Francisco is based on the Department of Public Health's (DPH) Community Behavioral Health Services' three-year plan or annual update to the three-year plan, which is subject to annual approval by the Board of Supervisors, by resolution. The resolution to approve the FY 2013-14 annual update to the Mental Health Services Act Program and Expenditure Plans is calendared for the March 5, 2014 Budget and Finance Committee meeting (File 13-1186).

¹ The Adult and Older Adult Mental Health System of Care Act (Welfare and Institutions Code 5800-5814.5) establishes a comprehensive and coordinated system of care that includes community-based treatment, outreach services and other early intervention strategies, case management and interagency collaboration.

² Innovative Programs (Welfare and Institutions Code 5830) are established but not specifically defined in the Code. The California Department of Mental Health (which was later merged into the Department of Health Care Services) established guidelines that include (1) introduction of new mental health practices, (2) changes in existing mental health practices, and (3) introduction of a new application to the mental health system of a community-driven approach that has been successful in a non-mental health setting.

³ 20 percent of Mental Health Services Act funding is allocated to prevention and early intervention programs, which include (1) outreach to families, employers, primary health care providers, and others to identify early signs of mental illness, (2) access to medically necessary care, and (3) reductions in the stigma to mental illness diagnosis.

⁴ 51 percent of Mental Health Service Act funding is allocated to children's services.

Substance Abuse and Mental Health Grants

The Substance Abuse and Mental Health Services Administration (SAMHSA) is one of eight federal Public Health Service agencies in the U.S. Department of Health and Human Services. SAMHSA provides (1) Projects for Assistance in Transition from Homelessness (PATH) funds and (2) Community Mental Health Services Block Grant funds. The California Department of Health Care Services administers the SAMHSA funds and allocates these funds to San Francisco. The PATH funds are allocated to housing and case management services to persons with mental health and substance abuse issues. The Mental Health Services Block Grant funds are allocated to counties to target children and youth with serious emotional disturbances and adults and older adults with serious mental illness.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would (1) approve a performance contract between the California Department of Health Care Services and the DPH for the DPH Community Behavioral Health Services to provide services funded by Mental Health Services Act, PATH and Mental Health Services Block Grant funds to persons with mental illness and / or substance abuse problems retroactive to July 1, 2013 through June 30, 2014; and (2) designate the Director of Community Behavioral Health Services to enter into the contract, including any amendments to the contract.

The proposed performance contract defines the mental health services to be performed by Community Behavioral Health Services and the requirements that Community Behavioral Health Services must meet to receive Mental Health Services Act, PATH, and Mental Health Services Block Grant funds.

Annual Update to the Three-Year San Francisco Mental Health Services Act Program and Expenditure Plans

The proposed performance contract requires Board of Supervisors' approval of a three-year program and expenditure plan and annual updates to the three-year plan. The resolution approving the FY 2013-14 Annual Update to the Mental Health Services Act Program and Expenditure Plans (File 13-1186) is calendared for the March 5, 2013 Budget and Finance Committee meeting

Table 1 below shows the services funded by the Mental Health Services Fund and administered by the DPH Community Behavioral Health Services in FY 2013-14.

Table 1: Services in the FY 2013-14 Annual Update to the Mental Health Services Act Program and Expenditure Plans

Services	Description
Recovery-Oriented Treatment Services	Includes services traditionally provided in the mental health system (individual or group therapy, medication management, treatment), with a focus on recovery
Mental Health Promotion & Early Intervention (PEI) Services	Aims to reduce risk factors Promotes a holistic view of wellness Delivers programs in community settings
Peer-to-Peer Support Services	Offers recovery and other support services that are provided by and family members
Vocational Services	Helps consumers secure employment (e.g., training, job search and retention services)
Housing	Helps individuals with serious mental illness who are homeless or at-risk of homelessness secure or retain permanent housing Facilitates access to short-term stabilization housing
Behavioral Health Workforce Development	Recruits members from unrepresented and under-represented communities Develops skills to work effectively in the mental health field
Capital Facilities/ Information Technology	Improves facilities Increase client access to personal health information

Source: FY 2013-14 Annual Update to the Mental Health Services Act Program and Expenditure Plans

Board of Supervisors Approval

The Board of Supervisors previously approved a resolution in February 2008 (File 08-0122) that retroactively authorized (1) a performance contract between DPH and the California Department of Mental Health, and (2) \$18,922,386 in Mental Health Services Fund allocations to DPH for the three-year period from FY 2004-05 through FY 2007-08. According to Ms. Marlo Simmons, DPH Mental Health Services Act Director, the California Department of Health Care Services, which merged with the California Department of Mental Health in 2011, did not require an updated performance contract with DPH after FY 2007-08.

According to Ms. Simmons, in December 2013, the California Department of Health Care Services requested that DPH obtain Board of Supervisors approval for the FY 2013-14 performance contract through a new resolution. The performance contract between the California Department of Health Care Services and the DPH is valid only through the end of FY 2013-14. Therefore, the California Department of Health Care Services and DPH will need to enter into a new performance contract agreement in FY 2014-15, which requires Board of Supervisors approval.

Prior to 2012, the DPH drafted a separate three-year plan for each of the service categories listed in Table 1 above. The Board of Supervisors approved each three-year plan by resolution with the most recent plan (capital facilities/information technology) being approved in 2010. In

2012, the State enacted AB 1467, which requires the DPH to develop a single, three-year plan that includes all of the service categories. Ms. Simmons advises that the DPH intends to submit the comprehensive three-year plan for FY 2014-15 through FY 2016-17 to the Board of Supervisors in May or June 2014.

Additionally, the Board of Supervisors approves, by a single resolution, all of the annual updates to all of the separate three-year plans. The resolution approving the 2013-14 Annual Update to the Mental Health Services Act Program and Expenditure Plans (File 13-1186) is calendared for the March 5, 2013 Budget and Finance Committee meeting, as noted above.

FISCAL IMPACT

The proposed resolution approves the performance contract between California Department of Health Care Services and the DPH Community Behavioral Health Services for DPH to provide State- and Federally-funded services to persons with mental illness and / or substance abuse issues. Approval of the proposed resolution retroactively authorizes the DPH to accept Mental Health Services Act, PATH and Mental Health Services Block Grant funds that were included in the FY 2013-14 DPH budget.

The proposed performance contract is a “zero dollar” contract. Mental Health Services Act, PATH, and Mental Health Services Block Grant funds are approved in the State budget each year and incorporated into the annual DPH budget, subject to Board of Supervisors appropriation approval. The Board of Supervisors previously appropriated Mental Health Services Act, PATH and Mental Health Services Block Grant funds in the DPH FY 2013-14 budget, as shown in Table 2 below.

Table 2: Budgeted Expenditures

	FY 2013-14 Approved	FY 2014-15 Estimated
Mental Health Services Act (State)	\$30,108,238	\$30,717,432
Mental Health Block Grant (Federal)	3,017,227	2,828,228
PATH (Federal)	620,465	576,749
Total	\$33,745,930	\$34,122,409

Services funded by the Mental Health Services Act and Mental Health Block Grant funds are provided by DPH staff and non-profit and for-profit contractors. According to Ms. Simmons, Mental Health Services Act funds are allocated to 49 different non-profit and for-profit contractors and approximately 100 full-time equivalent (FTE) DPH positions to provide mental health services.

Federal PATH funds are passed through from the State by DPH to four non-profit providers for housing and case management services, including (1) South of Market Mental Health Services, (2) the Curry Senior Center, (3) Hyde Street Community Services and (4) Swords to Plowshares.

RECOMMENDATION

Approve the proposed resolution.