

**Testimony to the Little Hoover Commission
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May 26, 2016**

What actions have been taken by the Mental Health Services Oversight and Accountability Commission to support or explore the Little Hoover Commission’s recommendations in its January 2015 report?

Recommendation 1.

In its January 2015 report, the Little Hoover Commission encouraged the Legislature to expand the authority of the Mental Health Services Oversight and Accountability Commission (OAC) to review and approve county Prevention and Early Intervention (PEI) plans prior to their implementation. The Little Hoover Commission also encouraged the Legislature to empower the OAC to impose financial sanctions on counties when it identifies deficiencies in a county spending plan.

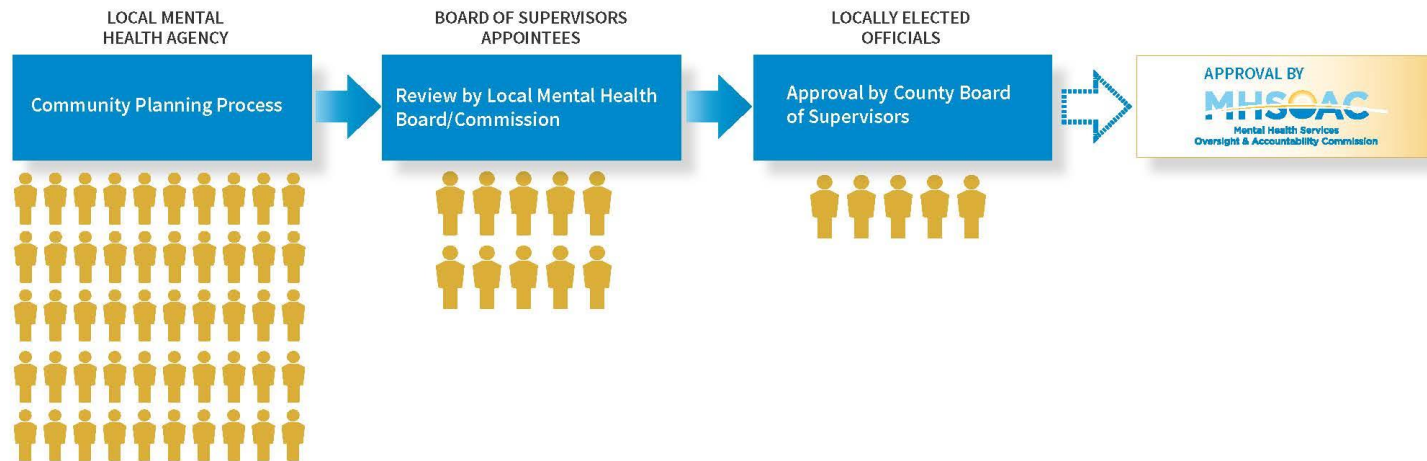
In response to the Commission’s recommendations, the OAC convened a Task Force to explore the Little Hoover Commission’s proposals. The OAC convened a public hearing on March 26, 2015 to explore the Little Hoover Commission’s recommendations and held two follow-up Task Force meetings. The Task Force is made up of representatives from each of the OAC’s standing advisory committees and includes several stakeholders who participated in the Little Hoover Commission’s study process.

In its initial meetings, the Task Force first explored the rationale behind the Little Hoover Commission’s recommendations on PEI approval and fiscal sanction authority. As Task Force members and participating members of the public were involved in the Little Hoover Commission’s project, OAC staff asked the group to first walk through the existing requirements for local approval of county PEI plans and to explore the problems the Little Hoover Commission’s recommendations were intended to address.

Under current law, counties are required to conduct a local Community Planning Process to receive input and guidance from the public with regard to priorities for use of PEI funds. Through that process, counties identify priorities and develop draft PEI plans. Those plans are subject to a mandatory disclosure and public posting period. The law requires the counties to transmit those plans to their local mental health boards – also referred to as Local Mental Health Commissions in some counties – for review and comment. Counties then must submit their plans to their local Board of Supervisors for approval as part of the local budget process. County plans then must be submitted to the State.



Prevention and Early Intervention Plan Development Process



Counties develop 3-year program and expenditure plans through a local Community Planning Process.

- ✓ Counties best understand their unique needs
- ✓ 30 day community review of draft plan
- ✓ Goes to local Mental Health Board for review and recommendations

Welfare and Institutions Code requires each local mental health agency to appoint a local Mental Health Board.

- ✓ 10 - 15 members
- ✓ Appointed by Board of Supervisors
- ✓ Small counties may have a smaller board
- ✓ One member shall be from a local governing body
- ✓ Half of the board membership shall be mental health consumers or family members
- ✓ Should reflect the ethnic diversity of the client population in the county

Three-year program and expenditure plans are reviewed and adopted by the County Board of Supervisors as required by each county's budget process.

- ✓ Public Posting
- ✓ Local Accountability
- ✓ Responsive
- ✓ Local Priorities
- ✓ Opportunity for public comment

Participants in the OAC's Task Force meetings reported that some counties have robust processes in place that can be studied and replicated. Some counties invest in fortifying stakeholder capacity, building trust with community residents, and provide support for public participation in the Community Planning Process. Yet there was also recognition of significant challenges in some counties.

Meeting participants identified the following challenges with the current processes in some counties:

- Local Mental Health Boards/Commissions are not sufficiently reviewing local plans.
- Locally convened advisory bodies are not reflective of diverse communities or interests.
- Local residents face difficulties knowing what is working and what is not working in their communities and thus have a hard time assessing the quality of local plans.
- Inadequate checks and balances within the local mental health system undermine public confidence in the local process.
- The goals and criteria included in local plans often are unclear and thus difficult for members of the public to assess.
- Priorities included in local plans often do not reflect the priorities of the community.
- Some local plans are not consistent with the law.
- There is significant variation in the quality of the local plans.
- Advocates who receive county funding or services can face retaliation if they speak up against priorities offered by county agencies.
- Local Issue Resolution Processes are not always effective.
- There are low levels of trust between mental health stakeholders and county mental health officials in some counties.

Advocates suggested that adding an additional step to the plan review process – the requirement for OAC approval of PEI plans – would allow concerned residents to “appeal” their concerns to the Oversight and Accountability Commission. However, others suggested that OAC review and approval could distract from the local nature of community plans.

OAC staff asked the Task Force to explore potential strategies to address the challenges identified above, apart from the Little Hoover Commission's proposal to modify the PEI approval process.

Members proposed a range of strategies:

- Support training, education and capacity building for local Mental Health Boards/Commissions.
- Conduct performance reviews of the Community Planning Process to ensure advisory bodies and public processes are accessible and include diverse communities and constituencies.
- Identify community-level outcomes that can be tracked to improve local public accountability.
- Support leadership development at the county and community level to bolster local accountability.
- Provide training and technical assistance to support a robust Community Planning Process, fortify the role of local boards and commissions and establish criteria for local Boards of Supervisors to consider when reviewing county mental health expenditure plans.
- Support a learning collaborative among counties and stakeholder organizations to identify best practices developed by counties and support their replication throughout the state.
- Develop tools, templates and technical assistance resources to fortify local processes, such as the Issue Resolution Process.
- Improve trust by improving communication on goals, the rationale behind program and budget decisions, the impact of program expenditures and the outcomes achieved, all in terms that are accessible to all residents.

Additionally, the Task Force explored opportunities to better frame the goals, values and strategies built into the local planning process, with the following proposals:

- Revise guidelines for the local planning process, to improve emphasis on quality and develop tools to help community members recognize strengths, opportunities and deficits in their local processes.
- Develop a third-party certification process. Certification can establish standards – potentially auditable standards – and create incentives for improvement.
- Develop standard templates for local PEI plans that would allow the public to assess and compare PEI plans across counties as well as changes in their county plan over time.

The OAC asked Task Force participants whether the proposals identified above would address their concerns, and with those reforms in place whether they also see value in the OAC conducting reviews and approvals of county PEI plans. The responses were mixed, with some advocates asserting that fortifying the local process would be sufficient and a stronger approach to fortifying local plans because it would ensure local priorities are reflected in those plans, something state review and approval might not achieve. Yet others suggested that even with those improvements, they would continue to recommend state approval of PEI expenditure plans to ensure county compliance with PEI standards and to provide a venue for appealing local decisions. In other words, they want to ensure there is “independent” review of county plans even with a more robust local planning process.



Prevention and Early Intervention Plan Development Process

CHALLENGES:

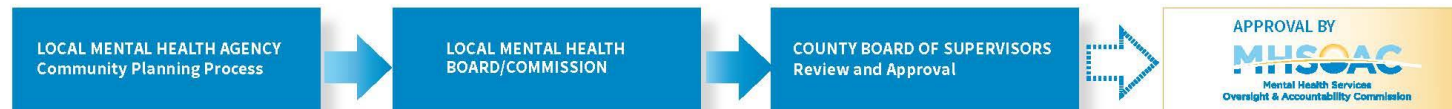
- Not enough diversity in advisory bodies
- Residents may not know what's working in communities
- Goals and criteria of plans may be unclear to residents
- May not reflect the community's priorities
- Some advocates may fear retaliation if their opinions differ from the county's (low level of trust)

CHALLENGES:

- Not enough review by Mental Health Boards and Commissions
- May not reflect the community's priorities
- Quality of plans may vary by county
- Ineffective local Issue Resolution Process in some cases

CHALLENGES:

- Inadequate check and balances leaves residents unsure of process
- Some plans not consistent with law



SOLUTIONS:

- Conduct performance reviews of the Community Planning Process
- Identify community-level outcomes for the public to be able to track
- Provide training and technical assistance for a more robust planning process
- Develop tools, templates and technical assistance resources to fortify local processes, such as the Issue Resolution Process

SOLUTIONS:

- Support leadership development at both the county and community level
- Fortify the role of local Boards and Commissions
- Support a learning collaborative between counties and stakeholder organizations to identify best practices to replicate throughout the state
- Bolster trust by improving communications on goals, rationale behind decisions, impact of expenditures and outcomes achieved
- Support training, education, capacity building for Mental Health Boards/ Commissions

SOLUTIONS:

- Establish criteria for local Boards of Supervisors to consider when reviewing expenditure plans

ADDITIONAL CONCERNS

- ✓ Review criteria?
- ✓ Compromise independence?
- ✓ Coordinate sanctioning authority?

The Task Force has not yet explored several key concerns:

- If authorized to do so, how would the OAC best assess the quality of local PEI plans and the integrity of the local Community Planning Process?
- Would OAC approval of PEI plans compromise its ability to conduct oversight of the implementation of PEI programs?
- If the OAC were given the authority to impose fiscal sanctions on the counties, how would it exercise that authority and how would it coordinate sanctions with the Department of Health Care Services, which already has sanctioning authority?

The OAC is working to reconvene the Task Force to address these yet unexplored key concerns with regard to the proposal for the OAC to review and approve PEI plans and sanction counties.

The OAC has prioritized a number of initiatives consistent with the Task Force discussions:

Fortify local boards and commissions. The OAC has been working with the CA Association of Local Behavioral Health Boards and Commissions to explore strategies to fortify their review of local plans. The OAC currently provides funds to the Association to support capacity building among the boards. The Department of Health Care Services also funds training for the local boards through the California Institute for Behavioral Health Solutions.

Enhance consumer, family and other mental health stakeholder advocacy. The OAC administers \$1.9 million in stakeholder contracts that were initially established by the Department of Mental Health. The OAC is revamping its contracting process to allocate those funds through a competitive process. The OAC also is working with the Legislature to expand those funds to approximately \$5 million per year. The additional funding will allow the OAC to preserve state-level advocacy while increasing stakeholder advocacy at the local level. That advocacy can help bolster the local planning process and fortify local accountability.

Establish plan review standards. The OAC has an internal plan review process. But as discussed by the Task Force, establishing public standards that can be used by local constituencies, could support more robust public assessment of PEI plans at the local level. The Commission is exploring options to establish plan review standards that could guide and support the local plan review process.

Assess implementation of the Issue Resolution Process. As mentioned by the Task Force, the OAC has received numerous reports that the Issue Resolution Process is inadequate. Following passage of Proposition 63, the Department of Mental Health established an Issue Resolution Process that outlines steps to address concerns with the implementation of the Mental Health Services Act. Under that process, local concerns should be addressed locally, before they are elevated to the Department of Health Care Services. The OAC has established a formal project to review the Issue Resolution Process and identify opportunities to clarify and strengthen opportunities for stakeholders to raise concerns and for those concerns to be addressed.

In addition to these efforts, as the OAC completes its work with the Task Force, it will consider the range of options identified through that process.

Recommendation 2.

The Little Hoover Commission recommended that the OAC annually develop recommendations and consult with the Department of Finance before MHSA funds are allocated.

Ninety-five percent of MHSA funds are allocated to California's local mental health agencies through a formula established by the Department of Health Care Services. The MHSA authorizes the Governor and Legislature to use up to 5 percent of MHSA funds for state administrative purposes. The bulk of those funds are allocated to state agencies for ongoing purposes. In recent years, growth in MHSA revenues has resulted in "unallocated" MHSA state administrative funds within the five percent cap.

Consistent with state administrative policies, the Department of Finance issues policies and procedures for departments to propose budget changes – including proposals for departments to access MHSA funds. Budget Change Proposals are confidential until released by the Administration.

While the OAC meets regularly with the Department of Finance, the OAC is not part of the confidential budget discussions between the Department of Finance and state departments. However, as indicated in its June letter to the Little Hoover Commission, the OAC does work with the Department of Finance, the Legislative Analyst's Office and the Legislative budget committees on specific budget proposals.

At its January 2016 meeting, the OAC directed staff to work with the Department of Finance and the Legislature to establish an MHSA Administrative Savings Fund to capture and reflect unspent state administrative funds. The goals of the proposal include:

- Create an incentive for state agencies to save MHSA administrative funds where appropriate.
- Improve transparency with regard to how MHSA administrative funds are spent by state agencies.
- Capture unspent MHSA administrative funds and make them available for allocation through the state budget process.

The Department of Finance has begun to issue a running total of unspent State Administrative Funds and an explanation of the fiscal years from which those funds originate. Earlier this year, the Department issued a summary that estimated some \$52 million in unspent State Administrative Funds, which reflects the cumulative balance from four years of state spending, and a projection of the unallocated balance for the upcoming fiscal year.

With the May Revision, the Department of Finance has revised that estimate to be \$26 million. The lower estimate reflects changes in how state administrative dollars have been allocated, such as re-appropriations, as well as revisions in anticipated revenues for the upcoming fiscal year.

We are working closely with the Department of Finance to improve the transparency of those fund balances.

In addition, the Department of Finance provides an annual report to the OAC following the release of the Governor's January budget proposal and the May Revise. The OAC also participates in budget hearings with Legislative budget committees regarding its budget, but also is periodically called upon to advise the budget committees on MHSA related issues that fall under the jurisdiction of other departments.

Recommendation 3

The Little Hoover Commission recommended that the OAC improve its website and post information on how funding is allocated, who is served, key outcome trends, model programs and county MHSA plans and reports.

The OAC launched a redesigned website on May 2, 2016. For more than a year, the OAC worked with stakeholders to gain insight into how best to meet their needs while also meeting the needs of counties, partners, and the general public, and complying with all of the state's rigorous informational technology rules. We are still in the process of migrating content from the prior site to the new site. That will take some time as we update and transfer materials.

As part of that effort, consistent with the Commission's recommendation, we have built a Fiscal Transparency Tool, including the ability to calculate unspent MHSA funds. The goal of this effort is to showcase on the OAC website the distribution of MHSA funds to each county by component, to identify how much has been spent, and to show cumulative balances for each component of the MHSA.

Although we have built the tool, and we have input data from the Annual Revenue and Expenditure Reports (RERs), the counties have cautioned that the information required on the RERs does not accurately reflect valid and reliable fiscal data. Challenges with how the forms have changed from one year to the next, inconsistent reporting requirements and related issues have delayed our displaying the data. For instance, for the 2014-15 fiscal year, just 23 counties have submitted their Revenue and Expenditure Reports. For the prior fiscal year, 2013-14, just 33 counties have submitted the required reports. When we asked the counties why their reports have not been submitted, they raised a number of challenges, including inconsistencies in the information required, which has resulted in their independent auditor/controllers refusing to sign off on the forms.

We are working with the counties and the Department of Health Care Services to better understand the challenges in reporting valid and reliable fiscal data so that we can launch the fiscal transparency tool. Additionally, we are providing technical assistance to the Legislature on strategies to capture that information, along with basic information on who has been served by each county on an annual basis.

Fiscal Reversion. On a related note, this past January the OAC directed staff to undertake a review of California's MHSA reversion policies and how they have been implemented. Under

the law, counties must spend MHSA funds within three years or those funds are to revert back to the state Mental Health Services Fund for redistribution to the counties. The Department of Health Care Services reports that no MHSA funds have reverted since 2008. However, we know that some counties have not spent all of their funds within three years of their receipt, including Innovation funds, so those dollars should have reverted. Individual counties have reported that they are not clear on how to proceed, with regard to funds that are subject to reversion, as the state has not issued clear instructions. The OAC will convene a public hearing in July to better understand how the state's reversion policy has been designed and implemented and how those might be improved. In order to understand how much MHSA funding is subject to reversion, it will be necessary to first document revenues, expenditures and unspent funds for each fiscal year.

Regulations and Implementation project. In addition the OAC's work on Reversion, we are working to implement regulations for Prevention and Early Intervention, and Innovation. As you know, the Legislature directed the OAC to establish regulations for Prevention and Early Intervention and Innovation, and directed the Department of Health Care Services to issue regulations on the other parts of the Act, including Community Services and Supports. The Commission spent two years developing regulations, which included an extensive public comment process. The regulations went into effect late last year.

Throughout the process of developing the regulations, the counties raised a number of implementation concerns. We are now in the process of documenting those concerns and exploring ways to support the implementation of the regulatory requirements. Among the challenges raised by the counties is a requirement to report detailed demographic information on the people who are served by Prevention and Early Intervention programs. The regulations require the counties to report on the age, race and ethnicity, language, gender, sexual orientation, veteran status and related information of people served. Although the regulations issued by the OAC cover only Prevention and Early Intervention and Innovation Programs, the law directs the Department of Health Care Services to align its regulations with those issued by the OAC.

The information required by the Regulations will allow the OAC to provide detailed reporting on who is being served, as recommended by the Little Hoover Commission.

That information, combined with the fiscal information I discussed above, as well as outcome reporting, will allow us to convey a much clearer picture of how funds are allocated, how they are being spent, and what is being accomplished with the revenues generated under the Act.



FISCAL TRANSPARENCY

Alameda

FY 13/14 ▼

CSS
PEI
INN
WET
CFTN

STATEWIDE MHSA		
	2016-17	Cumulative Balance
CSS	\$ _____	\$ _____
PEI	\$ _____	\$ _____
INN	\$ _____	\$ _____
WET	\$ _____	\$ _____
CFTN	\$ _____	\$ _____

STATEWIDE PROGRAMS & SERVICES

San Diego

Services for Victims of Trauma and Torture
 Increases specialized services to uninsured, unserved clients who are victims of trauma and torture: Mental Health Assessment, Dual Diagnosis Services, Individual and Group Therapy, Case Management and Referrals.

SERVICES Number Served
FSP
TAY
VETS
ADULTS
OLDER ADULTS

OUTCOMES

FRESNO

Suicide	###%
Incarceration	###%
Homelessness	###%
Unemployment	###%
School Drop out	###%

STATEWIDE RATES	
Suicide	###%
Incarceration	###%
Homelessness	###%
Unemployment	###%
School Drop out	###%

We are undertaking a number of other activities that support this goal:

Triage. The OAC administers a \$128 million competitive grant program, established by SB 82, the Mental Health Wellness Act of 2013, which supports prevention and early intervention strategies for mental health clients at risk of incarceration, hospitalization and homelessness. Some 24 counties benefit from these funds. Research and evaluation reports are due from the participating counties on June 30th. But we also conduct on-site reviews to monitor how the funds are being spent and we host quarterly Coordinator meetings to understand challenges the counties are facing and how best to address them. One unmet need we have identified is the development of opportunities for counties to learn from each other based on the services funded through this program. In other words, we want to make sure that this funding allows all counties, regardless of whether they received funds, to better understand how to improve services and prevent incarceration, hospitalization and homelessness.

Innovation. Similarly, in discussions with counties, we have found that innovation investments within individual counties have not resulted in cross-county learning and the system transformation as envisioned by the Little Hoover Commission and the MHSA. In response, we have requested additional funding through the budget process to develop an Innovation Strategy that allows the Commission to address four key challenges:

Strategic investments. The MHSA requires each county to set aside five percent of their funds for innovation. And while counties are making strategic innovation investment decisions, they are not necessarily making strategic collective decisions.

Technical Assistance and Training. The OAC does not currently have the staff to provide technical assistance and training on how innovation can be transformative. We have proposed developing the tools and hiring staff to provide that technical assistance so that innovation investments are transformative.

Research and Evaluation. Regulations require the counties to evaluate their innovative programs and to report to the State whether they elect to continue an innovative program using other funds following the initial innovation investment. The OAC's budget proposal will allow us to better document how counties are innovating, what has worked and why.

Dissemination. Finally, the OAC does not currently have the capacity to fully disseminate information on the lessons learned through innovation investments. We intend to add that effort to our work.

As part of this effort we are reaching out to partners in the business community, universities, foundations and federal agencies, as well as the counties and service providers, to leverage innovation as a strategy for transformational change.

We anticipate receiving funding to support this effort to drive the transformational change envisioned in the Act through the innovation component.

I also want to add that, in addition to the projects mentioned above, Issue Resolution Process, Reversion, Regulation Implementation and the Little Hoover Commission's Recommendation Task Force, the OAC has directed staff to explore a number of other challenges:

Crisis services. The OAC is in the drafting phase of a detailed review of the services available to children and youth in crisis. The OAC held two public hearings, conducted site visits, organized subcommittee meetings and pursued other activities to explore strengths, challenges, opportunities and to identify model programs. We have found significant gaps in care as well as strategies to improve outcomes. Through the Legislative budget progress, in part in response to this work, the Legislature has proposed allocating some \$106 million to fortify California's crisis response system for children and youth.

Criminal Justice and Mental Health Involvement. The OAC has directed staff to explore the intersection of criminal justice and mental health systems. Building off the work done by the Little Hoover Commission in 2000, we are documenting challenges and opportunities to divert mental health consumers away from the criminal justice system and to improve the quality of care for those who are in that system. We are working with a number of federal agencies, state and national associations, counties, stakeholders, and others to understand what is working, what is not and how to reduce costs and improve outcomes.

School Mental Health Project. The OAC also has directed staff to explore opportunities to improve mental health through school-based opportunities. We hope to start that project in the later part of the year.

These policy research projects will allow the OAC to better understand what is working, where improvements are needed, including identifying high priority topics for innovations.

I also want to mention that we are working with California's two recently established Centers for Behavioral Health Excellence, at UC Davis and UCLA. We want to ensure that California's community based mental health system benefits from the work of these two centers. We are seeing innovations of tremendous potential value being developed at these centers, but it is not clear yet how best to disseminate that work throughout the state.

Recommendation 4

The Little Hoover Commission recommended that the OAC and the Department of Health Care Services establish a timeline to implement a statewide mental health data collection system.

Last year the Commission funded a preliminary planning stage for establishing a new data system. That stage, which involved developing a Planning Advance Planning Document, outlines system goals and starts the process to secure state and federal funding to revamp the data systems maintained by the Department of Health Care Services. I understand that DHCS is awaiting approval from the Department of Technology to proceed with the planning process. This is a significant undertaking and will take some time.

Meanwhile, we are developing a reporting system to track, semi-annually, statewide numbers of individuals served and selected outcomes or demographics in the Community Services and Supports component of the MHSA.

The OAC, through our Regulations Implementation Project, also is exploring strategies to improve how the state receives data from the counties. We have been working with a number of electronic medical records firms to understand the federal requirements that mental health providers must meet, so that we can leverage existing electronic mental record systems to improve how data are gathered and transmitted.

We also are exploring strategies used by other state programs, such as the California Outcome Measurement System for Prevention, used by the Department of Health Care Services to track services, outcomes and other issues in response to federal reporting standards under California's substance abuse block grant.

That existing system was designed to allow counties to link service/activity data to objectives, track information and produce reports on:

- Needs assessment data
- Problem statements, goals and objectives
- Funding sources
- Service activities
- Progress made toward meeting county established goals and objectives

As outlined in the OAC's June letter to the Commission, we are very much in agreement with this goal and are pushing and supporting the Department of Health Care Services to improve the state's data systems.

The OAC also is working to improve the utility of our research, evaluation and data strategies. As mentioned earlier, the OAC has initiated a series of policy research projects that focus on specific topics, including:

- Children's and Youth Crisis Services
- Mental Health Client involvement with the Criminal Justice System
- Fiscal Reversion
- Mental Health and the Schools
- The Issue Resolution Process
- Regulatory Implementation

Within those projects, and our other efforts, we are developing a data strategy that has four key components:

- Open Data. As mentioned earlier, we are working to put fiscal, program and outcome data on our website for anyone to access, download and share.

- Data Visualizations. We are working with technology partners to create a user experience that allows anyone to see, map and graph fiscal, program, service access and outcome data by time, place and demographics.
- Link Analysis. We are working with a range of partners to link data across disparate data systems to better understand the outcomes prioritized in the act, such as the criminal justice involvement of consumers, and employment trends.
- Crowdsourcing. We have a small pilot effort to explore strategies to use crowdsourcing strategies to engage mental health consumers, particularly Transition Age Youth to share information on their experiences with the community mental health system.

The OAC's efforts over the past year are beginning to pay off.

- The Legislature has proposed to prioritize resources for children's crisis services in response to the gaps we have identified.
- The Senate Budget Committee has highlighted the need to fix the Issue Resolution Process, which is overseen by the Department of Health Care Services, during the Budget Committee's review of the Department's budget.
- Early review of the OAC's proposals to strengthen and expand the use of stakeholder advocacy dollars has received bi-partisan support.
- We have received positive responses from both DHCS and the County Behavioral Health Directors to improve the Revenue and Expenditure Report requirements and enhance fiscal transparency.