

**PROPOSED INITIATIVE WITH TAX**  
**1<sup>ST</sup> DRAFT 4-1-03**

1. Amend the Adult and older adult mental health system of care set forth in Welfare and Institutions Code Section 5800 to provide as follows:
  - A. Commencing in fiscal year 2007-08 the Department of Mental Health shall offer three year contracts in each county for the full number of individuals who are identified through the outreach programs set forth in this part and meet the eligibility criteria set forth in this part.
  - B. In any county which is not participating in the program established by this part, commencing in 2006-07, the Department shall contract with one or more non-profit organizations which submit a plan which meets all of the requirements applicable to counties to establish eligibility to participate in this program. Once selected such a contractor shall have all of the rights and responsibilities as counties pursuant to this part for the next three years.
  - C. One year prior to the end of each three-year contract term, each county may elect not to participate or a non-participating county may apply to participate. If the county submits an acceptable plan it shall replace any private contractor. If any county has not submitted an acceptable plan a new contract may be entered into. Any time there is a change in contractor or from a county to a private organization or from a private organization to a county the department shall require continuity of services to individuals served by current providers of care.
  - D. Expand the eligibility criteria to include people who are not currently at risk of homelessness due to having support from family members or friends or are living in a residential care facility, jail or health facility, but whose mental illness is sufficiently severe that without that facility or support they would be at risk of homelessness.
  - E. Provide that the amounts offered to counties per enrollee shall be equal to the rates per enrollee offered in 2003-04, adjusted as follows:
    1. Amounts shall be increased or decreased based upon increases or decreased availability of other funds.
    2. Amounts shall be adjusted to reflect changes in the cost of providing the required services.
    3. The rates shall be reduced by 20% for all individuals receiving services who have been receiving services for more than two years.
    4. A lower rate shall be established for those who are not homeless at the time of entry into the program. It shall reflect the lack of need for any funds for housing, but shall include funds for respite care to the extent to the extent that there is a family

caregiver for whom the respite care is necessary to ensure their continued ability to provide such services.

5. The rates may be increased upon application by counties demonstrating that the amounts set forth are not adequate to provide the services and shall be decreased whenever a county cannot demonstrate that all of the funds are being utilized or required to provide the services.
  6. A partial rate shall be established for those who are receiving services provided by other funds, and the individual meets the criteria for this part and needs additional services which are not available through other funds.
  7. Counties not providing services funded through this part shall be offered rates based upon the rates of other counties of similar size and cost of living.
- F. Participating programs shall be required to maintain contact at least every six months with individuals who are no longer receiving services. Such individuals shall continue to be enrolled in the program. County program providers shall not be paid a case rate as set forth above. The counties shall be paid for reasonable and necessary costs to maintain contact and provide any services not covered by other health insurance which are necessary to prevent such an individual from having a relapse and again becoming disabled due to their severe mental illness.
- G. In years 2005-06 and 2006-07, the funds provided under the adults system of care shall be supplemented as follows:
- 1) In 2005-06 the funds available shall be increased by \$100 million and in 2006-07 by \$200 million above the amounts provided in 2002-03, 2003-04 or 2004-05, whichever is greatest.
  - 2) In addition each county shall receive additional funds to increase its supply of professional staff that anticipates it will require to meet the additional numbers of enrollees in the program which are expected commencing in 2007-08 and later years when state funding is increased to cover all individuals who meet the eligibility criteria. Each county shall submit a plan identifying its shortages in each type of profession and its partnerships with academic institutions for training. The state shall determine the demonstrated needs of each county and shall allocate each county funds over two years for all demonstrated needs if the total of such needs does not exceed \$300 million. If the total of demonstrated needs exceeds \$300 million each county shall receive its pro rata share of \$300 million.
  - 3) In 2005-06 and 2006-07, counties shall receive additional funds for the establishment of additional facilities needed to meet the anticipated needs commencing in 2007-08. Facilities may include supportive housing, crisis residential programs, youth crisis centers, and facilities for coordination of outreach services and an access point that assists in making it easier for initial assessment determination of eligibility. Such facilities may also be established in coordination with and supplemental to services and facilities available on campuses of schools and institutions of higher education. The state shall determine the demonstrated needs of each county and shall allocate each county funds over two years for all

demonstrated needs if the total of such needs does not exceed \$300 million. If the total of demonstrated needs exceeds \$300 million each county shall receive its pro rata share of \$300 million.

2. Provide a definition of severely mentally ill children which means the same thing as seriously emotionally disturbed children under Section 5600.3.
3. Amend the children's system of care statute to provide that each county be eligible to receive funding equal to the amount that it received in 2000-01, adjusted for increases in population and cost of living so long as it submits an annual plan showing that all such funds will be utilized in accordance with requirements of that law. The state may withhold funds from a county until it submits an acceptable plan.
4. Following the model of the statutes governing the portion of the Healthy Families program that allows for supplemental services to be provided through county mental health to seriously emotionally disturbed children, create a parallel or supplemental program paid for with state funds established pursuant to this legislation as part of the Children's system of Care and provide that commencing in 2007-08 all children who are seriously mentally ill that are not eligible for Healthy Families or Medi-Cal and do not have any other form of publicly or privately funded insurance and whose services are not covered by the AB 3632 program of services to special education students, shall be eligible to participate in this program.
  - A. There shall be no county share of costs and all of the costs shall be paid for by the state except for family co-payments.
  - B. For those between 300% of poverty and median income, the family share of costs shall be 10% of costs not to exceed a maximum of \$1,000 per year.
  - C. For families with incomes above median incomes, the share of costs shall be 20% of costs not to exceed a maximum of \$2,000.
  - D. For families with incomes below 300%, the co-payments shall be the same as whatever co-payments would be applicable for families in the Healthy Families program.
  - E. In any county in which the county does not submit a plan, the state shall offer to contract with one or more non-profit organizations to provide such services for three years in accordance with the same terms and conditions as the county could have provided the services. Once selected such a contractor shall have all of the rights and responsibilities as counties pursuant to this part for the next three years.
  - F. One year prior to the end of each three-year contract term, each county may elect not to participate or a non-participating county may apply to participate. If the county submits an acceptable plan it shall replace any private contractor. If any county has not submitted an acceptable plan a new contract may be entered into. Any time there is a change in contractor or from a county to a private organization or from a private organization to a county the department shall require continuity of services to individuals served by current providers of care.

G. In 2005-06 \$25 million from the Severe mental Illness fund shall be available for such services as supplements to payments made to counties through the Children's System of Care and in accordance with counties plans approved by the Department which shall set forth the # of such children to be served and the amount to be paid per child. In 2006-07 \$50 million shall be available for such services.

5. Commencing in 2005-06, the Department of Mental Health shall establish a program designed to prevent mental illnesses from becoming severe and disabling. The program shall emphasize education of families, employers, educators, primary care health care providers, and others, to recognize the early signs of a potentially severe and disabling mental illness and shall provide access to necessary care and linkages to the care provided by county mental health programs for seriously mentally ill children, adults and older adults as early in the onset of such condition as is practicable.

The program shall include limited mental health services similar to those provided under the early mental health initiative and mental health components of Healthy Start programs and other successful prevention programs. The program shall be approved by a prevention committee which shall consist of all organizations represented on the adult system of care advisory committee. It shall also include representatives of employers, public and private employee labor organizations, pre-school, elementary and secondary school teachers, administrators, faculty and staff of community colleges, California State University and University of California, primary care, physicians, private health plans.

The committee shall establish criteria and standards for county programs no later than July 1, 2006. The criteria shall include funding from the Severe Mental Illness fund commencing in 2007-08 to provide such services to the extent not already paid for by health insurance or other funds to each county based upon a county's annual submittal of a plan. If the amount of funding for approved plans does not exceed \$100 million each county shall receive the full amount in an approved plan. If the amount of funding exceeds \$100 million each county shall receive its pro rata share based upon the needs identified in an approved plan up to \$100 million total in 2007-08. In future years total funds allocated may exceed \$100 million if funds in the severe mental illness fund are available after providing all funds required for other services pursuant to this act, or if the department determines that funding for such services will reduce the need for other expenditures.

In any county in which the county does not submit an acceptable plan, the state shall offer to contract with one or more non-profit organizations to provide such services for three years in accordance with the same terms and conditions as the county could have provided the services. Once selected such a contractor shall have all of the rights and responsibilities as counties pursuant to this part for the next three years.

One year prior to the end of each three-year contract term, each county may elect not to participate or a non-participating county may apply to participate. If the county submits an acceptable plan it shall replace any private contractor. If any county has not submitted an acceptable plan a new contract may be entered into. Any time there is a change in contractor or from a county to a private organization or from a private organization to a county the department shall require continuity of services to individuals served by current providers of care.

6. The Department of Education in updating its school curriculum shall include programs to educate students about the symptoms of potentially severe mental illnesses and on the actions that need to be taken.

\$1 million shall be provided annually from the severe mental illness fund for such activities. The Department shall also work with school districts to include programs to inform students and their families on the symptoms of mental illnesses and to train teachers and administrators to recognize the illnesses and for appropriate referrals to prevention programs established by the counties. \$10 million shall be provided from the severe mental illness fund for such activities.

7. Amend the appropriate code sections to establish a ½% special surcharge on personal incomes that exceed \$1 million annually with the proceeds of that special surcharge to be placed in a special fund called the Severe Mental Illness Fund to be used exclusively providing services pursuant to the adult system of care, the children's system of care, and other services necessary for severely mentally ill children and adults. To the extent that the amount of funds collected placed in this special fund exceeds the amounts required pursuant to the sections referred to in the adult system of care and the children's system of care and a prevention program established by this act and the Healthy Families alternative program established by this act, the funds shall be available for each county to submit a program to identify any additional unmet needs for severely mentally ill adults and severely mentally ill children.
8. After the effective date of this measure, the state shall continue to provide its current level of support for all mental health programs and in accordance with any existing entitlements. It shall not make any changes to the funding structure or entitlement of any mental health services which shift any costs or financial risks from the state to counties unless that county has made a determination that there are no longer any unmet needs to provide mental health services to severely mentally ill adults or children.
9. In 2004-05 through 2008-09, any funds deposited into this special fund which are not required to be utilized for it, shall be carried forward to a future year and available for increased services in future years. Commencing in 2009-10 and all future years, Any funds not required for the programs that are part of this special fund and are not required to meet any identified unmet needs for severely mentally ill children or adults in accordance with approved plans shall be distributed as follows:

25% shall be allocated to the Department of Mental Health to develop public education campaigns to improve public understanding of mental illnesses, reduce stigma and discrimination against a person suffering from a severe mental illness. Such programs may be statewide or may be established on a regional or county-by-county basis. The programs for utilization of such funds shall be approved by the mental health planning counsel, by the AB 34 advisory committee and by the prevention committee.

25% shall be provided to counties for public health and public safety programs.

25% shall be provided to cities for public safety, and youth recreational services.

25% shall be provided to schools.

10. In any year in which neither the revenues received in the Severe mental Illness fund nor funds carried over from previous years are adequate to meet the needs for this program, the State General Fund shall be responsible for providing the services required by this act. If that is required, the annual reports provided pursuant to the adults and children's system of care shall also estimate the extent to which the services provided pursuant to these programs have reduced other general fund costs in prisons, court costs, social services, health care and other programs to offset those costs.
11. If the Department finds that there has been no significant reduction in the percentage of prisoners who are seriously mentally ill and that other state costs have not been significantly avoided and also finds that the program has resulted in savings to counties and other costs the state may reduce the payments offered to counties to the extent that it is clear that the amounts of reductions are less than the savings to counties from these services. If such financial changes have been incorporated in the program and the department finds that the revenues provided by this program together with the offsetting savings in the General Fund still do not provide sufficient revenues to cover the costs of this program, the Legislature may modify the program elements in order to improve the cost-effectiveness of this program and minimize the impact on the State General Fund provided, however, it may not eliminate the requirement to provide comprehensive services to all severely mentally ill children or adults who meet the eligibility criteria for the children or adults systems of care. After making such improvements, if the Department finds that the program is having a significant adverse effect on the General Fund, the legislature may place a measure before the voters to try to reduce the costs of these programs or to increase available funds.
12. The Children's and Adults Systems of Care and the Prevention Program established by this act shall be considered payers of last resort. Nothing stated herein shall be construed to relieve any public or private insurer or other payer for services from any obligation to provide or pay for services pursuant to other state and federal laws.