



California Council of Community Mental Health Agencies

Representing Non-Profit Community Mental Health Agencies Throughout California

file

Steve Fox sent 6/11/99

EXEC STUFF

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TRANSMITTAL SHEET

DATE: June 11, 1999

TIME: 10:00 am

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FROM: RUSTY SELIX

FAX: (916) 447-2350

RE: AB 34 - (See following document)

MESSAGE: The attached memo was sent to the Governors office and to all cc's listed on Wednesday. Assemblymember Darrell Steinberg talked to Rick Simpson, Governor's Legislative Secretary, on Thursday who indicates the Governor will support this proposal if we can prove these numbers. Please call me ASAP to discuss.

TOTAL NUMBER OF PAGES INCLUDING THIS SHEET 5



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MEMORANDUM VIA FAX

DATE: 06/09/99

TO: Tal Finney, Governor's Office, Director of Policy
 Janet Hendrickson, Deputy Director of Policy

FROM: Rusty Selix, Executive Director/Legislative Representative

RE: Financing of expanded community mental health care - AB 34

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EXECUTIVE DIRECTOR

Rusty Selix

I appreciated the time you took on Friday to discuss AB 34 and look forward to continued discussions.

You inquired about our flexibility on current year funding and how we can take on something of this magnitude. You also said you wanted to find a way to make this work.

• **THE BUDGETING RISK IS MINIMAL**

I recognize that while what we're asking for is a dramatic increase in funding and that the Governor does not want to make long term financial commitments that create financial risk if the state's fiscal fortunes turn. We believe that what we are proposing pays for itself.

• **NEW YORK SUBWAY INCIDENT CREATES A NEED TO ACT NOW**

There is a need to support this proposal in light of what has been happening in New York after the well publicized incident of a mentally ill man shoving a woman in front of a subway train. The man had been hospitalized for brief periods many times and was known to be dangerous and suffering from a severe mental illness. Each time he was released they tried to get him into community programs, but there were waiting lists for all of the programs. The mental health community had asked many times for increases, but Governor Pataki, like many other Governors throughout the nation, had said no. Now, finally, after this incident, the mental health community and the Governor are meeting to talk about ways to provide a significant increase in community mental health care. We would hope that we can have that long overdue increase in community mental health care in California before there becomes a well publicized event like the one in New York.

However, we don't need to do this just because of political expediency. Community mental health care is tragically underfunded. The people who aren't treated don't just go away. They become a nuisance on the streets and law enforcement becomes the principle governmental response. 20% of the average police officer's beat time is taken up dealing with people with mental illness. They represent at least 10% of the criminal justice system caseloads as reflected in incarcerations, county jails, and state prisons.

- **THIS ISN'T HEALTH CARE EXPANSION AS MUCH AS IT IS PRISON COST SAVINGS**

I know that the ultimate level of funding (hundreds of millions of \$\$ annually) we are seeking is unrealistic in a normal scenario competing against all of the other health care expansion proposals. We ask for this level of funding and we can justify it based on the expected savings in state corrections cost and state corrections related and criminal justice system related placements at state hospitals.

As you stated, we can't keep doing what we're doing. What we're doing is putting people in jail and state prisons. That is not only bad policy, but is also very expensive.

The State Department of Corrections now reports that 11% of its inmates totaling 16,000 have a severe mental illness. The cost of the beds at \$22,000 per bed per year plus the costs of mental health treatment of \$4,000 per inmate brings the total cost for this population to \$400 million. That number is significantly higher than it was several years ago and indicates that the state prison population has as a high a percentage of people with mental illness as do county jails. The old argument that people with mental illness only wound up in local jails and not state prisons is no longer true. Thus, a significant increase in mental health treatment will necessarily result in a significant decrease in incarceration in state prisons of people with mental illness. This \$400 million figure, which has been growing rapidly and could climb significantly higher, should go down commensurately with an investment in mental health treatment.

- **WE SHOULD BE TREATING TWICE AS MANY PEOPLE - 50,000 MORE**

The numbers work this way. We're pretty sure that it will cost on average \$9,000 for the first two years and \$7,000 thereafter to treat the high risk homeless, or at risk of homeless, population with extensive mental health services for a year or so. That \$7,000 to \$9,000 would be matched with several thousands of federal funds, primarily Medicaid.

Our best guess based upon homeless mental illness statistics is that we should be treating an additional 50,000 people at a total cost of \$350 million to \$450 million. I don't have the current statistics, but I believe that it is about double the number of adults receiving extensive community mental health services. I believe the other 2/3 of the \$950 million current state funds are spent on a combination of children's services, institutional care (state hospitals and nursing homes) hospitals (mostly involuntary emergencies) and people who receive only minimal services. With the June 1st amendments allowing the Department of Mental Health to consider cost effective use of existing funds, the states would not have to pay all of these \$350 million in additional costs. A significant portion can come from reduced institutional care and hospitalizations and more community care using existing funds. Since 1/3 of the homeless are veterans, 1/3 of the homeless mentally ill are probably veterans. That portion of the care will be for veterans for which federal funds will pay for nearly all of the costs.

- **CORRECTIONS SAVINGS WILL MORE THAN COVER MENTAL HEALTH COSTS**

A state investment of \$280 million annually totally pays for itself in state corrections and criminal justice system related costs if we are able to cut in half the \$400 million in state corrections spending and have only minimal savings from the \$380 million in state mental health hospital criminal justice system related placements. This doesn't count state related share of costs for the local criminal justice system from the reduced caseloads of the court system.

- **WE CAN'T JUST BUILD PRISONS - WE MUST EXPAND COMMUNITY ALTERNATIVES**

The Legislature last year insisted that it would not support expansion of prison capacity unless that type of investment was matched by investments in community alternatives. For many years, during the Wilson Administration, there was an impasse between the Governor's interest in expanding the prison capacity and the Legislature's demands for community alternatives.

At the end of the 1998 legislative session there was an agreement in SB 2108 Vasconcellos to allow \$100 million to be spent on increased prison beds matched by \$100 million in community alternatives.

Included in that list of community alternatives was \$25 million for the Mentally Ill Offender Crime Reduction Grant Program (SB 1485 Rosenthal) which creates collaboration between county sheriffs and county mental health to treat those who have been in jail.

AB 34 allows us to do outreach to get people treatment before they wind up in jail.

Each dollar invested in this program should result in avoiding a dollar or more in prison expansion costs.

The benchmark set forth in the legislation is a 20% reduction in 4 years. After full establishment of the program which could take at least 7 years we believe a 50% reduction can be achieved.

- **A THREE YEAR FUNDING COMMITMENT OF \$200 TO \$250 MILLION WILL ALLOW US TO DEMONSTRATE THE COST-EFFECTIVENESS OF THIS APPROACH**

We believe that a funding commitment of at least 3 years is necessary to get a county to be willing to invest in the comprehensive outreach and treatment programs and demonstrate that it does result in the reduced incarceration rates. A state commitment for funding for the 2nd or 3rd year is necessary so that they know that if they increase the number of people that they treat the additional funding will be provided. However, counties couldn't double their capacity that quickly. A reasonable rate of growth is \$50 million statewide of increased community care which could grow by \$50 million each year. If we assume that the state bears 80% of these costs, re-allocation or cost savings in existing county funds would provide the additional growth. This would require state funding of \$40 million for 2000-01, \$80 million for 2001-02, and \$120 million for 2002-03, or a total of \$240 million over 3 years. At that point, we'd know what we're achieving. This seems like a most modest investment in relationship to what is proposed in prison expansion.

- **\$10 MILLION IN FUNDING APPROVED BY THE BUDGET PROVIDES STATEWIDE TRAINING AND PLANNING AND START UP FUNDING FOR THE BEST COUNTY PROGRAMS**

1. First year funding includes \$500,000 in funding for training in doing the outreach programs (very few counties are doing any outreach at all since there is no financial incentive to treat more people).
2. \$500,000 is for training in the integrated service agencies adult service model. This is a program that the state funded 10 years ago and has been expanded dramatically, but only in 6 counties. There are another 15 counties comparable in size to the counties that are already doing it (400,000 and above) that should be doing it and training to enable them to do so would help.
3. \$1 to \$2 million for planning grants for counties to develop the systems to provide the expanded outreach and services.
4. \$7 or 8 million in treatment for first year funding for some of the counties out of an estimated \$40 million to implement the program statewide.
5. Up to \$500,000 for state administration.

Note: It is possible that some of these first year costs could be paid for out of federal funds if the President's new mental health initiatives (announced yesterday at the White House Conference on Mental Health) are approved by Congress.

- **WE NEED TO KEEP TALKING UNTIL WE FIND A WAY TO DO THIS**

In any event, what I hope will happen is that we will continue to meet to develop a proposal that the Governor will support, hopefully, by the end of the legislative session in September, or at least by the time of the submittal of the Governor's 2000-01 budget proposals in December.

- c: Assemblymember Steinberg
Steve Mayberg, Department of Mental Health
Tim Gage, Betty Yee, Stan Cubanski, Department of Finance
Robert Presley, Secretary, Youth and Adult Correctional Agency
Grantland Johnson, Secretary, Health and Human Services Agency