



May 25, 2011

TO: Honorable Members, Senate Committee on Budget & Fiscal Review
Honorable Members, Assembly Budget Committee

FROM: Patricia Ryan, Executive Director
Kirsten Barlow, Associate Director, Legislation and Public Policy
California Mental Health Directors Association

SUBJECT: Governor's FY 2011-12 May Revise: State Government Reorganization

On behalf of the California Mental Health Directors Association (CMHDA), which represents the directors of public mental health authorities in counties throughout California, I am writing to communicate our thoughts and questions thus far regarding the Governor's May Revise proposals to reorganize state government in the administration of mental health programs.

Create a New Department of State Hospitals

CMHDA **supports** the May Revise proposal to separate the administration of state hospitals from the state's oversight of community mental health services. This would reduce the apparent conflicting priorities that exist for the state Department of Mental Health between its responsibilities to administer state institutional and correctional mental health services, while at the same time administering community mental health services. Each system clearly has very different goals, access, and services criteria.

Transfer Administration of Medi-Cal Community Mental Health to DHCS

CMHDA **supports** the May Revise proposal to transfer to the Department of Health Care Services (DHCS) all state-level administrative responsibilities associated with the Early and Periodic Screening, Diagnosis and Treatment (EPSDT) and Medi-Cal Specialty Mental Health Managed Care programs. Numerous inefficiencies in how California currently manages this program have been pointed out in both federal Centers for Medicare & Medicaid Services (CMS) and the California Department of Finance - Office of State Audits and Evaluations (OSAE) audits. Consolidating oversight of the mental health waiver program with the state's other waiver programs under DHCS would reduce administrative redundancy and more closely align the accountability structure with that recommended by CMS. Additionally, with growing focus on the need to coordinate specialty mental health with other health programs covered by state waivers and plans, and in anticipation of federal health care reform and parity, important policy objectives could be advanced in this more integrated structure.

Elimination of Department of Mental Health

The May Revise also proposes to eliminate both the state DMH and the Department of Alcohol and Drug Programs (DADP), with the intention of including a proposal in the Governor's January 2012-13 budget to shift all remaining DMH community mental health and DADP functions to another as yet unnamed department.

While many of the steps proposed or already taken by the Governor make good policy and fiscal sense, we have significant concerns about losing a necessary statewide focus on behavioral health policy with the uncertainty that remains about what will take the place of the two eliminated Departments.

CMHDA believes strongly that there must be an efficient and effective authority for behavioral health services at the state level, which should conduct only those functions that are necessary and value-added in supporting our community-based behavioral health systems. We are working to develop specific recommendations for consideration by the Administration and Legislature on a proposed structure at the state level, which could include a "behavioral health" consolidation of DMH and DADP functions.

We believe some of the most important components of effective and efficient state-level administration of behavioral health programs include:

- A focus on recovery and rehabilitation goals;
- Competent and capable leadership;
- Adequate resources;
- Proper lines of authority to ensure a voice for behavioral health statewide, including in the context of health care reform; and
- A statewide focus on community-level outcomes and accountability.

We look forward to being included in the Administration and Legislature's conversations about reorganizing state-level administration of mental health. Please do not hesitate to contact Patricia Ryan at pryan@cmhda.org or Kirsten Barlow at kbarlow@cmhda.org, or by phone at (916) 556-3477 with any questions you may have.

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