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To: CSAC Board of Directors

From: Graham Knaus, Executive Director
Darby Kernan, Deputy Executive Director of Legislative Affairs

Re: **Proposal to Revise the Mental Health Services Act during the 2020 Legislative Session**

Recommendation. The Executive Committee recommends that the Board of Directors adopt the Mental Health Services Act (MHSA) Flexibility Proposal and direct staff to pursue during the 2020 legislative session.

Background. The Mental Health Services Act, or Proposition 63 of 2004, has provided critical resources and support to improve the mental health infrastructure in California. The MHSA was enacted by voters to provide funding to improve California's public mental health system. Since its passage, California's county-administered specialty mental health plans have used the funding to implement and expand a range of community-based programs and services.

Since 2004, county behavioral health services have worked to adapt to new and pressing challenges, including homelessness, the opioid and methamphetamine epidemics, and the rising rate of death by suicide among youth. However the MHSA's rigid funding formulas prevent counties from using these funds to address emerging challenges, including the homelessness epidemic. Counties are seeking additional flexibility, accountability, and transparency for MHSA funding to better respond to these issues. While behavioral health services alone can't solve these crises, counties stand ready to leverage our expertise and programs to help move the needle and ensure critical services for all.

Policy Considerations. CSAC's core policy priorities in initiating changes to the MHSA are as follows:

- **Flexibility** – Create flexibility with MHSA funding to better target individuals experiencing homelessness and involved in the criminal justice system. Remove silos and other restrictions that create barriers and prevent counties from effectively spending MHSA funding on the needs of their communities.
- **Accountability** – Changes to MHSA must come with clear, measureable outcomes that counties can implement at the local level. Counties must have a key role in developing outcome measures and data reporting requirements to the state. The state must appropriately exercise its oversight and assistance role by working with counties to provide technical assistance and ensure good outcomes. The state must utilize information already reported by counties to

provide transparent and clear information to the taxpayers, the Legislature, and counties on local and collective MHSA efforts.

- **Funding Protections** – Efforts to modernize the MHSA must protect the funding at the county level. MHSA funding has become an integral part of the county mental health system, and is often the only revenue that allows counties to serve all ages and all conditions. Further, MHSA funding is critical to maintaining the county Medi-Cal specialty mental health system, especially at a time when the state is negotiating federal waivers and payment reforms and other changes are afoot. Stability for this funding source is critical for each county mental health system. Counties should have flexibility and local control to work with other local governments and community service providers to expend funds to address unique local challenges.

In furtherance of these core policy priorities, the eight key components of the CSAC Proposal are as follows:

1. Reach additional populations that are currently excluded from the MHSA by expanding MHSA uses to include diagnosis and treatment of substance use disorders (SUD). We believe this will allow counties the flexibility to target homelessness and criminal justice populations, and evidence shows that people often struggle with both a mental illness and substance use disorder.
2. Eliminate the current restrictive fiscal apportionment requirements of the MHSA, which require that 80% of MHSA funds must be used for Community Services and Supports and up to 20% for Prevention and Early Intervention, with 5% of overall funding earmarked for Innovation.
3. Remove original MHSA language regarding using MHSA funding to supplant other spending on programs and services. This structure currently limits counties' ability to invest MHSA funds in programs that have proven to be effective, or ones that are now in high demand.
4. Reinvent the Innovation portion to achieve the original intent of these funds within the MHSA: to grow and expand innovative programs statewide.
5. Reconstruct the Mental Health Services Oversight and Accountability Commission (OAC) into a technical assistance and innovation hub for counties. Also help the OAC develop expertise in implementing MHSA funds and convening counties to share best practices.

6. Move oversight of MHSA funding and implementation from the Department of Health Care Services (DHCS) and OAC to the California Health and Human Services Agency (CHHS).
7. Update and refine county data and outcome reporting to include information on critical populations and services.
8. Require the state to collate, analyze, and share the data reported by counties to improve transparency and help measure progress. This will also ensure that the state can provide constructive guidance and information to all stakeholders and show how MHSA funds are being spent locally and collectively as a state.

Action Requested. The Executive Committee recommends the Board adopt the Mental Health Services Act Flexibility Proposal and direct staff to pursue during the 2020 legislative session.

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