

Mental Health Services Act (Proposition 63)

Analysis by the County of Los Angeles Department of Mental Health

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DESCRIPTION

The Mental Health Services Act (Proposition 63) provides funding to counties to expand and develop innovative, integrated services for mentally ill children, adults, and seniors. If passed in the November 2, 2004 General Election, Proposition 63 would become effective on January 1, 2005.

- **Funding:** The initiative funds expanded mental health services by imposing a one percent income tax on high-income earners for the amount of their incomes exceeding \$1 million. Funds generated will be deposited on a monthly basis into a new Mental Health Services Fund in the State Treasury and continuously appropriated to the California Department of Mental Health (CDMH), who will administer the fund.

Funds will be distributed annually to counties based on each county's expenditure plan, service capacity, unmet need, and the amount of available funds. Counties must deposit funds in a new local Mental Health Services Fund. The funds must be used to expand mental health services and are prohibited from: being used to pay for any other program; supplanting existing State or County mental health services funds; or being loaned to the State General Fund, a county, or any other State fund.

- **Phase-In:** In 2004-05, funds will be allocated as follows:
 - 45% for education and training;
 - 45% for capital facilities and technological needs;
 - 5% for local planning efforts; and
 - 5% for State responsibilities.Beginning in 2005-06, program allocations will be phased-in over a three-year period as follows:
 - 10% placed in a trust fund for education and training;
 - 10% for capital facilities and technological needs;
 - 20% for prevention and early intervention; and
 - 60% allocated to counties to expand mental health services, described in later sections of the analysis (5% of this amount may be used for approved, innovative programs).
- **Prevention and Early Intervention:** The initiative requires CDMH to contract with counties to establish a new prevention and early intervention program for underserved populations that would:
 - Provide outreach on recognizing early signs of mental illness;
 - Provide access to county mental health programs;
 - Reduce stigma and discrimination associated with mental illness;
 - Be modeled after programs known to successfully reduce the duration of mental illness and help individuals to quickly regain productive lives; and
 - Reduce negative outcomes resulting from untreated mental illness (e.g., suicide, incarceration, homelessness, school failure, unemployment, children placed out of home).
- **Expanded Children's Services:** The initiative requires CDMH to contract with counties to expand services for children with severe mental illness, as part of the Children's System of Care, that would:
 - Be restricted to services not covered by other programs or insurance;
 - Prevent children from being placed out of their homes;
 - Be developed in partnership with youth and their families;

- Be provided to transition age youth (16-25 years of age); and
 - Be culturally competent and individualized for each child and their family.
- Expanded Adult and Older Adult Services: The initiative expands and makes permanent the Adult and Older Adult Mental Health System of Care pilot project, which provides integrated mental health outreach, case management, and other services to adults with mental illness who are homeless or at-risk of becoming homeless. The expanded services would be:
 - Restricted to services not covered by other programs or insurance;
 - Planned in accordance with the Recovery Vision for mental health consumers (e.g., consumer-oriented, culturally appropriate, individualized);
 - Prohibited from serving those incarcerated in, or parolees from, state prison;
 - Provided to transition age youth (16-25 years of age); and
 - Incorporated in county mental health plans, including ways to provide services that are similar to the Mentally Ill Offender Crime Reduction Grant Program.
 - Wrap-Around Services: The initiative requires the California Department of Social Services (CDSS) to seek federal approval to expand county wrap-around pilot projects designed to keep children from being placed in out-of-home care. It also permits CDSS to use funds from the initiative to provide technical assistance and incentives to counties for wrap-around services.
 - Medicaid: The initiative requires the California Department of Health Services to seek all federal Medicaid approvals to maximize the availability of federal funds.
 - Innovative Programs: The initiative provides funding to county mental health programs to implement approved, innovative programs designed to: increase access to services, particularly to underserved groups; increase quality of services, including better outcomes; and promote interagency collaboration.
 - County Plans: The initiative requires county mental health programs to develop three-year plans describing the programs they will provide under the initiative. The plans must include a program for technological and capital facilities needs. The initiative also requires counties to develop expenditure plans and, in so doing, collaborate with stakeholders and local mental health boards and hold public hearings. CDMH must establish requirements for county expenditure plans.
 - Staff Training: The initiative establishes a new program to address the shortage of qualified individuals to provide mental health services, under which counties and CDMH would conduct workforce needs assessments and CDMH would develop a five-year plan, including:
 - Expansion of postsecondary education, loan forgiveness, scholarships, stipends, and high school recruitment;
 - Curriculum to train and retain staff;
 - Promotion of: employing consumers and their families, cultural competency, and meaningful inclusion of consumers and family in the program; and
 - Regional partnerships to conduct outreach, increase diversity of the workforce, reduce stigma, and promote web-based and distance learning techniques.
 - Oversight and Accountability: The initiative establishes a new Mental Health Oversight and Accountability Commission that would serve without compensation and oversee implementation of the initiative.

ANALYSIS

Background

Proposition 63 is designed to expand mental health services to children, adults, and seniors throughout California. Sponsored by Assemblyman Darrell Steinberg (D-Sacramento), the initiative would use the "integrated services" model established through AB 34 (Steinberg, Statutes of 1999). AB 34 currently provides \$55 million in supported housing services to nearly 5,000 adults in California who have serious mental illnesses and have been, or are at-risk of becoming, homeless. AB 34 services include outreach, medical care, short- and long-term housing, prescription drugs, vocational training, and self-help and social rehabilitation. A 2003 report to the Legislature found that AB 34 services have been highly successful at reducing participants' hospitalizations, incarcerations, and homelessness, while increasing their employment.

The sponsor argues that expansion of the State's public mental health system is long overdue, given the inadequate community services made available to mentally ill individuals who were deinstitutionalized in the 1960's. While the State slightly increased funding for community-based services during the years that followed deinstitutionalization, it did not distribute to community-based programs much of the savings achieved through State mental hospital closures. According to the Senate Committee on Budget and Fiscal Review, "Adequate funding has never been provided (to the public mental health system) and reductions implemented during the recession years exacerbated the situation."ⁱ

Fiscal Impact

According to the Legislative Analyst's Office and the California Department of Finance, Proposition 63 would generate approximately \$250 million in 2004-05, \$700 million in 2005-06, and increasing amounts annually, thereafter (Franchise Tax Board estimates the amounts will grow by 7 percent each year). Proponents of the initiative argue that it will save the State and local agencies millions of dollars annually from reduced prison, jail, medical, homeless, and social services costs. While Proposition 63 requires counties to submit expenditure plans, Los Angeles County generally receives one-third of statewide funding allocations. One-third of the estimated statewide revenue would be \$82.5 million in 2004-05, and \$231 million in 2005-06.

Positions

Supporters include a large number of mental health, housing, education, medicine, hospitals, organized labor, and public safety organizations, including:

Asian Pacific Policy and Planning Council of Los Angeles
CA Institute for Mental Health
CA Police Chiefs Association
CA State Firefighters Association
CA Teachers Association
Los Angeles County Mental Health Commission

Los Angeles Homeless Services Authority
Mental Health Association of CA
Mental Health Association of Los Angeles County
National Alliance for the Mentally Ill – CA
West Los Angeles Council for the Disabled and Seniors

Opponents include the Howard Jarvis Taxpayers Association in Sacramento and the Citizens Commission on Human Rights (affiliated with the Church of Scientology). The Taxpayers Association argues that the initiative segregates only one segment of taxpayers (millionaires) for a program designed to serve all California residents. The Citizens Commission on Human Rights is opposed to promoting mental health screenings and psychiatric diagnoses and treatments.

Many believe that Governor Schwarzenegger will remain neutral on the initiative. According to Assemblyman Steinberg, the Governor believes in mental health services but cannot politically endorse a new tax.ⁱⁱ In May, the Public Policy Institute of California released the results of a statewide survey showing that 67% of likely voters, 71% percent of all Californians, and 50% of Republicans surveyed favor the ballot initiative.

Positive Impact on Los Angeles County

For reasons described below, the County of Los Angeles Department of Mental Health recommends a “support” position on Proposition 63.

- Consistent with County Policy

The County’s State Legislative Agenda for 2003-04 includes the following relevant policies:

- “Support legislation to fund mental health services for children including children’s system of care, multi-disciplinary approaches and training, Community Treatment Facilities, treatment for juvenile offenders, coordination of transitional youth services, and school based mental health services.”
- “Support legislation to fund mental health services for adults and older adults, including adult and homeless systems of care...”
- “Support...funding for development and recruitment of additional mental health professionals.”

- Unmet Needs Could Be Addressed

In a 2002 report released by the President’s New Freedom Commission on Mental Health, it was estimated that 6.3% of adults and up to 9% of children in California have serious mental illnesses. Applying these prevalence rates to Los Angeles County’s population (9,519,338), we can assume that up to 290,090 children and 396,655 adults need mental health services in our County. In 2002-03, the Department was able to serve 220,618 County residents. This represents only 32% of the 686,745 children and adults potentially suffering with serious mental illnesses in our County. While private insurance may provide some mentally ill individuals with mental health coverage, it is widely known that many County residents have no insurance, or inadequate insurance to cover mental health services, leaving the County Mental Health Department as some individuals’ last or only resort.

- Services Could Be Expanded, Rather than Reduced

The Department faces a significant structural budget deficit. In 2004-05, the Department will reduce services by \$30.6 million (County General Fund). The Department believes this reduction will result in profound suffering throughout the County, as many residents, including those in crisis, will be less able to receive the mental health services they need. Next fiscal year, under current assumptions, the Department will face an additional \$30 million funding gap, which would also require service cuts.

At the State level, the Governor has proposed to eliminate the Children’s System of Care program, add another 10% county share of growth in the Early and Periodic Screening, Diagnosis, and Treatment program, and require county mental health programs to be financially responsible for any patients in State mental hospitals deemed incompetent to stand trial. The Legislature has rejected these proposals. However, the sizeable budget deficit and Governor’s blue pencil authority leave our public mental health system significantly vulnerable to additional reductions in both the current and subsequent fiscal years. Given the current fiscal environment, as well as the historical under-funding of the public mental health system, Proposition 63 would bring both expanded resources and a vision for client-centered and integrated mental health services to Los Angeles County.

Examples of specific additional services the Los Angeles County Department of Mental Health could provide, with the passage of Proposition 63, include:

- Crisis services, including psychiatric urgent care facilities in each Service Planning Area.
- Additional support for law enforcement involvement in the Department’s Mental Evaluation Team (MET) and System-wide Mobile Assessment Response Team (SMART).

- Assertive Community Treatment (ACT) services, which provide 24-hour, direct, individualized assistance to people with serious and persistent mental illnesses.
- Suicide prevention as a major activity of the public mental health system.
- Early intervention services to both adults and children.
- A system to serve the mental health needs of older adults.
- New client self-help programs to encourage self-sufficiency, independent living, and employment.

- Goals for Local Mental Health Services Could Become a Reality

In the event that Proposition 63 passes in November, the Department is committed to utilizing the priorities articulated by the Comprehensive Community Care (CCC) process, as well as the expertise and input of the Mental Health System Stakeholders (Stakeholders), to decide how best to utilize the substantial new resources. The CCC process resulted in a pledge to create a family-focused, locally responsible mental health service delivery system. If Proposition 63 passes, the Department would expand its programs and services to achieve the traits of the model mental health delivery system the CCC process articulated.

The Stakeholders group was established in Spring 2004 to develop community-wide consensus on necessary reductions to the Department's 2004-05 budget. The Stakeholders group includes clients and representatives from Service Area Advisory Councils, other County departments and County commissions, courts, hospitals, law enforcement, and underserved populations. With a history of working successfully and quickly together to accomplish a very difficult task, this diverse group of mental health consumers and experts is well positioned to plan an expanded mental health system and identify ways to make the CCC priorities a reality. The Stakeholders' "Index of Relative Need" workgroup would be particularly helpful in identifying specific populations and/or geographic locations in greatest need of the new and expanded resources.

ⁱ Overview of the 2000-02 Budget Bill: *California's Mental Health System – Underfunded from the Start*

ⁱⁱ The Union Newspaper, July 24, 2004.