SUBCOMMITTEE #3:
Health & Human Services

Chair, Senator Bill Monning

Senator Mark DeSaulnier
Senator Bill Emmerson

April 18, 2013

Upon Adjournment of Senate Budget and Fiscal Review Committee

Room 4203, State Capitol
(John L. Burton Hearing Room)

AGENDA Part 2
(Peggy Collins)

ISSUES FOR DISCUSSION
4200 Department of Alcohol and Drug Programs

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ISSUES FOR DISCUSSION

4200 Department of Alcohol and Drug Programs (DADP)

1. Elimination of DADP and Transfer of Functions to Other State Departments

Governor's Budget Proposal: The Governor's budget reflects the elimination of the DADP on July 1, 2013, and the shift of department functions and $322.4 million ($34.1 million General Fund) to the Department of Health Care Services (DHCS) and the Department of Public Health (DPH). Of this, $289.9 million is in Local Assistance and $32.5 million is in State Support.

The following chart describes the functions and associated resources proposed to be transferred.

Department	Functions	Positions	Funds
Department of Health Care Services	Federal grant administration, parolee services programs, drug court technical assistance, licensing functions, counselor certification activities, narcotic treatment programs, driving-under-the-influence programs, data collection and analysis, statewide needs assessment and planning.	225.5	$313.7 million ($34 million GF)
Department of Public Health	Office of Problem Gambling	4.0	$3.7 million (no General Fund)

The Governor proposes no additional funding related to the elimination of the DADP and the transfer of its functions to the DHCS and the DPH. According to the CA Health and Human Services (CHHS) Agency's *Transition Plan for the Department of Alcohol and Drug Programs (Transition Plan),* released on January 10, 2013*,* the costs associated with this proposal are related to the transfer of informational technology systems and the relocation of staff and that these costs will be absorbed with existing resources at the DADP, the DHCS, and the DPH.

Background: The DADP directs, coordinates and provides leadership for the state's efforts to reduce or prevent alcoholism, narcotic addiction, drug abuse and problem gambling. The department is responsible for maintaining the statewide service delivery system and for coordinating efforts among other state departments, local public and private agencies, service and treatment providers, advocacy groups, and program users. The DADP manages data systems to collect statewide data on drug treatment and prevention.

DADP administers the federal Substance Abuse Prevention and Treatment (SAPT) Block Grant, additional discretionary federal grants, the Parolee Services Network Program, the Narcotic Treatment Program, the Driving Under the Influence Program, the Office of Problem Gambling, and the Drug Court Program. DADP also certifies counselors, and certifies and licenses substance use disorder (SUD) treatment programs in the community.

As part of the 2011-12 state budget, the administrative functions of the Drug Medi-Cal (DMC) program was transferred from the DADP to the DHCS, along with 59.0 positions and associated state operations funding. Until its transfer, the DMC program accounted for about one quarter of DADP's functions.

Additionally, under the 2011 Realignment, community-based substance use treatment programs, previously supported in part by the General Fund, were transferred from DADP to counties. These include both regular and Perinatal Drug Medi-Cal programs and services; regular and Perinatal Non Drug Medi-Cal programs and services; and drug court programs. Under Realignment, funding for these programs was shifted from the state to local governments.

According to the *Transition Plan,* the federal government, a majority of states, and most California counties, have moved toward providing mental health services and substance abuse services through an integrated behavioral services department. In 2012, the Legislature approved the elimination of the Department of Mental Health and shifted its functions to the DHCS, the Department of Social Services (DSS), and the newly-created Department of State Hospitals. At DHCS, mental health services and the Drug Medi-Cal program are each divisions under a newly- established Deputy Director of Mental Health and Substance Use Disorder Services. To further consolidate behavioral health functions at the state level, the Governor has now proposed to transfer two mental health licensing functions of the DSS to DHCS. This proposal is discussed in the DHCS portion of today's hearing.

2011-12 Budget Act: Last year, the Governor's 2012-13 budget proposed to eliminate the DADP by July 1, 2012, and to transfer its functions to other state departments, as shown in the following chart.

Department	Functions	Positions	Funds
Department of Health Care Services	Federal grant administration, drug court technical assistance, program certification, data collection and analysis, statewide needs assessment and planning.	161.5	$305.6 million
Department of Public Health	Counselor certification, narcotic treatment programs, driving-under-the influence programs, Office of Problem Gambling	34.0	$12 million
Department of Social Services	Program licensing	36.0	$4.5 million

During the subcommittee hearing process, stakeholders raised strong concerns about the proposed distribution of DADP functions across three separate state departments and what such a decision could mean for access to services, consistency of policy development and application, and clarity of statewide leadership. However, in light of previous actions to reduce the DADP's scope of responsibility through Realignment and the transfer of the DMC program; continuing toward the unification of behavioral health programs; and in acknowledgement of federal health care reform, the Legislature approved the elimination of the DADP but delayed it by a year, until July 1, 2013. Further, responding to a proposal that many felt lacked sufficient details to assure (1) the appropriateness and readiness of receiving departments and (2) that the elimination and shifting would occur in a manner that would not be disruptive to consumers, families, and providers, the Legislature adopted trailer bill language (Senate Bill 1014, Chapter 36, Statutes of 2012) to require that the DADP conduct additional planning activities. Specifically, Chapter 36 requires the transition plan to include:

(1) A detailed rationale for the transfer of administrative and programmatic function or functions, including program and policy changes necessitated by the proposed transfer.
(2) A cost and benefit analysis for each transfer and for the proposal as a whole, if more than one transfer is involved, showing fiscal and programmatic impacts of the changes.
(3) A detailed assessment of how the transfer will affect continuity of service for providers, consumers, county counterparts, and other major stakeholders.
(4) If function transfers are proposed to more than one receiving department, a detailed explanation of the following:
(A) How preparation will occur to maximize a smooth transition across departments.

(B) How ongoing program and policy functions will be coordinated across departments after the transfer is implemented.
(5) A detailed description of the stakeholder process, including, but not limited to:
(A) A description of stakeholder participants which shall include, at a minimum, consumers, family members, providers, counties, and representatives of the Legislature.
(B) A schedule of stakeholder meetings convened, and other activities conducted to provide maximum stakeholder input prior to production of a draft plan and to review the draft plan prior to submission to the Legislature.
(C) A discussion of significant concerns raised by stakeholders and how they were or were not addressed in the plan.
(D) A description of an ongoing stakeholder process that will provide continued assessment of and recommendations for improvement to the delivery of alcohol and drug treatment services in California.

CHHS Agency Transition Plan: The CHHS Agency sponsored stakeholder discussions in the fall of 2012 in order to inform their development of a transition plan, pursuant to Chapter 36. This process included over 60 participants representing consumers, family members, providers, local government, state departments, and legislative staff. The most significant and universal concern raised during this process was the proposal to distribute DADP functions across multiple state departments. Participants repeatedly voiced concerns that this would result in confusion and increased costs for those who would have to negotiate across three state departments, rather than one; a lack of systemic focus on substance abuse; a diffusion, and eventual reduction, of departmental expertise; and a lessening of a strong voice within the Administration about issues of concern to the substance abuse services community.

The CHHS Agency published the *Transition Plan* on January 10, 2013. In response to the information gathered through the required stakeholder process, the Administration revised its proposal and its plan now calls for a shift of all of the substance use disorder programs to the DHCS, under the leadership of the Deputy Director of Mental Health and Substance Use Disorder Services.

According to the *Transition Plan*, this revised proposal improves upon last year's proposal in the following ways:

- Aligns with federal, state and county counterparts by consolidating responsibility for substance use disorder services and community mental health services under a single behavioral health services department.
- Promotes opportunities for improved health care delivery and outcomes by integrating behavioral health services with primary health care within the DHCS.
- Maintains programmatic expertise and continuity of service by moving all DADP programs, positions, and existing staff intact to DHCS.
- Improves oversight by consolidating behavioral health services in a single department, best positioned to manage the complexities of funding, collection and analysis of data, and facilitating strong federal/state/local partnerships.
- Unifies licensing and certification together in one department, improving communications, reducing redundancies, and enhancing responsiveness to providers, consumers, and families.

Under the transition plan, only the Office of Problem Gambling (OPG) is proposed to move to the DPH, where it will be housed within the Center for Chronic Disease Prevention and Health Promotion.

Proposed Trailer Bill Language: The Administration proposes the adoption of trailer bill language necessary to implement the elimination of the DADP and the transfer of functions to the DHCS and the DPH. This proposed language is primarily technical in nature. The proposed trailer bill language also includes a statement of intent as to the desired benefits and effect this transfer is hoped to provide.

The subcommittee may wish to consider modifying the proposed trailer bill language to provide (1) continued legislative oversight as this transition unfolds over the next few years, (2) continued stakeholder involvement and input as the delivery of healthcare services in California continues to evolve, and (3) establishing a baseline for evaluating, on an ongoing basis, how and why service delivery changed or improved as a result of this administrative transfer.

Legislative Analyst's Office (LAO) Recommendations: The LAO finds that the Administration has met the requirements, set forth in Chapter 36, to conduct a stakeholder outreach process in the development of a plan to transfer the administrative and programmatic functions of the DADP to other state departments. Additionally, the LAO finds the transition plan submitted to the Legislature broadly meets the other requirements of Chapter 36.

However, to ensure ongoing legislative oversight of the transfer process, the LAO recommends that the DADP, the DHCS, and the DPH report at budget hearings on how the transition will achieve the following goals, established in Chapter 36.

- ✓ Improve access to alcohol and drug treatment services, including a focus on recovery and rehabilitative services.
- ✓ Effectively integrate the implementation and financing of services.
- ✓ Ensure appropriate state and county accountability through oversight and outcome measurement strategies.
- ✓ Provide focused, high-level leadership within state government for alcohol and drug treatment services.

Questions. The subcommittee has requested the Administration respond to the following:

1. Please provide a brief description of the transition plan and the stakeholder process utilized to develop it.

2. Please describe how the transition will achieve the goals established in trailer bill, as outlined by the LAO above.

3. Please describe the costs associated with the transition and how they will be absorbed. Moving forward, discuss your cost/benefit analysis of this proposal.

4. What lessons for the transfer of DADP functions have been learned from the transfer of mental health services and the Drug Medi-Cal Program to the DHCS?

5. How will the meaningful stakeholder involvement fostered by the DADP be maintained and encouraged at the DHCS and the DPH?

6. How will a balance be achieved between integrating behavioral health services within the broader health care arena and ensuring the unique qualities and service needs of persons with behavioral health issues are recognized and met?

7. What data collection and other IT programs does DADP currently manage and how will these be integrated within the new departments?

8. How can the Administration and the Legislature best measure the success of this transition?

Subcommittee Staff Recommendation:

1) **Approve the elimination of the Department of Alcohol and Drug Programs and the transfer of its substance use disorder programs to the Department of Health Care Services and the transfer of the Office of Problem Gambling to the Department of Public Health. (BCP #1)**

2) **Approve placeholder trailer bill language, as proposed by the Administration and modified to include:**

    a. **A mechanism for continued legislative oversight as this transition unfolds over the next few years**
    b. **Continued stakeholder involvement and input as the delivery of healthcare services in California continues to evolve, and**
    c. **Establishing a baseline for evaluating, on an ongoing basis, how and why service delivery changed or improved as a result of this administrative transfer.**

Vote:

2. CA Problem Gambling Treatment Services Pilot (CPGTSP) Program

Governor's Budget Proposal: The Governor's budget requests a two-year extension of the two existing limited-term positions and $5 million (Indian Gaming Special Distribution Fund) expenditure authority annually for two years, in order to continue the delivery of services and data collection for the CPGTSP. Specifically, in addition to maintaining the existing programs, the Office of Problem Gambling (OPG) intends to continue to train and authorize new providers; provide ongoing advanced training and support to authorized providers; provide outcomes data and performance measurements; increase program visibility; and develop a request for proposals (RFP) for a third party evaluation of the CPGTSP. As the Governor's budget presumes that the OPG will move to the DPH in the budget year, this proposal is made by the DADP on behalf of the DPH.

Background: The OPG was established within the DADP in 2003 (Assembly Bill 673, 2003). The OPG is charged with the development of a problem gambling prevention program, which is the first priority for funding appropriated to this office, and includes a toll-free telephone service; public awareness campaigns; empirically-driven research; training of health care professionals and educators; and training of gambling industry personnel. Additionally, the OPG is required to develop a program to support treatment services, subject to the appropriation of funding.

The OPG base funding, which has been in place since 2003, is $3 million (Indian Gaming Special Distribution Fund), and three positions. In 2006, the OPG commissioned the *California Prevalence Study,* conducted by the National Opinion Research Center (NORC) at the University of Chicago, which found that 83 percent of Californians have gambled at some point in their lives and that 3.7 percent of Californians met the criteria for problem/pathological gambling. In 2008, OPG was allocated an additional $5 million (Indian Gaming Special Distribution Fund) and two three-year limited-term positions to develop and implement treatment programs for problem and pathological gamblers and their families, known as the California Problem Gambling Treatment Services Program (CPGTSP). This funding level and position authority has been extended in subsequent budget years, through the 2010-11 fiscal year. In 2011-12, the funding and position authority was extended for an additional two years.

Over the life of this funding, OPG has developed an infrastructure for the CPGTSP in four pilot regions (Sacramento, San Francisco, Los Angeles, and San Diego). Accomplishments include:

- Training of 456 individuals, of which 436 are licensed therapists.
- Establishment of two Problem Gambling Telephone Intervention programs.
- Creation of a free-standing, outpatient network of licensed, CPGTSP-authorized providers to deliver evidence-based care.
- Establishment of the Intensive Outpatient Program.
- Establishment of two residential treatment programs.
- Clinical trials, through work with the UCLA Gambling Studies Program, to examine the usefulness and effectiveness of novel treatment approaches.

Questions: The subcommittee has requested the Administration respond to the following:

1. Please briefly describe the function and achievements of the OPG since its establishment.

2. Please briefly describe the organization and achievements of the CPGTSP pilot program.

3. Please describe what CPGTSP will achieve through an additional two-year extension of the pilot program. What criteria will be used to determine whether and when this program should be permanently established?

Subcommittee Staff Recommendation:

1) Approve as proposed (BCP #2).

Vote: