

CADPAAC

County Alcohol and Drug Program Administrators Association of California

*Dedicated to the reduction of individual and community problems related to the use of alcohol and other drugs
and the chronic disease of addiction*

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February 21, 2012

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From: County Alcohol & Drug Program Administrators Association of California

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Re: Restructuring the Behavioral Health System in California

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Sacramento County

Medium Counties

Amy Ellis
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Workforce Development

Nancy Lee
Sutter/Yuba Counties

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Thomas Renfree

In response to the Administration's Budget proposal to eliminate the Department of Alcohol & Drug Programs, along with the Department of Mental Health, and transfer the respective functions of these departments to other state departments, the County Alcohol & Drug Program Administrators Association of California (CADPAAC) offers the following comments. The comments are framed as a response to specific questions for counties raised by the Joint Oversight Hearing of the Assembly and Senate Health Committees and Budget Subcommittees on Health & Human Services on restructuring the Behavioral Health system in California.

- Q. What are your primary concerns with the Administration's proposals to reorganize mental health and substance use disorder programs?
- A. At some level, integrating mental health (MH) and substance use disorder (SUD) services into mainstream health care makes good sense, given the move toward integration of primary care and behavioral health care in federal healthcare reform. At the state level, this will require a well-planned, coordinated effort with clear policy goals. The Behavioral Health Needs Assessment being conducted by the Department of Health Care Services (DHCS) has confirmed what we already know, namely that substance abuse and mental illness are among the major health issues of our time. Undiagnosed and untreated substance use disorders are a major driver of preventable costs of the medical care system, child welfare system, criminal justice system, and others. There remains an unacceptably large SUD treatment services gap in this state. Only about 10% of those in need of care for SUD receive any specialty treatment. And yet the Administration has never submitted a policy or plan for how it proposes to address the impact of substance abuse and the need for SUD services in California.

Simply eliminating a department and transferring its functions is not a policy, and it does not eliminate the problem. When the state had the opportunity to include SUD services in the 1115 Waiver, it declined to do so. While it required counties to provide a MH benefit in their Low Income Health Plans (LIHP), DHCS decided to exclude an SUD benefit. This leads CADPAAC to question the Administration's commitment to address SUD problems and need for SUD services in its "Bridge to Reform." The Needs Assessment requires the state to submit a plan, by October of this year, outlining its policy for meeting the need for both MH and SUD services in California. Until that plan is completed, CADPAAC believes it is premature for the Administration to eliminate the department that is the sole focus for SUD services, and therefore opposes the proposal at this time. What we look for from the Administration is a clear recognition that the goals of health care reform cannot be realized without a strong and comprehensive substance abuse system of care.

- Q.** What, if any, information about the proposed reorganization have you been waiting for from the Administration in order to evaluate its effects on the group(s) that you represent?
- A.** The State Dept. of Health Care Services has conducted a comprehensive behavioral needs assessment, mandated by the Center for Medicaid Services. As part of this mandate, the state will be required to submit a plan detailing how it proposes to meet the need for mental health and SUD services. CADPAAC believes that, if the Administration believes that the need for these services would best be met by eliminating ADP and DMH, and transferring those functions to other departments, those proposals should be included in the Needs Assessment plan, with clear policy direction, rather than in a budget proposal.
- Q.** What have you learned from the ongoing efforts to transfer Medi-Cal related mental health and Drug Medi-Cal Treatment Program functions that can inform what the Administration is proposing to do to further change how mental health and substance use disorder services are administered?
- A.** CADPAAC believes that moving the state administration of Drug Medi-Cal services to the state's Medicaid agency (DHCS) is a positive step that could result in better program efficiency at the state level. However, with regard to the proposal to dismantle the Department of Alcohol & Drug Programs and parcel out its functions to other state departments, we would urge the Administration to move more cautiously, due to the complexities of this type of reorganization. A national study commissioned by the Substance Abuse Mental Health Services Administration (SAMHSA) in 2005 (*State Substance Abuse Agencies and Their Placement Within Government: Impact on Organizational Performance and Collaboration in 12 States*, by The Avisa Group) found that, in states where the Single State Agency for alcohol & drug programs was merged with or submerged under another department, the state was unable to advance significant SUD education, prevention, treatment and policy objectives, particularly those objectives that are held jointly with other agencies

including mental health, criminal justice, Medicaid and public health, and that Federal funders increasingly mandate. We believe the structural change proposed by the Administration should be informed by the as-yet-to-be-drafted state plan to address the need for SUD services in California, and should support the integrity of the state's SUD continuum of services, including prevention, treatment, recovery, continuing care, etc. in a single state department under high-level leadership. At this point, we remain unconvinced that the state will preserve the integrity and high profile of both the mental health and substance use disorder service systems, even if both systems are co-located within the same department and are integrated at the local level. CADPAAC also believes that the integration of both fields with primary care – a commendable goal of health care reform – can only be achieved if and when the Administration assumes responsibility for bringing the needed statewide focus to the MH and SUD continuum of services.

- Q.** What are your main questions or concerns for the July 1, 2012 transfer that the Legislature and Administration should be made aware of at this time?
- A.** As noted above, CADPAAC's primary question is this: why do the Administration and the Legislature propose to address the reorganization of the state departments in a budget action, rather than in a well-informed and carefully-crafted policy for how the state plans to meet the need for MH and SUD services in California? If the goal of this restructure is better program efficiency, has the Administration done a cost-benefit analysis or identified specific cost savings that will be realized by the reorganization? Given that federal health care reform will require that MH and SUD services be provided at parity with other medical-surgical benefits in primary care, how do the Administration and Legislature plan to implement the parity requirements in California? Additionally, we have this concern: ADP serves as the federally-designated Single State Agency (SSA) for SUD services, and directs numerous public policy initiatives in addition to various core functions, such as administering the Federal Block Grant, assuring compliance with federal and state regulations, licensing and certifying treatment programs, collecting and reporting data, maintaining outcomes measurement systems, providing technical assistance and training, interfacing with criminal justice and other state services, conducting needs assessment and planning, workforce development, etc. The ability and commitment of another department or departments to adequately manage all of these responsibilities, along with the data systems and information technology changes that will be required, has not yet been demonstrated.
- Q.** Do you think the proposed reorganization will make it easier for you to work with the state?
- A.** In some ways the proposed reorganization will make working with the state more difficult and complicated for counties and providers, since we would be dealing with three departments instead of one. However, CADPAAC believes that, regardless of where these state functions are ultimately located, the primary issue comes down to leadership. Counties, providers and consumers will ultimately benefit if there is strong statewide leadership, at a

high department level, for SUD policy. Given the additional responsibilities assumed by counties under Realignment, we need leaders at the state level who will work with counties and support county structures, who have the ability to move the field forward in health care reform, who can provide direction across all state departments that are affected by SUD, who understand and can address federal issues, and who will be strong voices in addressing SUD treatment needs and cultural disparities.

- Q.** What program regulations, practices and policies would you like to see changed if DMH and DADP are merged with DHCS?
- A.** CADPAAC believes that strong state leadership on MH and SUD issues requires a Director or Chief Deputy Director-level position with direct access to the Governor's Office. This would require a change in policy from the current proposal. If DMH and DADP are merged with DHCS, CADPAAC supports keeping the continuum of SUD services and all of the current functions of DADP intact. In addition, there are a number of state-only regulations governing Drug Medi-Cal services that inhibit the delivery of appropriate, medically-necessary SUD treatment. These requirements should be carefully reviewed to determine whether they exceed federal Medicaid requirements and, if so, whether they are medically-necessary, based on recognized best practices and identified treatment needs, and enhance health care delivery. Finally, the Drug Medi-Cal program should be revised to include the provision of a full range of SUD benefits that meet established standards of care. At a minimum, these benefits should reflect the scope of benefits and reimbursement rates available under the rehab model for mental health services.
- Q.** What state-level organization of these programs and services would be best for consumers? If this involves a transfer, what transfer process and timeline would you recommend?
- A.** CADPAAC believes that consumers of the SUD system of care are best served by a single state agency (SSA), with strong proactive leadership, that focuses on the provision of optimal prevention and treatment services. When counties and service providers must navigate multiple state departments, the result may be disjointed programs and uncoordinated care. Integration of SUD services with primary care would be beneficial to the consumer, since SUD problems rarely occur independent of other health care problems.

Attached is the testimony of Robert Garner, Alcohol & Drug Program Administrator of Santa Clara County, on behalf of CADPAAC, given at the Joint Oversight Hearing of your respective committees and subcommittees regarding the restructuring of the Behavioral Health system in California.