AGENDA

ASSEMBLY BUDGET SUBCOMMITTEE NO. 1 ON HEALTH AND HUMAN SERVICES

ASSEMBLYMEMBER HOLLY MITCHELL, CHAIR

WEDNESDAY, APRIL 25, 2012
1:30 P.M. - STATE CAPITOL, ROOM 437
(PLEASE NOTE ROOM CHANGE)

ITEMS TO BE HEARD

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4200 DEPARTMENT OF ALCOHOL AND DRUG PROGRAMS

ISSUE 1: DEPARTMENT OVERVIEW AND PROGRAM UPDATE

DEPARTMENT DESCRIPTION

The Department of Alcohol and Drug Programs (DADP) was created in 1979 and is responsible for administering prevention, treatment, and recovery services for alcohol and drug abuse. California's statewide treatment, recovery and prevention network consists of public and private community-based providers serving approximately 230,000 people annually. DADP provides leadership, policy, coordination, and investments in the planning, development, implementation, and evaluation of a comprehensive statewide system of alcohol and other drug prevention, treatment, and recovery services, as well as problem gambling prevention and treatment services. As the state's alcohol and drug authority, the DADP is responsible for inviting the collaboration of other departments, local public and private agencies, providers, advocacy groups, and individuals in establishing standards for the statewide service delivery system.

DADP is undergoing significant changes. In 2011-12, the Drug Medi-Cal functions were transferred to counties as part of 2011 Realignment and administrative functions for the Drug Medi-Cal (DMC) program are being transferred to the Department of Health Care Services (DHCS). In addition to these changes, in 2012-13, the Governor is proposing that the remaining programmatic and administrative functions be transferred to various departments, including DHCS, the Department of Public Health (DPH), and the Department of Social Services (DSS).

The Alcohol and Other Drug Services Program assists counties in providing appropriate prevention, treatment, and recovery services to help Californians have healthy lives free of alcohol and other drug-related problems and become contributing members of their communities. In addition to ensuring compliance with state and federal statutes, DADP provides program oversight, maintains agreements with counties to monitor performance measures and spending related to federal maintenance of effort requirements, and implements projects consistent with specific department objectives.

OVERVIEW OF MAJOR SERVICE AREAS

To meet its responsibilities, DADP performs the following functions:

- ***Service Delivery System*.** Design, maintain, and continuously improve a statewide infrastructure for the delivery of community-based alcohol and other drug prevention, treatment, and recovery services, as well as problem gambling prevention and treatment services. This is achieved through ongoing partnership with county governments and in cooperation with numerous private and public agencies, organizations, and groups.

- ***System Financing*.** Provide efficient and effective systems of obtaining, allocating, administering, and accounting for local, state, and federal funds used in the alcohol and other drug system.

- ***Quality Assurance*.** Ensure that service providers maintain compliance with basic facility and program standards. The Department licenses and/or certifies a range of programs including residential treatment centers and outpatient programs, clinics for narcotic replacement therapy, and driving under the Influence educational programs.

- ***Alcohol and Other Drug Prevention*.** Maintain a prevention program designed to reduce and eliminate alcohol and other drug-related problems among California's children, youth, and adult populations.

- ***Information Technology*.** Develop an information infrastructure that supports the goals, strategies, and operations of the Department and its stakeholders.

FISCAL OVERVIEW

The display below reflects the proposal in the Governor's budget to eliminate DADP effective July 1, 2012. Dollars are shown in thousands ($'000s).

Fund Source	2010-11 Actual	2011-12 Projected	2012-13 Proposed	BY to CY Change	% Change
General Fund	$181,802	$38,090	$-	-	%
Federal Trust Fund	259,639	261,734	-	-	-
Reimbursements	130,070	132,125	-	-	-
Indian Gaming Special Distribution Fund	8,400	8,449	-	-	-
Residential and Outpatient Program Licensing Fund	4,124	4,383	-	-	-
Driving Under-the-Influence Program Licensing Trust Fund	1,621	1,740	-	-	-
Narcotic Treatment Program Licensing Trust Fund	934	1,333	-	-	-
Mental Health Services Fund	282	-	-	-	-
Gambling Addiction Program Fund	166	166	-	-	-
Audit Repayment Trust Fund	43	72	-	-	-
Sale of Tobacco to Minors Control Account	-2,000	-2,000	-	-	-
Total Expenditure	**$585,081**	**446,092**	**-**	**-**	**-**
Positions	271.2	287.4	-	-	-

MAJOR PROGRAM AREAS

California's system for the provision of substance use disorder (SUD) services is primarily run at the county level, overseen by DADP. DADP administers the federal Substance Abuse Prevention and Treatment (SAPT) Block Grant, nearly $260 million in 2011-12 with a Maintenance of Effort requirement, and other discretionary grants from the federal Substance Abuse and Mental Health Services Administration (SAMHSA), the Parolee Services Network Program, Narcotic Treatment Program, Driving Under the Influence Program, Office of Problem Gambling, and Drug Court Programs. DADP also certifies and licenses SUD providers in the community.

In 2000, California voters approved the Substance Abuse and Crime Prevention Act, or Proposition 36, which changed state law so that certain adult offenders who use or poses illegal drugs are sentenced to participate in drug treatment and supervision in the community rather than being sentenced to prison or jail, supervised on probation, or going without treatment. From 2001-02 until 2005-06, Prop. 36 provided annual appropriations of $120 million General Fund for related substance abuse treatment programs. The Offender Treatment Program was an adjacent program, and the two programs were funded fully, then partially over the course of the next several years. The 2009-10 Budget included minimal federal funding and no General Fund for the programs. The two programs have remained with no funding since that time.

Drug court programs combine judicial monitoring with intensive treatment services over a period of about 18 months typically for nonviolent drug offenders. In general, these are county-administered programs through which the state provides funding and oversight. There are two main programs – the Drug Court Partnership Act program created in 1998 that supports adult drug courts in 32 counties and the Comprehensive Drug Court Implementation Act program created in 1999 that supports adult, juvenile, family, and some Dependency Drug Courts in 53 counties.

PANEL AND QUESTIONS

- Department, please respond to the following requests and questions:
    - Please describe the Department's central mission and the reasons for its creation.
    - Review the need for substance use services in the California community. What is the prevalence of alcohol and drug use among different age groups (e.g. youth, adults)? What are recent trends and challenges?
    - Provide a brief overview of the array of services fostered under the Department. What are some examples of notable outcomes?
    - Provide an update on the SAPT Block Grant, how the state has fared in recent years, and in the current year, in meeting the MOE, and other issues of note.
- Department of Finance (DOF), please provide any additional comments.
- Legislative Analyst's Office (LAO), please provide any comments or additional insight regarding the overview topic of which the Legislature should be aware.
- Public Comment on any issue not otherwise agendized that relates to this department.

ISSUE 2: DRUG MEDI-CAL TRANSFER TO DEPARTMENT OF HEALTH CARE SERVICES

The 2011-12 Budget approved the transfer of the Drug Medi-Cal (DMC) program from the Department of Alcohol and Drug Programs (DADP) to the Department of Health Care Services (DHCS), effective July 1, 2012 in the interest of improving access and quality, as well as effectively integrating Medicaid services. The action approving this transfer required the departments to convene and consult with stakeholders in the formulation of a transition plan, including specified components, and present this plan to the Legislature by October 1, 2011, with updates on the transfer provided during subsequent budget hearings after that date. It also authorized transition activities to take place in the 2011-12 fiscal year in accordance with the transition plan, with a 30-day notification to the Legislature. The DMC Program had accounted for about a quarter of the functions at DADP.

In authorizing the transition, the statute stated the intent that the transfer happen efficiently and effectively, with no unintended interruptions in service delivery. Further programmatic goals to improve and enhance the program, including improvement of state accountability and outcomes, were emphasized in the legislation. DHCS has expressed its commitment to a "seamless" transfer that accomplishes this.

BACKGROUND ON DRUG MEDI-CAL

DADP contracts with counties and direct service providers for the provision of DMC. County participation in DMC is optional, and counties may elect to provide services directly or subcontract with providers for these services. All but approximately 15 California counties currently maintain a program. If a county chooses to not participate in DMC and a certified provider within that county indicates a desire to provide these services, DADP currently executes a service contract with the county and provider for the provision of these services.

The five covered services for the DMC program listed in Section 4.19B of California's Medicaid State Plan include:

- **Day Care Rehabilitation Treatment** - Minimum of three hours per day, three days per week, for EPSDT-eligible beneficiaries and pregnant and postpartum women only.

- **Outpatient Drug Free Services** – Individual counseling for 50-minute minimum or group counseling for 90-minute session.

- **Perinatal Residential Substance Abuse Treatment** – 24-hour structured environment, excluding room and board, for pregnant and postpartum women.

- **Naltrexone Treatment Services** – Face-to-face contact per calendar day for counseling and/or medication services.

- **Narcotic Treatment Services** – Core services (intake assessment, treatment planning, physical evaluation, drug screening, and physician supervision), laboratory work (tuberculin and syphilis tests, monthly drug screening, and pregnancy tests for certain patients), dosing (ingredients and dosing for methadone and other patients).

Medi-Cal Managed Care plans exclude from their contracts all services available under the DMC Program as well as outpatient drug therapies that are listed in the Medi-Cal Provider Manual as alcohol and substance abuse treatment drugs and that are reimbursed through the Medi-Cal fee-for-service program.

DMC TRANSFER TO DHCS

As noted above, as part of the 2011-12 Budget, AB 106 (Committee on Budget), Chapter 32, Statutes of 2011 transferred the administrative functions for DMC Program that were previously performed by DADP to DHCS. DHCS, in collaboration with DADP, was required to develop an administrative and programmatic transition plan that includes specified components to guide the transfer of the DMC Program to DHCS. To inform the creation of the administrative and programmatic transition plan, DHCS and DADP were required to convene stakeholders to receive input from consumers, family members, providers, counties, and representatives of the Legislature concerning the transfer of the administration of DMC functions performed by DADP to DHCS.

"Key Milestones" identified in the October 1, 2011 Transition Plan for DMC transfer included:

1. Develop and maintain stakeholder distribution list.
2. Plan and conduct stakeholder meetings with Clients/Families/Client Advocates/Providers/Provider Representatives/and Counties/County Representatives.
3. Ensure stakeholder engagement during the transition period and ongoing.
4. Develop a stakeholder communication plan to ensure regular communications.
5. Recruit and hire Deputy Director and Division/Office Chief.
6. Analyze, categorize, and prioritize stakeholder recommendations.
7. Meet with staff of each major operational program area and identify major issues and risks.
8. Review all relevant legal issues and court decisions.
9. Establishment process for policy review, including review of federal and state laws, federal and state regulations, and policy letters, information notices, bulletins, and other similar documents.
10. Utilize DHCS/DADP Transition Team.
11. List and flowchart transfer of critical workload, including cost settlement, cost reports, and audit processes.
12. Identify critical outstanding workload, including fiscal and program audits, contract status, and claims processing.
13. Determine whether any transfer-related changes are necessary for the Medicaid State Plan.
14. Develop list and a process for updating a list of all current DMC contracts.
15. On fiscal issues, collaborate to maintain integrity of funding at all levels, with a goal of by May 2012, fully incorporating the DMC Treatment Program local assistance budget into the Medi-Cal Estimate.
16. Develop a plan for transferring and training staff.
17. Transfer DMC website content to DHCS.

18. Identify and update points of program contact for stakeholder business and operational issues.

19. Continue to provide tribal notification of changes to state law or development of a federal waiver.

20. Monitor how non-DMC functions and realignment of funding to counties will affect the transfer of DMC to DHCS.

In addition to the milestones, plans were developed for Human Resource movement, Information Technology, and Logistics, which includes office space, parking, file space, and new employee orientation.

STAKEHOLDER FEEDBACK AND REQUESTS

AB 106 required DHCS to provide the transition plan to all fiscal committees and appropriate policy committees of the Legislature by October 1, 2011, and to provide additional updates to the Legislature during budget subcommittee hearings after that date, as necessary. DADP submitted the required transition plan, and two updates to that plan. Issues raised by stakeholders were incorporated in the Transition Plan and included the following:

- That the DMC Program transfer involve a program transformation by DHCS, and that the program transfer and stakeholder engagement present an opportunity to consider how the state can identify changes or efficiencies in services, policies and procedures;

- That DHCS ensure there would be no interruption or delay in claims processing during and after the transfer of the DMC Program;

- That DHCS review the treatment authorization request (TAR) process for fee-for-service medication services that interact with DMC Program to avoid TAR delays that result in the loss of treatment opportunities for beneficiaries and frustration for providers;

- That the DMC Program provider certification process affects access, and that DHCS evaluate the process and involve providers in the development and review of proposed changes;

- That benefits provided under the current DMC Program are outdated, and that services be augmented beyond the five services currently covered and include additional federally approved therapies (buprenorphine, Vivitrol and other new drugs);

- That benefits provided under the DMC Program include drug testing coverage and more individual counseling; and, allow for home counseling and intensive outpatient program services;

- That current regulations interfere with the delivery of appropriate health care, and that DHCS instead only follow federal requirements;

- That the provider application and certification process is duplicative and unnecessary and DHCS should instead rely on national accreditation;

- That DHCS evaluate and streamline the billing process, and allow same day billing if more than one service is provided in a single visit;

- That DHCS address problems with claiming denials; recoupment of funds; lengthy claims processing and reimbursement; and improve communication between the state and providers;

- That rate-setting for the DMC Program remains a state function and that it not be delegated to counties;

- That DHCS review reporting requirements and eliminate cost reports; and,

- That DHCS retain experienced and expert staff in the field of substance abuse disorders; that DHCS have leadership that reports directly to the director; and, that the program retain its dedicated focus and separate identity and not be engulfed by DHCS' current Medi-Cal program administration.

PROPOSED TRAILER BILL

Pursuant to the transfer authorized in statute last year, the Governor's Budget for 2012-13 has proposed trailer bill language to effectuate the transition effective July 1, 2012.

The proposed trailer bill language does the following:

- Provides DHCS with the full authority to administer DMC, effective July 1, 2012 and amends sections of the H&S Code to reflect the removal of this program from DADP oversight.

- Moves the relevant sections of the Health and Safety (H&S) Code that reference DMC to the Welfare and Institutions Code and changes references from DADP to DHCS.

- Preserves contract obligations, regulations, and program rules, and abides by prevailing court decisions and orders, unless changed by DHCS in the future. However, gives DHCS authority to amend or repeal regulations and order by means of all-county letters, plan letters, plan or provider bulletins, or similar instructions without taking regulatory action.

Stakeholders have expressed concern over various aspects of the proposed trailer bill, including questions regarding DHCS' authority to change state regulation through administrative action aside from the usual process with the Office of Administrative Law. A legislative counsel version of the trailer bill was publicly released on April 23, 2012; therefore, it is likely that advocates have not yet had an opportunity to review this formalized version. Additional feedback from stakeholders is expected.

PANEL AND QUESTIONS

- Department, please respond to the following requests and questions:
    - Please provide a high-level profile of caseload and costs in the DMC program today.
    - The administration has been asked to present an overview on the transition as a whole and evaluate whether and how the transfer activities are meeting the key milestones.
    - What are the high-risk items in the transfer and areas for special consideration as we near the effective date of the transfer, July 1, 2012?
    - Can the administration address its contemplation of a 1915(b) waiver and what implications for the program this type of waiver would have? What effect could it have on providers?
    - Please describe the essential elements of the trailer bill and flag for the Legislature issues that stakeholders have brought to the administration's attention.
- Department of Finance (DOF), please provide any additional comments.
- Legislative Analyst's Office (LAO), toward what considerations for the transfer should the Legislature be especially attuned at this time?
- Public Comment on this issue.

ISSUE 3: REALIGNMENT OF SUBSTANCE ABUSE SERVICES

BACKGROUND

The 2011 budget plan realigns several substance abuse treatment programs that were previously funded through the General Fund. The following are the major substance abuse treatment programs that were realigned:

- **Regular and Perinatal Drug Medi–Cal.** The Drug Medi–Cal (DMC) program provides drug and alcohol–related treatment services to Medi–Cal beneficiaries. These services include outpatient drug free services, narcotic replacement therapy, day care rehabilitative services, and residential services for pregnant and parenting women.

- **Regular and Perinatal Non Drug Medi–Cal.** The Non Drug Medi–Cal program provides drug and alcohol–related treatment services generally to individuals, including women and children's residential treatment services, who do not qualify for Medi–Cal.

- **Drug Courts.** Drug courts link supervision and treatment of drug users with ongoing judicial monitoring and oversight. There are several different types of drug courts including: (1) dependency drug courts, which focus on cases involving parental rights; (2) adult drug courts, which focus on convicted felons or misdemeanants; and (3) juvenile drug courts, which focus on delinquency matters that involve substance–using juveniles.

As part of the 2011-12 budget plan, funding for specific alcohol and other drug programs was shifted from the state to local governments through AB 118 and AB X1 16 (Committee on Budget), Chapter 13, Statutes of 2011. A total of about $184 million of DADP programs (Regular and Perinatal Drug Medi–Cal, Regular and Perinatal Non Drug–Medi–Cal, and Drug Courts) were shifted to the counties. Under the 2011 Realignment, funding for these programs is deposited into four separate subaccounts within the newly created Health and Human Services Account of the Local Revenue Fund 2011. Under Realignment 2011, state sales tax will comprise the dedicated revenue to support these programs, instead of the state General Fund.

OUTSTANDING WORK IN REALIGNMENT

The 2011 realignment package left a significant series of implementation matters unresolved, including critical issues such as the design of the funding system and allocation of revenues among counties. Over the months since enactment of the realignment package, the administration, counties, and some stakeholders have met to work on the implementing legislation.

The administration has indicated that it expects information and trailer bill language to be made available soon, more specifically prior to and at the May Revision. Thus far, nothing has been released publicly.

Due to the disadvantage this may place the Legislature in for adequate consideration and thoughtful deliberation of language, the Subcommittee has scheduled a hearing on May 2, 2012 to review all released information at that time on realignment of health and human services programs and to review what else is coming and the essential contents of what it will include.

PANEL AND QUESTIONS

- Department, please respond to the following requests and questions:
    - Please describe the elements of what will be included in the forthcoming proposed trailer bill language from the administration on realignment for these services specifically.
    - What issues have advocates and stakeholders raised and how are these being resolved?
    - How will or could DMC change under realignment?
    - What are the potential outcomes for the Women and Children's Residential Treatment Services Program under realignment?

- Department of Finance (DOF), please provide any additional comments.

- Legislative Analyst's Office (LAO), please provide any comments or additional insight regarding the realignment of these services.

- Public Comment on this issue.

ISSUE 4: GOVERNOR'S PROPOSAL TO ELIMINATE THE DEPARTMENT OF ALCOHOL AND DRUG PROGRAMS AND TRANSFER ITS FUNCTIONS

GOVERNOR'S PROPOSAL

In addition to implementing the Drug Medi-Cal transition and effectuating realignment of substance use disorder services, the Governor's Budget for 2012-13 proposes to eliminate DADP entirely effective July 1, 2012 and redirect funding and positions for certain SUD services to other departments. This proposal would transfer the remaining non-Medi-Cal SUD programs, including 231.5 positions and budget authority of $322.103 million ($32.166 million state operations, $289.937 million local assistance) ($34.069 million General Fund) from the DADP to three departments as described in the chart below. A description of programs affected follows the chart below.

The administration states that the proposal follows the actions taken previously for DADP in the 2011-12 Budget and that the transfer of remaining departmental responsibilities to other state departments will integrate activities within those new placements.

Function or Program	Recipient Department Positions/Total Funding
Administration of SAPT Block Grant and other SAMHSA Discretionary Grants, Data Collection Function, Reporting and Analysis, Statewide Needs Assessment and Planning, Program Certification, Technical Assistance and Training, Substance Abuse Prevention Activities, Resource Center, Parolee Services Network	Department of Health Care Services $305.572 million ($285.937 local assistance, $19.635 state operations) 161.5 Positions
Counselor Certification, Narcotic Treatment Programs, Driving Under the Influence Programs, Office of Problem Gambling	Department of Public Health $12.002 million ($4.0 local assistance, $8.002 state operations) 34.0 Positions
Program Licensing	Department of Social Services $4.529 million (all state operations) 36.0 Positions

Programs to be Transferred to the Department of Health Care Services

The majority of SUD programs and functions, described below, are proposed to be transferred to a new Division of Mental Health and Substance Use Disorders Services within DHCS, concurrent with the proposed transfer of most state-level programs from DMH, which is also proposed to be eliminated. In addition to the transfer of these programs, the administration proposes to create a new Deputy Director, Mental Health and Substance Use Disorder Services, that would lead this new division. The new Deputy Director would be a Governor's Appointee and would require Senate confirmation.

Administration of the SAPT Block Grant. DHCS would be responsible for the financial oversight of the Substance Abuse Prevention and Treatment (SAPT) Block Grant. DADP is the Single State Authority designee for receiving and administering the SAPT Block Grant.

The SAPT Block Grant, ADP's largest source of federal funding, supports the state's prevention, treatment and recovery network. Ninety-two percent of the funding is allocated to local communities through county allocations and technical assistance and training contracts; a minimum of 20 percent of the Block Grant funds must be spent on primary prevention services. DADP is responsible for ensuring that SAPT Block Grant requirements are achieved and reported annually in each year's SAPT Block Grant application. Many of the requirements have significant fiscal consequences if they are not met and, therefore, require careful monitoring by various branches within DADP.

Administration of other SAMHSA Block Grants. DADP is responsible for the financial oversight of the Strategic Prevention Framework State Incentive Grant (SPF SIG). The SPF SIG, administered by DADP's Prevention Services Branch, is a five-year discretionary grant in the amount of $1,941,749 per year specifically targeting underage and excessive alcohol use among 12-25 year olds.

Data Collection, Reporting and Analysis. DADP has been collecting data on statewide alcohol and other drug prevention efforts since July 2006 utilizing the California Outcome Measurement Service for Prevention (CalOMS Pv). CalOMS Pv is a web-based system contracted through a third-party vendor. Data from CalOMS Pv is used in the annual SAPT Block Grant application as well as to monitor county use of SAPT Block Grant primary prevention funding.

Statewide Needs Planning and Development. Pursuant to SAPT Block Grant requirements, DADP generates an annual Needs Assessment Report, which analyzes treatment and prevention data as well as prevalence, consumption and consequence trend data. The report identifies service needs and gaps in California's publicly funded system. This systematic needs assessment is instrumental in developing local and statewide plans and establishing data-informed policies for federal and state allocations.

Program Certification. Further information on this was not provided by the administration at the time of this writing.

Technical Assistance and Training. DADP provides no cost technical assistance to California's AOD prevention field through the Community Prevention Initiative (CPI) contract. Friday Night Live-specific technical assistance is provided to more than 700 chapters through a contract with the Tulare County Office of Education, working through the California Friday Night Live Partnership. Both contracts are administered by DADP's Prevention Services Branch and are funded through the SAPT Block Grant.

Substance Abuse Prevention Activities. The DADP Program Services Division (PSD) is responsible for policy development and monitoring of comprehensive statewide prevention, treatment and recovery systems to prevent, reduce, and treat SUD problems. PSD consists of Prevention, Treatment and Recovery Services. The PSD Prevention Services' stated mission is to develop and maintain a comprehensive statewide prevention system to prevent and reduce substance use problems, and to improve the health and safety of the citizens of California by:

- Modifying social and economic norms, conditions, and adverse consequences resulting from alcohol, tobacco and other drugs availability, manufacturing, distribution, promotion, sales, and use; and,

- Effectively addressing at-risk and underserved populations and their environments.

The SAPT Block Grant requires a minimum of 20 percent of the state's grant award to be expended on primary prevention services. The six primary prevention strategies include:

- Alternatives;
- Community-Based Process;
- Education;
- Environmental;
- Information Dissemination; and,
- Problem Identification and Referral.

Resource Center. The DADP Resource Center (RC) has four statewide lines of business: (1) the RC Call Center responds to requests for information and makes treatment/information referrals to counties, (2) the Clearinghouse distributes Alcohol and other Drug (AOD) informational materials across the state to individuals, schools, organizations, including faith-based organizations, and state agencies as well as to conferences, (3) the RC operates the state AOD prevention and treatment website with downloadable materials and develops special sections for evolving issues such as alcoholic energy drinks, and (4) the Lending Service holds almost 6,000 unique AOD materials for statewide use.

Parolee Services Network (PSN). The PSN provides community-based alcohol and drug treatment and recovery services to parolees in 17 California counties. It is administered jointly by ADP and the California Department of Corrections and Rehabilitation (CDCR). The program design provides up to 180 days of treatment and recovery services. Funding is provided by CDCR. The PSN places parolees in appropriate AOD treatment and recovery programs, either from the community parole systems or immediately upon release from prison custody. The goals are to improve parolee outcomes as evidenced by fewer drug-related revocations and related criminal violations, to support parolee reintegration into society by encouraging a clean and sober lifestyle, and to reduce General Fund costs for incarceration and parole supervision.

Programs to be Transferred to the Department of Public Health

Counselor Certification. DADP approves certifying organizations (COs) which register and certify individuals to provide AOD counseling. Each CO must meet regulatory requirements in order to remain an approved CO.

Narcotic Treatment Programs (NTP). DADP currently has the sole authority to license NTPs. NTPs provide replacement narcotic therapy in outpatient, medically supervised settings to people addicted to opioids. Services include, but are not limited to, replacement narcotic medication and counseling. DADP monitors these clinics and programs, and ensures federal Drug Enforcement Agency requirements are met.

Driving Under the Influence (DUI) Programs. DADP currently has sole authority to license DUI programs. DADP's role is to issue, deny, suspend or revoke licenses of DUI alcohol and drug education and counseling programs. The purpose of the DUI program is to reduce the number of repeat DUI offenses by providing a state-licensed DUI program for offenders, and to provide participants an opportunity to address problems related to the use of alcohol and/or other drugs. Annually, DUI programs serve an average of 150,000 clients. The county board of supervisors, in concert with the county alcohol and drug program administrators, determines the need for DUI program services and recommends applicants to the state for licensure. DADP licenses programs, establishes regulations, approves participant fees and fee schedules, and provides DUI information.

Office of Problem Gambling. The Office of Problem Gambling (OPG):

- Administers a statewide toll-free problem gambling helpline providing crisis management and referrals to treatment services.
- Develops a strategic plan for periods of five years in collaboration with the OPG Advisory Group.
- Provides technical assistance and training to health care professionals, educators, non-profit organizations, gambling industry personnel and law enforcement agencies related to the signs and symptoms of problem gambling behavior and available resources.
- Conducts outreach to multi-cultural and vulnerable populations (such as youth and seniors) to educate about problem gambling behavior and negative consequences.
- Coordinates annual Problem Gambling Awareness Week Campaign.
- Conducts research to determine efficacy of programs and ensure the delivery of evidence-based practices.
- Initiates innovative problem gambling programs including evaluation components to deliver ground-breaking services.
- Administers the California Problem Gambling Treatment Services Program, delivering a continuum of services including telephone interventions, outpatient, intensive outpatient and residential care.
- Trains and authorizes licensed multi-lingual therapists throughout the state to ensure access to care.
- Develops program standards in policies and procedures and assures accountability through on-site provider compliance monitoring reviews.
- Collects, analyzes and disseminates treatment client demographics and outcomes data.

Program to be Transferred to the Department of Social Services

Program Licensing. DADP currently has sole authority to license facilities located in California which provide 24-hour residential non-medical services to adults with problems related to AOD abuse which require AOD treatment services. DADP certifies programs for the DMC Program. DADP offers voluntary AOD certification to residential and non-residential programs which exceed minimum levels of quality and are in compliance with state standards.

ISSUES TO CONSIDER

History of Proposal. As summarized earlier, the 2011-12 Budget included the realignment of SUD services and the transfer of state administrative functions for the operations of the DMC Program to DHCS. At the same time that these proposals were being contemplated in May 2011, the administration proposed to also eliminate DADP, as it is again proposing now. The Legislature chose at that time to reject the elimination proposal for several reasons, including timing of the proposal and lack of a full vetting with the Legislature and stakeholders. Little detail on the planning and process for the proposed elimination and transfer was provided at that time.

Current Proposal Lacks Detail. The current elimination proposal lacks detail on (1) the rationale for the elimination and what real program outcomes are goals for the reorganization, (2) the readiness and appropriateness of receiving departments to take on the DADP positions, functions, and oversight, (3) accountability and transparency in the implementation of this elimination and transfer, and (4) assurances that the elimination and shifting will not disrupt services for consumers, patients, and providers dependent on current DADP functions. Stakeholder reaction to the proposal and the reflection of any feedback from stakeholders within the proposal is unknown at this time. Policy and oversight considerations require time and attention, and are further challenged without a detailed proposal.

Fiscal Assessment. The proposal from the administration contains no cost savings as a result of the DADP elimination and attendant transfer of all functions to three departments. Without a thoughtful, thorough transition plan to understand how this transfer would occur over a phased-in period and under what principles and terms, it is difficult for the Legislature to evaluate the administration's claim that the proposal is cost neutral, as it is possible that the transition may produce costs within government. Stakeholders, including counties, providers and consumers, may also face increasing costs as their services and programs are affected by new relationships with new departments, offices, and bureaus in place of their current relationships with DADP.

STAKEHOLDER FEEDBACK

Placement of Functions. Some stakeholders, notably the Ad Hoc Workgroup comprised of the County Alcohol and Drug Program Administrators' Association of California, Alcohol and Other Drug Policy Institute, California Association of Alcohol and Drug Program Executives, and the California Society of Addiction Medicine, have urged that all current functions of DADP be kept intact in a single unit. The Workgroup states that fragmentation of DADP's functions among different state departments will create confusion among stakeholders, federal partners and regulatory entities, and highly vulnerable patients and their families. Stakeholders remarked on how separating functions across departments would make working with state staff much more difficult, complicated, and expensive.

Leadership of Substance Use Disorder Services. The Workgroup recommends approval of a new DHCS Chief Deputy Director, as opposed to Deputy Director, for Substance Use Disorder and Mental Health Services, if those functions are shifted as well, with a Deputy Director at the next level down solely dedicated to substance use disorders. The professional dedication to the complexity of technical, programmatic, and cultural needs regarding substance use disorders necessitates separate leadership, but working within a team of other like leaders within government. With strong, concentrated leadership on substance use disorder services, stakeholders hope to see attention brought to service, billing, and regulatory issues with which they have issue, toward improvement of program outcomes as a result of any administrative reorganization.

Pace, Transparency, and Oversight Questions. Many stakeholders write to urge the creation, through robust stakeholder involvement, of a state transition plan to address the need for SUD services and how the administrative structure can improve the state's SUD continuum of services. The desire to maintain support for the integrity and high profile of substance use disorder service systems in government, given the impending implementation of the Affordable Care Act, was a point for many stakeholders. The suitability of a vast policy action to restructure DADP as part of the budget process is also registered repeatedly by stakeholders. The question of a cost-benefit analysis, preparatory work with providers, counties, and stakeholders, and documented costs or savings was also raised. Evaluation and outcomes for consumers was a key concern of many stakeholders, who asked if baseline information on

quality, effectiveness, access, and efficiency would be assessed and measured before, during, and after any reorganization.

PANEL AND QUESTIONS

- Department, please respond to the following requests and questions:
    - Under what plan and with what rationale was the proposal developed?
    - What is the budget and cost/savings analysis of the proposal?
    - What is the administration's reaction to feedback you heard at the February 21, 2012 Joint Hearing? What changed in your proposal as a result of stakeholder feedback?
    - What steps toward implementation have in process or have been completed? Under what authority?

- Department of Finance (DOF), please provide any additional comments.

- Legislative Analyst's Office (LAO), please provide any comments or additional insight regarding the elimination proposal.

- Public Comment on this issue.