

**AGENDA  
SUBCOMMITTEE No. 1  
ON HEALTH AND HUMAN SERVICES**

**ASSEMBLYMEMBER PATTY BERG, CHAIR**

**WEDNESDAY, MARCH 14, 2007  
STATE CAPITOL, ROOM 444  
1:30 P.M.**

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## CONSENT CALENDAR

### 4200 DEPARTMENT OF ALCOHOL AND DRUG PROGRAMS

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#### ISSUE 1: INTEGRATED SERVICES FOR PERSONS WITH CO-OCCURRING DISORDERS

##### BACKGROUND

The Governor's Budget proposes \$479,000 in Mental Health Services Act (MHSA) funds to convert two limited-term positions to permanent. The two limited-term positions were originally provided in 2005-06 for DADP to work collaboratively with the Department of Mental Health in implementing the MHSA and support counties and providers in efforts to coordinate mental health and alcohol and other drug (AOD) prevention and treatment services to individuals with co-occurring disorders (COD). Of the total funding, \$240,000 would be for contractual services to evaluate a standardized COD screening tool, develop a classification model, and make recommendations on eliminating barriers to service and improving statewide implementation of services.

##### STAFF COMMENT

Staff recommends approval of this budget change proposal and finds that, among other objectives, this provides the resources to evaluate and validate the COD standardized screening instrument, assists in the implementation of the objectives of the MHSA and the Substance Abuse and Mental Health Services Administration's (SAMHSA) Strategic Action Plan for COD, provides the opportunity to develop appropriate integrated services for persons with COD, and provides for government efficiency by reducing workload to recruit, hire, and re-train new staff every two years.

## ITEMS TO BE HEARD

### 4200 DEPARTMENT OF ALCOHOL AND DRUG PROGRAMS

#### ISSUE 1: FUNDING FOR PROPOSITION 36, THE SUBSTANCE ABUSE AND CRIME PREVENTION ACT (SACPA), AND THE OFFENDER TREATMENT PROGRAM

#### BACKGROUND

The Governor's Budget reduces funding for the Substance Abuse and Crime Prevention Act (SACPA) by \$60 million General Fund in 2007-08. Of this \$60 million, \$35 million is proposed to be redirected to provide an increase to the Substance Abuse Offender Treatment Program (OTP). The remaining \$25 million would be one-time General Fund savings. The Administration states that it will revise its budget proposal in the May Revision to move the remaining \$60 million in General Fund for SACPA to OTP if the program reforms, described further below, are not implemented. The Governor's Budget also includes trailer bill language modifying certain provisions of the OTP.

#### Proposition 36 Funding Governor's 2007-08 Budget Compared to Current Year (In Millions)

	2006-07	2007-08	Difference
SATTF	\$120	\$60	-\$60
OTP	25	60	35
<b>Totals</b>	<b>\$145</b>	<b>\$120</b>	<b>-\$25</b>

SATTF: Substance Abuse Treatment Trust Fund or SACPA

#### BACKGROUND

Proposition 36, the SACPA, changed state sentencing laws, effective July 1, 2001, to require adult offenders convicted of nonviolent drug possession to be sentenced to probation and drug treatment instead of prison, jail, or probation without treatment. The Act excludes offenders who refuse treatment or who are found by the courts to be "unamenable to treatment." The Act further requires that parolees with no history of violent convictions who commit a non-violent drug offense or violate a drug-related condition of parole be required to complete drug treatment in the community, rather than being returned to state prison.

SACPA appropriated \$60 million for 2000-01 and \$120 million General Fund annually from 2001-02 through 2005-06. After this, the funding level for SACPA was left to the discretion of the Legislature. The 2006-07 budget maintained \$120 million General Fund for SACPA and provided an additional \$25 million to establish the OTP, bringing total funding for SACPA-eligible offenders to \$145 million. The components of the OTP are described in more detail in a following section; however, it is worth noting that OTP was established in a 2006 budget trailer bill to serve offenders who qualify for services under Proposition 36 and to provide more rigorous assessment and treatment services.

In response to the UCLA study that found some weaknesses in Proposition 36, the Legislature enacted Chapter 63 in 2006. This legislation modified Proposition 36 by requiring (1) drug testing as a condition of probation, (2) incarceration for a specified period of time in order to enhance treatment compliance, and (3) a defendant in some circumstances to enter a residential treatment program, or be placed in a county jail for not more than ten days for detoxification purposes only. However, these statutory reforms are being legally challenged by the proponents of SACPA and have been suspended by judicial injunction. It is not known when or how this legal challenge will be resolved. A provision in Chapter 63 would automatically place the measure on the ballot if the courts struck down the program changes in the legislation.

The department has provided a table displaying the differences in funding, requirements, and service types for these drug treatment programs, which is an attachment to this agenda.

## **HISTORICAL SACPA EXPENDITURES**

A number of constituency groups have expressed concern with the Governor's Budget and the proposed level of funding. Based on a 2005 survey of all counties, the total amount needed to fully fund SACPA is \$209 million. Due to funding constraints, some counties already currently have waiting lists for residential treatment slots. Clients are provided outpatient services while on those waiting lists. Funding constraints have also resulted in some counties reducing the intensity and duration of treatment, such as providing group counseling instead of individual counseling, and reducing treatment programs from 12 to 8 weeks. The \$25 million reduction to the \$145 million in overall funding further compounds these treatment shortfalls.

Proposition 36 permits counties to carry over unspent allocations from year to year, and a number of counties have done so in their implementation of the program since its inception. As would be expected, the amount of carryover funds available to counties has been dropping in recent years as programs have ramped up their expenditures. By appropriated \$120 million General Fund for SACPA and \$25 million General Fund for OTP, the Legislature has provided a total of \$145 million General Fund for support of Proposition 36 funds in 2006-07.

The following table was provided by the department and displays information on historical funding levels:

## Substance Abuse and Crime Prevention Act of 2000

### Total County Funds Available/County Expenditures FY 2000-01 through FY 2006-07

The following chart shows statewide total county funding and expenditures through 2005-06. Figures for 2000-01 through 2005-06 are actual county expenditures as reported on their Annual Financial Status Report. Figures for 2006-07 are county projections submitted with the 2006-07 county plans. The source is the SACPA Reporting Information System/Annual Financial Status Reports.

A	B	C	D	E	F	G*
Fiscal Year	Amount Allocated to Counties	Carryover Funds from Previous Year	Total Funds Available	Total Expenditures	% Expended of Total Funds Available	% Expended of Total Annual Allocation
FY 2000/01	\$58,800,000	Not Applicable	\$58,800,000	\$7,177,107	12.2%	12.2%
FY 2001/02	\$117,022,956	\$54,241,609	\$171,264,565	\$93,044,824	54.3%	79.5%
FY 2002/03	\$117,022,956	\$85,971,954	\$202,994,910	\$136,466,940	67.2%	116.6%
FY 2003/04	\$117,022,956	\$70,872,140	\$187,895,096	\$134,901,103	71.8%	115.3%
FY 2004/05	\$116,594,956	\$57,011,522	\$173,606,478	\$133,483,107	76.9%	114.5%
FY 2005/06	\$116,278,451	\$43,303,919	\$159,582,370	\$142,652,895	89.4%	122.7%
FY 2006/07**	\$115,335,611	\$14,934,151	\$130,269,762	\$129,171,571	99.2%	112.0%

\*\* Figures for FY 2006/07 are projections.

### UCLA COST ANALYSIS REPORT

Researchers at the University of California, Los Angeles (UCLA) released a report on the effectiveness of SACPA in April 2006. The UCLA report included three studies that each documented costs and savings in eight areas: prison, jail, probation, parole, arrest and conviction, treatment, health, and taxes. CalWORKs and Child Welfare/Foster Care costs and savings were not included in the study. The researchers used administrative data from state databases for SACPA and non-SACPA participants to measure state and local savings.

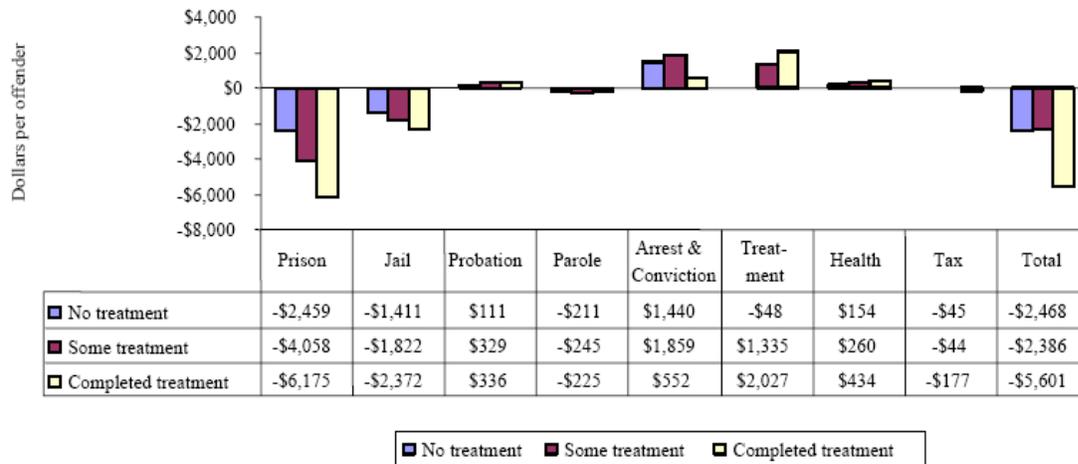
Overall, UCLA found a benefit-cost ratio of nearly 2.5 to 1, indicating that \$2.50 was saved for every \$1 in SACPA expenditures. Across the 8 areas assessed, SACPA led to a total cost savings of \$2,861 per offender over the 30 month follow up period. For those who have completed drug treatment, SACPA reflected a benefit-to-cost ratio of about 4 to 1, despite higher treatment costs for this group, indicating that approximately \$4 was saved for every \$1 spent on this population in SACPA. Total savings across eight areas was \$5,601 per individual offender who completed treatment.

The UCLA researchers came to various conclusions and recommendations about how to further improve SACPA performance. These conclusions and recommendations were the basis of the SACPA changes proposed in 2006-07 and the creation of the OTP. The researchers, Dr. Angela Hawken and Dr. Darren Urada will provide a summary of the study's findings, conclusions, and recommendations for the Subcommittee.

The recommendations made in the report include:

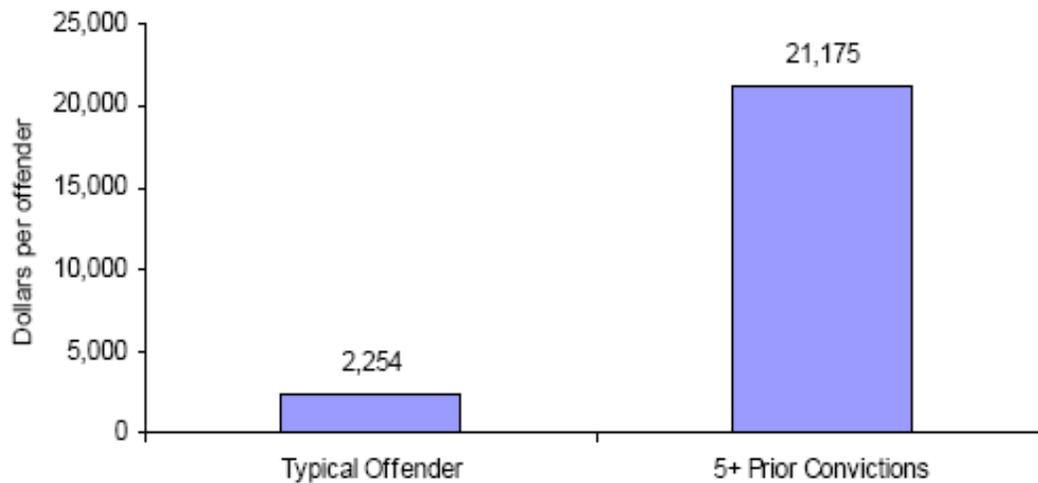
- Based on client assessments and research findings on successful strategies, greater resources should be dedicated to increasing treatment engagement, retention, and completion.
- Resources should be allocated to ensure suitable and effective drug treatment options locally. This may require capacity expansion, more efficient location and higher utilization of residential services, and greater utilization of narcotic substitution therapy.
- Collaboration and coordination among court, probation, parole, and drug treatment systems should continue to be improved with the goal of admitting offenders into appropriate treatment in the shortest possible time, as well as maintaining appropriate levels of oversight and supervision.
- Incentives should be considered for providers who demonstrate more success in drug treatment engagement, retention, and completion for SACPA clients.
- A greater utilization of both probation and community program drug testing information should be used to determine the need for additional services and/or intermediate sanctions of increasing severity for problematic or recalcitrant offenders. Such sanctions could include short jail stays.

**Figure 10. DID Cost Summary by Drug treatment Status**



- Individuals with prior criminal histories were less likely to complete the program than those with no criminal history.

**Figure 13. Relative Costs for High-rate Offenders (1.6%, N=1,010)**



UCLA has completed a data addendum to their 2006 report. The DADP was expected to release this information by late 2006 or January 2007, however it is currently still under review within the Administration.

**OFFENDER TREATMENT PROGRAM (OTP)**

Consistent with the Governor's proposal to augment funding to the OTP, the budget redirects \$305,000 General Fund from the existing Substance Abuse Offender Treatment Program (OTP) local assistance appropriation to establish 3.5 limited-term positions to administer the OTP. The funding transfer and positions were administratively established in February 2007. The budget also calls for statutory changes to the OTP to modify the drug court requirement, remove the county allocation cap, and eliminate the sunset date.

To be eligible to receive OTP funding, counties are required to provide a 10 percent local funding match to the state funds (i.e., provide \$1 of local funds for every \$9 of OTP funds), and meet specified eligibility requirements including dedicated SACPA court calendars, the presence of drug courts willing to accept felony defendants, the use of drug testing, and assuring the appropriate level of treatment. Under current OTP law, the maximum amount of funding that a county can receive shall not exceed an amount equal to 30 percent of the county's SACPA allocation from DADP for that fiscal year. OTP became operational on July 1, 2006 and has a sunset date of July 1, 2009.

The goal of the OTP is to improve treatment outcomes for SACPA offenders by instituting best practices that UCLA found to be associated with more successful treatment outcomes in their 2006 SACPA study. The specific outcomes expected to be improved through OTP, at a minimum, include: 1) enhanced treatment services, especially residential and narcotic replacement therapy; 2) reduction of delays in providing services; and 3) regularly scheduled reviews of treatment progress through the use of a drug court model and strong collaboration between the criminal justice system and the drug treatment system. The budget trailer bill requires DADP to report during the budget hearings on additional recommendations for improving programs and services, allocations, and funding mechanisms to further improve outcomes.

In the current year, 40 counties applied for OTP funding, one county withdrew their application, and 18 counties did not apply. Of the 18 counties that did not apply, five did not have a drug court, six were unable to provide the required funding match, three cited local politics, and the remaining four were for various reasons. The DADP has allocated \$24.7 million to the 39 counties.

The requested 3.5 positions would establish and refine the allocation methodology, review and approve annual work plans, promulgate emergency regulations, track costs separately from SACPA, establish and maintain a quarterly invoicing process, create an audit methodology and conduct the required audits, and create a new data tool to track OTP and SACPA client data.

**TRAILER BILL PROPOSAL FOR OTP**

The proposed trailer bill language would make the following changes:

- **Modify the drug court requirement.** The proposed language would allow greater flexibility in the drug court requirement, which is intended to enable all counties to qualify for OTP funding. The DADP proposes to work with those counties that have not established drug courts to try to assist them in achieving eligibility for OTP funds.
- **Remove the county allocation cap and sunset date.** Due to additional funding proposed to be provided to the OTP in Governor's Budget, DADP proposes to remove the 30 percent statutory limitation. The existing OTP sunset date is proposed to be eliminated to implement the program on a permanent basis.

**LAO ANALYSIS**

The LAO's own analysis of SACPA finds an overall benefit-cost ratio of 2 to 1, primarily due to diversion of offenders from state prison. Therefore, the proposed reduction of \$25 million to SACPA spending could ultimate cost the state more than it would save. The LAO recommends that the Legislature redirect \$25 million from the Governor's proposed probation grant program in the California Department of Corrections and Rehabilitation and the \$35 million proposed OTP augmentation to restore SACPA funding at \$120 million. In addition, the LAO recommends that the Legislature seek legal guidance before deciding to fund all of SACPA programs entirely through the OTP.

**PANELISTS**

- LAO, please present your recommendations.
- UCLA Researchers: Angela Hawken, PhD. and Darren Urada, PhD. will present their 2006 report.
- Millicent Gomes, Deputy Director, Office of Criminal Justice Collaboration, DADP
- Department of Finance
- Albert Senella, President, California Association of Alcohol and Drug Program Executives
- Tom Renfree, Executive Director, County Alcohol and Drug Program Administrators of California

- Kelly Brooks, Legislative Representative, California State Association of Counties
- Nikos Leverenz, Director, Capitol Office, Drug Policy Alliance

**STAFF COMMENT**

In light of the UCLA past and pending findings, it is clear that reforms to the Proposition 36 effectuated in 2006 legislation are needed to appropriately address the needs of the clients receiving treatment through this program. The Subcommittee has heard testimony in the past suggesting that levels of funding available for treatment could impact the effectiveness of the program and that providing lower levels of treatment may result in lower levels of success. Appropriate funding levels and the main programmatic modes of treatment should be assessed carefully before changes are made to a program, although shown to be fiscally successful, is still in its formative stages of implementation.

## ISSUE 2: LICENSING REFORM PHASE II

The budget requests \$1.2 million General Fund and 12.5 positions (4.5 limited-term) in DADP to conduct biennial compliance visits of licensed and/or certified programs, and federally required monitoring reviews and complaint investigations of Drug Medi-Cal (DMC) providers. The budget also calls for statutory language to permit the collection of fees from all providers to fund these activities and would establish a new fund for the fee revenues. The fees would initially be set at \$2,150 biennially, which is what current law requires for-profit providers be charged, and DADP would convene a stakeholder group to determine a permanent fee schedule.

### BACKGROUND

Although DADP describes this request as the second phase of its licensing reform efforts, the DADP is not proposing any new changes to licensing. Rather, this proposal has the following two distinct components to address existing workload:

1. **Staff for Facility Licensing and Certification.** All residential treatment facilities operating in California are required to be licensed by DADP. The DADP also certifies both residential and outpatient alcohol and drug treatment facilities. Certification is voluntary for all facilities. Licensed residential treatment facilities have on-site reviews and license renewal every two years. Prior to 2006-07, certified outpatient treatment programs were certified in perpetuity, with no required periodic site-review (other than to investigate complaints) or renewal. For 2006-07, the Administration requested, and the Legislature approved, trailer bill language that requires biennial visits to certified outpatient treatment programs and two new positions to begin conducting those visits. There are currently 895 licensed residential treatment facilities, of which 612 are also certified, and 1,051 certified outpatient treatment facilities.
2. **Staff for Drug Medi-Cal (DMC) Reviews and Investigations.** Under current law, DMC providers are required to undergo on-site compliance reviews to ensure that Title 22 regulations are followed and billings are appropriate for the services provided. Currently, there are 647 DMC providers, statewide, billing for services rendered. In addition, there have been an increasing number of complaints received by DADP against providers for conducting inappropriate activities or program practices and inappropriate billings.

#### Drug Medi-Cal Complaint Data

	Complaints Received	Complaints Investigated	Complaints Referred to Law Enforcement
FY 04-05	7	5	1
FY 05-06	28	10	4
FY 06-07	44	4	2
Total	50	15	5

The DADP has conducted a time study of all licensing and certification-related functions to determine the number of field staff needed to perform adequate facility reviews. This position request is based upon that study.

#### **PANELISTS**

- Rebecca Lira, Deputy Director, Licensing and Certification Division, DADP
- Michael Ellison, Manager, Field Operations Branch, DADP
- Legislative Analyst's Office
- Department of Finance
- Albert Senella, President, California Association of Alcohol and Drug Program Executives

#### **STAFF COMMENT**

The licensing and certification changes proposed by the administration merit ongoing consideration. The department is convening a stakeholder group to further review changes, in particular the proposed fee assessment, and refine the Governor's proposal. Changes may be made at May Revision and the Subcommittee should wait to consider these before acting on the proposal and the accompanying trailer bill language.

**ISSUE 3: CALIFORNIA METHAMPHETAMINE INITIATIVE (CMI)**

The Governor's Budget redirects \$197,000 General Fund from existing funding provided for the California Methamphetamine Initiative (CMI) to provide two limited-term positions to DADP to provide state support to the CMI. The requested positions would work with the consultant to develop the media campaign and conduct additional activities to coordinate, support, and disseminate to counties best practices on the prevention and treatment of methamphetamine abuse.

**BACKGROUND**

The 2006-07 Budget Act provided \$10 million each year until 2008-09 for a multi-media methamphetamine public education campaign. The DADP has recently released a request for proposal (RFP) to procure a media consultant and a public relations consultant to implement the campaign. The RFP specifies its intention to solicit advertising and public relations firms to develop and manage a statewide public education campaign to prevent methamphetamine use, encourage discontinued use, and motivate individuals to seek help if necessary. The RFP requests that proposers focus on populations that have experienced a disproportionate impact of the methamphetamine epidemic and requires coordination with other elements of the California Methamphetamine Initiative, which includes the Partnership for a Drug-Free American Campaign, the Practitioner's Treatment Reference Guide, and the Governor's Prevention Advisory Council.

The 2006-07 budget trailer bill also requires DADP to submit a methamphetamine prevention plan to the Legislature by April 1, 2007. The plan shall evaluate whether existing state or federal resources for substance abuse activities can be redirected to methamphetamine prevention. The plan is also required to identify potential targeted audiences for prevention, suggest messages for prevention, and consider strategies for using media, community involvement, and public relations to reach the targeted audience. In addition, DADP is required to report on trends in methamphetamine use and how the prevention strategy will help reduce the use of methamphetamine statewide. DADP will report on the plan to the Subcommittee this April or May.

**OVERVIEW OF METHAMPHETAMINE**

**Prevalence.** Over forty percent of all methamphetamine treatment admissions in the United States occur in California. California has the fourth highest admission rate for methamphetamine use in the United States. In California, 212 individuals per 100,000 populations are admitted due to methamphetamine, substantially higher than the 56 individual per 100,000 population rate for the entire nation. In 2003, 18 States had rates in excess of the national rate (56 admissions per 100,000 population): 10 States were in the West, 6 were in the Midwest and 2 were in the South and none were in the Northeast. The table below illustrates how all of the other states compare to California:

Across the State, methamphetamine use also varies; with some counties having a much higher rate than others. The chart below, using information from the California Alcohol and Drug Data System (CADDs), shows the admissions rates by counties:

### Admissions with Methamphetamine as Primary Drug

County	SFY 2003-2004	SFY 2004-2005	County	SFY 2003-2004	SFY 2004-2005
Statewide	72,959	77,793	Orange	4,866	5,320
Alameda	1,401	1,424	Placer	666	648
Alpine	0	4	Plumas	60	82
Amador	64	78	Riverside	4,330	4,748
Butte	1,277	1,425	Sacramento	2,586	2,550
Calaveras	201	232	San Benito	134	108
Colusa	27	33	San Bernardino	6,167	6,595
Contra Costa	2,240	2,149	San Diego	5,793	5,389
Del Norte	72	113	San Francisco	1,224	1,186
El Dorado	222	294	San Joaquin	1,628	1,331
Fresno	2,425	2,481	San Luis Obispo	409	509
Glenn	113	103	San Mateo	1,272	1,287
Humboldt	454	520	Santa Barbara	1,242	1,486
Imperial	544	631	Santa Clara	4,871	3,926
Inyo	35	46	Santa Cruz	441	629
Kern	2,599	3,402	Shasta	954	1,164
Kings	317	450	Sierra	6	5
Lake	296	292	Siskiyou	75	99
Lassen	166	103	Solano	1,094	1,630
Los Angeles	11,497	12,535	Sonoma	2,149	2,282
Madera	437	315	Stanislaus	1,732	2,047
Marin	368	522	Sutter-Yuba	420	619
Mariposa	62	84	Tehama	259	337
Mendocino	393	400	Trinity	51	82
Merced	712	892	Tulare	1,432	1,808
Modoc	19	29	Tuolumne	115	116
Mono	54	39	Ventura	1,271	1,335
Monterey	658	788	Yolo	564	588
Napa	264	232			
Nevada	231	271			

**Use and addiction.** Methamphetamine is taken orally or intranasally (snorting the powder), by intravenous injection, and by smoking. Immediately after smoking or intravenous injection, the methamphetamine user experiences an intense sensation, called a “rush” or “flash,” that lasts only a few minutes and is described as extremely pleasurable. Oral or intranasal use produces a euphoria high, but not a rush. Users may become addicted quickly, and use it with increasing frequency and in increasing doses.

**Production and distribution.** Clandestine production accounts for nearly all of the methamphetamine trafficked and abused in the United States. Domestic methamphetamine production, trafficking, and abuse are concentrated in the western, southwestern, and midwestern United States. Methamphetamine is also increasingly available in portions of the South and eastern United States, especially Georgia and Florida. Clandestine laboratories in California and Mexico are the primary sources of supply for methamphetamine available in the United States.

**Effect on child welfare.** California child welfare experts believe that in some counties over 50 percent of child abuse and neglect is a direct result of the abuse of methamphetamine. A survey, shared with the Subcommittee in 2006, conducted by the CWDA found significant impacts of methamphetamine use in California. In Butte County, approximately 95% of children detained by Children's Services are a result of methamphetamine use in families. In Butte, methamphetamine is the primary drug of choice for 50% of clients seen for treatment of substance abuse. Butte is seeing a 50% increase in tox-positive babies being born in 2005 over 2004, due to methamphetamine. Sacramento County Child Protective Services responded to 486 reports of substance-exposed infants from July 1, 2004 to June 30, 2005. 268 of the investigations were initiated because of a positive toxicological screen at the time of delivery, of those 135 tested positive for methamphetamine.

**Health impacts.** Methamphetamine releases high levels of the neurotransmitter dopamine, which stimulates brain cells, enhancing mood and body movement. It also appears to have a neurotoxic effect, damaging brain cells that contain dopamine as well as serotonin, another neurotransmitter. Over time, methamphetamine appears to cause reduced levels of dopamine, which can result in symptoms like those of Parkinson's disease, a severe movement disorder.

The central nervous system (CNS) actions that result from taking even small amounts of methamphetamine include increased wakefulness, increased physical activity, decreased appetite, increased respiration, hyperthermia, and euphoria. Other CNS effects include irritability, insomnia, confusion, tremors, convulsions, anxiety, paranoia, and aggressiveness. Chronic methamphetamine abuse can result in inflammation of the heart lining, and among users who inject the drug, damaged blood vessels and skin abscesses. Methamphetamine abusers also can have episodes of violent behavior, paranoia, anxiety, confusion, and insomnia. Heavy users also show progressive social and occupational deterioration. Psychotic symptoms can sometimes persist for months or years after use has ceased.

**Impact of use on HIV and Hepatitis transmission.** Increased HIV and hepatitis B and C transmission are likely consequences of increased methamphetamine abuse, particularly in individuals who inject the drug and share injection equipment. Infection with HIV and other infectious diseases is spread among injection drug users primarily through the reuse of contaminated syringes, needles, or other paraphernalia by more than one person. In nearly one-third of Americans infected with HIV, injection drug use is a risk factor, making drug abuse the fastest growing vector for the spread of HIV in the nation.

**Environmental impacts.** The clandestine synthesis of methamphetamine and other illegal drugs is a growing public health and environmental concern. For every pound of meth synthesized there are six or more pounds of hazardous materials or chemicals produced. These are often left on the premises, dumped down local septic systems, or illegally dumped in backyards, open spaces, in ditches along roadways or down municipal sewer systems. In addition to concerns for peace officer safety and health, there is increasing concern about potential health impacts on the public and on unknowing inhabitants, including children and the elderly, who subsequently occupy dwellings where illegal drug labs have been located. Some of the chemicals associated with meth production include ammonia, lithium, sodium, iodine, red phosphorus, phosphine, sodium hydroxide, hydrogen chloride, Coleman fuel, and Freon. In addition, the use of red phosphorus during the meth "cooking" process produces phosphine gas, which is a nerve agent.

#### **PANELISTS**

- Michael Cunningham, Chief Deputy Director, DADP
- Legislative Analyst's Office
- Department of Finance
- Albert Senella, President, California Association of Alcohol and Drug Program Executives

**STAFF COMMENT**

According to the department's timeline included in the RFP, finalists are in the process of being chosen and announcement of awards are pending in the next few weeks. As the campaign is carried forth, the pending prevention plan can offer a needed and useful yardstick against which to measure progress and continued need in this area.

**ISSUE 4: PRISON INMATE AFTERCARE TREATMENT**

The Governor's Budget proposes \$519,000 General Fund and six positions, of which two are half-time limited-term, to implement to license and certify additional drug treatment providers as a result of enactment of SB 1453 (Speier, Chapter 875, Statutes of 2006).

**BACKGROUND**

SB 1453 requires non-violent prison inmates who participated in drug treatment in prison to enter a 150-day residential aftercare drug treatment program upon their release from prison. Based upon estimates from the California Department of Corrections and Rehabilitation (CDCR), DADP expects that 5,500 parolees annually will be required to participate in an aftercare treatment program. The DADP currently licenses 878 alcohol and other drug (AOD) residential treatment programs with a capacity of 20,596 beds. The 5,500 additional parolees is a 27 percent increase in needed AOD residential treatment beds capacity. This budget proposal is intended to enable DADP to process the anticipated new residential license applications to meet the capacity need, conduct initial on-site reviews, conduct biennial reviews of the programs, and investigate complaints against the programs and counselors.

**PANELISTS**

- DADP
- Legislative Analyst's Office
- Department of Finance
- Tom Renfree, Executive Director, County Alcohol and Drug Program Administrators
- Albert Senella, President, California Association of Alcohol and Drug Program Executives of California

**STAFF COMMENT**

In discussions of DADP's funding and position request, it has become evident that CDCR's estimate of the number of parolees expected to require aftercare treatment is not final. Therefore, the actual resources needed by DADP to complete the additional workload associated with SB 1453 cannot be determined at this time.

**ISSUE 5: COMPREHENSIVE DRUG COURT IMPLEMENTATION****BACKGROUND**

The Governor's Budget redirects \$341,000 General Fund from the existing Comprehensive Drug Court Implementation (CDCI) local assistance appropriation to establish four permanent positions to administer the expanded funding provided in the 2006-07 budget for adult felon drug courts and dependency drug courts. The funding transfer and positions have been administratively established in January 2007.

The DADP has not received any additional resources to administer the activities associated with the increased funding levels for CDCI, including the \$8.9 million augmentation provided in 2006-07. The DADP expects the counties to expand services in current programs and the number of counties funded to increase. There are currently two positions administering CDCI with a total of \$175,000 in General Fund state operations support; the Governor's Budget increases the total to six and \$526,000.

**PANELISTS**

- DADP
- Legislative Analyst's Office
- Department of Finance
- Albert Senella, President, California Association of Alcohol and Drug Program Executives of California

**STAFF COMMENT**

Staff recommends approval of this budget change proposal and finds that, although the proposal reduces the amount of funds that would go to counties for these programs, the proposal allows the department to fulfill the CDCI grant administration mandates for both the existing and expanded programs, improves CDCI monitoring activities, has the potential to improve rates of clients receiving treatment when effectively moved from referral into treatment, and can improve potential savings associated with increased number of reunified families and decreased lengths of stay in foster care homes for children of CDCI participants.

**ISSUE 6: DRUG MEDI-CAL**

The Governor's Budget includes \$149.0 million (\$79.7 million General Fund) for Drug Medi-Cal in 2007-08, an increase of 8.4 percent over the adjusted current year budget due to rate adjustments and caseload.

**BACKGROUND**

Drug Medi-Cal treatment is provided through four modalities:

1. Narcotics Treatment Program (NTP) provides narcotic replacement drugs (including methadone), treatment planning, body specimen screening, substance abuse related physician and nurse services, counseling, physical examinations, lab tests and medication services to persons who are opiate addicted and have a substance abuse diagnosis. The program does not provide detoxification treatment. NTP providers are the primary Drug Medi-Cal providers.
2. Day Care Rehabilitative provides specific outpatient counseling and rehabilitation services to persons with a substance abuse diagnosis who are pregnant, in the postpartum period, and/or are youth eligible for the Early and Periodic Screening, Diagnosis and Treatment (EPSDT) program.
3. Outpatient Drug Free provides admission physical examinations, medical direction, medication services, treatment and discharge planning, body specimen screening, limited counseling, and collateral services to stabilize and rehabilitate persons with a substance abuse diagnosis.
4. Perinatal Substance Abuse Services is a non-institutional, non-medical residential program that provides rehabilitation services to pregnant and postpartum women with a substance abuse diagnosis.

**PANELISTS**

- DADP
- Legislative Analyst's Office
- Department of Finance
- James Stassi, Advocate

**STAFF COMMENT**

Caseload is changing in the Drug Medi-Cal program, so the Subcommittee is advised to await updated caseload estimates to be included in the May Revision before acting on this item.

The rates in Drug Medi-Cal were stagnant for several years, but have received an adjustment in the Governor's budget, which advocates applaud. There are no requests for additional funding at this time.