

# AGENDA

## ASSEMBLY BUDGET SUBCOMMITTEE NO. 1 ON HEALTH AND HUMAN SERVICES

**Assemblymember Hector De La Torre, Chair**

**WEDNESDAY, MAY 17, 2006, 3 PM  
STATE CAPITOL, ROOM 4202**

### CONSENT CALENDAR

ITEM	DESCRIPTION	PAGE
<b>4300</b>	<b>Department of Developmental Services</b>	<b>3</b>
Issue 1	Office of Protective Services	3
Issue 2	Developmental Center Caseload Revision	4
Issue 3	Funding Medicare Part D	5
Issue 4	One-Time Worker's Compensation Claims	5
Issue 5	Agnews Closure Plan	6
Issue 6	Regional Centers Estimate	6
Issue 7	Medicare Part D Effects on Regional Centers	7
Issue 8	Self-Directed Services – Purchase of Services	7
<b>5160</b>	<b>Department of Rehabilitation</b>	<b>8</b>
Issue 1	Vocational Rehabilitation Programs	8

### ITEMS TO BE HEARD

ITEM	DESCRIPTION	PAGE
<b>4140</b>	<b>Office of Statewide Health Planning and Development</b>	<b>9</b>
Issue 1	Logbook Redesign	9
Issue 2	Logbook Redesign Project	9
Issue 3	Hazard Seismic Safety Assessment	10
Issue 4	Facilities Development Division Program	11
<b>4300</b>	<b>Department of Developmental Services</b>	<b>12</b>
Issue 1	Provider Rate Increase	12
Issue 2	Delay In Certification of Intermediate Care Facilities	12
Issue 3	Contract Provisions to Control Purchase of Services Costs	12
Issue 4	Reduced Information Technology Costs as CADDIS	13
Issue 5	Re-Appropriation for CADDIS	13
Issue 6	Resources to Facilitate Increased Federal Reimbursement	15
Issue 7	Work Programs	17
<b>4440</b>	<b>Department of Mental Health</b>	<b>18</b>
Issue 1	Continued Implementation of Proposition 63	18
Issue 2	Implementation of Mental Health Services Act	18
Issue 3	Sexually Violent Predator Evaluations	18
Issue 4	Patton State Hospital	19
Issue 5	Salinas Valley Psychiatric Program	19
Issue 6	Licensing and Certification	20

Issue 7	Judicially Committed Penal Code	20
Issue 8	Judicially Committed Penal Code Population	20
Issue 9	Coleman Court Order Activation of 36 Intermediate Care Facility Beds	21
Issue 10	Coleman Court Order – Conversion of 60 Day Treatment to 36 ICF Beds	21
Issue 11	Coleman Court Order – Establish New Psychiatrist Series at Vacaville Psychiatric program	21
Issue 12	Staffing for Residential Housing Units	22
Issue 13	Shift of General Fund to DMH from DHS	22
Issue 14	Technical Adjustment to Correct Scheduling Error	22
Issue 15	Forensic Conditional Release	23
Issue 16	Sexually Violent Predator Evaluations and Court Testimony	23
Issue 17	Early and Periodic Diagnosis and Treatment	23
Issue 18	Mental Health Managed Care	24
Issue 19	Healthy Families Program	24
Issue 20	San Mateo Pharmacy	24
Issue 21	Mental Health Services Oversight and Accountability Commission	25
Issue 22	Mental Health Services to Special Education Pupils	25
Issue 23	Implementation of the Conlan Court Order	25
Issue 24	Long-Term Homelessness Initiative	26
Issue 25	Increased Proposition 63 for Mental Health Services	26
Issue 26	Capital Construction	27

## Consent Items

### ITEM 4300 DEPARTMENT OF DEVELOPMENTAL SERVICES

---

---

<b>ISSUE 1: OFFICE OF PROTECTIVE SERVICES</b>
---

The Department of Developmental Services is proposing to implement a professional law enforcement structure for the Developmental Centers.

The Department requests Item 4300-001-0001 be increased by \$126,000 and Reimbursements be increased by \$67,000. This will provide \$193,000 for 2.0 positions to collect individualized consumer information from regional centers and to use this information to bill the federal government for approximately \$16.1 million in additional federal Reimbursements in 2006-07 and \$21.4 million in 2007-08 (see related Issue 231 for regional centers).

**ITEM 4300 DEPARTMENT OF DEVELOPMENTAL SERVICES CONTROLLER****ISSUE 2: DEVELOPMENTAL CENTER CASELOAD REVISION**

Enrollment, Caseload, and Population Estimate Update - The Department requests that Item 4300-001-0001 be increased by \$1,424,000 and Reimbursements be increased by \$1,004,000. It is further requested that Item 4300-004-0001 be increased by \$26,000 and Reimbursements be decreased by \$6,000. These changes include the following major adjustments:

- Staffing—The Department requests Item 4300-003-0001 be decreased by \$125,000 and Reimbursements be decreased by \$391,000. It is further requested that Item 4300-004-0001 be increased by \$26,000 and Reimbursements be decreased by \$6,000. The net change in these items reflects a decrease of \$496,000 and 19.0 positions (+35.0 Level-of-Care and -54.0 non-Level-of-Care positions). The increase in Level-of-Care staff is due to an increase in the developmental center population. The decrease in non-Level-of-Care staff reflects 50 Agnews Developmental Center (Agnews) consumers remaining at Agnews, rather than transferring to the other developmental centers, as a result of the delay in the closure of Agnews.
- Medi-Cal Base Funding Adjustment—It is requested that Item 4300-003-0001 be decreased by \$1,395,000 and Reimbursements be increased by \$1,395,000 to reflect an increase in Title XIX Allowable Costs.
- Increased Funding for Contracted Legal Services—It is requested that Item 4300-003-0001 be increased by \$96,000 to fund increased legal costs due to increased costs for pretrial motions and discovery in the Capitol People First case.

**ITEM 4300 DEPARTMENT OF DEVELOPMENTAL SERVICES**

---

---

**ISSUE 3: FUNDING MEDICARE PART D**

Impact of Medicare Part D. -The Department requests that Item 4300-003-0001 be increased by \$7,378,000 and Reimbursements be decreased by \$7,378,000. The General Fund is needed to backfill Medi-Cal Reimbursements lost due to the implementation of Medicare Part D (Part D). Under Part D, the state receives Reimbursements for developmental center drug purchases as General Fund revenues, rather than as Reimbursements within the Department of Developmental Services budget. In addition, the DDS can no longer receive Reimbursements for certain administrative costs that were allowable under Medi-Cal.

**ISSUE 4: ONE-TIME WORKERS' COMPENSATION CLAIMS**

One-time Funding to Settle Workers' Compensation Claims - The Department requests that Item 4300-003-0001 be increased by \$642,000 and Reimbursements be increased by \$458,000. This reflects one-time funding for settlement of select workers' compensation claims in order to reduce ongoing liabilities.

**ITEM 4300 DEPARTMENT OF DEVELOPMENTAL SERVICES****ISSUE 5: AGNEWS CLOSURE PLAN**

Agnews Closure Plan — The Department requests that Item 4300-003-0001 be decreased by \$5,033,000 and Reimbursements be increased by \$442,000. The net effect of these adjustments is a decrease of \$4,591,000 to reflect reduced costs for staff transition assistance and training, staff escort services to transfer consumers into the community, and other costs associated with relocating consumers. The decreased costs are a result of the delay in the closure of Agnews from June 30, 2007 to June 30, 2008.

**ISSUE 6: REGIONAL CENTERS ESTIMATE**

Regional Centers Estimate)—It is requested that Item 4300-101-0001 be increased by \$64,145,000 and Reimbursements be increased by \$15,763,000. It is further requested that Item 4300-101-0890 be increased by \$100,000. These changes include the following major adjustments:

- Decrease of \$2.5 million (\$2.2 million General Fund) in staffing costs to reflect a reduced caseload of 215,078 as compared to the Governor's Budget forecast of 216,565.
- Increase of \$81.8 million (\$65.7 million General Fund) for increased purchase of services costs based on updated base, caseload, utilization, and expenditure data.

**ITEM 4300 DEPARTMENT OF DEVELOPMENTAL SERVICES****ISSUE 7: MEDICARE PART D EFFECTS ON REGIONAL CENTERS**

Impact of Medicare Part D on Regional Centers - The Department requests that Item 4300-101-0001 be increased by \$4,765,000 to purchase prescription medications not covered by either Medicare Part D or Medi-Cal. Also, the requests that Item 4300-102-0001 be added to provide \$2,885,000 on a one-time basis to continue assisting new consumers with enrolling in a prescription drug program (PDP), helping existing consumers change PDPs as warranted, and guiding consumers through the Medicare Part D appeals process.

Proposed Budget Bill language:

Add Item 4300-102-0001, to read:

4300-102-0001—For local assistance, Department of Developmental Services, Special Item for Medicare Part D Transition.....\$2,885,000

Provisions:

1. Funds appropriated in this item may only be expended to facilitate the enrollment of regional center consumers into Medicare Part D prescription drug plans.

**ISSUE 8: SELF-DIRECTED SERVICES – PURCHASE OF SERVICES**

Adjustment to Self-Directed Services - Purchase of Services – The Department of Developmental Services requests that Item 4300-101-0001 be increased by \$1,664,000 and Reimbursements be decreased by \$1,254,000. It is further requested that Item 4300-103-0001 be decreased by \$205,000. The Governor's Budget proposed to implement the Self-Directed Services Program in the regional centers beginning in July 2006, and included estimated program savings in the purchase of services budget. Implementation of the Self-Directed Services program has been linked to the roll out of the California Developmental Disabilities Information System (CADDIS) in the regional centers. Due to the delay in CADDIS implementation, the Self-Directed Services Program will not be implemented in 2006-07. This adjustment reflects that delay. Reductions in staffing costs due to the delay are reflected in the Regional Center Estimate.

**ITEM 5160 DEPARTMENT OF REHABILITATION**

---

---

**ISSUE 1: VOCATIONAL REHABILITATION PROGRAMS**

The Department is requesting Federal Funds be increased by \$1,050,000 in anticipation of **increased caseload** in the Vocational Rehabilitation Co-operative Programs. The programs include: Vocational Mental Health Program; Vocational Rehabilitation Workability II Program; Vocational Rehabilitation Workability III Program; Vocational Rehabilitation Workability IV Program; and Vocational Rehabilitation Transition Partnership Program. Under the Vocational Rehabilitation Cooperative Programs, the Department of Rehabilitation works with school districts, state and community colleges and county mental health programs to develop cooperative agreements to provide rehabilitation programs to individuals mutually served by these agencies. The Vocational Rehabilitation services are funded with 78.7 percent federal dollars and 21.3 percent matching funds. The Department of Rehabilitation provides the federal funds and the cooperative agency providing the match.



## ITEMS TO BE HEARD

### **ITEM 4140 OFFICE OF STATEWIDE HEALTH PLANNING AND DEVELOPMENT**

---

---

#### **ISSUE 1: LOGBOOK REDESIGN**

The Office of Statewide Health Planning and Development is second year financing for redesigning of the Office's Logbook Database System. The Facilities and Development Division uses the system to track healthcare facility construction in the state. The proposed solution would integrate the Division's business needs and requirements and replaces the current system consisting of add-modules and poorly integrated database tables.

The Office seeks one staff person and \$2.619 million from the Hospital Building Fund. The request includes funding for the purchase of software hardware, licenses, telecommunications, contract services, and Data Center Services. All costs for the project are to be financed from the Hospital Building Fund, a special revenue fund. Fees charged to healthcare facilities for plan review and construction, observation support Building Fund. Currently the rate for skilled nursing facilities is 1.5 percent of estimated construction costs and hospitals are charged 1.64 percent.

#### **ISSUE 2: LOGBOOK REDESIGN PROJECT**

It is also requested that Item 4140-001-0121 be decreased by \$148,000 to remove one-time costs from second-year funding for the Logbook Redesign Project and that Item 4140-001-0001 be amended to reflect this change. These one-time costs for consultant services were inadvertently proposed to continue in 2006-07.

The Logbook Database System is used by the Facilities Development Division to track health facility construction projects through the plan review and construction phases. The system also supports the tracking of facility compliance with seismic retrofit projects and facilitates emergency operations in the event of a natural disaster. The proposed solution for the Logbook Redesign Project is a fully integrated system that will replace the current system of add-on modules and poorly integrated database tables. The new system is scheduled for implementation in 2008-09.

**ITEM 4140 OFFICE OF STATEWIDE HEALTH PLANNING AND DEVELOPMENT**

---

---

**ISSUE 3: HAZARD SEISMIC SAFETY ASSESSMENT**

OSHPD requests Item 4140-001-0121 be increased by \$100,000 for an independent contractor to peer review an analysis of the seismic safety risk of hospital buildings using HAZUS, a federal seismic safety assessment tool and that Item 4140-001-0001 be amended to reflect this change.

The Office of Statewide Health Planning and Development (OSHPD) proposes to utilize the HAZUS program developed by the Federal Emergency Management Agency to re-examine the seismic risk of acute care health facilities that are currently rated as most at risk of collapse or significant loss of life, and reprioritize these buildings based on a reassessment of their level of risk. The outside consultant will peer review the results of this HAZUS reassessment.

**ITEM 4140 OFFICE OF STATEWIDE HEALTH PLANNING AND DEVELOPMENT****ISSUE 4: FACILITIES DEVELOPMENT DIVISION PROGRAM**

OSHPD requests that Item 4140-001-0121 be increased by \$1,247,000 to implement a training program within the Facilities Development Division (FDD) to train an additional 12.0 Fire and Life Safety Officers (FLSO) by 2007-08 and that Item 4140-001-0001 be amended to reflect this change. The OSHPD requests the establishment of 3.0 administrative and technical support positions to develop the training program and 6.0 FLSSO trainee positions to start in January 2007. An additional 6.0 FLSSO positions will begin in July 2007.

The OSHPD's request also includes the establishment of 7.0 Office Technicians to improve the efficiency of regional operations. The positions would support plan and field supervisors and alleviate construction review staff of clerical responsibilities.

Existing law requires that after January 1, 2008, any general acute care hospital building that is determined to pose a potential risk of collapse, or pose a significant risk of loss of life, be used only for nonacute care hospital purposes. Current law authorizes the OSHPD to extend the January 1, 2008 deadline for certain hospital buildings of a general acute care hospital, upon demonstration by the owner that compliance will result in a loss of health care capacity that may not be provided by other general acute care hospitals within reasonable proximity.

Under existing law, owners of all acute care inpatient hospitals are required by January 1, 2030, to either demolish, replace, or change to nonacute care use all hospital buildings not in substantial compliance with the regulations and standards developed by the OSHPD, or to seismically retrofit all acute care inpatient hospital buildings so that they are in substantial compliance.

The FDD regulates the design and construction of healthcare facilities to ensure the facilities are safe and available to provide care to the community in the event of a major disaster. The purpose of the establishment of a training program is to improve the OSHPD's ability to respond to the increased construction volume expected in response to pending seismic compliance deadlines.

**ITEM 4300 DEPARTMENT OF DEVELOPMENTAL SERVICES****ISSUE 1: PROVIDER RATE INCREASE**

Adjustment to 3 Percent Rate Increase for Providers—The Department requests that Item 4300-101-0001 be increased by \$436,000 and Reimbursements be increased by \$146,000 to reflect updated costs to provide a 3 percent rate increase to certain service providers. The Governor's Budget proposed to augment the regional center budget by \$67,801,000 for this purpose. That request is being updated based on revised purchase of service estimates

**ISSUE 2: DELAY IN CERTIFICATION OF INTERMEDIATE CARE FACILITIES**

Delay in Certification of Intermediate Care - The Department requests that Item 4300-101-0001 be decreased by \$2.0 million. The Governor's Budget proposed to augment the regional center budget by \$2.0 million General Fund to address additional delays in the certification of Intermediate Care Facilities as a result of anticipated delays in receiving certification from the Department of Health Services. Based on updated information, it is anticipated that the additional delays will not materialize.

**ISSUE 3: CONTRACT PROVISIONS TO CONTROL PURCHASE OF SERVICES COSTS**

Contract Provisions to Control Purchase of Services Costs—The Department requests that Item 4300-101-0001 be decreased by \$1,026,000 and Reimbursements be decreased by \$49,000. The Governor's Budget included the fiscal impact of adopting contract provisions to control purchase of service costs, including funding for regional centers operations and savings in the purchase of services budget. This technical adjustment updates the estimated net savings from those cost containment strategies due to revised caseload and purchase of service estimates.

**ITEM 4300 DEPARTMENT OF DEVELOPMENTAL SERVICES****ISSUE 4: REDUCED INFORMATION TECHNOLOGY COSTS AS CADDIS HAS BEEN DELAYED**

Reduced Information Technology Costs Due to Delay of CADDIS - The Department of Developmental Services requests that Item 4300-101-0001 be decreased by \$423,000 to reflect reduced information technology costs as a result of the delay in the implementation of CADDIS.

**ISSUE 5: RE-APPROPRIATION FOR CADDIS**

Re-appropriation of Funding for CADDIS the Department of Developmental Services requests that Item 4300-492 be added to re-appropriate up to \$2.0 million provided in the Budget Act of 2005 for CADDIS and Item 4300-101-0001 be increased by \$2.0 million to reflect this re-appropriation. These funds would be used in 2006-07 to support activities necessary to complete a Special Project Report and other specified activities. It is also requested that Budget Bill language be added to Item 4300-101-0001, Provision 4 to augment the DDS' budget for CADDIS upon Finance's approval of a Special Project Report and notification to the Joint Legislative Budget Committee. It is further requested that Budget Bill language be added to Item 4300-101-0001, Provision 5 to provide Finance with the authority to transfer management and expenditure authority of the project to an appropriate state agency to promote successful project completion.

In addition, two limited term positions are to be added at the Health and Human Services. The two positions are a Career Executive Assignment II to manage the assessment of the CADDIS evaluation. Additionally, a System Information Analyst would be hired to manage the contract.

**Proposed Budget Bill language:**

Add Item 4300-492, to read:

4300-492 – Reappropriation, Department of Developmental Services.

Notwithstanding any other provision of law, as of June 30, 2006, up to \$2 million of the appropriation provided in the following citation is reappropriated for the purposes specified below and shall be available for encumbrance or expenditure until June 30, 2007, unless otherwise stated.

0001 – General Fund

(1) Item 4300-101-0001, Budget Act of 2005 (Ch. 38, Stats. 2005)

Schedule:

(a) 10.10.010 – Regional Centers: Operations.

Up to \$2 million of the funds appropriated in this item for the California Developmental Disabilities Information System are made available in 2006 – 07 for activities necessary to complete the Special Project Report or for activities necessary to request an augmentation pursuant to Provision 4 of Item 4300-101-0001.

Additionally, the LAO urges the Subcommittee reject the proposed Provision 4 & provision 5 and adopt the following Budget Bill Language

Notwithstanding any other provision of law and no later than January 10, 2007, the Department of Finance shall submit an approved Special Project Report (SPR) to the Legislature for the Department of Developmental Services' California Developmental Disabilities Information System (CADDIS). The Department of Finance may approve a request for an augmentation of this item of up to \$2,000,000. Any CADDIS augmentation pursuant to this provision must be supported by and consistent with the approved SPR. Any augmentation shall be effective no sooner than 30 days after notification in writing to the Chairperson of the Joint Legislative Budget Committee. No augmentation shall be used for a contract amendment with the current vendor. Any request for augmentation shall include:

(1) Verification that the state owns the system code

(2) A *report on a* technical review and assessment of the system code, functionality, and architecture. This assessment shall address system code efficiency, effectiveness, maintainability and the extent to which the vendor's system documentation will facilitate future system maintenance.

(3) A plan and schedule for management of the project to completion including a governance structure that includes department executive, regional center executive, agency, and Department of Finance oversight

(4) A report on the availability of federal funds for the project

**ITEM 4300 DEPARTMENT OF DEVELOPMENTAL SERVICES****ISSUE 6: RESOURCES TO FACILITATE INCREASED FEDERAL REIMBURSEMENT**

Regional Center Resources to Increase Federal Reimbursements – The Department of Developmental Services requests that Item 4300-101-0001 be decreased by \$13,618,000 and Reimbursements be increased by \$17,083,000. The net effect of this action will provide \$2,148,000 to regional centers and \$1,317,000 to providers to capture specified individual consumer information, which is necessary to draw down additional federal funds of \$16.1 million in 2006-07 and \$21.4 million in 2007-08. These funds cannot be drawn down without providing this information. It is also requested that Budget Bill language be added to Item 4300-101-0001 to allocate these funds only for the purpose of drawing down additional federal funds. In addition, trailer bill language is proposed that will statutorily require specified providers to collect individual consumer information.

Add Provision 6 to the Budget Bill to read: Item 4300-101-0001, to read:

Provision 6. \$2,148,000 of the funds appropriated in this Item shall be used by Regional Centers to begin collecting the information required for reimbursement by the Home and Community-Based Services Waiver from those service providers who are qualified providers under Title XIX of the Social Security Act, who are not currently providing the required information, and who are serving individuals enrolled under the Home and Community-Based Services Waiver program. Regional Centers shall give the highest priorities for utilizing these funds to obtain this information from transportation vendors and other vendors with the highest annual costs.

Add Provision 7 to the Budget Bill to read: Item 4300-101-0001, to read:

Provision 7 \$1,317,000 of the funds appropriated in this Item may be used to augment service provider rates for workload necessary to obtain information to secure federal participation under the Home and Community-Based Services Waiver. Eligible providers are those service providers who are qualified providers under Title XIX of the Social Security Act who are not currently providing the required information and who are serving individuals enrolled under the Home and Community-Based Services Waiver program.

#### **Trailer BL - ADD WIC 4694**

\_\_\_\_\_ Effective July 1, 2006, all regional center vendors who are qualified providers under Title XIX of the Social Security Act and are serving individuals enrolled under the Home and Community-Based Services waiver program for persons with developmental disabilities, shall ensure that billing information provided to regional centers identifies the individual consumer(s) and, for each consumer, the specific dates of service, location of service, service unit, unit costs and other information necessary to support billing under the Home and Community-Based Services waiver. Regional centers must also ensure that their contractual and other billing and payment arrangements with providers require the provision of such information to support billing under the Home and Community-Based Services waiver program. Resources provided to regional centers, pursuant to the Budget Act of 2006 and following, to implement this provision shall be allocated to the regional centers only until implementation of a statewide electronic data system that collects the billing information necessary



**ITEM 4300 DEPARTMENT OF DEVELOPMENTAL SERVICES****ISSUE 7: WORK PROGRAMS**

Several groups have expressed concern about level of rates paid to day and employment programs. Day programs have not had many rate increases in the last 19 years. Employment programs have had four adjustments. The adjustments have been combined with a rate reduction or been at a lower rate than other programs. Therefore, the effects on the programs have been limited. The consequence is that chronic low wages and staff turnover has led to inconsistent accessibility and quality of the programs. According to the California Rehabilitation Association, the state has lost more than 3,000 jobs for people with disabilities since 2004. The Association says that this a direct consequence of the rate reduction enacted by the Administration and the Legislature in 2003.

The Association is proposing:

- An increase of \$31.781 in the Supported Employment Program;
  - 1) Supported Employment Individual Placement Fee
  - 2) Supported Employment Individual Placement Job Coaching Fee
  - 3) Supported Employment Group Placement Fee
  - 4) Supported Employment Group Job Coaching Fee
- Wage Increases \$27.660,000
  - 1) Work Activities Program
  - 2) Supported Living Services
  - 3) Day, inclusive of Day, Look-Alike, Independent Living and respite

**ITEM 4440 DEPARTMENT OF MENTAL HEALTH****ISSUE 1: CONTINUED IMPLEMENTATION OF PROPOSITION 63**

The Department requests that Item 4440-001-3085 be increased by \$10,637,000, Reimbursements be increased by \$50,000, and that Item 4440-001-0001 be amended to reflect this change for continued implementation of the Mental Health Services Act. This request includes funding for 11.0 positions (3.0 two-year limited term positions) to address the impact of the Mental Health Services Act on administrative functions and regulations development, while the balance of the funding requested for new or existing contracts.

**ISSUE 2: IMPLEMENTATION OF MENTAL HEALTH SERVICES ACT**

The Department requests an additional support appropriation of \$434,000 from the Mental Health Services fund to support 2 positions and implementation of provisions to comply with the requirements of the Mental Health Services Act.

**ISSUE 3: SEXUALLY VIOLENT PREDATOR EVALUATIONS**

The California Department of Corrections and the Board of Parole Hearings refer potential sexually violent predators (SVP) to the Department of Mental Health. Over the years, 2002-03, 2003-04, and 2004-05 the referrals have averaged 54 per month, 48 per month and 43 per month. DMH completes a record review of referred cases to ascertain whether basic legal requirements are present prior to referring the case for clinical evaluation. Approximately 22 individuals a month are referred for evaluations. The Department requests \$906,000 for the budget year.

**ISSUE 4: PATTON STATE HOSPITAL**

This extends and revises the current sunset, which lowers the patient population cap at Patton State Hospital (PSH) from 1,670 to 1,336 from one year after the opening of Coalinga State Hospital to a maximum population of 1,530 for three years after the current sunset of September 6, 2006. This language, which amends Section 4107 of the Welfare and Institutions Code, would extend the current sunset to September 2009.

**ISSUE 5: SALINAS VALLEY PSYCHIATRIC PROGRAM**

The Department of Mental Health proposes a \$7.018 million augmentation to support the expansion of the Intermediate Treatment Program for Level IV patients. The Department also is requesting an additional 69.2 staff to provide the care to the patients. The expansion will increase the number of Level IV beds by 36 to total of 100. In a study, the Department of Corrections and Rehabilitation (CDCR) concluded that a total of 287 additional intermediate care facility beds are needed to treat Level IV inmate patients currently housed in CDCR. This is consistent with the plan submitted by the California Department of Corrections and Rehabilitation to the Coleman Federal Court.

**ITEM 4440 DEPARTMENT OF MENTAL HEALTH****ISSUE 6: LICENSING AND CERTIFICATION**

The Department of Mental Health is proposing an augmentation in its budget of \$420,000, (\$349,000 General Fund), in the departmental support appropriation to support five positions and associated operating expense costs to absorb the increased workload associated with facility licensing, program certification, program monitoring and oversight and investigations of complaints and incidents at facilities. The Department is also proposing to collect fees from Psychiatric Health Facilities (PHF) and Mental Health Rehabilitation Centers (MHRC). The Department estimates the fee will generate \$401,000 per year. Trailer bill language will require the revenue from the fee be deposited into a new special fund resulting in the redirection of General Funds.

**ISSUE 7: JUDICIALLY COMMITTED PENAL CODE**

Budget year Judicially Committed/Penal Code Population Adjustment - It is requested that Item 4440-011-0001 be increased by \$4,232,000 and 42.5 positions to reflect a net increase in the Judicially Committed/Penal Code population of 158 patients, including a decrease of 9 Incompetent to Stand Trial (IST) patients and an increase of 27 Not Guilty by Reason of Insanity (NGI) patients, 65 Mentally Disordered Offenders (MDOs), and 75 Sexually Violent Predators (SVPs). This adjustment reflects the use of the new Civil Rights for Institutionalized Persons Act staffing standards/ratios.

**ISSUE 8: JUDICIALLY COMMITTED PENAL CODE POPULATION**

It is requested that Item 4440-011-0001 be decreased by \$16,256,000 and 178.5 positions to reflect the full-year impact of the current year reduction in the Judicially Committed/Penal Code population of 195 patients, including a decrease of 46 IST patients, 11 NGI patients, 67 MDOs, and 71 SVPs.

**ITEM 4440 DEPARTMENT OF MENTAL HEALTH****ISSUE 9: COLEMAN COURT ORDER ACTIVATION OF 36 INTERMEDIATE CARE FACILITY BEDS**

It is requested that Item 4440-011-0001 be increased by \$5,650,000 and 68.2 positions to reflect the December 2006 activation of an additional 36 temporary ICF beds in D-Yard at Salinas Valley State Prison. This adjustment is requested to address a court order in the Coleman case and reflects five months of budget year funding for advance hiring consistent with the effective phase-in strategy utilized to recruit staff for the activation of the original 36 temporary beds.

**ISSUE 10: COLEMAN COURT ORDER – CONVERSION OF 60 DAY TREATMENT TO 36 ICF BEDS**

It is requested that Item 4440-011-0001 be increased by \$1,801,000 and 19.3 positions to reflect the full-year impact of the current year reduction in the Department of Corrections and Rehabilitation (CDCR) population of 24 patients. This reflects the impact of a court order in the Coleman case to convert 60 Day Treatment beds to 36 ICF beds at Vacaville Psychiatric Program. Additional staff resources are requested because the staff-to-patient ratios for an intensive inpatient 24-hour ICF program are significantly lower than an outpatient day treatment program.

**ISSUE 11: COLEMAN COURT ORDER—ESTABLISH NEW PSYCHIATRIST SERIES AT VACAVILLE PSYCHIATRIC PROGRAM**

It is requested that Item 4440-011-0001 be increased by \$432,000 to reflect the establishment of a new psychiatrist series classification at Vacaville and Salinas Valley Psychiatric Programs. This funding will be used to provide a 10 percent base salary increase and a one-time bonus of \$5,000 after the first six months to new employees hired from outside state service. This adjustment is requested to address a court order in the Coleman case.

**ITEM 4440**                      **DEPARTMENT OF MENTAL HEALTH****ISSUE 12: STAFFING FOR RESIDENTIAL HOUSING UNITS**

It is requested that Item 4440-011-0001 be increased by \$1,776,000 and 24.5 positions for a change in the staffing needs identified in the SVP Treatment Restructure savings proposal included in the 2005 Budget Act. Based on experience activating the RHUs at Coalinga State Hospital, the additional level-of-care staff is required for the RHUs.

**ISSUE 13: SHIFT OF GENERAL FUND TO DMH FROM DHS**

It is requested that Item 4440-011-0001 be increased by \$9,745,000 and Reimbursements be decreased by \$7,245,000 to reflect the permanent shift of General Fund from the DHS budget to the Department of Mental Health (DMH) for patient generated revenue (\$9.5 million) and eligibility unit contracts at Metropolitan and Napa state hospitals (\$245,000). This adjustment conforms to other adjustments presented in the Governor's Budget.

**ISSUE 14: TECHNICAL ADJUSTMENT TO CORRECT SCHEDULING ERROR**

The Governor's Budget contains a scheduling error in Item 4440-011-0001. This technical adjustment will shift \$6,688,000 within this item to fund an increase of 125 CDCR patients. There is no impact to the budget authority for this item.

**ITEM 4440**                      **DEPARTMENT OF MENTAL HEALTH**

---

---

**ISSUE 15: FORENSIC CONDITIONAL RELEASE**

It is requested that Item 4440-016-0001 be increased by \$456,000 to reflect an increase of 20 non-Sexually Violent Predator patients currently court ordered for conditional release.

**ISSUE 16: SEXUALLY VIOLENT PREDATOR EVALUATIONS AND COURT TESTIMONY**

It is requested that Item 4440-001-0001 be increased by \$548,000 based on a projected increase in initial and recommitment SVP evaluations.

**ISSUE 17: EARLY AND PERIODIC DIAGNOSIS AND TREATMENT**

It is requested that Item 4440-101-0001 be decreased by \$5,897,000 and Reimbursements from the DHS be decreased by \$6,997,000 to reflect a revised projection of EPSDT claims.

**ITEM 4440**                      **DEPARTMENT OF MENTAL HEALTH****ISSUE 18: MENTAL HEALTH MANAGED CARE**

It is requested that Item 4440-001-0001 be increased by \$120,000 and Reimbursements from the DHS be decreased by \$106,000 to reflect the completion of Therapeutic Behavioral Services (TBS) reviews ordered by the court in the *Emily Q Lawsuit* (\$14,000) and the permanent transfer of General Fund from the DHS budget to the DMH support budget for TBS training and technical assistance contracts. The \$106,000 is currently scheduled as a reimbursement to the DMH from the DHS. It is also requested that Item 4440-103-0001 be decreased by \$509,000 and Reimbursements from the DHS in Item 4440-101-0001 be decreased by \$519,000 to reflect an increase in the number of Medi-Cal eligibles.

**ISSUE 19: HEALTHY FAMILIES PROGRAM**

It is requested that Item 4440-101-0001 be amended by increasing Reimbursements from the DHS by \$1,151,000 to reflect updated claiming information and county administrative costs.

**ISSUE 20: SAN MATEO PHARMACY**

It is requested that Item 4440-101-0001 be decreased by \$2,265,000 and Reimbursements from the DHS be decreased by \$2,298,000. This primarily reflects the results of a claims study completed in March 2006 and the impact of Medicare Part D implementation.



**ITEM 4440 DEPARTMENT OF MENTAL HEALTH****ISSUE 21: MENTAL HEALTH SERVICES OVERSIGHT AND ACCOUNTABILITY COMMISSION**

It is requested that Item 4440-001-3085 be increased by \$534,000 and Item 4440-001-0001 be amended to reflect this change. This adjustment to the MHSOAC's current budget provides increased support and oversight to implement the Mental Health Services Act.

**ISSUE 22: MENTAL HEALTH SERVICES TO SPECIAL EDUCATION PUPILS**

The Department proposes Item 4440-104-0001 be added in the amount of \$69.0 million. This proposal would establish a two-year pilot to restructure the AB 3632 mental health services program. The pilot includes suspending the state mandate for the two-year pilot period. It is also requested that Item 4440-001-0001 be increased by \$275,000 and 3.0 positions for program administration and monitoring.

**ISSUE 23: IMPLEMENTATION OF THE CONLAN COURT ORDER**

It is requested that Item 4440-001-0001 be increased by \$1,659,000 and Reimbursements from the DHS be increased by a corresponding amount. These funds provide one-time funding for the payment of potential retroactive claims related to Medi-Cal billing, and contracting with a fiscal intermediary to implement the required claims process in compliance with the court order.

**ITEM 4440**                      **DEPARTMENT OF MENTAL HEALTH****ISSUE 24: LONG-TERM HOMELESSNESS INITIATIVE**

It is requested that Item 4440-001-3085 be increased by \$1,238,000 and 3.0 two-year limited-term positions to coordinate the implementation of Phase II of the Governor's Initiative to End Long-Term Homelessness. Phase II will provide up to \$75.0 million of expenditure authority from Health and Safety Code Section 5890 annually for twenty years for the development of permanent supportive housing projects for individuals with serious mental illness.

**ISSUE 25: INCREASED PROPOSITION 63 FOR MENTAL HEALTH SERVICES**

Based on updated revenues from the Personal Income Tax Fund and interest income from the Surplus Money Investment Fund, the estimated revenues to the Proposition 63 MHSF are now projected to be \$1,197,280,000 in 2005-06, and \$1,269,156,000 in 2006-07. This represents an increase for the two-year period of \$1,093,436,000 over the Governor's Budget revenue estimate.

**ITEM 4440            DEPARTMENT OF MENTAL HEALTH****ISSUE 26: CAPITAL CONSTRUCTION**

The Department of Mental health request Item 4440-490 be added to reappropriate the construction phase or the following project that was funded in Item 4440-301-0001, Budget Act of 2005.

1. Metropolitan: Remodel Satellite Serving Kitchens – Construction. The reappropriation is necessary because of delays in completing the construction design documents as a result of ongoing efforts to keep the project within budget. Item 4440-301-0660 is the requested reappropriation.

The Department also is requesting 4440-490 be added to reappropriate the construction phase of the following projects:

1. Metropolitan: Construct New Kitchen and Remodel Satellite Serving Kitchens. Related improvements to the satellite serving kitchens component of the project are included in Item 4440-301-0001.

Patton: Renovate Admission Suite and Fire and Life Safety and Environmental Improvements Phases II and III EB Building construction. The working drawings need to be modified to incorporate a new HVAC system and plumbing.