



CWDA

January 22, 2008

To: The Honorable Patty Berg, Chair
Assembly Budget Subcommittee No. 1

Honorable Members
Assembly Budget Subcommittee No. 1

From: Frank J. Mecca
Executive Director

Re: **Proposed Changes to Day Treatment Authorization/ Proposed Elimination of the Community Treatment Facility Rate - CONCERNS [Item 4440: BBR Pages 537 and 538]**

The County Welfare Directors Association of California (CWDA) has concerns about the Administration's proposals to: (1) require unnecessary semi-annual state reauthorization of day treatment mental health services for children, and (2) eliminate the community treatment facility rate differential. These changes will significantly diminish the availability of viable placement options for foster children with serious mental health needs, thus destabilizing their conditions and potentially resulting in more, higher cost and less appropriate placements in state hospitals.

Day Treatment

For many foster youth with serious mental illness, day treatment services under the EPSDT program are a vital component of their treatment plans. Foster youth receive these services in a variety of settings, including group residential care which is often the most therapeutic, community-based alternative to psychiatric hospitalization. In these facilities, youth can receive both the stability and the mental health services that they need.

The Administration's proposal for semi-annual authorization of day treatment by the State Department of Mental Health (DMH) appears unnecessary, inappropriate, and bad for foster youth. Current law already requires the county mental health departments to approve and review (every 3 or 6 months) day treatment services to which eligible children are entitled under federal law. Moreover, the claims for day treatment services are subject to intensive state and county audits. We do not see the necessity of an additional layer of review.

Additionally, we question whether DMH has the capacity or expertise to perform clinical reviews of this nature. To acquire such capacity would result in unnecessary new costs and an inefficient new layer of bureaucracy.

In reality, this proposal will create a barrier to the provision of critical, community-based mental health services for seriously mentally ill abused and neglected children. In fact, the presumption of savings from the proposal assumes fewer youth will receive these services. Since current authorization and review

procedures are already rigorous, the proposal will result in fewer youth receiving necessary services to which they are entitled. As a result, these children will suffer more placement disruptions, deteriorating conditions, and unnecessary placements in more costly psychiatric hospitals.

Community Treatment Facilities (CTF's)

The Legislature created CTF's as a community placement of last resort for the most seriously emotionally disturbed youth who have not succeeded in any other category of residential program, and who often pose a great risk to other youth in less structured programs. Prior to the creation of CTF's, many of our most troubled foster youth bounced from placement to placement, and in and out of state hospitals. Many large counties, from San Diego to San Francisco utilize CTF's for their most challenging foster youth, as these facilities can offer an integrated clinical and residential treatment in a secure setting.

The Legislature established the \$2,500 supplemental rate in order to provide a reimbursement level sufficient to encourage providers to establish CTF programs. Absent the rate supplement, there was a consensus that the more structured and intensive CTF model would not be financially viable for providers. As it stands, it is arguable that even with the supplement, the rate is inadequate, as several counties are being charged county-only rate "patches" above the supplemental rate for their most troubled children. It is important to note that counties ALREADY pay for 60 percent of the rate supplement, consistent with the existing statutory foster care sharing ratio.

The Administration's proposal to completely eliminate the CTF supplemental rate will effectively eliminate this placement option for seriously disturbed foster youth. Our experience indicates that facilities simply will not be able to accept these youth without the supplement. Thus, they will either have to charge counties for rate differential – thus shifting the responsibility completely to counties, deny the placements and accept only private-pay clients, or close their doors completely. Given local budget constraints and the likelihood of cuts throughout human services, additional county rate supplementation is unlikely. Like the day treatment proposal, the result will be more placement instability, more trauma and deterioration of the well-being of troubled foster youth, and greater costs to the counties and the state for unnecessary institutionalization.

We appreciate the opportunity to weigh in on this proposal and look forward to working with you and your staff as the budget process moves forward. Please do not hesitate to contact CWDA if you have any questions regarding this memo.

Thank you for consideration of this request.

cc: Nicole Vasquez, Consultant, Assembly Budget Committee
Julianne Huerta, Consultant, Assembly Republican Fiscal Office
Ana Matosantos, Office of Governor Arnold Schwarzenegger
Jennifer Kent, Health and Human Services Agency
Patricia Huston, Department of Social Services
Steve Mayberg, Director, Department of Mental Health
Mike Wilkening, Department of Finance
Todd Bland, Legislative Analyst's Office
Kelly Brooks, California State Association of Counties
County Caucus