



California State Association
of Counties



CWDA
County Welfare Directors
Association of California



California Mental Health
Directors Association

April 2, 2014

The Honorable Ellen Corbett
Chair, Senate Budget & Fiscal Review Subcommittee No. 3
State Capitol Building, Room 313
Sacramento, CA 95814

Re: Request to Address Katie A. Implementation Costs in 2014-15 Budget Act

The California State Association of Counties (CSAC), the County Welfare Directors Association (CWDA), and the California Mental Health Directors Association (CMHDA) respectfully request consideration of sufficient state funding in the 2014-15 Budget Act for specific *Katie A.* implementation activities at the county level.

Background

Please recall that the state entered into a settlement agreement in the *Katie A. v. Bonta* lawsuit to improve mental health and supportive services for children and youth in, or at imminent risk of placement in, foster care in California. The settlement agreement entered into by the state is intended to induce systemic change for mental health services to children and youth within the defined class by adopting three new service array approaches for existing Medicaid covered services: Intensive Care Coordination (ICC), Intensive Home Based Services (IHBS), and Therapeutic Foster Care (TFC).

California’s counties administer and provide services for both the specialty mental health system and the child welfare services system. Counties are committed to providing these new services to all children in the settlement subclass who require them, and believe that such services will indeed benefit these at-risk children and youth.

Proposition 30 Issues

Proposition 30 of 2012 protects counties against the shift of costs from the State to counties. Under Proposition 30, counties are entitled to at least 50 percent of cost increases that result from federal settlements or judicial orders, including the Implementation Manuals adopted by the court in *Katie A.* (Cal. Const., art. XIII, § 36(c)(5)(B); Gov. Code, § 30026.5, subdivision (e)(3).)¹ Additionally, Proposition 30 requires the State to fund any plans or waivers, or amendments to plans or waivers, that are submitted to the federal government and have an overall effect of increasing local costs.

ICC and IHBS are not existing statutory programs; they were created specifically to implement the *Katie A.* settlement. While some of the services provided to subclass members as a result of the settlement may also be required by existing federal and state law, many of the administrative requirements (e.g., general semi-annual progress reports that include specified statistics) are not in existing state or federal law. ACL 13-73 attempts to impose these new cost obligations to counties through administrative directives for the State to meet its *Katie A.* obligations.

¹ Government Code section 30026.5 became effective on June 27, 2012, prior to adoption of Phase One of the Implementation Plan.

The *Katie A.* settlement requires DHCS and DSS to develop a Therapeutic Foster Care option for children -- which requires a Medicaid State Plan amendment and federal Centers for Medicare and Medicaid Services approval -- so that services may begin January 1, 2015. DHCS submitted a state plan amendment on March 28, 2014 (TFC SPA, Transmittal No. 14-011). Therapeutic Foster Care is a new statewide service that is required under *Katie A.* and costs to implement it are currently unknown.

It is clear from the *Katie A.* Implementation Manuals, the Special Master's November 13, 2013 progress report, ACL 13-73, and the Therapeutic Foster Care Medicaid State Plan Amendment (Transmittal No. 14-011) that implementation of *Katie A.* **adds** a variety of new tasks that the State is requiring counties to perform with local resources. CSAC, CWDA, and CMHDA have significant concerns with any framing of the new programs and/or services imposed upon counties as being part of *Katie A.* implementation as existing county obligations. Therapeutic Foster Care is a new service as evidenced by the state amending its Medi-Cal State Plan to include it.

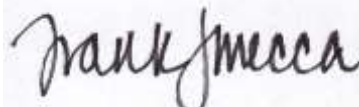
The 2011 Realignment funds provided to counties include funding for mental health services for children and youth eligible for Medi-Cal (i.e., Early Periodic Screening Diagnosis and Treatment). While the Administration recognized in 2011 that there would be implementation costs associated with *Katie A.*, it did not then know what those costs would be. The Administration provided \$26 million in new funds to county mental health when the program was realigned in an effort to address expected new *Katie A.* obligations. However, that funding was provided prior to implementation of Intensive Home Based Services and Intensive Care Coordination, and will need to be monitored to assure adequacy as counties continue to roll out these services. Additionally, Therapeutic Foster Care has not been implemented due to federal approval requirements and counties do not yet know the cost.

Counties are dedicated to providing Intensive Care Coordination, Intensive Home Based Services and Therapeutic Foster Care and believe those services will benefit the *Katie A.* subclass members. As implementation efforts continue, we respectfully ask your committees to consider this issue prior to the May Revision Budget to assist all parties – the Legislature, Administration, advocates and counties, and the children we all seek to serve and protect – in crafting a funding solution for new task required of counties by the state as part of the state's implementation of the *Katie A.* master settlement.

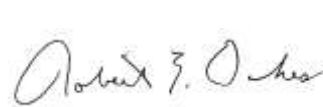
Sincerely,



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CSAC – CWDA –CMHDA Request for Funding for *Katie A.* Implementation
March 31, 2014

cc: Honorable Members, Senate Budget and Fiscal Review Subcommittee No. 3
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