UNITED STATES DISTRICT COURT

CENTRAL DISTRICT OF CALIFORNIA

KATIE A. et al., (SHx) Plaintiffs, v. DIANA BONTA, et al., Defendants.	CASE NO. CV-02-05662 AHM SPECIAL MASTER'S SUPPLEMENTAL PROGRESS REPORT ON THE IMPLEMENTATION OF THE KATIE A. PLAN The Honorable A. Howard Matz Courtroom 14

TABLE OF CONTENTS

PART ONE: INTRODUCTION 3

PART TWO: SPECIAL MASTER'S PROGRESS REPORT ON KATIE A. PLAN IMPLEMENTATION 4

PART THREE: SPECIAL MASTER'S RECOMMENDATIONS 18

PART ONE

INTRODUCTION

This supplemental report is submitted to the Court in accordance with the Katie A. Court's Orders dated December 20, 2012, directing the Special Master to file a supplemental report "on the progress of the Accountability, Communication and Oversight (ACO) Taskforce and such other matters as he sees fit by March 1, 2013".

The views expressed in the Special Master's supplemental report on the State's progress in implementing the Katie A. Implementation Plan, hereafter referred as the Plan, are those of the Special Master only and do not necessarily represent the views of the various Parties and partners involved in implementing the Katie A. Plan, who may provide the Court with their own written responses to this report.

The Special Master is pleased to report that significant progress has been made by all Parties in the completion and statewide distribution of the Medi-Cal Manual and Core Practice Manual Guide (CPM Guide) by March 1, 2013, as specified in the Court's Orders dated December 20, 2012.

Since the December 13, 2012, Court Hearing, the Parties have been focused and intensely working to finalize deliverables identified in the Plan, in particular the ACO, Medi-Cal Manual and Core Practice Model Guide (CPM Guide).

The Purpose Of This Report

This report has three purposes: (1) review the Data and Quality Assurance Section described in Phase Two of the Plan and the progress on implementing the ACO Task Force and make recommendations consistent with Paragraph 25(b) of the Settlement Agreement, 'the Special Master shall determine whether the Implementation Plan is reasonably calculated to ensure that State Defendants meet the terms of the Agreement and objectives set forth in Paragraph 19'; (2) inform the Court regarding the progress on the implementation the Katie A. Plan, approved December 13, 2012; and (3) provide the Court with additional recommendations regarding the implementation of the Plan.

Katie A. Negotiation Workgroup Composition

The Negotiation Workgroup has not met since the December 13, 2012, hearing and the composition remains the same as identified in the Special Master's Court Report,

dated November 29, 2012.

Organization of this Document

The remainder of this report to the Court is divided into the following parts: *Part Two* presents the Special Master's evaluation of the Data and Quality Assurance Section and the progress on implementing the ACO Task Force described in Phase Two of the Plan, reviews and comments on key milestones and other plan related activities and the changing role of the Negotiation Workgroup during the implementation phase of Katie A. Summary Comments and Findings are made at the conclusion of the end of Part Two; and *Part Three*, presents the Special Master Recommendations to the Court.

PART TWO
SPECIAL MASTER'S PROGRESS REPORT ON KATIE A. PLAN IMPLEMENTATION

The Special Master provides the Court with the following observation and comments on the progress being made in implementing the Plan dated November 29, 2012, and approved by the Court on December 13, 2012. Specifically, the status of the ACO Task Force, Medi-Cal Manual for Intensive Care Coordination (ICC), Intensive Home Based Service (IHBS) and Treatment Foster Care (TFC), and CPM Guide. Additionally, the Special Master will address the status of TFC coverage and models, Joint Management Task Force (JMT), Core Practice Model Fiscal Task Force (CPM Fiscal Task Force), meetings with State Directors, other implementation updates, the evolving role for the Negotiation Workgroup and Proposed Modification of Timelines. Special Master's Summary Comments, Observations and Findings are made at the end of Part Two.

Establish An Accountability, Community and Oversight (ACO) Task Force (Data and Quality Assurance)

The Special Master is pleased to report progress has been made in addressing the concerns identified in Special Master's Report dated November 29, 2012, and as discussed at the December 13, 2012, hearing and identified in the Court's subsequent Orders, dated December 20, 2012.

The State has set March 21, 2013, for the initial meeting of the ACO Mapping Team in preparation for the ACO Task Force Meeting. It is expected the ACO Mapping process will take up to six weeks. The Mapping process needs to be complete prior to the ACO Task Force's initial meeting. The ACO Task Force Work Plan has been drafted in preparation for the Task Force initial meeting.

The ACO Task Force responsibilities, as specified in the ACO Charter, will be formally assumed by the Joint Management Task Force (JMT) June 1, 2013. (Exhibit 1) The reasons are as follows. The Plan initially specified the ACO Task Force was to begin meeting concurrently with the JMT Task Force by February 28, 2013. As it developed, the ACO Task Force was expected to be in communication with and submit recommendations to the JMT Task Force. Membership of the ACO Task Force includes many, if not most, of the same representatives who are on the JMT Task Force. Expecting the same high level policy staff to attend two separate meetings appeared to be a duplicate and inefficient use of resources and presented a serious time management difficulty in scheduling these two meeting for key state, county and provider representatives. The ACO recommendations to JMT were intended to inform, guide, and be responsive and responsible to policy direction. At the same time, the JMT would be making policy recommendations to DHCS and DSS on a shared management structure with fiscal and administrative strategies to implement CPM statewide and identify cross system accountability and quality assurance models for state and local implementation. Considering the above reasons, it made sense for JMT to assume ACO responsibilities, thus ensuring the right staff and leadership would be brought together at the same time to address the ACO Charter.

The assumption of ACO responsibilities by JMT changes the ACO timeline of February 28, 2013 to June 1, 2013. In its meetings, the JMT has already begun to have discussions on individual and system outcomes as it works on drafting recommendations for Shared Management Structure (SMS). JMT will be very prepared and ready to undertake the tasks required by the Charter/Work plan. The Special Master estimates that by June 1, 2013, JMT will have developed at least a working draft of the SMS and formally begin to focus on the ACO Charter/Work plan.

JMT assuming the responsibilities for the ACO ensures the continued strong leadership of Dina Kokko-Gonzales, Chief, DHCS, and Greg Rose, Deputy Director, DSS, as the Co-Chairs of the JMT Task Force. Ms. Kokko-Gonzales and Mr. Rose, representing their department directors, have provided the consistency, continuity and leadership for the Negotiation Workgroup in the development of the Implementation Plan and now lead its implementation. Ms. Kokko-Gonzales and Mr. Rose will ensure that the necessary technical staff from the two departments, data and quality assurance, are assigned and become active participants in the ACO process.

This approach of the JMT assuming the responsibilities of the ACO addresses the Special Master's concerns expressed at the December 13, 2012, Court hearing in regard to leadership and membership not yet being confirmed, that no work plan had been developed and the uncertainty that existed on how the work of ACO Taskforce activities would be coordinated with other accountability and quality assurance activities underway at the Department of Health Care Services.

Ms.Kokko-Gonzales and Mr. Rose, representing the Directors, are charged with sufficient authority and responsibility to develop and make recommendations to the Shared Management Structure (SMS) adopted by DHCS and DSS as identified in the Settlement Agreement and specified in the adopted AOC Charter. In addition to the Co-Chairs, other members of the JMT include Plaintiffs, County Organizations, Provider Organizations, Counties, and State staff representatives that are also actively involved in DHCS' other performance outcome and quality assurance activities. The overlap in membership between the ACO and other DHCS performance outcome activities should ensure there is sufficient communication between the two efforts, an understanding of expectations and implementation activities and, to the extent possible, that these two important accountability and outcome efforts compliment each other.

Develop and Distributed a Medi-Cal Manual for ICC, IHBS and TFC.

After receiving extensive and meaningful public comment on the Medi-Cal Manual, the Court approved, on December 13, 2012, an extension of time up to March 1, 2013, for revisions to the Medi-Cal Manual and statewide distribution. The Special Master is pleased to report, effective March 1, 2013, the Medi-Cal Manual is complete and has been posted on DHCS and CDSS Webpages and is being distributed statewide to County

Mental Health Plans and Child Welfare Agencies.

A small group of subject matter experts representing the DHCS, DSS, California Mental Health Directors Association (CMHDA), Los Angeles County, Providers, Plaintiffs and national consultants worked intensely and persistently to complete the revision by the March 1, 2013, deadline. As specified in the Plan, the TFC model and Medi-Cal coverage has not been finalized and will be addressed as part of the Manual at a later date. The Special Master is confident, after reviewing the Medi-Cal Manual for ICC and IHBS and receiving feedback from all the stakeholders who participated in drafting the revision, that the Manual sufficiently meets the requirements set forth in the Settlement Agreement and Plan. The Manual is written in a straightforward manner, with sufficient detail and specificity to provide the desired clarity and the adequate degree of certainty regarding documentation expectations necessary for provider billing and claiming. It will not satisfy everyone in the field and the State is committed to provide training, support and technical assistance to assist in the utilization of the Manual. Additionally, the State, with input from the above stakeholders, will be developing a question and answer document in anticipation of the questions from the field. The State is initially planning on weekly calls beginning in March to assist in answering questions.

Develop and Distribute a Core Practice Model (CPM) Guide

The Court, at it's December 13, 2012, hearing extended the time for distribution of the CPM Guide from January 31, 2013, up to March 1, 2013, which aligned the distribution of the Medi-Cal Manual for ICC and IHBS with the CPM Guide. The CPM Guide received extensive feedback from the field during December 2012, and January 2013. A small group of stakeholders and subject matter experts representing DHCS, DSS, Los Angeles County, California Welfare Directors Association (CWDA), California Mental Health Director's Association (CMHDA), Parents, Providers, Plaintiffs, U.C. Davis and a national consultant worked intensely, incorporating public comment, to revise the CPM Guide and distribute it by March 1, 2013.

The Special Master is pleased to report the CPM Guide is complete and has been posted on DHCS and CDSS Webpages available to County MHPs and CWS Agencies, Parents and Youth, Providers and other key stakeholders.

After reviewing the CPM Guide and receiving feedback from members of the writing Subgroup, the Special Master is confident that the Guide describes a shared or integrated model of practice across state and county child welfare and mental health agencies and their providers in order to better integrate and provide services and supports for children, youth, families and communities. The CPM Guide is one step in a series of planned activities aimed a ensuring a successful launch and installation process. It is 'Not Perfect' but it is 'Very Good', representing the first of its kind.

The State is committed immediately, in partnership with it's stakeholders, to move forward using the CPM Guide and the input received during the Guide development process as the foundation to develop additional handbooks, tool kits and other training materials that specifically focus on county and provider line staff, parents, youth, and other key individuals who are critical stakeholders in the CPM. Additionally, the State is also prepared to develop and implement training and technical support as outlined in the Plan to ensure the initial implementation and to develop a sustainability plan. This includes, but is not limited to, basic orientation, initial training and technical assistance and adoption strategies.

All Parties are mindful that the transformation anticipated by the installation of the CPM across mental health and child welfare state and county systems will take time, patience, persistence, resources and oversight. To this end, CPM Fiscal Task Force will be making recommendations to DHCS/DSS SMS for consideration on fiscal and/or administrative strategies for mentoring, coaching, and training and other supports that ensure sustainability of CPM statewide. Additionally, the ACO Taskforce will give recommendations to DHCS/DSS SMS for their consideration and subsequent action on methods/approaches to 'quality assurance' that provide local oversight and accountability ensuring county mental health and child welfare agencies promote and maintain the fidelity to CPM.

TFC Model and Coverage

The Plan specified that by February 28, 2013, the State and Plaintiffs, working with the national consultants, would have developed a 'draft' California model and coverage. This timeline milestone has not been met. Additionally, the State was unable to determine if any State law changes are necessary and, as a result, no spot legislation was

introduced by February 22, 2013.

State staff, Plaintiffs and the national consultants have been exclusively focused on finalizing the revisions to the Medi-Cal Manual for ICC and IHBS and CPM Guide for distribution by March 1, 2013. TFC meetings have been re-scheduled with the national consultants for March 1, 2013, with the intention of finalizing the draft model and coverage and moving the 'draft' by April 26, 2013, then reconvene the TFC Subgroup to review, modify and adopt. TFC model and coverage is on track to meet the target date of January 1, 2014, pending securing any necessary federal approvals.

Joint Management Taskforce (JMT)

The JMT has been meeting monthly since December 2012. The Task Force is in the early stages of identifying desired outcomes and defining the key components necessary to obtain the outcomes from a SMS. JMT has set a timeline of May 2013, to have a strategic plan that integrates services, CPM, management and quality control/accountability into a comprehensive model and make recommendations to DHCS/DSS leadership.

Core Practice Model Fiscal Task Force (CPM Fiscal Task Force)

The CPM Fiscal Task Force has been meeting monthly since November 2012. The Task Force is in the process of revising its Work Plan to sharpen focus and timeframes on the fiscal and administrative strategies supporting the implementation of CPM, to identify opportunities for group home reform and to leverage resources and reduce administrative barriers. The Task Group has an ambitious Charter and the revision of the Work Plan should facilitate the development of a strategic plan or proposal to finance the implementation of the CPM. The Task Force appears on track to meet the September 30, 2013, timeline for submitting a strategic plan or proposal to DHCS/DSS to finance the implementation of the CPM.

Special Master's Meeting with the Directors and Executive Staff of DHCS and DSS

As discussed in the Special Master's November 29, 2012 Court Report, and at the December 13, 2012, Court hearing, the Special Master was intending to request a meeting with the Directors of DHCS and DSS to discuss the progress and challenges of implementation of the Plan which included a status report on CMHDA's insufficient participation. The Special Master is pleased to report that before a meeting could be requested, the directors requested a meeting. The meeting was held on January 7, 2013, with Directors Toby Douglas, DHCS , Will Lightbourne, DSS, Deputy Director, Vanessa Baird, DHCS, Dina Kokko-Gonzales, Chief, DHCS and Deputy Director Greg Rose, DSS. The Special Master relayed the Court's appreciation for their hard work, dedication and commitment to the overall implementation effort. Additionally, the Special Master conveyed the Court's gratitude for DHCS's assistance with CMHDA's re-engagement in the Katie A. effort. The Court recognizes this relationship between the counties and state is unique and very important for the overall success of Katie A.

The meeting covered a wide range of issues including CMHDA's renewed commitment, identifying unfinished work on the Plan and resource allocations with aggressive timelines. It concluded with the directors making it clear they were continuing to monitor progress in all areas and if the need arose they would not hesitate to make contact and encouraged the Special Master do the same. At this time, no follow-up meeting is scheduled.

The Special Master acknowledges CWDA and its commitment to Katie A. implementation. CWDA Directors and Children's Deputies participate routinely in all aspects of the Katie A. implementation plan.

Other Implementation Updates

The Special Master will be losing the invaluable services of his longtime consultant, Steve Korosec, at the end of March 2013. Mr. Korosec will begin to enjoy 'full time' retirement. Mr. Korosec's retirement and Mr. Gray's untimely departure for medical reasons leaves the Special Master without a consultant to assist him in fulfilling his duties. The Special Master is re-evaluating the need for a consultant and is expected to provide an update to Court in the near future.

Katie A. Negotiation Workgroup

The Negotiation Workgroup, as Chartered, has essentially completed its primary task of securing the Agreement and developing the Implementation Plan. Implementation of the Plan will require identifying new roles and responsibilities for all. The Negotiation Workgroup will be meeting April 4, 2013, to review its progress and identify opportunities and challenges as the Plan moves forward. The Special Master's goal at that time is to recast the enterprise and develop a new Charter for an *Implementation Advisory Group* that will successfully support the State and the Counties' Implementation Plan. This would include identifying the new expectations, roles and responsibilities, membership and frequency of meetings. The Special Master would be expecting the State to take responsibility for leading the Implementation Advisory Group.

Proposed Modification of Timelines

The extended time to complete the Medi-Cal Manual and CPM Guide and the redirection of staff resources required to finalize and implement the Medi-Cal Manual and the CPM Guide has had a cascading effect on a significant number of the milestone timelines in the Plan. The Special Master has prepared a Proposed Modification of Timelines, Exhibit 1. In preparing the Modification of Timelines the Special Master consulted with both Parties and considered their recommendations before finalizing the modification of the timeline. Before arriving at modified timelines, the Special Master, instead of moving back all timelines by two months, first took each implementation activity separately and determined the effects that extending the timelines for the Manual and Guide had, if any, on all other timelines and, second, then attempted to factor in 'on the ground' issues that have emerged that would impact the timeline for each specific timeline in the Plan.

Special Master's Summary Comments, Observations and Findings

Data and Quality Assurance-ACO Task Force

The Special Master has determined that the implementation activities, deliverables and timelines, have the sufficient steps and correct timeframes identified that, when accomplished, will have satisfied, in part, the following Terms and Objectives of the Settlement Agreement:

Paragraph 19

- *(a)(services delivered in a coordinated, comprehensive . . . all-inclusive approach)(Page 5);*
- *(b)(Support . . . delivery service structure . . . supports a . . . practice . . . services model . . .)(Page 5);*
- *(c)(Support . . . sustainable solution . . . standard methods . . .quality based oversight . . .)(Page 5);*
- *(d)(Address need for certain class members . . . more intensive needs . . . subclass to receive . . . mental health services in . . . own home . . . appropriate to their needs . . . facilitate reunification . . . safety, permanence and well-being)(Page 5-6);*

Paragraph 20

- *(d)(1-4)(Establish a Joint Management Taskforce . . .Establishment . . . joint management structure between CDMH and CDSS . . . .)(Building upon existing relationship . . . state agencies . . .Creating a-cross system management . . . at the county/local level.)(Developing models . . .local agencies . . . work more effectively together)(Page 9-10);*
- *(e)(CDSS and CDMH . . . develop . . .quality control system . . . to support Core Practice Model . . . to support service integration . . . for class members)(Page 10);*
- *(h)(Seeking to improve methods and adequacy of data collection . . . sharing to support the Core Practice Model at the state, county and provider levels)(Page 11-12);*
- *(i)(A process . . . developed . . . identify class . . . firmly link them to*

services)(Page 13);

- *(l)(The . . . plan will address how the CPM and IHBS/ICC and TFC will be brought to scale statewide)(Page 15);*
- *(j)(1-5)(establish a Data and Quality Taskforce)(Establish a method to track . . . ICC . . . IHBS . . . TFC)(Utilize External Quality Review and California Child and Family Services Review requirements . . . develop a plan . . . collection of data . . .)(Collect data elements . . . to evaluate utilization . . . access to care.)(stakeholder meeting . . . what data . . . produce and post . . .)(to post data on . . . websites)(Page 13-14).*

Medi-Cal Manual

The implementation of the Manual should go along way in addressing the long-standing confusion regarding how to bill/claim for this array of service activities. ICC and IHBS activities are described in detail and offer a level of fidelity that hasn't existed in past. Implementation of the CPM Guide along with the Manual underscores the importance of the CPM.

CPM Guide

Expectations are high that over time a shared practice consistent with CPM will emerge between county mental health and child welfare staff in all fifty-eight counties. The CPM Guide is just the first step and will have only limited success if the other components of the Plan, i.e. forthcoming recommendations from JMT, ACO and CPM Task Forces, are not implemented and embraced by the leadership at the state and county levels. To date, significant support and leadership has been evident from DHCS and DSS. County support is equally, if not more, important under realignment. CWDA has continued to demonstrate its support and leadership in promoting the CPM with its members. CMHDA has not yet developed the same level of leadership or support. In part, this may be due to CMHDA having joined the Katie A. process late and continuing to learn more about the Plan and CPM, but their renewed involvement since January is encouraging. The Special Master believes it's just a matter of time before they lend their full support. DHCS, DSS and CWDA will need to partner with CMHDA to support the shared implementation of CPM. There are many individual county child welfare and

mental health agencies looking forward to the transformative possibilities with the implementation of the CPM. Counties like Los Angeles are well on their way to implementing CPM; other county child welfare and mental health agencies have begun the planning process and in some counties mental health or child welfare agencies have taken the lead and begun to implement the practice.

Treatment Foster Care (TFC)

Answering the coverage and model questions and establishing California TFC coverage and model is a top priority for the State, Plaintiff and Provider community. Work with the national consultants to finalize a draft TFC model and determine coverage had to be postponed due to the priority given to finalizing and implementing the Medi-Cal Manual and CPM Guide. As a result, DHCS and DSS were unable to determine if any State law changes were necessary. Therefore, no spot bill was introduced as specified in the Plan. Exhibit 1, Proposed Modification of Implementation Plan Times, identifies a new timeline for the Court to consider. Additionally, it has become increasingly clear that a State Plan Amendment (SPA) will be necessary before TFC and any proposed Medi-Cal coverage can be approved and implemented. At this time it's premature to estimate the impact on timelines but is reasonable to suspect there will be additional time required. As a result, it will be difficult to proceed in any depth with developing a TFC Addendum to the Documentation Manual as specified in the Plan until the Center for Medicare and Medicaid Services (CMS) responds to the SPA. The Special Master remains confident that all Parties will work diligently to meet the remaining TFC timeline milestones.

CMHDA and CWDA Participation

Since the December 13, 2012, Court hearing, and with DHCS supporting CMHDA's full re-engagement in meaningful and substantive participation in the Katie A. implementation process, the Special Master has observed an increase in participation and active engagement by CMHDA's Directors and Deputy Directors of Children's Mental Health. The Special Master recognizes CMHDA has begun to utilize their Children's Deputies to staff implementation activities with DHCS and DSS staff and other stakeholders. The Special

Master is encouraged by the observed changes over the past two months and looks forward CMHDA's participation growing as Katie A. implementation planning takes place.

Proposed Modification of Implementation Plan Timelines

After consultation with the Parties, the Special Master has prepared Exhibit 1 for the Court's consideration. The State is in agreement with the Proposed Timelines found in Exhibit 1. Although the Plaintiffs will not object to the Proposed Timelines, Exhibit 1, as the Special Master understands, they remain concerned about future delays and the effect on Court Jurisdiction.

Overall Observations and Comments on Implementation

Given that Judge Matz is retiring and Judge John A. Kronstadt is assuming responsibility for Katie A and will be present at the March 13, 2013, Hearing, the Special Master feels obligated to call the Court's attention to the following concerns, which may be premature, but action is not necessary at this time.

The following observations and comments are those of the Special Master's and not necessarily fully shared by either Party.

The Special Master recognizes the Katie A. Agreement and Implementation Plan reached by the Parties and the Negotiation Workgroup is very complex and comprehensive. The Special Master has commended the Parties on a number of occasions for their outstanding work. As the Parties have become further engaged in the implementation phase, it's becoming clearer how challenging it will be to meet the established implementation timelines in California's 'Realigned and Restructured' environment.

The substantive elements of the Katie A. Settlement Agreement were reached November 2010, but due to changes in state administrations it took until the summer of 2011 to finalize attorney fees and duration of jurisdiction. The Agreement was approved December 1, 2011. Since the agreement was reached, fundamental changes have occurred in the re-organization of California Departments of Health Care Services (DHCS) and Mental Health (DMH) and with the implementation of 'Realignment', which changed state and county fiscal and administrative relationship for Mental Health Medi-Cal and Social Services (Child Welfare and Foster Care). The Special Master has

referenced and discussed these issues and possible effects on implementation in earlier Court Reports and Court Hearings dating back to July 22, 2011.

The Special Master's comments and concerns are not a result of the two month extension the Parties requested and the Court approved on December 13, 2012, or prior changes that occurred to timelines set by the Court and agreed to by all Parties. In fact, those earlier changes underscore the need to be responsive and flexible to legitimate feedback from counties, providers, parents and youth and other stakeholders and, to the extent possible, agree to adjust implementation strategies/activities and/or timelines to ensure the Plan is successfully implemented and sustainable. To date, the Parties to the Agreement have demonstrated an enduring commitment, relationship, and confidence in one another to 'getting it right', to the extent possible, and to implement a Plan that is 'doable' and 'achievable' with the highest degree of fidelity. Both Parties should be proud of the accomplishments to date and the early momentum they've achieved to bring about the changes embedded in the Agreement and Plan.

The Special Master's concerns are directly related to the evolving state and county environments that the Parties are operating in as they diligently work in good faith to implement the Plan. Currently both Parties, to one degree or another, experience increasing frustration, interpersonal tensions and reactiveness to each other over the pace of implementing the Plan which, on face of it, is understandable and the nature of establishing a jurisdiction timeline. As described earlier, there have been a number of necessary adjustments to timeframes established by the Agreement or Plan, all with the consensus of the Parties. The Special Master believes additional delays may be required, and necessary, if the Plan is to be implemented with the fidelity the Parties desire and the Agreement contemplated.

Although the Parties may appear at odds with each other regarding this tension and growing frustration, they actually have more in common regarding the interrelated factors contributing to past but, more importantly, the future need to request or make adjustments in the implementation of the Plan. These interrelated factors are:

- The Parties share a commitment that ICC and IHBS services and all remaining sections of the Plan be implemented as specified;

- The Parties recognize successful implementation of the Plan will require the State to meaningfully engage the County Associations, Counties, Providers, Parents and Youth;
- The Parties recognize that short and long-term success in implementing the Plan requires the State to find the correct balance between 'incentives and disincentives' that effectively engages the counties resulting in increased ownership and leadership of the Plan and its implementation;
- The Parties share an understanding that successful implementation of the Plan has been and will continue to be linked to problem solving and working through the complex set of unique county and state relationship changes that have occurred over the past eighteen months:

  (a) realignment legislation that essentially transferred the state fiscal and programs responsibility to the county;

  (b) the change in county and state relationship initiated through realignment legislation that leaves questions and details on how this new relationship is 'different' and yet, 'remains the same or 'needs to change'; (Understandably, this will take some time to work out, especially in the areas of administrative and fiscal roles, responsibilities and authority under new state and existing federal law and regulations that remain the responsibility of DHCS and DSS.)

  (c) DHCS has assumed new responsibilities and roles with the consolidation of DMH and the administration of county mental health Medi-Cal MHP Contract and federal compliance requirements and, although DHCS has been building its administrative and management capacity for these new responsibilities, DHCS did not receive a full compliment of staff from DMH at the point of initial consolidation;

  (d) CMHDA has had limited and irregular participation in developing the Plan until January, 2013, and is therefore less prepared to implement the Plan than its sister association, CWDA, who has been involved from the outset in the negotiation the Settlement and Implementation of the Plan;

- The Parties have different degrees of concern over how the current deadline for terminating court jurisdiction is beginning to overshadow the work and interfering with the Parties' ability to reasonably and successfully implement the measures required by the Settlement Agreement and the Implementation Plan.

The Special Master does not have a recommendation for the Court to address the dynamic created by the above-interrelated factors and the potential effect on meeting future timelines. It may even be premature to raise these concerns to the Court at this time. However, these interrelated factors, and the potential impact on the Katie A. enterprise, have a high probability to detract resources away from the work necessary to implement the Plan. This is the last thing either Party desires and the Special Master believes they will work hard to avoid. As noted previously, there is potential for interpersonal conflict, which could result in legal responses from either one of the Parties if, at some future date, the Parties can't agree to adjustments or modifications of the Plan.

The Special Master has no question that the Parties are committed and continue to operate in good faith to fulfill, with fidelity, the requirements set forth in the Plan.

PART THREE

SPECIAL MASTER'S RECOMMENDATIONS TO THE COURT

Consistent with Court's December 20, 2012, order and after reviewing the ACO Task Force Work Plan and the progress being made on the implementation of the Plan, the Special Master makes the following findings and recommendations:

Recommendation 1:

The Special Master finds that the Implementation Plan activities, Section VI, Data and Quality Assurance (ACO Task Force), Phase Two, are reasonably and sufficiently calculated to meet the terms and objectives set forth in Paragraphs 19 and 20 of the Settlement Agreement and recommends the Court approve Section VI of the Katie A. Implementation Plan, Phase Two.

Recommendation 2:

The Special Master, after consultation with the Parties, requests the Court approve and adopt the Proposed Modification of Implementation Plan Timelines. (Exhibit 1) The State is in agreement with the Proposed Modification of Implementation Plan

Timelines and, as the Special Master understands, the Plaintiffs won't object to Proposed Modification of Implementation Plan Timelines but remain concerned about possible future delays and its impact on Court Jurisdiction.

Recommendation 3:

Direct the Special Master to Re-Cast and Charter the Negotiation Workgroup by April 19, 2013, to support and monitor the State in its the implementation of the Katie A. Agreement and Plan.

Recommendation 4:

The Special Master requests the Court issue letters of commendation for the extraordinary services Steve Korosec and David Gray provided to Special Master, the Court and the Negotiation Workgroup on the behalf the California's most vulnerable children and families.

In closing, as Special Master I would like to thank the Honorable A. Howard Matz for providing me the guidance, encouragement and support as Special Master in the matter of Katie A. and Emily Q. I am very proud of the remarkable accomplishments made by the Parties and Negotiation Workgroup as reflected in the Agreement, progress being made in implementing the Plan and I look forward to the opportunity to continue to work with the Parties and the Court during Plan implementation.

Dated: March 1, 2013

Respectfully Submitted

Richard Saletta, LCSW

Richard Saletta, LCSW

Special Master

Exhibit 1

March 1, 2013

Proposed Modification of Implementation Plan Timelines
Approved December 13, 2012
(Limited Summary of Milestones from Implementation Plan)

Service Delivery and Rollout, DSS/DHCS ***Continuous and Ongoing:***
DHCS and DSS are committed to continuously:
-Identify state supportive activities, resources, sanctions and guidance to increase access to ICC, IHBS and TFC;
-Developing an ongoing stakeholder problem solving process focused on expanding service capacity at the county level;
-Establish priorities, population-specific strategies, training for increasing access to services over time;
-Setting annual or bi-annual performance goals or targets based on local conditions or circumstances;
-Borrow/share resources from other successful efforts to adopt CPM;
-Seek out federal and private resources to support this effort;
-Explore ways to develop and support centers of excellence for developing and sustaining CPM systems and core elements.
(Court Document 828-1, p. 24) (Katie A. Implementation Plan, Phase Two p.16,17)

Training and Technical Assistance, DSS/DHCS ***Continuous and Ongoing:***
-Assessing and evaluate coaching and mentoring needs and developing a plan to assist the counties in meeting these need;
-Develop policy guidance on the interrelationship between ICC, IHBS, TFC and the CPM;
-Continue to issue communications to describe and provide guidance regarding the expectations for and benefits of delivering service consistent with CPM;
-Target specific audiences for training based on need;
-Leverage additional resources and the State Regional Training Academies to support integrated training for child welfare and mental health staffs.
(Court Document 828-1, p. 27,28) (Katie A. Implementation Plan, Phase Two p.19,20)

Shared Management Structure
Joint Management and Core Practice Model Fiscal Task Force, ***By January 15, 2013: MET***
-Joint Management (JMT) and Core Practice Model Fiscal (CPM) Task Force Work Plans Developed.
(Court Document 828-1, p. 12) (Katie A. Implementation Plan, Phase Two, p.4)

JMT, ACO and CPM Fiscal Task Force Recommendations Acted on by (DHCS) and (DSS), ***By ~~October 1, 2013:~~*** **November 1, 2013**-*(all Taskforce recommendations/plans/reports submitted)*
-90 days after receiving recommendations from CPM, ACO and JMT Task Forces, the Departments will act on recommendations to establish a Shared Management Structure.
(Court Document 828-1, p.12) (Katie A. Implementation Plan, Phase Two, p.5)

Core Components

Core Practice Model Guide and Adoption, ***By March 1, 2013****

DHCS/DSS will:

-Issue (ACL)/(ACIN) -Purpose, goals and timeline for implementation and describes IHBS and ICC services within CPM approach for statewide implementation; **By *March 31, 2013 to coordinate with other CPM (ACL)/(ACIN) issue.***

-Release the final CPM Guide for Implementation;

-Release a schedule for basic training;

-Develop basic orientation and adoption strategies to promote understanding by stakeholders. (Court Document 819-1, p. 7)*Date modified from January 31, 2013, to March 2013, per Court Order dated December 20, 2013. Court Document (Katie A. Implementation Plan, Phase One, p.,9)

Medi-Cal Documentation Manual, ***By March 1, 2013****

DHCS/DSS will:

-Issue (ACL)/(ACIN) -Purpose, goals, and describes IHBS and ICC services within CPM approach or statewide implementation ;

-Release the Medi-Cal Documentation Manual for Implementation;

-Release a schedule for basic training; **By *March 31, 2013 consistent/aligned with CPM***

-Develop basic orientation and adoption strategies to promote understanding by stakeholders. (Court Document 819-1, p. 6,7)

*Date modified from December 31, 2012 to March 1, 2013 per Court Order dated December 20, 2012. (Katie A. Implementation Plan Phase One, p 4,5)

Core Practice Model Guide and Adoption, ***By ~~January 31, 2013~~: March 31, 2013***

-DHCS and CDSS will have released a schedule for basic orientation and training of the CPM Guide;

-CDSS will contract to provide the initial training and will also be prepared to provide technical assistance to answer questions by counties, providers and stakeholders regarding the CPM Guide;

-Develop basic orientation and adoption strategies for the CPM guide in order to promote understanding by stakeholders (State partners, Administrative Office of the Courts (AOC), counties and providers, beneficiaries and family members) about the practice model for serving children in the Katie A. class and adoption of the CPM by counties and child welfare and mental health provider agencies;

-Issue an ACL/ACIN to describe IHBS and ICC services within a CPM approach.

(Court Document 828-1, p. 15,16) (Katie A. Implementation Plan, Phase Two,p.7, 8) -

Core Practice Mode Guide and Adoption, ***By September 30, 2013:***

-CPM Fiscal Taskforce Submit a strategic plan or proposal to DSS/DHCS and Plaintiffs to finance the implementation of the CPM.

(Court Document 828-1, p. 16) (Katie A. Implementation Plan, Phase Two, p.8)

Core Practice Model Guide and Adoption, ***By*** **December 31,** ***2013:***
-TFC (once determined to be a Medi-Cal Service) addressed in the CPM Guide.
(Court Document 828-1, p. 16) (Katie A. Implementation Plan, Phase Two, p.9)

Therapeutic Foster Care
Therapeutic Foster Care (TFC) Model and Coverage, ***By ~~January 31, 2013:~~ May 1, 2013***
DHCS and DSS determine if any state law changes are necessary, if so, propose spot legislation by February 22, 2013. (p.9)
(Court Document 828-1, p. 47) (Katie A. Implementation Plan, Phase Two, p.9)

Therapeutic Foster Care (TFC) Model and Coverage, ***Continuing Through January 2013***
Continuing through January 2013, the TFC Consultants will meet with DHCS, CDSS, the Special Master and plaintiffs' counsel, to provide research and information on other state models and provide a recommended model for California. (p.9)
(Court Document 828-1, p. 17) (Katie A. Implementation Plan, Phase Two, p.9)

Therapeutic Foster Care (TFC) Model and Coverage, ***By ~~February 28, 2013:~~ April 26, 2013:***
-DHCS, DSS and plaintiffs' counsel provide the model to TFC subgroup for review;
- model.(p.9)
(Court Document 828-1, p. 47) (Katie A. Implementation Plan, Phase Two, p.9)

Therapeutic Foster Care (TFC) Model and Coverage, ***By ~~February 28, 2013:~~ April 26, 2013:***
DHCS and CDSS shall reconvene the TFC Subgroup and the consultants to discuss the model. Continuing through May 2013, CDSS, and DHCS and plaintiffs' counsel will meet and continue to work with the consultants and the TFC Subgroup to modify and adopt a proposed TFC model to implement in California.
(Court Document 828-1, p. 17) (Katie A. Implementation Plan, Phase Two, p.9)

Therapeutic Foster Care Model and Coverage, ***By June 30, 2013:***
Identify components of TFC services/model that are Medi-Cal reimbursable and any components covered by Title IV-E;
-Identify costs of the TFC programs for which Title IV-E funds may be claimed;
-Determine all steps necessary to implement, including any necessary federal approvals.
(Court Document 828-1, p. 17) (Katie A. Implementation Plan, Phase Two, p.9,10)

Therapeutic Foster Care Model and Coverage, ***By July 31, 2013***
-Submit any initial request for federal approvals necessary, which may include a submission of a SPA. (p.10)
(Court Document 828-1, p. 17) (Katie A. Implementation Plan, Phase Two, p.10)

Therapeutic Foster Care Model and Coverage, ***By September 30, 2013***
-Provide first draft of the TFC Addendum to the Documentation Manual to the subgroup and Negotiation Workgroup and review and consider incorporating input and feedback. (p.10)
(Court Document 828-1, p. 17) (Katie A. Implementation Plan, Phase Two, p.10)

Therapeutic Foster Care Model and Coverage, Upon securing any necessary federal approvals, and with a target date **by November 30, 2013**.
-Provide the final draft of the TFC update or addendum of the Documentation Manual and the CPM Guide to the TFC Subgroup and review and consider incorporating feedback received.
(Court Document 828-1, p. 17) (Katie A. Implementation Plan, Phase Two, p.10)

Therapeutic Foster Care Model and Coverage, Upon securing any necessary federal approvals, and with a target date **by December 31, 2013**.
-Provide final draft to the Negotiation Workgroup for review and consider incorporating feedback received.
(Court Document 828-1, p. 17) (Katie A. Implementation Plan, Phase Two, p.10)

Therapeutic Foster Care Model and Coverage, Upon securing any necessary federal approvals, and with a target date **by December 31, 2013**.
-Add final TFC services/model and billing rules to the Documentation Manual. Issue an ACL providing the TFC portion of the Documentation Manual and any other instructions necessary to counties to begin claiming TFC services under Medi-Cal and to begin claiming Title IV-E Federal Financial Participation to pay for allowable costs for foster youth in TFC facilities. (p.10)
(Court Document 828-1, p.18) (Katie A. Implementation Plan, Phase Two, p.10)

Therapeutic Foster Care Model and Coverage, Upon securing any necessary federal approvals, and with a target date ***by January 1, 2014***
-Contingent upon the outcome of activities with target dates of November 30, 2013, and December 31, above, TFC services will be made available statewide on January 1, 2014.
(Court Document 828-1, p. 18) (Katie A. Implementation Plan, Phase Two, p.10)

Family and Youth Involvement
Family and Youth Involvement, *By* ~~***January 31, 2013***~~***: March 15, 2013:***
DSS/DHCS will:
Outreach, recruit and actively engage youth participation in implementation process;
-Draft a joint All County Letter (ACL)/All County Information Notice (ACIN) to encourage and support specific strategies for involving family and youth in implementation process.
(Court Document 828-1, p. 19,20) (Katie A. Implementation Plan, Phase Two, p.12,13)

Service Delivery and Rollout

Service Delivery and Rollout, By ~~***January 31, 2013:***~~ ***March 31, 2013***
-DHCS and DSS issue and ACL/ACIN to inform counties of the criteria and selection process for designating Learning Collaborative Counties.
(Court Document 828-1, p.21) (Katie A. Implementation Plan, Phase Two, p.14)

Service Delivery and Rollout, ***By ~~March 1, 2013~~: March 15, 2013:***
(Due back to State ***by May 15, 2013)***
-County Mental Health Plans(MHP's) and Child Welfare agencies will have lead responsibility for jointly completing:
-A Readiness Assessment Tool;
-Service Delivery Plan.
(Court Document 828-1, p.22,23) (Katie A. Implementation Plan, Phase Two, p.14,15)

Service Delivery and Roll Out, ***By ~~April 30, 2013:~~ June 30, 2013:***
Select Learning Collaborative Counties.
(Court Document 828-1, p. 23) (Katie A. Implementation Plan, Phase Two, p.16)

Service Delivery and Rollout, ***By ~~June 1, 2013:~~ August 1, 2013:***
DHCS and DSS will:
Complete a statewide analysis of the information provided by county Readiness Assessment and Implementation Plan;
-Develop and model child welfare and mental health service delivery systems;
-Identify opportunities for and challenges to providing full access to services for subclass and statewide application of the CPM;
-Provide an initial framework for engagement, collaboration and problem-solving with counties and stakeholders.
(Court Document 828-1, p.23) (Katie A. Implementation Plan, Phase Two, p.16)

Service Delivery and Rollout, ***By ~~June 30, 2013:~~ August 1, 2013:***
-Learning Collaborative County Implementation Teams participate in a learning collaborative process implementing the CPM.
(Court Document 828-1, p. 24) (Katie A. Implementation Plan, Phase Two, p.16)

Service Delivery and Rollout, ***By ~~August 1, 2013:~~ October 1, 2013***
-Beginning -Semi Annual Progress Reports;
-MHPs and County Welfare agencies jointly prepare and submit implementation progress reports.
(Court Document 828-1, p. 23) (Katie A. Implementation Plan, Phase Two, p.15)

Training and Technical Assistance

Training and Technical Assistance, ***by ~~January 16, 2013:~~ : March 31, 2013:***
-Documentation Manual training materials will be drafted;
-DHCS and DSS host weekly Technical assistance calls on Documentation Manual and CPM Guide. *Orientation materials completed* ***by March 31, 2013.***
Calls start on ***March 13, 2013***
(Court Document 828-1, p.26) (Katie A. Implementation Plan, Phase Two, p.18)

Training and Technical Assistance, ***By ~~February 1, 2013:~~ April 1, 2013:***
DHCS will establish a webpage for Documentation Manual frequently asked questions.
(Court Document 828-1, p.26) (Katie A. Implementation Plan, Phase Two, p.18)

Training and Technical Assistance, ***By ~~February 28, 2013~~: April 28, 2013:***
CDSS will contract to facilitate the identification of locations for four regional trainings (Los Angeles, Bay, Sacramento and Redding).
(Court Document 828-1, p.26) (Katie A. Implementation Plan, Phase Two, p.18)

Training and Technical Assistance, ***By ~~March 31, 2013:~~ May 31, 2013:***
DHCS schedule two train-the-trainers sessions.
(Court Document 828-1, p.26) (Katie A. Implementation Plan, Phase Two, p.18)

Training and Technical Assistance, ***By April 1, 2013:***
-Statewide Training and Education Committee's Multi-Disciplinary Training (MDT) subgroup will assemble and begin the process of developing curricula, educational materials and peer support training;
-MDT review CPM guide and determine if existing training curricula and coaching materials can be enhanced or if new curricula and coaching materials need to be developed;
(Court Document 828-1, p.26) (Katie A. Implementation Plan, Phase Two, p.19)

Training and Technical Assistance, ***By April 28, 2013:***
-DSS will contract to facilitate locations for four regional trainings on CPM and Documentation Manual.(p.18)
(Court Document 828-1, p.27) (Katie A. Implementation Plan, Phase Two, p.19)

Training and Technical Assistance, ***By ~~May 1, 2013~~ June 1, 2013:***
-MDT will finalize the training curricula, coaching and educational materials and the implementation toolkit and schedule the four Regional Training for Trainers.(p.19)
Court Document 828-1, p.27) (Katie A. Implementation Plan, Phase Two, p.19)

Training and Technical Assistance, ***By December 31, 2013:***
-DHCS host two Promising Practices Webinars highlighting MHPs and County Child Welfare organizations that are demonstrating strong implementation of ICC, IHBS and
(Court Document 828-1, p.26) (Katie A. Implementation Plan, Phase Two, p.19)

Training and Technical Assistance, **By June 30, 2013:**
-County Implementation Teams will be required to participates as part of a learning collaborative for implementing the CPM.
(Court Document 828-1, p.26) (Katie A. Implementation Plan, Phase Two, p.19)

Data and Quality Assurance
Data and Quality Assurance, *By ~~January 1, 2013~~: January 31, 2013: Met January 1,2013*
-DHCS will implement new procedure codes in the SD/MC II system for ICC and IHBS.
(Court Document 828-1, p.29) (Katie A. Implementation Plan, Phase Two, p.22)

Data and Quality Assurance, *By ~~January 31, 2013:~~ March 21, 2013:*
-DHCS and DSS will establish and convene an Accountability, Communication and Outcome (ACO) Mapping Group to inventory and report on current array of ongoing state and county data efforts.
(Court Document 828-1, p.29) (Katie A. Implementation Plan, Phase Two, p.22)

Data and Quality Assurance, ***By ~~February 28, 2013:~~ June 1, 2013:***
ACO Taskforce will begin convening monthly meetings. (P.22)
(ACO Taskforce responsibilities will be formally assumed by JMT, see Special Master's Report, dated February 28, 2013)
(Court Document 828-1, p.29) (Katie A. Implementation Plan, Phase Two, p.22)

Data and Quality Assurance, ***By ~~April 1, 2013:~~ September 30, 2013***
-DHCS and DSS will analyze and evaluate utilization data and timely access to care.
(Court Document 828-1, p.29) (Katie A. Implementation Plan, Phase Two, p.22)

Data and Quality Assurance, ***By ~~April 30, 2013~~: July 15, 2013:***
-Accountability, Communication and Outcome (ACO) Taskforce will convene and facilitate a stakeholder meeting to solicit ideas about what data concerning the class DHCS and DSS should routinely produce and post.
(Court Document 828-1, p.29) (Katie A. Implementation Plan, Phase Two, p.22)

Data and Quality Assurance, ***By ~~June 30, 2013~~: October 31, 2013***
-DHCS and DSS will share publicly with stakeholders the results from its data analysis and evaluations regarding utilization and access to services.(p.22)
(Court Document 828-1, p30) (Katie A. Implementation Plan, Phase Two, p.22)

Data and Quality Assurance, ***By ~~September 1, 2013:~~ October 31, 2013***
ACO Taskforce will produce a report for DHCS and DSS with recommended actions and timelines related to identifying, devising and collecting:
-Qualitative and Qualitative information;
-Class and Subclass information;
-A plan to measure the engagement of Youth and families;
-Consider existing federal/state processes -External Quality Review Organization, and California Child and Family Services Reviews requirements in developing a plan;
-Also consider utilization of a nationally recognized fidelity too to measure the adoption of the CPM.
(Court Document 828-1, p.30) (Katie A. Implementation Plan, Phase Two, p.22,23)

Court Jurisdiction Ends, **December 1, 2014**

CERTIFICATE OF SERVICE

Case Name: **KATIE A., et al. v. BONTA, et al.** No. **CV-02-05562 AHM**

I hereby certify that on March 1, 2013, I electronically filed the following documents with the Clerk of the Court by using the CM/ECF system:

SPECIAL MASTER'S SUPPLEMENTAL PROGRESS REPORT ON THE IMPLENTATION OF THE KATIE A. PLAN

Participants in the case who are registered CM/ECF users will be served by the CM/ECF system.

I further certify that some of the participants in the case are not registered CM/ECF users. On March 1, 2013, I have mailed the foregoing document by First-Class U.S. mail, postage prepaid, for delivery within three (3) calendar days to the following non-CM/ECF participants:

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I declare under penalty of perjury under the laws of the State of California the foregoing is true and correct and that this declaration was executed on March 1, 2013, at Los Angeles, California.

Veronica Sawers	/s/Veronica Sawers
Declarant	Signature

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