



C A L I F O R N I A   D E P A R T M E N T   O F

# Mental Health

1600 9th Street, Sacramento, CA 95814  
(916) 654-3551

August 17, 2006

DMH INFORMATION NOTICE NO.: 06-08

TO: LOCAL MENTAL HEALTH DIRECTORS  
LOCAL MENTAL HEALTH PROGRAM CHIEFS  
LOCAL MENTAL HEALTH ADMINISTRATORS  
COUNTY ADMINISTRATIVE OFFICERS  
CHAIRPERSONS, LOCAL MENTAL HEALTH BOARDS

SUBJECT: Initial Mental Health Services Act Contract

REFERENCE Implementation of the MHSA, Welfare and Institutions Code (WIC)  
Sections 5847, 5848, and 5892

The purpose of this letter is to provide a copy of the initial Mental Health Services Act (MHSA) boilerplate contract between the state Department of Mental Health (DMH) and city/county mental health programs. This letter also describes the terms of the agreement and when contract amendments will be needed.

DMH intends to continue to develop Information Notices that will explain procedures and provide guidance to counties and cities regarding the MHSA. These are intended to supplement the statutes, regulations, and contracts governing this funding source. These documents, in aggregate, will function as a handbook. This notice is the first in a series.

## **Background**

The MHSA requires a stakeholder process to inform the local plan development. This input provides the basis for development and submission of the Three-Year Program and Expenditure Plan. The Community Services and Supports (CSS) component of the plan is reviewed by the Oversight and Accountability Commission (OAC) and approved by DMH. The approved plan becomes the basis for the contract between DMH and the city/county mental health program. The initial boilerplate contract is enclosed (Enclosure 1).

The contract terms of this initial MHSA performance contract are designed for the initial implementation period. Subsequent contracts will be focused on specific service delivery targets consistent with the approved Three-Year Program and Expenditure Plans.

### **Summary of MHPA Initial Contract Terms**

The contract has many boilerplate requirements that are similar to other DMH contracts. This summary will focus on the terms that are specific to the MHPA contract.

#### Services and Funding

The contract term will begin on the date of approval of the Community Services and Supports component of the Three-Year Program and Expenditure Plan and will include funding for services and any one-time funds approved from that date forward. The contract term currently ends 6/30/08.

The Community Services and Supports Work Plan Summary (Exhibit 4 from DMH Letter: 05-05) providing narrative descriptions of each approved program will be attached to the contract. The contract requires that cities/counties implement each program as described. Because the initial contract is focused on the implementation period, projected budget and service levels are not included in the contract. A total maximum amount for all approved services by fiscal year will be specified. Neither line item budgets nor specific budget amounts by program will be included. The approved Three-Year Program and Expenditure Plan is not incorporated by reference.

Cities/counties may make adjustments of funding and service levels from their approved plan within the maximum funding limits specified, without a contract amendment.

Each approved project funded with one-time funds, including Information Technology (IT) project plans, will be listed. A maximum funding level for each project will be specified.

#### Document Storage and Retention

Work plans, IT project plans, budgets, annual updates and other updates referenced in this agreement shall be maintained in the office of the local mental health director.

Documentation must be maintained for 3 years after the final payment is made under the agreement.

#### Assurances

County/City agrees to comply with applicable statutes and regulations including, but not limited to, maintenance of effort, non-supplantation, and allowable use of funds.

#### Reporting Requirements

The MHPA has significant focus on accountability and outcomes. Timely reporting is essential for meeting those expectations. Current reports that will be used by DMH for MHPA accountability and outcomes include the Client and Services Information System (CSI), the twice-annual consumer perception survey, and the annual cost and financial reports.

New MHPA reporting requirements include:

- The Quarterly Progress Report (Exhibit 6 from DMH Letter 05-05)
  - Due 60 days after each fiscal year quarter
- Quarterly IT project status reports, if IT projects are approved using one-time funds
  - Due 30 days following the end of each three-month period covered by the report
- Full service partnership reporting, including
  - Initial data
    - Due no later than 90 days after the commencement of services.
  - Quarterly assessments
    - Due no later than 90 days after collecting the data
  - Changes in key quality-of-life indicators
    - Due as soon as possible but no later than 90 days after client experiences a change in a key quality of life indicator
- Annual revenue and expenditure report
  - Due December 31 following each fiscal year
- Cash Flow Statement
  - Due for the period October through March on April 30 and for the period April through September on October 31

Consistent with the statute, cities/counties must submit an annual update to their Three-Year Program and Expenditure Plan. The requirements and timeframe for that update have not yet been established and will be provided through regulation.

A city/county shall notify DMH if they plan to provide services out of state except for services provided by counties contiguous with the state border, which may provide services within 100 miles of the border.

A city/county shall notify DMH 90 days prior to any change in IT reporting system and/or change of system vendor and work with DMH to minimize any reporting delays.

#### Payment

Payment shall be made pursuant to a signed contract on a quarterly basis, one month in advance of the quarter. Payments may be withheld if required reports are not submitted timely. DMH will monitor cash flow and will reduce payments if cash amounts exceed allowable levels. Additional description of this process will be provided in the future.

#### Plan of correction

If a city/county is out of compliance with any provision of the contract, DMH may request a plan of correction.

### **Changes Requiring Contract Amendments**

The contract provides significant flexibility for cities/counties to manage the MHPSA funding to achieve the outcomes specified in the statute and DMH requirements. Cities/counties or DMH may initiate amendments at any time. Amendments to the contract are needed for the following:

- To eliminate a program that the city/county no longer wishes to implement
- To increase the funding beyond the level approved by fiscal year in total for all services
  - Cities/counties have flexibility to use the funding provided for services consistent with the principles of prudent fiscal management for expenditures allowable under the MHPSA
- For projects funded with one-time funding, including IT projects to support CSS implementation
  - To increase the funding amount for a project funded
  - To add a new project to be funded by one-time funding
- To change the contract timeframe

Note: These requirements will be specified in regulation.

During this initial period, ongoing communication with the DMH county liaison regarding program implementation changes that affect the strategies or expected outcomes in programs will be most helpful. Enclosure 2 is a list of current County Operations liaison staff. Please contact your County Operations liaison if you have questions about this Notice.

Sincerely,

Original signed by:

STEPHEN W. MAYBERG, Ph.D.  
Director

Enclosures

cc: California Mental Health Planning Council  
Oversight and Accountability Commission  
Chiefs, County Operations Sections