

- The bill requires the Department to submit a plan by December 2008, for the integration of substance abuse and mental health services through managed care contracts with the networks.
- The bill gives direction to the Department to establish the community-based networks over a 3 year implementation period and to enter into multi-year non competitive contracts with the networks.
- The bill provides extensive criteria for qualifying as a community-based network. Networks are also required to offer contracts to existing community providers. Key network responsibilities include contracting for services, outreach, system organization, monitoring, provider training, building information systems and consolidating management functions within the network.
- The bill directs the Department to develop and implement a statewide management information system including data warehousing. The Department is also required to produce reports for the network.
- The bill directs the Department to develop contract and monitoring procedures and significantly reduce administrative and contract reviews. The Department is to monitor community-based network contracts from a single unit out of headquarters. Local contracts would be monitored by the community based networks.
- The Department is to contract with the Florida Mental Health Institute to monitor and provide technical assistance to the community-based networks.
- The bill also directs the Governor to establish an intra-agency advisory committee to advise the Department and specifies the membership and meeting frequency.

This bill has an estimated fiscal impact of \$7.5 million dollars.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. HOUSE PRINCIPLES ANALYSIS:

Provides limited Government- The community-based networks will shift some of the local operation of state government in the Substance Abuse and Mental Health program to private provider organizations.

B. EFFECT OF PROPOSED CHANGES:

Background

The publicly funded substance abuse and mental health services in Florida are primarily provided through the Department of Children and Family Services . The 2003 Legislature established separate Substance Abuse and Mental Health program offices within Department of Children and Family Services under the Assistant Secretary for Substance Abuse and Mental Health. The services from these programs are provided statewide through a district structure¹. The Mental Health Treatment Facilities (institutions) report to the Assistant Secretary for Substance Abuse and Mental Health at headquarters.

The Substance Abuse and Mental Health Program Offices are responsible for the planning and administration of publicly funded mental health and substance abuse services. These programs also serve as the primary contact to the federal Department of Health and Human Services for all issues pertaining to substance abuse and mental health. Most of the services for these programs are provided through contracts implemented at the circuit level with community substance abuse and mental provider organizations and professionals. In addition, the state Mental Health Treatment Facilities provide mental health and some substance abuse services directly to clients.

Substance Abuse Program

Chapter 394 and 397 of the Florida Statutes provide authority for the provision of substance abuse services to children and adults. Substance abuse services fall in three categories including prevention, treatment and detoxification services. Prevention services are designed to address risk factors which are known to contribute to substance abuse. Services to children may be provided in schools and include parents. The services to adults are targeted to the workplace, parents, pregnant women and other high risk groups. Treatment services include residential programs, outpatient treatment and recovery support services. This service is increasing the use of evidence based practices that are known to produce good outcomes for participants in the program. Detoxification services are designed to eliminate substance use. These services use medical and clinical procedures to assist children and adults to withdraw from the physical and psychological affects of substance abuse.

¹ Recently aligned as 6 Regions and 20 judicial circuits

The priority populations for the Substance Abuse program include:

- Adult Intravenous Drug Users,
- Adults with dual diagnosis (e.g. mental disorder and substance abuse disorder),
- Parents (with substance use disorders) putting their children at risk,
- Adults involved with the criminal justice system,
- Children at risk of initiating drug abuse,
- Children under state supervision with substance use disorders (e.g. Family Safety Program or Dept. of Juvenile Justice), and
- Children not under state supervision with substance use disorders,

Alcohol addiction (34%) accounts for the highest percent of treatment admissions for adults to the substance abuse program followed by cocaine/crack(27%) and marijuana (21%). Marijuana accounts for the highest percentage of adolescent admissions (76%) followed by alcohol (16%). In recent years there has been an upsurge in prescription drug misuse and abuse and the use of methamphetamines.²

In addition to the above services the program is responsible for licensure and regulation of the substance abuse provider system. The licensure process which includes setting standards is delineated in chapter 397, F.S., and Chapter 65D-30, Florida Administrative Code. A range of programs and facilities are licensed including but not limited to; addiction receiving facilities, detoxification, intensive inpatient treatment, residential treatment, day or night treatment, outpatient treatment, medication and methadone treatment programs.

Mental Health Program

The Mental health program is comprised of a system of care for persons with mental illnesses in accordance with Chapters 394 and 916, Florida Statutes. The program includes mental health services to adults and children as well as oversight of the State Mental Health Treatment Facilities, and the Sexually Violent Predator program. The system of care for individuals with mental illness or co-occurring substance abuse and mental illnesses is organized as follows:

Adult Community Mental Health: includes outpatient care (typically at community mental health centers) and residential care such as crisis stabilization units, limited license alternative treatment facilities and short term residential treatment units. The adult program targets three distinct groups:

- *Adults with severe and persistent mental illness;* This includes diagnoses such as schizophrenia, affective disorders and paranoid states as well as other diagnoses.
- *Adults with serious and acute episodes of mental illnesses:* This group includes adults with a mental health problem that meet criteria for admission to an acute care mental health facility.
- *Adults with Mental Health Problems:* This includes adults with a presenting mental health problem that show evidence of a recent severe stressful event and problems coping or the person displays symptoms that left untreated could lead to more serious intervention needs.

² Substance Abuse and Mental Health Services Plan: 2007-2010, January 2007.

Children's Community Mental Health: includes outpatient care and residential care, such as in therapeutic group homes and the inpatient psychiatric programs. The children's program targets the following three populations:

- *Children with serious emotional disturbances:* This may include diagnosis such as schizophrenia or other psychotic disorders, major depression, mood disorder, personality disorder, etc.
- *Children with emotional disturbances:* This includes children classified as a student with an emotional handicap by the local school or other select diagnoses from the Diagnostic and Statistical Manual.
- *Children at risk of emotional disturbance:* This includes children without a mental health diagnosis but has factors associated with an increased likelihood of developing an emotional disturbance (e.g. homelessness, family history, domestic violence, etc). This population also includes children referred for placement in an Emotionally Handicapped program in accordance with the Individuals with Disabilities Education Act (IDEA).

The Children's mental health program also manages and coordinates contracts for the Juvenile Incompetent to Proceed Program for children who have been committed by the courts to DCF for competency restoration services.

Civil and Forensic State Mental Health treatment Facilities: The mental health program operates or oversees services provided through 7 facilities for adults who have been committed to DCF by the Courts. Three of the seven facilities are managed by the mental health program while the other 4 facilities operate under Department contracts with private companies. The facilities provide treatment and services to three distinct populations.

- The civil population receives services at a level of care which is not available in the community.
- The forensic services population includes individuals who are not guilty by reason of insanity or incompetent to proceed.
- The sexually violent predator population program serves people who are committed under the Jimmy Ryce Act as sexually violent predators.

Behavioral Health Managed Care

For most people in Florida who are Medicaid eligible, almost all their mental health services are purchased through capitated Medicaid contracts between the Florida Agency for Health Care Administration and Health Maintenance Organizations (for their enrollees), or by contracts with Prepaid Mental Health Plans for Medipass (Medicaid's Primary Care Physician Case Manager Program) recipients. Some eligibility groups, such as those with both Medicare and Medicaid eligibility, continue to have their Medicaid mental health services provided through a fee-for-service system by providers that are enrolled with the Medicaid program. Children in the child welfare system and enrolled in the Department's Home Safe Net data system receive mental health care through a specialty prepaid mental health plan jointly operated by Community Based Care organizations and Magellan, a commercial managed care company. Medicaid substance abuse services are not capitated to managed care plans and are paid on a fee-for-service basis.

In Medicaid Reform areas Medicaid Mental Health services are provided through Health Maintenance Organizations or Provider Services Networks. Prepaid Mental Health Plans are not used in these areas.

Unlike Medicaid, mental health and substance abuse services provided through the Department are not an entitlement. Subject to availability of funds, the Department pays for services for Medicaid beneficiaries that are not compensable under Medicaid, such as supported employment or residential care. People who are not Medicaid eligible and otherwise qualified can receive the full range of services. Since a very large number of Department of Children and Families mental health and substance abuse contractors are also contract providers for Health Maintenance Organizations or Prepaid Mental Health Plans (s. 409.912(4)(b)7, F.S., requires Prepaid Plans to offer contracts to such providers) these organizations are able to coordinate funding streams Medicaid beneficiaries.³

Present Situation

The Legislature in s.394.9082, F.S., directed the Department of Children and Family Services and the Agency for Health Care Administration to develop service delivery strategies to improve the coordination, integration and management of the delivery of mental health and substance abuse services. They were to contract with managing entities in at least two geographic areas to test the service delivery strategies. A managing entity is defined as an entity that manages the delivery of behavioral health services. The Legislation provided specific direction and models of service delivery strategies to be tested, including contracts with prepaid health plans and a combined pilot with districts 4 and 12. The model projects were given 13 specific goals to guide the demonstrations. The goals included:⁴

- Improve accountability for a local system of behavioral health care services to meet performance outcomes and standards.
- Assure continuity of care for all children, adolescents, and adults who enter the publicly funded behavioral health service system.
- Provide early diagnosis and treatment interventions to enhance recovery and prevent hospitalization.
- Improve assessment of local needs for behavioral health services.
- Improve the overall quality of behavioral health services through the use of best practice models.
- Demonstrate improved service integration between behavioral health programs and other programs, such as vocational rehabilitation, education, child welfare, primary health care, emergency services, and criminal justice.
- Provide for additional testing of creative and flexible strategies for financing behavioral health services to enhance individualized treatment and support services.
- Control the costs of services without sacrificing quality of care.
- Coordinate the admissions and discharges from state mental health hospitals and residential treatment centers.
- Improve the integration, accessibility, and dissemination of behavioral health data for planning and monitoring purposes.

³ John Bryant Email dated 3-20-08, Department of Children and Families

⁴ s.394.9082 (6), F.S.

- Promote specialized behavioral health services to residents of assisted living facilities.
- Reduce the admissions and the length of stay for dependent children in residential treatment centers.
- Provide services to abused and neglected children and their families as indicated in court-ordered case plans.

In response to this legislation, The Department of Children and Families implemented a managing entity service delivery strategy in Districts 1,4,8,11,12 and the Suncoast Region. In general the managing entity concept provides an umbrella organization that subcontracts with a network of substance abuse and/or mental health service providers in the geographic region. The managing entity is responsible for oversight of the subcontractors and the Department's relationship is primarily with the managing entity contractor.

The legislation called for an evaluation to be conducted by the Florida Mental Health Institute at the University of South Florida. The Institute published reports on projects in District 1 and 8, and a combined report on Districts 4 and 12. The legislation directed the use of a single managing entity in Districts 4 and 12.

Highlights from the evaluation report on District 1 demonstrated a lower rate of Baker Act examinations, acute care services and arrests compared to two other comparison districts. However, the use of the state hospitals was higher. The evaluator noted that there needs to be a clarification of the role between the managing entity and the Substance Abuse and Mental Health District One office. The managing entity for District One was the Lakeview Center, a prepaid mental health plan provider. The evaluation noted that the combination of provider networks for the Agency for Health Care Administration (managed care) and substance abuse and mental health provided an opportunity for more system integration and provider flexibility. The District 8 project contracted with Central Florida Behavioral Health Network as the managing entity. In this project, the evaluator noted a significant increase in the number of people served in District 8 over the baseline. District 8 also demonstrated a reduction in persons arrested and use of the state hospitals, but had a higher rate of usage of acute care services. Both the District 1 and District 8 pilot projects were able to meet a subset of the goals set forth in the legislation. The evaluator also noted that the goals set forth appear to have been overly ambitious, given the available resources to the projects⁵.

The combined report on District 4 and 12 was published in 2007. The managing entity for this combined geographic area is the North East Florida Addictions Network which was accountable for substance abuse services to child protective service recipients in these two districts. This managing entity was evaluated in the second year of the project. Many of the evaluation respondents indicated this entity had no effect on the timeliness of service delivery. However, respondents reported they had helped to streamline some services, make child welfare populations a priority and developed a clinical committee.⁶ The evaluators reported other findings including that this managing entity had helped more women and children to receive services and improved the fidelity and integrity of services provided to service recipients. Administrative cost were noted to be higher as a result of the managing entity when compared to cost prior to the project.

Effects of the Proposed Bill

The bill substantially rewords s. 394.9082, F.S. and provides a new title of Community Based Networks

Legislative Findings and Intent Language

⁵ Evaluation of Florida's Mental Health and Substance Abuse System Redesign Strategies, Final Report, University of South Florida December 2006.

⁶ A Formative Evaluation of the North East Florida Addictions Network, University of South Florida, 2007

The bill provides Legislative findings and intent for substance abuse and mental health disorders and community based networks of services. Some of the key statements from the bill in this section include the following:

- Substance abuse and mental health disorders affect 48 percent of the population.
- These disorders constitute a major public and private economic burden.
- These disorders are best treated in individually tailored regimens provided in the local community.
- The outsourcing of substance abuse and mental health services through pilot programs to local community agencies has been a significant achievement.
- There is a proliferation of administrative entities with overlapping duties that has negatively affected the leadership of substance abuse and mental health service delivery.
- It has become more difficult for local providers to secure sufficient resources from multiple payers, comply with multiple and changing requirements related to contracting, monitoring and performance standards.
- The Legislature finds that the pilot programs (authorized in s.394.9082,F.S.) resulted in higher levels of consumer satisfaction and improved systems of care in several key areas at the local level.
- The Legislature finds that administrative cost may be reduced by eliminating duplication of administrative effort by state and local agencies that fund substance abuse and mental health services.
- The Legislature authorizes the creation of community based networks which would be designated by the Department.
- The Department will ensure that the networks are qualified and can assume many state administrative responsibilities including the responsibility of receipt and disbursement of state funds while purchasing care from the local provider network.

Definitions

The bill provides two new definitions used in this section. These definitions define the primary organizations that will operate in the community based network. Community-based networks would be provider owned and operated and the single point of accountability at the local level for substance abuse or mental health services. The Safety net provider is a service provider that delivers substance abuse or mental health services.

(a) "Community-based network" means a provider-based network that serves as an administering organization that offers a full range of mental health and substance abuse services, serves as a single point of accountability at the local level, purchases mental health and substance abuse services, and is responsible for the day-to-day planning for, administration of, delivery of, and monitoring of mental health and substance abuse services in communities in the state. The board of directors of the network shall include substance abuse and mental health service providers, including providers that only serve a substance abusing or mentally ill population, as well as consumers, family members, and other community stakeholders. Community-based networks are provider owned and operated, comprise not-for-profit safety net providers governed by community boards that have traditionally contracted with the department or enrolled as Medicaid providers, and are primarily engaged in providing care to low-income consumers.

(b) "Safety net provider" means a community substance abuse or mental health service provider that is:

1. Enrolled in the Medicaid program or contracts with the department;
2. Organizes and delivers a significant level of substance abuse or mental health services to uninsured individuals, Medicaid recipients, and other vulnerable populations;
3. Offers specialized or essential substance abuse or mental health services not generally provided by other local agencies; and

4. Has strong community ties.

Goals of the Community-Based Networks

The bill provides 17 goals for the restructured system of community based networks. In addition, to goals that promote improvements in systems of care quality, they are to provide greater flexibility through local systems of care, coordinate multiple public and private providers of services, increase proportion of funds spent on direct care, improve public safety and access to affordable housing. The goals are considered consistent with current policy of the Department for substance abuse or mental health services.⁷

Department of Children and Family Services Responsibilities

The bill directs the Department to provide overall system leadership focused on oversight through review of data, system accountability and the enhancement of the system and its providers. The Department is to re-emphasize its responsibility for addressing broad systemic issues. The Department's district offices are to focus efforts on planning, needs assessment, advocacy education and keeping headquarters informed of local trends and priorities. The emphasis seems to be on shifting day to day operations of the program from the Department to the community based networks and reducing administrative overlap between the organizations.

This bill provides guiding principles and numerous responsibilities for the Department in relation to community based networks. The Department is to privatize administration of programs and services through a managed care system, control administrative cost, reduce regulatory barriers to the network and set performance standards. The Department is also responsible for the financial management and integrity of public funds in the system, and assisting to develop a quality assurance system.

The bill directs the Department to provide a phased implementation of the community based networks beginning in FY 2008-2009⁸ with statewide implementation to occur no later than June 30, 2011.

The Department has noted and expressed concern in its analysis of the bill to a number of new requirements including, among others, oversight of the newly established managing entities, assisting these networks in developing and implementing information technology, designing and implementing staff development and training programs and workforce planning, producing a new and separate annual report on planning and research activities and enhancing the image and reputation of substance abuse or mental health systems programs, leadership and management.⁹

Legislative Intent for Community-Based Systems of Care

This subsection of the bill provides intent regarding the community based systems of care. The bill directs the Department to contract with a single community based network in a specified geographic area. The geographic area may be a county, combination of counties, district, combination of districts, region or multi region area.

⁷ Unofficial Bill Analysis of HB 1429, Department of Children and Families, March 10, 2007.

⁸ See bill text at s.394.9082(6)

⁹ Bill Analysis of HB 1429, Department of Children and Families, March 10, 2007

The bill states Legislative intent that a substantial portion of funds currently allocated to the department district and region operations for the management of contracted substance abuse or mental health services be allocated to the community based networks for the administration of functions reassigned from the Department. The Department is to work with the Florida Mental Health Institute to identify funds to be transferred by December 31, 2008. Department employees who are affected by this transfer will be given hiring preference by the network. The Department has expressed concern to the reallocation of administrative resources from districts to the network in light of the new responsibilities given in the bill in addition to existing responsibilities of the Department.¹⁰

The bill provides for the integration of substance abuse or mental health services and funding through managed care contracts with community based networks. A plan must be submitted by December 2008, for the integration of these funding sources. There is a potential conflict to integrating the behavioral health services as current law¹¹ directs the Agency for Health Care Administration and the Department of Children and Families to contract with managed care entities in all Agency areas through capitated prepaid arrangements for substance abuse and mental health services.

Selection of and Contracting with Community-Based Networks

The bill establishes a 3-year implementation period for community-based networks and directs the Department to enter into multi-year contracts in selected communities throughout the state. This section also authorizes the Department to enter into non-competitive contracts. The Department is directed to contract with community based networks who meet requirements, when there is no other competing network in the area. This provision of the bill authorizes the Department to select and contract with community based networks without a clear competitive process. The bill also specifies the establishment of community-based networks in the Suncoast Region by March 2009. It further outlines the activities of the Department in subsequent years.

Network Qualifications and Responsibilities

The bill directs the Department to adopt criteria and processes for qualifying community-based networks using specific criteria which must be met in order to be qualified as a community provider network. The criteria listed are comprehensive and provide guidance for qualifying eligible networks. Existing providers are to be offered a contract by the community-based network.

The governance structure for the community-based networks is to include substance abuse and mental health services providers and boards of directors that include consumers, family members and other stakeholders. By definition in this bill, the community-based networks are provider owned and operated.

The bill also provides an extensive list of responsibilities for community-based networks within the geographic region of operation. Some key examples of these responsibilities include contracting with providers, system organization, outreach, monitoring, provider training, building an information system, and consolidating management functions of network providers.

Management Information Systems

¹⁰ Bill Analysis of HB 1429, Department of Children and Families, March 10, 2007.

¹¹ s.409.912(4)(b)3.

The bill directs the Department to coordinate the development and implementation of a statewide management information system. It further specifies the requirements including establishment of a data warehouse and the capabilities of the management information system at the Departmental level and at the community-based network level. This subsection also outlines reporting requirements of the Department, requires new quarterly and annual reports by the Department, and requires placement of the reports on the Department's web-site promoting easy access to providers and stakeholders. These are new mandates on the Department.

Contracting, Monitoring and Evaluation

The bill defines the Department's duties in the development of contracts, monitoring policies and procedures affecting community-based networks. The bill directs the Department to evaluate networks annually and to "significantly" reduce contract and administrative reviews conducted by the Department. The bill directs the Department to conduct contract monitoring out of a single unit located at DCF headquarters. The bill directs the use of independent financial audits to limit contract reviews. The Department is allowed to suggest (apparently not require) additional items for inclusion in these financial audits. The bill specifies that "savings" in Departmental administration costs is to be redirected to community-based networks.

The bill directs the Department to contract with the Florida Mental Health Institute (FMHI) to monitor and provide technical assistance to community-based networks and a variety of other functions that include setting performance measures, conducting surveys, and reporting on their activities twice a year until the transition of community-based management has been accomplished statewide.

Interagency Council on Substance Abuse and Mental Health

The bill directs the Governor to establish an intra-agency advisory committee to advise the Department on addressing the provision of publicly-funded services. This subsection specifies that the membership of the committee will include representatives from the Agency for Health Care Administration, the Agency for Workforce Innovation, the Attorney General, the Office of Drug Control, and the Department of Corrections, Elderly Affairs, Health, Juvenile Justice, and Law Enforcement. The committee is directed to meet quarterly and to develop a plan that addresses coordination, consumer eligibility, agency performance, and other activities specified in this subsection. It is not clear how this committee will overlap or coordinate with the existing Mental Health and Substance Abuse Corporation established in s. 394.655, F.S.

C. SECTION DIRECTORY:

Section 1. amends s.394.9082, F.S. related to community-based networks for substance abuse and mental health services.

Section 2. provides an effective date.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

The following annual cost estimates are from the Department of Children and Families:

Responsibilities of the Department:

- Comprehensive substance abuse and mental health planning \$196,048 (2 FTEs)
- Implement a Quality Assurance Program \$645,554 (7 FTEs)
- Staff Development and Training contract \$2,000,000
- Contract oversight unit \$281,658 (3 FTEs)

Community Based Systems of Care

- Funding for 6 networks \$4,184,550

Monitoring system redesign contract with FMHI \$250,000

Total Estimate \$7,557,810*

*of the total cost estimate, \$58,656 is non-recurring cost.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None anticipated.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None.

D. FISCAL COMMENTS:

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

This bill does not appear to require counties or municipalities to take an action requiring the expenditure of funds, reduce the authority that counties or municipalities have to raise revenue in the aggregate, nor reduce the percentage of state tax shared with counties or municipalities.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

D. STATEMENT OF THE SPONSOR

No statement provided.

IV. AMENDMENTS/COUNCIL SUBSTITUTE CHANGES