

Major Milestones: 43 Years of Care and Treatment Of the Mentally Ill

The past 43 years in California have seen significant changes in the care and treatment of the mentally ill. During that period there also have been major changes in the fiscal relationship between state and local governments. The timeline on the following pages highlights the major events that have altered the administration and funding of the programs for the mentally ill since 1957. The milestones illustrate some key themes that have emerged over the past 43 years.

Shift to Community Care and Depopulation of State Hospitals

Prior to 1957, the State of California had the sole responsibility for the care and hospitalization of the mentally ill and the developmentally disabled in a network of 14 hospitals located throughout the state. By 1957 the mentally ill population had grown to 36,300 (see Figure 2, page 4). As the hospital population grew in the late 1940s and early 1950s, some California communities recognized the need to establish outpatient facilities for people not in need of 24-hour hospitalization, and established locally funded clinics. The Legislature enacted the Short-Doyle Act in 1957 which provided state funds to local programs on a 50 percent sharing basis. The state share was increased to 75 percent in 1963. By 1967-68 there were 41 local programs and the hospital population had decreased to 18,800. The state's share of funding was increased to 90 percent in 1968.

Change in Involuntary Hospital Commitment Process

In 1968, the Lanterman-Petris-Short Act (LPS) significantly changed the law relating to the involuntary hospitalization of individuals by establishing the due process rights of individuals for whom commitment was being sought. The standards set forth in the 1968 statutes are basically still in effect today.

Funding Shortfalls and Inequity of Funding Among Counties

Throughout the 1970s and 1980s counties contended that the state was not providing adequate funds for community mental health programs. In addition, several counties were receiving less funds on a population basis than other counties. This disparity was addressed, with varying levels of success, in both the 1970s and the 1980s with the allocation of "equity funds" to certain counties. Realignment enacted in 1991 has made new revenues available to local governments for mental health programs, but, according to local mental health administrators, funding has lagged behind demand.



Major Milestones in California's Mental Health System

Prior to 1957

State Hospital System

State-operated and funded hospital system. Fourteen hospitals in total; 8 serving the mentally ill, 4 caring for the developmentally disabled, and 2 serving both populations. Total state hospital population of mentally ill at the end of 1956-57 was 36,319.

1957

Short-Doyle Act

Provided financial assistance to local governments to establish and develop locally administered and controlled community mental health programs. State paid for 50 percent of cost. By 1962-63 only 20 jurisdictions had established Short-Doyle programs.

75 Percent Funding

Legislation increased state funding participation to 75 percent for community mental health programs. The legislation also expanded the scope of services reimbursed by the state. This encouraged additional Short-Doyle programs (41 by 1968).

Y

1963

AB 3777 (C.Wright)

Demonstration projects were

nity-based, integrated service

effectiveness of a commu-

system of care for adults

with serious mental illness.

established to test the

${\bf Medi\hbox{-}Cal\ Program\ Enacted}$

Starting in 1967 many geriatric state hospital patients were moved from the hospitals to nursing homes, where the federal government paid one-half the cost in lieu of the state paying 100 percent of the state hospital cost.

Y

1966

Lanterman-Petris-Short Act (LPS)

Made major change in the legal commitment process for the mentally ill by requiring a judicial hearing procedure prior to any involuntary hospitalization. State funding participation for community mental health programs was increased to 90 percent. All counties were covered by LPS.

1

1968

First Closure of State Hospitals

As a result of declining hospital population, three hospitals (Modesto, DeWitt, and Mendocino) were closed. Legislative intent was to have the budget savings from the closures go to local programs. The "money was to follow the patient." This did not happen in 1972 and 1973 as a result of the Governor's veto.



1974

Legislature made a major local program augmentation of \$40 million, an increase of approximately 34 percent. The Governor did not veto the funds.

Major Budget Augmentation

1969-71

Chapter 1286, Statutes of 1985 (Bronzan-Mojonnier Act)

Enacted significant provisions relating to 1) identifying the shortage of services which resulted in the crimalization of the mentally disordered, 2) community support for homeless mentally disordered persons, 3) vocational services, and 4) seriously emotionally disturbed children.



1985

1984

Equity Distribution of Funding

Legislature adopted an "equity distribution" formula for the allocation of *new* funds to the counties as a result of the underfunding of some counties since the inception of the program. The formula was in effect for three years. Los Angeles, San Diego, Riverside, and San Bernardino Counties received approximately 50 percent of the funds.

Funding Shortfalls

As a result of the state's economic downturn, no new General Fund money was proposed for two years. Instead budget provided \$25 million from the Cigarette and Tobacco Products Surtax Fund (Proposition 99) in 1989-90 and an additional \$10 million from that fund in 1990-91.

Realignment

included: new sales and vehicle license fee taxes and

changed state/county cost sharing ratios in health and

social service programs. Revenues initially fell short

Major shift of authority from state to counties for

mental health and other health programs. Funding

changes were intended to be fiscally neutral and

of expectations due to the recession.

1989-91

1991

1

1988

Children's System of Care (CSOC), designed to test the effectiveness of a coordinated and closely monitored community- and home-based service delivery system for severely emotionally disturbed children. Increased state and federal funds

have enabled expansion to 42 counties.

AB 377 (C.Wright)

Expanded Ventura County's pilot project,

1987

Early and Periodic Screening, Diagnosis and Treatment (EPSDT)

Increased state matching funds provided to counties in order to comply with the *T.L. v. Belshe* lawsuit, which required that all federally mandated Medi-Cal programs be funded. General Fund costs have been increasing significantly since 1995.

Equity Distribution of Funding Revisited

1976

Department of Mental Hygiene developed a "poverty/population model" for allocating new funds to counties, in response to the contention of many counties that they were still underfunded. A total of \$79 million of new money was allocated to the counties over a three year period using the new formula.

Medi-Cal Mental Health Managed Care

Implemented Medi-Cal Mental Health Managed Care as part of the overall thrust toward managed care in the Medi-Cal program. As part of this delivery system, inpatient and various specialty psychiatric services became the responsibility of a single entity, the Mental Health Plan (MHP) in each county. All Medi-Cal recipients are required to obtain these services through the MHP.

Chapter 617 (AB 34, Steinberg)

Authorizes grants totaling \$9.5 million for one-year pilot programs in up to three counties to provide services to severely mentally ill adults who are (1) homeless, (2) recently released from jail or prison, or (3) at risk of being homeless or incarcerated in the absence of services.



1995

99

2



Figure 1

County Mental Health Expenditures Compared to State Health and Welfare Expenditures All Funding Sources

1989-90 Through 1996-97 (Dollars in Millions)

	County	y Mental He	State Health and Welfare Expenditures				
Year	Current Dollars	Percent Change	1989-90 Dollars	Percent Change	1989-90 Dollars	Percent Change	
1989-90	\$1,133	_	\$1,133	_	\$24,295	_	
1990-91	1,202	6.1%	1,149	1.5%	26,436	8.8%	
1991-92	1,293	7.6	1,210	5.2	32,073	21.3	
1992-93	1,404	8.5	1,282	6.0	33,013	2.9	
1993-94	1,423	1.4	1,271	-0.8	34,418	4.3	
1994-95	1,473	3.6	1,279	0.7	32,373	-5.9	
1995-96	1,519	3.1	1,286	0.5	31,660	-2.2	
1996-97	1,613	6.2	1,335	3.9	31,977	1.0	
1989-90 through 1996-97	_	42.4%	_	17.9%	_	31.6%	
Source: County cost reports. Based on most recent data, as of February 2000.							

Figure 2

State Hospital Population Selected Years 1956-57 Through 1999-00^a

Year	Total	LPS Patients ^b	Penal Code/Other Commitments
1956-57	36,319	_	_
1959-60	36,006	_	_
1962-63	34,087	_	_
1965-66	25,674	_	_
1968-69	16,116	_	_
1971-72	8,198	6,075	2,123
1974-75	6,299	4,622	1,677
1977-78	5,124	3,314	1,810
1982-83	4,886	2,578	2,308
1987-88	4,533	2,469	2,064
1992-93	4,013	1,869	2,144
1997-98	3,961	1,063	2,898
1999-00 (est.)	4,095	878	3,217

Last day of fiscal year.

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Lanterman-Petris-Short became effective July 1, 1969.

^C Commitments pursuant to Sections 1026, 1370, 1370.1, 1372(e), 1610, 2684, 2690, 2962, 2964(a), and 2974 of the Penal Code.