

March 16, 2018

Dear Ms. Hale and MHSA Steering Committee Members,

On February 27th, the California State Auditor released the attached report finding that the California Department of Health Care Services and MHSOAC failed to provide adequate MHSA oversight resulting in Counties accumulating excessive balances of MHSA funds that should have gone to provide mental health services. Orange County's failure to use MHSA resources as they were intended has resulted in a \$241,931,000 fund balance, the second largest in the State. Last fiscal year alone, HCA under-spent the MHSA budget by \$51,744,226 (see attached table). These are resources that could have supported vitally needed mental health services in our County.

Orange County's communities support a wide range of organizations, provider networks, and institutions dedicated to providing high quality mental health services. These community assets are comprised of talented individuals with the expertise and capacity for innovation to address the gaps in our systems of care. At the same time, these organizations, provider networks, and institutions are currently restricted from fully utilizing the resources provided through MHSA.

To assist in providing a balanced but immediate solution to these issues, our organization and others are proposing inclusion of a revised MHSA Community Opportunities Fund (MHSA COF) in the MHSA Plan Update for FY 2018-2019 (also attached). We'd ask that you introduce this item as new business at the MHSA Steering Committee meeting on March 19th to be agendaized for discussion and a consensus/majority approval process no later than the April meeting. The Fund would start with a balance of \$51,744,226 and this fiscal year's under-spent amount would be added once determine. Every year, the amount of funds not spent in the MHSA budget would be added to the Fund for immediate distribution. The MHSA COF has been expanded to not only include community-based organizations of all sizes but also private mental health provider networks and hospitals. We modified the Fund design to address issues raised by your staff last year. This includes ensuring that it does not modify the authorities of the Mental Health Board as well as integrating it into Orange County's MHSA planning process through the MHSA Steering Committee's selection of MHSA COF funding priority areas.

We recommend including this in the Plan in the same way that you currently include the "True Up" process. In fact, due to the potential of this approach, you may no longer need a process for making those adjustments.

This proposal is in draft format and is intended for additional modification prior to final approval in April. We look forward to working with Steering Committee members and HCA staff to consider adjustments that might enhance the proposal.

Thank you for your consideration.

Respectfully submitted,

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