

**SUPPLEMENTAL
REPORT TO
THE COURT**

**Court Monitor
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I. Context

The future of the District-run Core Service Agency has been an issue before the Court for several years. The Court Monitor intended to make a recommendation in the July 2008 Report to the Court. However, the necessary analysis and DMH recommendations could not be completed until October 1, 2008. The District Council has also mandated in the 2008 Budget Support Act that DMH submit a report with recommendations by October 1, 2008 and an implementation plan by December 31, 2008. The Budget Support Act also requires full implementation of the plan by September 30, 2009.

The DMH submitted its report and recommendations on October 1, 2008 – together with the full report of governance options as developed by KPMG. The Court Monitor has reviewed these reports and has had the opportunity to discuss all relevant issues with DMH leadership and the KPMG consultants who conducted the review. This Supplemental Report to the Court will address only those issues that relate to the future governance options for the DC CSA, DMH recommendations and implementations issues.

II. Analysis of the Recommendations

It is the Court Monitor's view that this overall review process was conducted in a very comprehensive thoughtful manner. DMH and KPMG are to be commended for carefully defining a process, listening broadly to issues and perspectives, analyzing data and options and arriving at recommendations from the facts that emerged.

The DMH is correct that the issue of the DC CSA dates to the construction of the Court-Ordered Plan is April 2001. Both the Court-Ordered Plan and the DMH Establishment Act of 2001 affirmed that the District should directly operate a Core Service Agency (CSA) for at least several years in order to give the contracted private provider system time to develop and mature. The Court-Ordered Plan also envisioned that the DMH would conduct an evaluation as to alternative contracted models for governance so that DMH could focus its leadership efforts on its authority functions and create a true "level playing field" for all CSA's. The Court Monitor held open the possibility that the District-run CSA could operate in a sufficiently efficient manner to argue for a longer-term role in the community system. However, beginning with the July 2005 Report to the Court, the Court Monitor concluded that the underlying business model for the DC CSA was not viable and the DMH should explore alternative governance and service-delivery options. The DMH has now done its analysis and arrived at a similar conclusion.

The DMH used the basic framework from the Court-Ordered Plan in doing its analysis as to whether a privately contracted model should be pursued. The three basic functions outlined in the Court-Ordered Plan are:

- 1) Whether the private sector is willing and able to provide a given service;
- 2) Whether these services can be provided more efficiently through the private sector; and
- 3) Whether there is adequate capacity in the community to provide the necessary volume of quality services via the private sector.

The DMH Report to the Council (based on the KPMG findings) speaks directly to these three questions.

- 1) The DMH concludes that the private sector is willing to provide the necessary services for consumers currently enrolled in the DC CSA. The Court Monitor concurs with this conclusion and also agrees with the presumption that the private sector's ability to serve the DC CSA consumers is directly dependent upon the necessary transfer of funds and a major restructuring of the public mental health system.
- 2) Based on the cost analysis done by KPMG, DMH concludes that the same volume of services provided to DC CSA consumers could be purchased through the private sector for \$11 million to \$14 million less. These figures are very consistent with past Reports to the Court by the Court Monitor.
- 3) The DMH concludes that the issue of adequate capacity can be fully addressed but will require a major restructuring of the public mental health system to ensure that there is both the necessary quantity and quality of needed services. The Court Monitor strongly agrees with this conclusion. Simply transferring funds to the existing community system is not an adequate solution. It is time for the public mental health system to build a limited number of comprehensive mental health providers that can function in the manner that CSA's were originally intended. Smaller specialty providers can continue to exist to provide critical services to identified subpopulations. There are several critical elements to the restructuring proposal. These include: a) the definition and establishment of a limited number (perhaps 8-10) of comprehensive mental health service providers; b) the transfer of full authority to DMH for the Free Standing Mental Health Clinics ("FSMHC's"). These FSMHC's are currently managed by the Medicaid office; c) requirement of the new comprehensive providers to offer services both through the Medicaid Rehabilitation Option (MHRS) and through the Medicaid Clinic Option (as a funding source for the FSMHC's); and d) establish an integrated medical records system for all mental health providers.

DMH understands that the recommendations put forward will have major impact on the system and will require an inordinate level of sustained work. To this end, DMH has established a Transition Office with a full-time senior level DMH

employee. There is also a transition planning work group that will help to oversee the detailed project plan that must encompass both the closure of the DC CSA and the restructuring of the system. DMH intends to make these determinations by October 31, 2008:

- Dates to close new consumer enrollment and new employee hires for the DC CSA
- Date to transition existing consumers to a new CSA
- Date to stop delivering services at the DC CSA

The larger transition will also need to set priorities and timelines for both the transitioning of DC CSA consumers and existing staff. This will entail the development of a clear set of options, communication strategies, protocols, and feedback mechanisms. For consumers, DMH is aware that it is critical that sustained outreach efforts be undertaken; these could include at a minimum consumer fairs as well as face-to-face contacts. It will also be important for DMH to be available to consult with consumers and consumer advocates during the planning and implementation of the transition, to ensure that consumers' perspectives and needs – for both information and services – are being considered and addressed. For employees, DMH has the same concerns that a variety of methods be undertaken to address employee issues. These can (and should) include an early out program, incentives for employees who stay until no longer needed, out placement support, job fairs for DC government positions and job-matching support for potential positions in the private sector. For private providers, it will be critical that DMH maintain an open dialogue to ensure that resources are available as necessary to enable private providers to quickly expand to accommodate additional consumers.

The DMH has also put together an initial financing plan that would reallocate the existing DC CSA budget to cover the critical elements of retained DMH services (e.g. pharmacy, etc), reallocation to private providers and allocation to support an expanded mental health out patient benefit. The Court Monitor strongly believes that these dollars should remain within the mental health system. Clearly the existing private provider system has struggled to meet both the quantity and quality demands of the system. This model must fundamentally address issues of service rates for MHRS and FSMHC's as well as flexible non-Medicaid dollars needed to function as a comprehensive provider. As part of the restructuring, DMH needs to aggressively address service areas that are still under developed such as ACT services. This effort will be aided by the new proposed rates for ACT and other MHRS that are effective on November 1, 2008. The DMH plan recognizes the need for the private providers who will now constitute the District's Public Mental Health System (DC PMHS) to provide a strong safety net function. To make this happen, DMH needs to forge a stronger set of expectations for comprehensive providers to deal with fundamental issues of timely access to services, after hours services, crisis emergency capability, expanded multicultural services, clinical and financial fidelity and quality

performance on CSR reviews. Unless these redesign efforts are fully supported, the DC CSA closure could simply trade one set of problems for another.

III. Conclusions and Recommendations

The Court Monitor finds that the overall plan is conceptually sound and has addressed both the DC CSA governance issue and the need for concurrent system redesign. It should be recognized by all that a tremendous amount of detailed planning remains. The DMH has set up a transition office – but DMH support will be needed for a sustained period. Either the DC CSA closure or the redesign would be considered huge transition projects; together (and simultaneously) they represent an immense organizational challenge. The Court Monitor strongly agrees, however, that both need to be done – and to be done in a coordinated planning mode.

Based on the initial review of the Report, the Court Monitor makes the following recommendations:

- A. The DMH should proceed with all necessary approvals to close out the existing DC CSA.
- B. The DMH should seek to take on full authority and management of all public mental health benefit design in the District and the direct management and oversight of the FSMHC's.
- C. The District must provide full support to DMH during this transition period. Included in this needed support must be the retention of existing DC CSA dollars to be reallocated to contracted providers and critical system redesign.
- D. The DMH should proceed to develop a detailed implementation plan by no later than December 31, 2008. The Court Monitor will review the implementation plan, organizational strategies and District support as part of the January 2009 Report to the Court.