

Transition Team Report

California Department of Mental Health



November 28, 2011

Cliff Allenby, Acting Director
Kathy Gaither, Acting Chief Deputy
Department of Mental Health
1600 9th Street, room 151
Sacramento, CA 95814

Dear Mr. Allenby and Ms. Gaither,

In July of 2011 you charged us with recommending an administrative structure for a state mental hospital department and asked us identify administrative processes that should be organized differently for better performance and accountability. You also requested that we collect information where feasible to assist you in dealing with a significant deficit in the state hospital appropriation.

Attached please find our final report which assesses the Department of Mental Health's management and administrative organization (sections 2 and 3 of the report), discusses issues the team found with various administrative processes (section 4), and reviews your information technology program (section 5). In its search for deficiency factors, the team also considered aspects of the clinical program (section 6). Based on the information it gathered from its administrative and program review, the team has prepared a point-in-time estimate of the state hospital deficiency and included a range of likely and possible causes (Section 7). And finally, the team made observations related to a variety of additional issues—headquarters' category over-expenditures, strategic and business planning, the future of Metropolitan State Hospital, and special repairs—all of which are included in the final section (8) of the report.

We wish to reiterate here the caveats noted throughout this report. This was an assessment rather than an audit, and although it covers significant ground, it was not a comprehensive review. Particularly with regard to the state hospital deficiency, the team believes much work remains in order to fully understand and quantify contributory factors.

On behalf of the full team, we thank you for the opportunity to work with you and your staff to assist in laying the groundwork for a possible state department of mental hospitals.



Manuel Mateo



Shelley Mateo

Acknowledgements

The team worked on three fronts: general management, administrative, and fiscal; information technology; and medical. The report would not have been possible without the cooperation and support of all the Department of Mental Health (DMH) staff working with the team.

General management, administrative and fiscal: The team appreciates the assistance it received from both headquarters and hospital staff in educating the team and collecting a large amount of information in a relatively short time period. We would like to especially thank Napa State Hospital (SH) for orchestrating numerous drills related to enhanced observations and medical costs. Patton SH and Atascadero SH led a massive drill to identify positions redirected to the Enhancement Plan. All of the hospitals' fiscal officers spent many hours with the team working on deficiency estimates and preparing operational budgets. The headquarters Long Term Care Services (LTCS) fiscal unit provided essential training and data backup for the team throughout the duration of the project. The human resources officers and staff, business services officers, and central staffing spent many hours patiently explaining to the team how the processes they oversaw worked.

Information technology: Valerie Varzos, who led the Information Technology (IT) review, commends the IT employees at DMH for their dedication and for providing the volumes of services and the attention to customer services relative to the size of the IT staff. She found the IT staff at DMH to be well qualified in their knowledge and abilities, and knows they will be an asset to the organization going forward.

Medical: The team thanks all of the medical staff who spent many hours being interviewed and sharing their thoughts on issues facing the provision of patient care. In particular, the team thanks Patton SH for continually lending their time and expertise in response to team questions.

Executive office: And finally, the team thanks the acting director and acting chief deputy director for their full support by providing the team unfettered access to all personnel and records in the department.

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Introduction

Authority: The executive office of the Department of Mental Health (DMH) commissioned this report to assist in the proposal for a state mental hospital department in the 2012-13 Governor's Budget. Policy direction for a new department was set forth in the 2011-12 Governor's Budget, with initial phases implemented in the 2011-12 Budget Act.

Scope: The original scope of the project was to recommend the administrative structure for a state mental hospital department and to identify processes that might be organized differently for better performance and accountability. Shortly into the project the Acting Director amended this scope to include collecting information on the department's deficit. Project length was estimated at three months.

Exclusions and caveats: The following administrative areas were not included in the project: facilities and related capital outlay needs, labor relations, workers' compensation, training, fleet management, legislation, and legal. All merit review (particularly facilities and capital outlay needs), but time limitations forced a narrower focus.

The team did not comprehensively review the Long Term Care Services (LTCS) division. However, it did consider processes administered by the LTCS fiscal unit which, at the time of this report, served as the liaison between the hospitals and the DMH administrative division. It also conducted a limited review of the medical organization and costs in the hospitals and as a result makes recommendations that may affect the LTCS division. And finally, the LTCS division's budget directions to the hospitals were a primary factor in the hospitals' deficit which is discussed in Section 7.

In addition, the team did not review any DMH programs other than state hospitals and selected units at headquarters. The team did not conduct workload analyses or re-engineer processes (with a few exceptions), although it makes general recommendations on 1) selected areas that appear understaffed for reliable performance, and 2) selected processes which need to be redesigned.

And finally, this is not a formal audit. It is an assessment of DMH's management, organization, and system vulnerabilities based on the team members' collective experience as state administrators.

The team: The primary team was five retired annuitants and a loaned executive who between them have executive and managerial experience at the Department of Finance, the California Technology Agency, State Controller's Office, State Treasurer's Office, the former Department of Health and the (then) California Department of Forestry and Fire Protection. The team also included three staff members from DMH who assisted in data gathering and analysis. Team qualifications and their work areas are described further in Appendix O.A.

Stakeholder interviews and other information resources: The team met with staff at the Department of Finance and the Health and Human Services Agency and interviewed DMH executive staff and headquarters' lead managers multiple times. Other headquarters staff members were interviewed on an issue-specific basis.

The team also visited each state hospital and psychiatric program. There are five state hospitals (SH) and two psychiatric programs (PP), the latter of which are located within prison grounds of the California Department of Corrections and Rehabilitation (CDCR): Atascadero SH, Coalinga SH, Metropolitan SH, Patton SH, Napa SH, Vacaville PP, and Salinas PP. A new psychiatric program will open in Stockton in 2013. At the hospitals and psychiatric programs (hereafter all referred to as hospitals), the team interviewed the executive directors, the hospital administrators and assistant administrators, fiscal staff, the medical directors and other senior medical staff, the pharmacy directors, IT managers, human resources (HR) directors, and central staffing directors.

In addition, the team conferred with 1) the CDCR Receiver's Office on IT issues and medical processes, including third-party agreements; and 2) the Department of General Services on pharmaceutical contracts.

The team collected information and data directly from hospitals as well as from the department's accounting system (CALSTARS) and the Department of General Services (DGS). In addition, the LTCS division's fiscal unit provided a background in, and data for, the population estimate and allocation processes. Various headquarters units also provided data about functional areas.

And finally, the team reviewed the following audit reports:

- *California Department of Mental Health—Internal Control Review*, January 1, 2008, prepared by the Office of State Audits and Evaluations, Department of Finance
- *California Department of Mental Health State Hospital System Budget Estimate Review*, November 2008, prepared by the Office of State Audits and Evaluations, Department of Finance
- *High Risk Update—State Overtime Costs: A Variety of Factors Resulted in Significant Overtime Costs at the Departments of Mental Health and Developmental Services*, October 2009, Bureau of State Audits
- *DGS Audit of the Department of Mental Health, Summary of Findings, Exit Conference Held October 28, 2010*, Department of General Services
- *Administrative and Internal Accounting Controls over the Office Revolving Fund, January 1, 2009 through December 31, 2009*, November 2010, California State Controller

Organization of report: This report is organized as follows: summary of major findings, management assessment, organizational assessment, weak administrative processes,

information technology assessment, medical issues, the hospital deficit, and other observations.

A compilation of recommendations provided throughout Sections 2-8 are included in Appendix O.B.