



September 28, 2023

The Honorable Gavin Newsom
Governor, State of California
1021 O Street, Suite 9000
Sacramento, CA 95814

SUBJECT: SB 326 (Eggman) – Request for Signature

Dear Governor Newsom:

On behalf of more than 400 hospitals and health systems and the millions of patients they serve, I am writing to ask you to sign Senate Bill (SB) 326 by Senator Eggman, which makes important updates to the Mental Health Services Act (MHSA).

Hospitals are on the front line of the mental health and substance use disorder crisis in California. They stabilize and treat people with these conditions in hospital emergency departments, behavioral health units of general medical hospitals, and freestanding psychiatric hospitals. Given the challenges hospitals face in meeting patients' needs and helping them with safe care transitions, CHA is supportive of these SB 326 provisions:

- **SB 326 would permit MHSA funds to be used to treat people with substance use disorders.** Today, less than 20% of the “behavioral health” funding counties receive is earmarked specifically for substance use disorder treatment. Given the dearth of treatment access in California for people with substance use disorders, hospitals struggle to connect individuals to treatment and recovery services. For these patients, this results in a revolving door through hospital emergency departments, particularly patients experiencing homelessness. Recent UCSF research found that one out of 11 emergency department visits and one out of nine hospitalizations each year involved an individual with an alcohol or another substance use disorder.¹
- **SB 326 would require counties to expand their spending on Full-Service Partnerships (FSPs).** FSPs provide each participant with a personal services coordinator, wraparound treatment, and support (including housing, employment, or school support). In 2018, a RAND Corporation study of Los Angeles County’s FSP programs found they achieved cost savings that offset 25% of what the county spent on FSPs in a year. They reduced homelessness in addition to cutting county spending on inpatient psychiatric stays and incarceration of people with serious mental illness. While many worthwhile programs and services have been created and funded by the MHSA over

¹ [Hospitals Face Urgent Need for Addiction Treatment in Emergency Departments, September 17, 2021](#)

the past 20 years, it was the evidence that FSP models work for people with a serious mental illness that caused advocates to place the MHSA on the ballot in 2004. California should maximize its use of this evidence-based approach to care.

- **SB 326 would invest in state-directed behavioral health workforce investments.** Successful implementation of a robust continuum of care rests heavily on the availability of a sufficient workforce. According to the [California Health Care Workforce Commission's 2019 report](#): “As demand grows for quality health care, California does not have enough of the right type of health workers, with the right skills, in the right places, to meet the needs of our state’s growing and increasingly diverse population. Despite everything California has done in recent years to improve health care delivery, the state will face a shortfall in the next decade of 4,100 primary care clinicians and 600,000 home care workers and will only have two-thirds of the psychiatrists we need.”
- **SB 326 would direct the Department of Managed Health Care and the Department of Health Care Services to develop a plan with stakeholder engagement for achieving parity between commercial and Medi-Cal behavioral health care benefits.** In 2021, Behavioral Health Action published a blueprint, “[Answering the Call to Action: A Vision for All Californians’ Behavioral Health](#),”² which found that, despite major improvements in health care coverage over the past decade, substantial discrepancies persist in available behavioral health care among commercial health plans and public programs. Even when commercial plans cover mental health and substance use disorder treatment, they fail to meet many basic quality standards. The California Office of the Patient Advocate’s [2022-23 Report Card](#) gave “excellent” five-star ratings to only two of the 16 health plans for successfully helping members get the behavioral and mental health care they needed.
- **SB 326 would improve state oversight of county planning and spending of MHSA and other public funding for behavioral health.** Efforts to evaluate the effectiveness of California’s behavioral health services are sorely lacking in statewide infrastructure, investment, and technical expertise/assistance. Establishing a select number of standard client-level outcomes for measurement by all behavioral health care systems and providers would assist with accountability and public transparency, as well as help facilitate better treatment and policy decision-making.

For these reasons, CHA strongly urges your signature on SB 326.

Sincerely,



Leah Barros
Consulting Lobbyist, California Hospital Association

² [Behavioral Health Action](#) is a coalition of more than 50 statewide organizations united to raise awareness about behavioral health issues in California. It includes hospitals, health care providers, groups representing children, youth, families, and clients, the criminal justice system, labor, local government, not-for-profit organizations, and business.

cc: Angela Pontes, Deputy Legislative Secretary, Office of the Governor
The Honorable Susan Talamantes Eggman
Speaker of the Assembly Robert Rivas
Senate President pro Tempore Toni Atkins