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District of Columbia Auditor
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**The Department of Mental Health Failed to
Implement A Vocational Rehabilitation Program
for the District's Mental Health Consumers**

June 6, 2003

PURPOSE

Pursuant to Public Law 93-198, Section 455, and D.C. Code, Section 44-921(d), the District of Columbia Auditor attempted to conduct an audit of the Mental Health Services Client Enterprise Program for fiscal years 2001, 2002, and the first quarter of 2003.

OBJECTIVES, SCOPE, AND METHODOLOGY

The objectives of the planned audit were to:

1. determine whether the Mayor has established the Mental Health Services Client Enterprise Program;
2. examine the business operations of the Enterprise Program;
3. determine whether the Mental Health Services Client Enterprise Program Revolving Fund has been established; and
4. determine whether expenditures from the Fund were authorized for allowable activities as specified by law.

The Auditor reviewed the legislative history and law pertaining to the establishment of the Mental Health Services Client Enterprise Program. The Auditor also interviewed Department of Mental Health officials and staff regarding the existence and operation of the Client Enterprise Program. Finally, the Auditor performed a review of client enterprise program models in other jurisdictions to ascertain best practices.

BACKGROUND

The Mental Health Services Client Enterprise Program Act of 1998

The Mental Health Services Client Enterprise Establishment Act of 1998 (hereinafter referred to as “the Act”) was adopted by the Council of the District of Columbia in 1998.¹ The Act authorized the Mayor to establish an enterprise program at St. Elizabeths Hospital with the goal of assisting mental health patients acquire community work skills. The purpose of the Act was to address unemployment problems affecting mental health patients at the then Commission on Mental Health Services by establishing a Client Enterprise Program so that these patients could gain work skills as well as earn income.² Testimony offered by mental health experts at hearings before the Council of the District of Columbia’s Committee on Human Services in 1998 envisioned an agency-sponsored “affirmative for profit business” model. This model is referred to in the vocational rehabilitation literature as a Client Enterprise Business model, or as an Agency Sponsored Entrepreneurial Business (ASEB).³

The intended purposes of the program were to promote rehabilitation and employment of mental health patients (consumers) so as to assist these clients in acquiring community work skills in preparation for independent living. Even though the legislative history of the Act evidenced the Council’s intent that the Client Enterprise Program would serve the dual purposes of providing vocational rehabilitation and establishing a “for profit” enterprise, the language of the Act itself emphasizes rehabilitation of patients and does not address the “for profit” aspect of the program.⁴

Specific provisions of the Act authorize the use of funds generated by the program to pay wages to consumers, or to pay for other expenses related to operation of the program. The Act authorizes the Mayor to establish a revolving fund to be used for the collection and disbursement of funds generated by mental health patients’ enterprise activities, and also requires the Mayor to supervise all such collections and disbursements from the fund.

¹ The Mental Health Services Client Enterprise Establishment Act of 1998 [hereinafter the “Act”] was assigned Bill Number 12-593 and referred to the Council’s Committee on Human Services in March 1998. The Bill was adopted on December 1, 1998, and assigned Act Number 12-547. It became D.C. Law 12-226 on April 13, 1999.

² Legislative history of the Mental Services Client Enterprise Act [hereinafter Legislative History].

³ Interview with Dr. Mark Salzer PhD, University of Pennsylvania, Center for Mental Health Policy & Services Research.

⁴ In other words, D.C. Code 44-921 does not require that the Enterprise make any profit.

Finally, the Act authorizes the Mayor to issue rules to implement the provisions of the Mental Health Services Client Enterprise Establishment Act.

The Client Enterprise Model

The Client Enterprise Program is one of several psychiatric vocational rehabilitation programs designed to move mental health patients from an institutional hospitalization model to a vocational rehabilitation model with the goal of eventually integrating them back into the community.⁵

Client enterprise businesses have been championed as a model that imparts vocational skills to clients while saving public resources.⁶ This is especially attractive to mental health service agencies in an environment where public sector resources are severely constrained. This model is different from the traditional vocational rehabilitation model in that it has the dual purposes of making a profit while also providing rehabilitation services to its mental health patient employees.

The Matrix Research Institute in Philadelphia has championed the client enterprise/ASEB model as a new trend in vocational rehabilitation. The legislative history refers to studies performed by the Institute on implementation of this model nationally. In 1996, the Institute performed a study that analyzed client enterprise programs across the nation and detailed some key findings.⁷ The study found that the client enterprise model is a flexible vehicle that gives mental health clients' strong worker identity, a job reference, and experience with business development.

The Matrix Study also found that the client enterprise model requires careful planning for successful implementation of its dual profit/rehabilitation purpose. Its business mission must be well defined, and adequate managerial resources in place to facilitate implementation. At the same time, the client enterprise model must adequately address its vocational rehabilitation function. The Matrix Study cautioned that the two goals may lead to the rehabilitation purpose being short-changed.

⁵ Interview with Dr. Salzer (supra note 3).

⁶ Dr. Barbara Granger of the Matrix Institute in Philadelphia has pioneered the client enterprise or ASEB approach.

⁷ Granger, B., Baron, R.C., "Agency Sponsored Entrepreneurial Businesses that Employ Individuals with Psychiatric Disabilities: Findings from a National Survey." *Journal of Vocational Rehabilitation* 6 (1996) 185-196 (at 194) [hereinafter the Matrix Study].

The Auditor contacted one of the study authors (Dr. Barbara Granger) regarding best practices for the client enterprise model. Dr. Granger indicated that she has not conducted model studies since 1997 and could offer no benchmark information.

Other mental health experts the Auditor interviewed cautioned that the model's rehabilitative function could be impaired by its corporate mission. For example, Dr. Evans Jones of the Fairfax Church Community Services Board (FCCSB) emphasized that the client enterprise model requires synergy between the corporate and the rehabilitation missions that is very difficult to implement.⁸ Key rehabilitative outcomes that would best benefit patients such as guaranteed full-time work hours and competitive pay rates are difficult to achieve in a poor business environment. As a result, Fairfax County opted for a sheltered work environment that offers more support to its clients. The Fairfax County program is a joint collaboration between the FCCSB's Cooperative Employment Program and the Virginia Department of Rehabilitative Services.

Dr. Salzer of the University of Philadelphia's Center for Mental Health Policy and Dr. Jones both indicated that vocational rehabilitation programs that helped clients achieve competitive employment outside an ASEB sponsored setting were more beneficial to clients' rehabilitation. According to these two experts, sheltered work environments and individual placement models may be more effective in achieving the most important goal of psychiatric vocational rehabilitation, the goal of helping patients achieve competitive employment.

Due to the lack of benchmark data from one of the chief proponents of the client enterprise model, as well as cautionary advice from other mental health experts, the Auditor is unable to verify at this time whether the model is an effective tool for vocational rehabilitation for the District of Columbia's mental health consumers.

On April 29, 2003, the Auditor conducted an exit conference with a representative of the Department of Mental Health. The Department of Mental Health agreed with the thrust of the Auditor's finding that the Client Enterprise Model does not represent best practice in the vocational rehabilitation area for psychiatric patients. The Department of Mental Health would prefer that the language of the Mental Health Services Client Enterprise Program Act be amended to allow for flexibility in implementing a new mental health vocational rehabilitation "best practices model". The Department of Mental Health envisions an Individual Placement and Support model that will match mental health patients to employers. Patients will earn at least the minimum wage.

⁸ Interview with Dr. Evans Jones. Dr. Jones heads Fairfax County's vocational rehabilitation services unit.

FINDINGS

THE DEPARTMENT OF MENTAL HEALTH HAS NOT ESTABLISHED A CLIENT ENTERPRISE PROGRAM AS AUTHORIZED BY LAW

The Auditor conducted interviews with officials at St. Elizabeths Hospital to determine the status of implementation of the Client Enterprise Program and the Enterprise Fund as required by law. The Auditor determined that the Mayor has not implemented an Enterprise Program as authorized by law. The Auditor further determined that the Mayor has not established an Enterprise Fund as authorized by law.

The Auditor found that there is a "Stamps for a Living" Program at St. Elizabeths Hospital.⁹ This program appears to be supported in part by District of Columbia resources but with no apparent oversight from the Department of Mental Health.¹⁰ The "Stamps for a Living Program" is the only enterprise business at St. Elizabeths Hospital but it appears not to be the program authorized by the Mental Health Services Client Enterprise Establishment Act of 1998.

The "Stamps for a Living" program was initiated at the St. Elizabeths Hospital by a 501(c)3-entity known as the Client Enterprise Corporation.¹¹ According to the chief occupational therapist at St. Elizabeths Hospital, the program operates as a client enterprise initiative employing about 60 clients from the Forensic Unit at St. Elizabeths Hospital.¹² The stamp business does not generate a profit according to the chief occupational therapist and occupies clients for only two hours a day. This is far below the recommended rehabilitation outcome standards.¹³

The Auditor also established that there is little communication between the Board of the Client Enterprise Corporation, the chief occupational therapist, and officials of the Department of Mental Health.

⁹ This program is run as a client enterprise business but it was established prior to the Mental Health Services Client Enterprise Program Act of 1998 on the initiative of Dr. John Bruce.

¹⁰ According to interviews conducted with the chief occupational therapist at St. Elizabeths Hospital, District resources are used to compensate him, as well as to provide supplemental pay to clients involved in the program.

¹¹ Interview with Dr. John Bruce on January 17, 2003.

¹² Interview with the chief occupational therapist on January 14, 2003.

¹³ Dr. Salzer recommends that the clients should experience a work environment that approximates the real world work environment.

The Auditor received a letter from the Director of the Department of Mental Health indicating that the client enterprise program intended by the Act was initiated at St. Elizabeths Hospital, however, this program is no longer in operation. The Auditor could find no evidence to verify that the Department had ever initiated a client enterprise program at the Department of Mental Health. Furthermore, the Department of Mental Health has been unable to provide any business records or any other documentation indicating that this program was ever in existence.

RECOMMENDATIONS

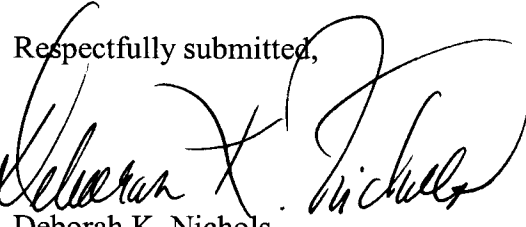
1. The Director of the Department of Mental Health review the utility of the client enterprise model given the difficulties involved in creating a successful for profit vocational rehabilitation program. Alternative programs such as sheltered workshops providing vocational rehabilitation without the extra challenge of creating a profitable business should be considered.
2. The Director of the Department of Mental Health establish an enterprise program as authorized by law after a determination that the client enterprise model is an effective vocational rehabilitation tool. The Department of Mental Health could begin by adopting the “Stamps for a Living” client enterprise initiative and provide full funding so as to make it a viable vocational rehabilitation project as intended by law.
3. If the Department of Mental Health chooses to adopt the client enterprise model, adequate performance measures should be developed and adopted to measure quantitative rehabilitation outcomes such as number of hours worked and wages earned, as well as qualitative measures such as job satisfaction, skill transfer, and quality of life. The goal of the program should be to return the client to independent living and work in the community.
4. If the client enterprise model is adopted, the Department of Mental Health must establish a revolving fund as authorized by law. The funds generated through client enterprise activities should be recorded in the District’s financial system, and proper financial controls consistent with District laws should apply to their use.
5. The Mayor, through the Director of the Department of Mental Health, should promulgate rules, regulations and policies governing the client enterprise program as required by D.C. Code, Section 44-922.

6. The Director of the Department of Mental Health should establish proper oversight of the “Stamps for a Living” program since District resources are used to operate it.
7. The Council of the District of Columbia should consider amending the Mental Health Services Client Enterprise Establishment Act to allow the Department of Mental Health to establish a best practices vocational rehabilitation model. Upon amendment of the Act, the Department of Mental Health should immediately implement an effective best practices model. The model must be well planned, its mission well defined, with adequate competent managerial and financial resources and appropriate performance measures.

CONCLUSION

The Auditor’s examination revealed that the Mayor and the Department of Mental Health have not implemented the provisions of the Mental Health Services Client Enterprise Establishment Act of 1998. The Act required the Mayor to establish a Mental Health Services Client Enterprise Program at St. Elizabeths Hospital and to establish a revolving fund for the program.

The vocational needs of mental health consumers in the District of Columbia will not be met unless steps are taken to implement an effective vocational rehabilitation program. The District of Columbia has been under a court ordered mandate to improve service delivery to its mental health consumers. A comprehensive delivery system includes an effective vocational rehabilitation program. Immediate action should be taken by the Mayor and the Director of the Department of Mental Health to identify the most effective means of providing vocational rehabilitation opportunities to mental health consumers and to implement the program as required by the law.

Respectfully submitted,

Deborah K. Nichols
District of Columbia Auditor

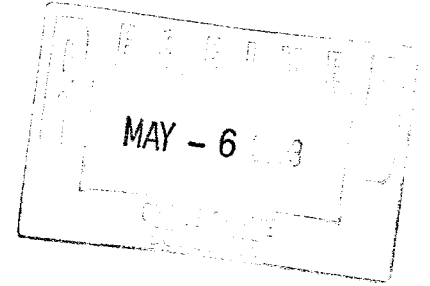
AGENCY COMMENTS

Agency Comments

On April 18, 2003, the District of Columbia Auditor submitted a draft report for review and comment to the Director of the Department of Mental Health. Comments were received from the Director of the Department of Mental Health on May 6, 2003.

Where appropriate, changes were made to the final report based upon comments received from the Department of Mental Health. The comments are appended, in their entirety, to this final report.

GOVERNMENT OF THE DISTRICT OF COLUMBIA
DEPARTMENT OF MENTAL HEALTH



Office of the Director

April 30, 2003

Deborah K. Nichols
District of Columbia Auditor
717 14th Street, N.W. Suite 900
Washington, D.C. 20005

Dear Ms. Nichols:

Thank you for the opportunity to review and comment on the draft report entitled "The Department of Mental Health Failed to Implement the Mental Health Services Client Enterprise Program." Ms. Jones has briefed me on her April 29 meeting with you, Mr. Brown and Mr. Kintu. I very much appreciate the cordial and proactive discussion about this report and about the supported employment services we are implementing for District residents with serious mental illness.

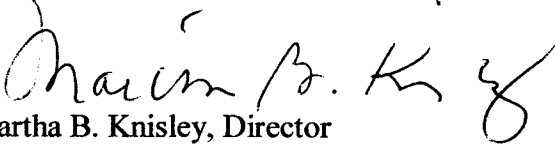
My comments are consistent with yesterday's discussion. In summary,

- 1) I concur with the finding that the client enterprise program was not implemented. As you know, this model is no longer considered effective practice. Rather than implement the client enterprise program at this time, I would prefer to proceed with our substantial efforts to realign employment services according to the Individual Placement and Support (IPS) model. Scientific research has firmly established the effectiveness of such an individualized, integrated approach to competitive employment with continuous supports. It is indeed a best practice. Considerable interagency collaboration is underway and there is excellent progress in maximizing resources and avoiding fragmentation of efforts. However, I do applaud the intent of the Act to promote rehabilitation and employment of individuals with serious mental illness. I agree with your recommendation that we request City Council to amend the Act to authorize best practices rather than a specific model like the client enterprise program. We would ask your support of our request for such an amendment. I will forward a draft resolution to you once it is finalized so your office can track our progress on this issue.
- 2) I also share your concern that the staff of the "Stamps for a Living Program"

who work with forensic clients at St. Elizabeths do not feel adequately connected to the Department, its leadership and its new employment initiatives. Clearly, it is my strong desire that there be sufficiently supported rehabilitation programs for hospitalized clients. I am requesting that Ms. Joy Holland, CEO of St. Elizabeths, further review the Stamp program and identify the resources and support needed by its staff. I am also requesting that she ensure that effective means of communication are established and sustained.

Again, I want to emphasize my appreciation for your invitation to review and comment on your findings. Your suggestions and flexibility are very helpful as is your clear commitment to the delivery of excellent mental health services in the District.

Yours truly,


Martha B. Knisley, Director

Cc: David Norman, DMH General Counsel
Joy Holland, CEO, St. Elizabeths Hospital