

Nuts and Bolts of Community Mental Health Funding in California

California Institute for Mental Health
Financial Leadership Institute
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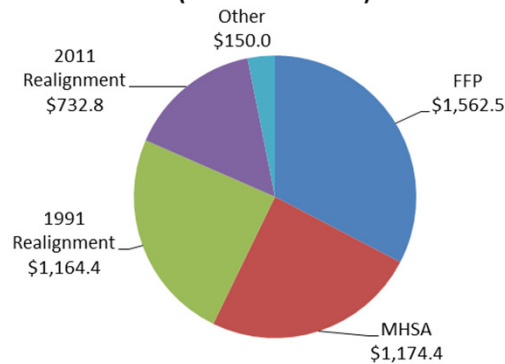
Mike Geiss



Community Mental Health Services Funding

Estimated FY12/13 Community Mental Health Funding

(Dollars in Millions)



1991 Realignment

- “1991 Realignment” refers to the realigning of the funding and responsibility for mental health services, social services and public health services
 - It represented a major shift of authority from state to counties for mental health programs
- Three revenue sources funded 1991 Realignment
 - ½ Cent of State Sales Tax
 - State Vehicle License Fees
 - State Vehicle License Fee Collections

1991 Realignment

- Realignment revenues are distributed to counties on a monthly basis as funds are collected until each county receives funds equal to previous year’s total
 - Separate distributions for Sales Tax, VLF and VLF Collections
- Revenues above that amount are placed into growth accounts
 - Sales Tax
 - VLF

1991 Realignment

- Growth distributed according to formula
 - Different growth distribution formulas for Sales Tax and VLF
- Increases in social services caseload costs is first priority for Sales Tax growth
- Growth in VLF goes to mental health, social services and public health
- Growth distributed in the year after it is collected
 - Increases the base for that year

1991 Mental Health Realignment

- Current Year
 - Funded at \$90.3 million per month
 - http://www.sco.ca.gov/ard_payments_realign_fy1112_mental.html
 - September 2011 through August 2012
 - VLF Collection distributed in February
 - http://www.sco.ca.gov/ard_payments_realign_fy1112_mentalvlf.html
 - Total=\$1,097.6 million
 - Governor's Proposed Budget \$1,104.8 million
 - Managed care and state hospital offsets are deducted from allocation
 - All obligations of 1991 mental health realignment remain
 - County MOE
 - 10% transferability

1991 Realignment

- Budget Year
 - Most likely based on percentage of revenues received in 2011 Local Revenue Fund
 - Governor's Proposed Budget \$1,164.4 million
 - 5% increase over FY11/12 amount
 - Unclear whether estimated FY12/13 increase in funding considered base restoration or growth
 - Highest funding in FY06/07 (\$1,230.9 million)
 - Unclear when increase would be distributed if considered growth
 - Consider budgeting FY12/13 at FY11/12 amount
 - Anticipate all obligations of 1991 mental health realignment will remain
 - County MOE
 - 10% transferability

2011 Realignment

- Additional realignment occurred as part of FY11/12 State Budget
- Dedicated a specific revenue to fund realigned services
- No real impact on mental health services in FY11/12
 - Provided different funding source for 1991 mental health realignment
 - MHSA used to fund realigned mental health services for one year
- Significant impact on funding for substance use disorder treatment services

2011 Realignment

- Current Year
 - EPSDT (\$579 million)
 - Four quarterly distributions
 - Based on estimated FY11/12 EPSDT certified public expenditures (CPE)
 - Funds set aside to settle to actual FY11/12 EPSDT CPE based on FY11/12 cost report
 - Includes funds for FY08/09 EPSDT cost settlements and prior year audit settlements
 - County specific initial baseline and growth no longer applied

2011 Realignment

- Current Year
 - Managed Care (\$183.6 million)
 - Growth allocated proportionally
 - No 5% or \$8 million withholding
 - Educationally-Related Mental Health Services (\$98.6 million)
 - Allocated based on actual FY09/10 net expenditures
 - FY11/12 Budget Act requires funds to be spent on IDEA related mental health services within an IEP or they revert back to the state to be reallocated to other counties

2011 Realignment

- Budget Year
 - Behavioral Health Subaccount
 - Anticipate FY12/13 to be considered base year
 - EPSDT based on a prior year
 - Managed Care calculated as if FY12/13 allocation
 - Not sure about Drug Medi-Cal, Drug Courts, Perinatal Drug Services or Non-Drug Medi-Cal Services
 - One monthly deposit into Behavioral Health Subaccount
 - County decides how to allocate funding between realigned obligations
 - Anticipate 10% transferability between subaccounts in the Support Services Account

Mental Health Services Act

- The MHSAs created a 1% tax on income in excess of \$1 million to expand mental health services
- Approximately 1/10 of one percent of tax payers are impacted by tax
 - Approximately 20,000 – 30,000 tax returns

Mental Health Services Act

- Two primary sources of deposits into State MHS Fund
 - 1.76% of all monthly personal income tax (PIT) payments (Cash Transfers)
 - Not just millionaires
 - Annual Adjustment based on actual tax returns
 - Settlement between monthly PIT payments and actual tax returns
 - Based on actual tax returns from two years prior
- Other sources of deposits
 - Interest income (posted quarterly)
 - Excess State Administration (unauthorized and unexpended)
 - Reverted funds

Mental Health Services Act

- Cash Transfers are largest in months with quarterly tax payments and year end tax payments
 - January, April, June and September
- Annual Adjustments are incredibly volatile
 - Two year lag
 - Known by March 15th
 - Deposited on July 1st

Mental Health Services Act

MHSA Estimated Revenues^{a/} (Cash Basis-Millions of Dollars)

	Fiscal Year									
	Actual				Estimated					
	07/08	08/09	09/10	10/11	11/12	12/13	13/14	14/15	15/16	
Cash Transfers	\$983.9	\$797.0	\$799.0	\$905.0	\$945.0	\$1,004.0	\$1,052.2	\$1,094.3	\$1,160.0	
Annual Adjustment	\$423.7	\$438.0	\$581.0	\$225.0	(\$64.5)	\$112.0	\$206.0	\$250.0	\$325.0	
Interest	\$94.4	\$57.6	\$14.9	\$9.7	\$2.4	\$1.3	\$0.0	\$0.0	\$0.0	
Total	\$1,502.0	\$1,292.6	\$1,394.9	\$1,139.7	\$882.9	\$1,117.3	\$1,258.2	\$1,344.3	\$1,485.0	

a/ FY12/13 Governor's Proposed Budget cash transfers and interest through FY12/13 and annual adjustment through 13/14.

Mental Health Services Act

MHSA Estimated Component Funding (Millions of Dollars)

	Fiscal Year									
	Actual					Estimated				
	07/08	08/09	09/10	10/11	11/12	12/13	13/14	14/15	15/16	
CSS	\$518.2	\$650.0	\$900.0	\$783.6	\$741.0	\$939.5	\$971.3	\$1,037.8	\$1,146.4	
PEI	\$115.0	\$232.6	\$330.0	\$216.2	\$185.2	\$234.9	\$242.8	\$259.4	\$286.6	
Innovation ^{a/}		\$71.0	\$71.0	\$119.6	\$48.7					
Total	\$633.2	\$953.6	\$1,301.0	\$1,119.4	\$974.9	\$1,174.4	\$1,214.2	\$1,297.2	\$1,433.0	

a/ 5% of the total funding must be utilized for innovative programs (W&I Code Section 5892(a)(6)).

Mental Health Services Act

- Current Year
 - Balance of FY11/12 component allocations distributed in April, May and June
- Future Years
 - Monthly distributions
 - Most likely one amount not specific to components
 - Probably determined based on individual county's share of current year funding
 - Enclosure 4 of DMH Information Notice 10-21
 - Same share for three years
 - Most of the revenue received in last three months of fiscal year
- Self report reverted funds
 - Based on county's interpretation of reversion in the Act

Medi-Cal Specialty Mental Health Reimbursement

- County MHPs are reimbursed a percentage of their actual expenditures based on the FMAP
- County MHPs are reimbursed an interim amount throughout the fiscal year based on approved Medi-Cal services and interim billing rates
- County MHPs and DHCS reconcile the interim amounts to actual expenditures through the year end cost report settlement process
- DHCS audits the cost reports to determine final Medi-Cal entitlement

Medi-Cal Specialty Mental Health Reimbursement

- From 1995 through 1998, the state consolidated Fee for Service and Short-Doyle programs into one “carved out” specialty mental health managed care program
- Counties are given the “first right of refusal” for taking on this new responsibility of managing specialty mental health care
 - Referred to as County Mental Health Plans (MHPs)
 - Approved by the federal government under a Section 1915(b) Waiver
- Under this system, all Medi-Cal beneficiaries must receive their specialty mental health services through the county MHP

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Medi-Cal Specialty Mental Health Reimbursement

- AB1297
 - Requires State to conform to federal requirements
 - Elimination of state-imposed claiming time frames
 - Elimination of state-imposed SMAs
 - Calculation of county specific upper payment limits
- Supplemental Payment State Plan Amendment
 - Allow counties to voluntarily claim for CPE above the SMAs
 - Retroactive to 1/1/09
- Revised Medi-Cal Specialty Mental Health Cost Report

Opportunities and Challenges

- Majority of community mental health funding driven by economy and not demand for services
- Counties being given more flexibility in return for increased responsibility and risk