

So.....

**YOU'RE NEW TO
BEHAVIORAL HEALTH
FINANCE?**

CBHAA

Where to Find Resources to Assist in Understanding Funding Sources

Behavioral Health Funding History

- County Health Funding Leading to 1991 Realignment
- Realignment – What It Is
- 1991 Realignment
- EPSDT/Medi-Cal Specialty Mental Health Consolidation
- Mental Health Services Act (MHSA)
- 2011 Realignment
- Other Funding Sources

County Health Funding Leading to 1991 Realignment

➤ 1933 – W&I Section 17000

- Required county government to provide relief to the poor, including “those incapacitated by age, disease, or accident”
- Requirement was supplemented by the Public Assistance Medical Care and the medical Assistance for the Aged Programs administered by the State

County Health Funding Leading to 1991 Realignment

► 1966 – Advent of Medicaid/Medicare

- The enactment of Medi-Cal and Medicare resulted in a State law that required counties to pay a share of the cost of the Medi-Cal program
- State provided a “county option” whereby the State paid for increases in unreimbursed county medical costs above pre-Medi-Cal levels
- Due to continually increasing Medi-Cal expenditures in 1968 the State limited its funding of the “county option” but maintained the county share program
- County expenditures continued to increase rapidly with the additional financial burden falling entirely on local property owners

County Health Funding Leading to 1991 Realignment

- **1971 – Creation of State Only MIA Medi-Cal Category**
 - “County option” was eliminated and a new “state-only” category of eligibility, Medically Indigent Adults (MIA), was created under Medi-Cal
 - The MIA category had no eligibility to pull down matching federal funds
 - Income limited persons continued to seek care from county sponsored facilities

County Health Funding Leading to 1991 Realignment

➤ 1978/79 – Aftermath of Proposition 13

- Repealed the county share of cost for Medi-Cal
- AB 8 was enacted to provide fiscal relief for programs unable to complete for scarce county dollars
- AB 8 funding was appropriated to County Health Services Fund to fulfill county statutory obligation to provide health care, required match funds and spending restriction to the county health plan and budget submitted to the State
- Heavily supported inpatient and outpatient indigent medical services and in some counties jail medical and environmental health services

County Health Funding Leading to 1991 Realignment

► 1982/83 – Transfer of MIA's to Counties

- Responsibility for the Medically Indigent Adult (MIA) population was transferred from Medi-Cal back to county government due to State financial problems, creating the Medically Indigent Services Program (MISP)
- The State allocated to counties 70% of what it expected to spend on this group under Medi-Cal with no statutory cost-of-living for future program years
- State funding was determined through the annual budget process making it difficult for counties to do long-term planning
- Smaller counties were allowed to contract back to the State to provide MIA services under the County medical Services Program (CMSP)

County Health Funding Leading to 1991 Realignment

► 1988/1989 – Proposition 99

- Tobacco Tax and Health Protection Act of 1988 provided a new funding source for the escalating cost of uncompensated care in California
- Due to inadequate funding for the MIA, Legislation dedicated a portion of Prop 99 funds to counties through the creation of the California Healthcare for Indigents Program (CHIP) and Rural health Services (RHS) programs
- Funding for CHIP/RHS programs declined from the original \$350 million allocation due to reduced tobacco consumption and increasing use of Prop 99 revenues to backfill State General Fund in other health programs
- Funding for CHIP/RHS was completely eliminated in FY2008/09

Realignment – What It Is

► Concept

- Realignment – to adjust two or more components of responsibility
- Transfers or “realigns” funding responsibility by shifting a greater share of cost to the counties

Realignment – What It Is

► 1991/92 Realignment

- Result of AB 8 and funding for medically indigent adults (MISP & CMSP) programs being rolled together
- Basis for allocation was historical formulas used in the MISP/CMSP and AB 8 programs
- Health realignment dollars can only be used to fund either indigent health care/public health, or the old AB 8 programs
- County General Fund MOE requirement for AB 8 remained in effect
- CMSP Counties continue to pool funds to provide indigent health care through CMSP with the realignment contribution to CMSP determined by formula with remaining health realignment being used for a variety of public health purposes
- While realignment was considered a dedicated and somewhat predictable funding source with growth provisions, counties were able to more effectively plan across fiscal years and provide program services based on a relatively stable, ongoing funding source.

1991 Realigned Programs

**AB 8 County Health Services
Local Health Services
California Children's Services
Indigent Health
CalWORKs
Employment Services
County Services Block Grant
In-Home Supportive Services
Foster Care
CWS
Adoptions
County Stabilization Subventions
County Juvenile Justice Subventions (AB 90)
Mental Health**

1994-95 Early and Periodic Screening, Diagnosis and Treatment (EPSDT)

- EPSDT has been a requirement of the Medicaid Program since its inception in 1966
- The federal Omnibus Budget Reconciliation Act of 1989 (OBRA '89) expanded the benefit to included diagnostic and treatment services needed to “correct or ameliorate defects, physical and mental illness and conditions discovered by screening services, whether or not such services were covered under the Medicaid State Plan.”
- A 1993 lawsuit against the state Department of Health Services for not sufficiently complying with federal law resulted increased availability of State General Funds to finance Medi-Cal specialty mental health services to children and adolescents.
- County mental health plans paid a 50% match, pursuant to 1991 Realignment, until it reached its adjusted fiscal year 1994-95 baseline of expenditures for specialty mental health services.
- In 2002, in an effort to ensure that counties had an “incentive” to control costs, an additional 10% county share of cost on growth in the EPSDT program was imposed.

1995-98 Medi-Cal Specialty Mental Health Consolidation

- From 1995 through 1998 the state consolidated Fee-For-Service (FFS) and Short-Dole programs into one “carve out” specialty mental health managed care program under a Medicaid 1915(b) “Freedom of Choice” waiver.
- Under the consolidation, all Medi-Cal beneficiaries were required to access their specialty mental health services through the county Mental Health Plan (MHP).
- Upon consolidation the state Department of Health Care Services transferred the funds it had been spending under the FFS system for inpatient psychiatric and outpatient physician and psychologist services to county MHPs.
- Additional costs for increases in Medi-Cal beneficiary caseloads and COLAs beyond the base allocation for consolidation, were to be paid for with county 1991 Realignment.

2004 Mental Health Services Act (MHSA)

- ▶ Revenues are volatile and funding is not guaranteed
 - ▶ Cash flow varies significantly during each fiscal year
 - ▶ Expenditures must be consistent with an approved plan
 - ▶ Funds must be spent within a specified time frame (generally, three (3) years)
- ▶ Funds distributed on a monthly basis (W&I Code Section 5892(j)(5))
- ▶ Counties are responsible for ensuring compliance with W&I Code Section 5892(a)
 - ▶ 20% for Prevention & Early Intervention programs
 - ▶ Balance for Community Services & Supports (System of Care)
 - ▶ 5% of total funding utilized for Innovative programs

Mental Health Services Act (MHSA)

- ▶ Funds must be deposited in a fund which interest earned remains in the fund to be used for MHSA expenditures
- ▶ Beginning in FY 2008/09, counties can annually dedicate up to 20% of the average of their 5-year total of MHSA funds to the Prudent Reserve, Cap/Tech or WET programs/projects
- ▶ May use up to 5% of total annual MHSA revenues for planning and supporting Consumers, family members, stakeholders and contractors in the local planning process

2011 Realigned Programs

- Foster Care
- CWS
- Adoptions
- Adult Protective Services
- Child Abuse Prevention, Intervention & Treatment (CAPIT)
- Women and Children's Residential Treatment
- Drug Medi-Cal
- Non-Drug Medi-Cal
- Drug Court
- Mental Health
- EPSDT
- Managed Care
- Law Enforcement
 - Trial Court Security
 - District Attorney & Public Defender
 - Juvenile Justice
 - Community Corrections
 - Local Public Safety Subventions

Intersection of Realignment Programs

1991 Realignment

AB 8 County Health Services
 Local Health Services
 California Children's Services
 Indigent Health
 CalWORKs
 Employment Services
 County Services Block Grant
 In-Home Supportive Services
 County Stabilization Subventions
 County Juvenile Justice Subventions
 (AB 90)

SHARED

Foster Care
 CWS
 Adoptions
 Mental Health

2011 Realignment

Adult Protective Services
 Child Abuse Prevention, Intervention
 & Treatment (CAPIT)
 Women and Children's Residential
 Treatment
 Drug Medi-Cal
 Non-Drug Medi-Cal
 Drug Court
 EPSDT
 Managed Care
 Law Enforcement

- Trial Court Security
- District Attorney & Public Defender
- Juvenile Justice
- Community Corrections
- Local Public Safety
Subventions

Grants

- ▶ **Community Mental Health Services Block Grant (MHBG)**
 - ▶ Provides grant funds to establish or expand an organized community-based system of care for providing non-Title XIX mental health services to children with serious emotional disturbances (SED) and adults with serious mental illness (SMI).
- ▶ **Projects for Assistance in Transition from Homelessness (PATH)**
 - ▶ Funds community based outreach, mental health and substance abuse referral/treatment, case management and other support services, as well as a limited set of housing services for the homeless mentally ill.
- ▶ **Substance Abuse Prevention & Treatment (SAPT) Block Grant**
 - ▶ Funds to prevent and treat substance abuse targeting population and service areas including pregnant women and women with dependent children, intravenous drug users, tuberculosis services, early intervention services for HIV/AIDs and primary prevention services.
- ▶ **Other Grants**
 - ▶ Triage, No Place Like Home, etc.....

Other Funding Sources

- Drug Medi-Cal Organized Delivery System (ODS) Waiver
- State General Funds
- Contracts
- CalWORKs
- Court Fees & Costs (SUDS)
- Estate Fees – Public Administrator/Guardian
- Private Insurance
- Medicare
- Client Fees (UMDAP & SUDS Sliding Fee)

Delivering Services Through Multiple Funding Sources

- **Know the requirements and limitation of your funding source**
 - Read the contract
 - When in doubt contact your liaison for the specific funding source
- **Funding Hierarchy**
 - Private (Insurance)
 - Local (Fees, County General Fund)
 - State General Fund
 - State (Realignment)
 - Federal (Federal Grants, Medi-Cal)

Information to Support Financial Decision Making

- ▶ **Meaningful Data**
 - ▶ Good data is necessary for sound decision making
- ▶ **Community Need**
 - ▶ What are the needs of the community
- ▶ **History**
 - ▶ In both terms of revenue and service delivery
- ▶ **Anticipated Outcomes**
 - ▶ Will the anticipated outcome be worth the investment
- ▶ **Sustainability**
 - ▶ Will the decision be sustainable into the future in terms of revenue, program and staffing.

Annual Ups and Downs of Fiscal Management

- **January 10th:** State budget to Legislature
- **January:** Mid-Year Projections due
- **February 1st:** All proposed statutory changes (trailer bills) necessary to implement the State budget due
- **February:** Annual Budget Package submitted to CAO
- **March – May:** Budget meetings
- **May:** State Budget Revise
- **June 15:** State Legislature passes Budget Bill
- **June:** Budget submitted to BOS and for public review
- **July – September:** Local Annual Budget Approval Process
- **October:** Auditor-Controller draft adjustments to balance adopted budget
- **July – September:** Local County Prior Year End Closing
- **December 1st:** Local Adopted Budget submitted to State Controller
- **December:** Cost Reporting and Revenue & Expenditure Reports (BH & SUDS)

Resources for Directors and Fiscal Staff

- California Behavioral Health Administrators Association (CBHAA)
- California Institute for Behavioral Health Solutions
 - <http://www.cibhs.org/>
- California State Association of Counties (CSAC)
 - <http://www.counties.org/>
- Center for Medicare & Medicaid Services (CMS)
 - <https://www.cms.gov/>
- County Behavioral Health Directors Association of California (CBHDA)
 - <http://www.cbhda.org/>
 - CBHDA Legislative Update
 - <http://ctweb.capitoltrack.com/public/publish.aspx?session=17&id=d74a3a3f-9dbf-4511-845a-0edaea7cf855>
- Department of Health Care Services (DHCS)
 - <http://www.dhcs.ca.gov/Pages/default.aspx>
 - County Customer Services Section (MedCCC)
 - MedCCC@dhcs.ca.gov
- Substance Abuse and Mental Health Services Administration (SAMHSA)
 - <https://www.samhsa.gov/>
- Other County Directors and Fiscal Staff
- Independent Contractors

Other Resources

- Bulletins, Information Notices and Letters
 - <http://www.dhcs.ca.gov/formsandpubs/Pages/Letters.aspx>
- Laws and Regulations
 - <http://www.dhcs.ca.gov/formsandpubs/laws/Pages/LawsandRegulations.aspx>
- Mental Health & Substance Use Disorder Services Presentation
 - September 2016 http://www.dhcs.ca.gov/services/Documents/MHSUD_MCHAP_091316.pdf
- Mental Health & Substance Use Disorder Services: Upcoming Meetings
 - <http://www.dhcs.ca.gov/provgovpart/Pages/MH-SUD-UpcomingMeetings.aspx>
- Publications
 - <http://www.dhcs.ca.gov/formsandpubs/publications/Pages/default.aspx>
- Realignment Stakeholder Meeting Presentation
 - October 2015 www.dhcs.ca.gov/.../Realignment_stakeholder_meeting_Oct_2015_Final.pptx
- Section 1115 Medicaid Waiver Resources
 - <http://www.dhcs.ca.gov/provgovpart/Pages/WaiverRenewal.aspx>