

Mental Health Revenue Update

California Institute for Behavioral Health Solutions (CIBHS)

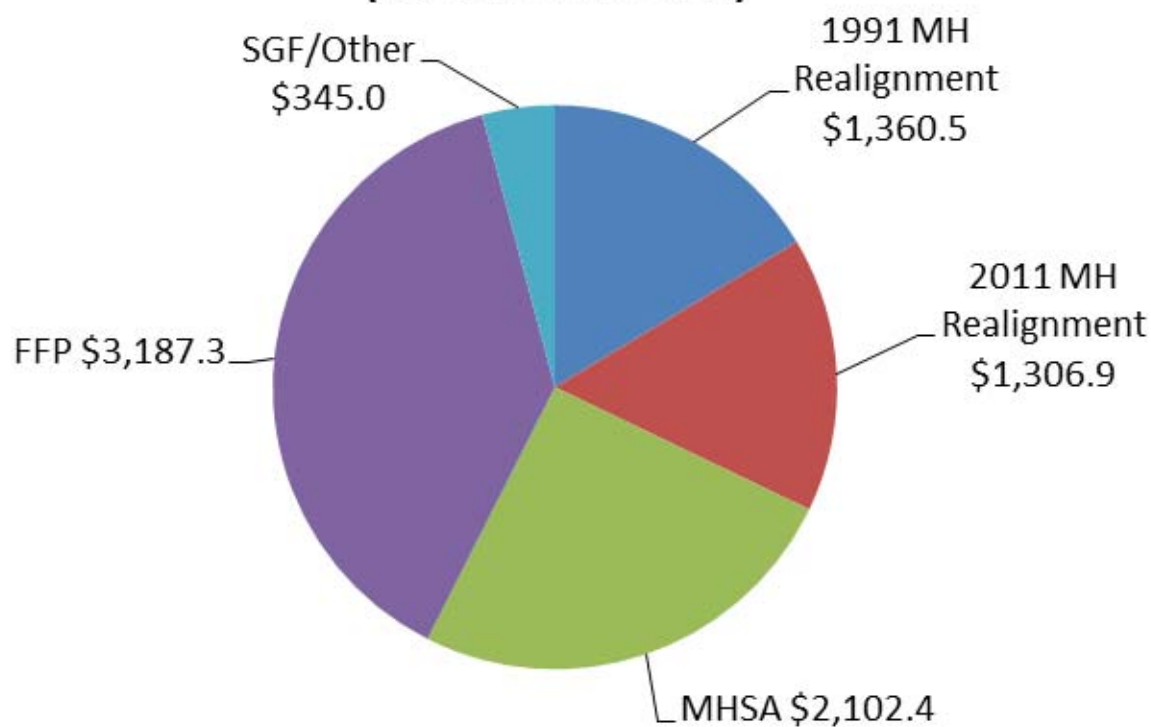
June 5, 2019

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FY19/20 Estimated Community Mental Health Funding

(Dollars in Millions)



1991 Realignment

- Three revenue sources fund 1991 Realignment
 - ½ Cent of State Sales Tax
 - State Vehicle License Fees
 - State Vehicle License Fee Collections
- County's must provide a Maintenance of Effort (MOE)
- Swap of CalWORKs Maintenance of Effort (MOE) with Mental Health Realignment began in FY11/12
 - Mental Health services funded with 2011 Realignment sales tax revenue
 - Guaranteed minimum amount beginning in FY12/13 (\$1,120.5M)
 - Mental Health receives growth in 1991 Realignment funds once funding for CalWORKs MOE is equal to the guaranteed minimum amount of Mental Health funding
 - Mental Health also receives 5% of the annual growth in the 2011 Realignment Support Services Account

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:
 - Mental Health (fixed, guaranteed amount)
 - Mental Health Sales Tax Base
 - Mental Health VLF Base
 - Mental Health VLF Collections
- Revenues above that amount are placed into growth accounts
 - Sales Tax
 - VLF

1991 Realignment

- Discontinuance of the Coordinated Care Initiative (CCI) due to it not being cost effective impacts the County MOE for In-Home Supportive Services (IHSS)
 - County IHSS costs anticipated to increase by approximately \$600 million in FY17/18
 - Fund the shortfall with a combination of State General Fund monies and a redirection of 1991 Realignment growth funds
 - All 1991 VLF growth redirected for three years (FY16/17-FY18/19)
 - Redirection of FY16/17 mental health sales tax growth
 - Two city programs not impacted by redirection
- Governor's Proposed FY19/20 Budget eliminates the redirection of growth funds beginning in FY19/20
 - If enacted and revenues materialize, Counties will receive 1991 Mental Health Realignment growth in October 2020 and an increase to the FY20/21 base

1991 Mental Health Realignment Estimated Revenues (Dollars in Millions)

	16/17	17/18	18/19	19/20
Base Amount				
Mental Health (CalWORKS MOE Swap)	\$1,120.6	\$1,120.6	\$1,120.6	\$1,120.6
Mental Health Sales Tax Base	\$33.9	\$34.0	\$34.0	\$34.0
Mental Health Vehicle License Fee Base	\$94.9	\$95.1	\$95.3	\$95.4
Mental Health Vehicle License Fee Collections	<u>\$14.0</u>	<u>\$14.0</u>	<u>\$14.0</u>	<u>\$14.0</u>
Total Base	\$1,263.4	\$1,263.7	\$1,263.9	\$1,264.0
Growth in Base				
Sales Tax	\$0.1	\$0.0	\$0.0	\$59.1
Vehicle License Fees	\$0.2	\$0.2	\$0.1	\$26.8
One-Time Growth				
5% of Support Services Account Growth	\$9.8	\$8.7	\$8.3	\$10.6
Total	\$1,273.5	\$1,272.6	\$1,272.3	\$1,360.5

2011 Realignment

- Additional realignment occurred as part of FY11/12 State Budget
- Dedicated a specific revenue to fund realigned services
 - 1.0625% of Sales Tax
 - Motor Vehicle License Fee Transfer to fund law enforcement program
 - Realigned services previously funded with State General Fund monies
 - MHSA funds were used to fund realigned mental health services in FY11/12

2011 Realignment

- Funds in the Behavioral Health Subaccount must be used to fund:
 - Residential perinatal drug services and treatment
 - Drug court operations and services
 - Nondrug Medi-Cal substance abuse treatment programs
 - Drug/Medi-Cal program
 - Medi-Cal specialty mental health services, including Early and Periodic Screening, Diagnosis and Treatment program and mental health managed care
- The 2011 Realignment statute does not specify how much needs to be spent on each program
 - County discretion

2011 Realignment Behavioral Health Subaccount Estimated Revenues (Dollars in Millions)

	16/17	17/18	18/19	19/20
Base Amount				
Total Base	\$1,230.3	\$1,328.6	\$1,415.4	\$1,498.0
Growth in Base				
New Growth	\$98.3	\$86.8	\$82.6	\$106.1
Total	\$1,328.6	\$1,415.4	\$1,498.0	\$1,604.1
Percent Change	8.0%	6.5%	5.8%	7.1%

Excluding Women and Children's Residential Treatment Services Special Account which is a fixed amount.

2011 Realignment

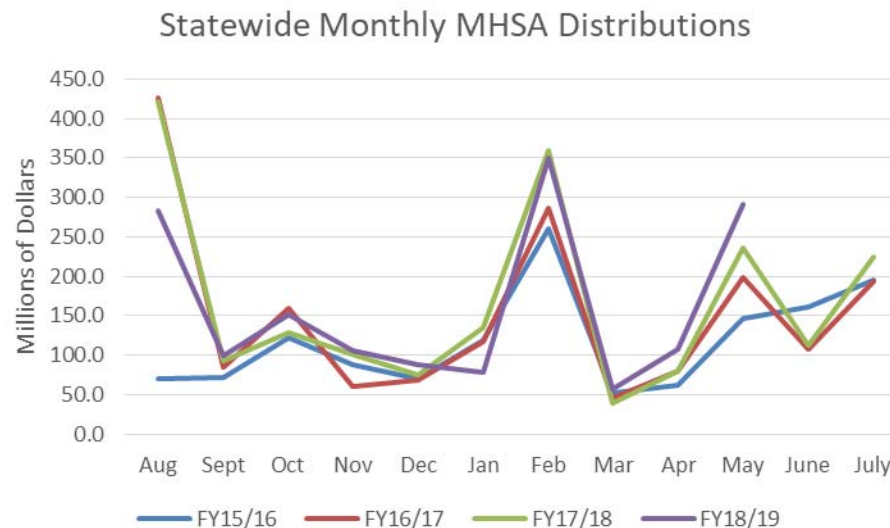
- Current Year
 - Funded up to FY18/19 Base of \$1,415.4 million
 - FY18/19 individual county base allocation percentages initially based on FY17/18 rolling base concept
 - FY17/18 rolling base was FY16/17 base plus FY16/17 growth
 - FY16/17 growth
 - 50% based on FY15/16 D/MC and EPSDT claims
 - 50% based on weighted Medi-Cal beneficiaries
 - Adjusted for the cost of Disabled and Foster Care aid codes
 - FY18/19 individual county base allocation percentages revised in February to reflect rolling base
 - FY16/17 county allocations represent initial base (DHCS Information Notice 16-052)
 - Add FY16/17 growth (DHCS Information Notice 18-060) and FY17/18 growth (DHCS Information Notice 19-001) to compute individual county's FY18/19 base allocation
 - February distribution included adjustment to reflect revised base for entire fiscal year

Mental Health Services Act

- The MHSA 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
- Two primary sources of deposits into State MHS Fund
 - 1.76% of all monthly personal income tax (PIT) payments (Cash Transfers)
 - Annual Adjustment based on actual tax returns
 - Settlement between monthly PIT payments and actual tax returns

Mental Health Services Act

- Funds distributed to counties monthly based on unspent and unreserved monies in State MHS Fund at end of prior month
- 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



MHSA Estimated Revenues
(Cash Basis-Millions of Dollars)

	Fiscal Year				
	Actual	Estimated			
	16/17	17/18	18/19	19/20	20/21
Cash Transfers	\$1,484.1	\$1,660.8	\$1,756.8	\$1,808.2	\$1,860.6
Annual Adjustment	\$464.1	\$446.0	\$272.5	\$443.6	\$632.0
Interest	\$2.6	\$5.3	\$9.4	\$9.4	\$9.4
Total	\$1,950.8	\$2,112.1	\$2,038.7	\$2,261.2	\$2,502.0

MHSA Estimated Component Funding
(Cash Basis-Millions of Dollars)

	Fiscal Year				
	Actual		Estimated		
	16/17	17/18	18/19	19/20	20/21
CSS	\$1,388.6	\$1,527.1	\$1,450.8	\$1,597.8	\$1,676.0
PEI	\$347.1	\$381.8	\$362.7	\$399.5	\$419.0
Innovation ^{a/}	\$91.4	\$100.5	\$95.4	\$105.1	\$110.3
Total	\$1,827.0	\$2,009.3	\$1,908.9	\$2,102.4	\$2,205.3

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

MHSA Estimated Component Funding

- Funding for No Place Like Home debt service has been removed from component funding
 - \$62 million in FY19/20 and \$88 million in FY20/21
 - Maximum of \$140 million when fully implemented in FY22/23
 - Counties can estimate their reduction in MHSA funding by multiplying the county allocation percentage by \$130 million for 30 years
- Anticipate continued growth in funding through FY20/21
 - Decrease in FY18/19 due to lower annual adjustment
 - Expect large annual adjustments in FY20/21 and FY21/22 due to capital gains spike in 2018 and 2019
- Estimated component funding has not been adjusted to:
 - Include reverted/redistributed funds
 - Exclude proposals for redirected funds

Medi-Cal Specialty Mental Health Reimbursement

- County Mental Health Plans (MHP) are reimbursed a percentage of their actual expenditures (Certified Public Expenditures-CPE) based on the Federal Medical Assistance Percentage (FMAP)
 - Same for all Medi-Cal Specialty Mental Health services except FFS/MC inpatient hospital services
- County MHPs are reimbursed an interim amount throughout the fiscal year based on approved Medi-Cal services and interim billing rates
 - Interim rates for contract providers represent amount paid by MHP to provider
 - Interim rates for county-operated providers should approximate actual costs

Medi-Cal Specialty Mental Health Reimbursement

- County MHPs and DHCS reconcile the interim amounts to actual expenditures through the year end cost report settlement process
 - DHCS should be settling FY16/17 but are several years behind
- DHCS audits the cost reports to determine final Medi-Cal entitlement
 - DHCS should be auditing FY13/14 but are several years behind
- DHCS Information Notice 18-026 provides anticipated cost report settlement timeframes for DHCS to return to normal business cycle

Medi-Cal Specialty Mental Health Estimated Federal Reimbursement (Dollars in Millions)

	16/17	17/18	18/19	19/20
Existing Specialty Mental Health Services	\$2,410.4	\$2,877.8	\$2,839.5	\$3,073.2
Supplemental Payment SPA		\$33.5	\$46.6	\$114.1
Total Mental Health FFP	\$2,410.4	\$2,911.2	\$2,886.1	\$3,187.3

State General Funds

- Budget includes Statewide State General Fund monies
 - Continuum of Care Reform
 - FY18/19 - \$9.8 million
 - FY19/20 - \$11.7 million
 - EPSDT Performance Outcome System
 - FY18/19 - \$3.1 million
 - FY19/20 - \$6.8 million
 - Managed Care Regulations Implementation
 - FY18/19 - \$0.9 million
 - FY19/20 - \$7.7 million
 - Managed Care Regulations Mental Health Parity
 - FY18/19 - \$0.3 million
 - FY19/20 - \$2.8 million

State General Funds

- Increased State Share for ACA Medi-Cal Clients
 - FY18/19 - \$50.4 million
 - FY19/20 - \$73.9 million
- State Reimbursement for SB75 Children
 - FY18/19 - \$40.2 million
 - FY19/20 - \$46.9 million
- Additional Utilization Review Costs
 - FY18/19 - \$0.9 million
 - FY19/20 - \$1.0 million
- Homeless and Mental Illness Program
 - FY18/19 - \$50 million
- Repayment of AB3632 Mandate
 - FY18/19 - \$254 million (plus interest)

Mental Health Estimated Funding (Dollars in Millions)

	16/17	17/18	18/19	19/20
1991 MH Realignment	\$1,273.5	\$1,272.6	\$1,272.3	\$1,360.5
2011 MH Realignment ^{a/}	\$1,082.5	\$1,153.2	\$1,220.5	\$1,306.9
MHSA	\$1,827.0	\$2,009.3	\$1,908.9	\$2,102.4
FFP	\$2,410.4	\$2,911.2	\$2,886.1	\$3,187.3
SGF/Other	\$225.0	\$270.0	\$350.0	\$345.0
Total	\$6,818.4	\$7,616.3	\$7,637.8	\$8,302.1

a/ Assuming proportionate growth by program.

Information

- Information for County MHPs
 - State Controller's Office allocation schedules
 - http://www.sco.ca.gov/ard_local_apportionments.html
 - Department of Finance Monthly Finance Bulletins
 - [http://dof.ca.gov/Forecasting/Economics/Economic and Revenue Updates/](http://dof.ca.gov/Forecasting/Economics/Economic_and_Revenue_Updates/)
 - Department of Health Care Services MHP information
 - http://www.dhcs.ca.gov/services/Pages/Medi-cal_SMHS.aspx
 - Department of Health Care Services Information Notices
 - <http://www.dhcs.ca.gov/formsandpubs/Pages/MHSUDS-Information-Notices.aspx>