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

Community Mental Health Services Funding

1991 Realignment

- Swap of CalWORKs Maintenance of Effort (MOE) with Mental Health Realignment beginning in FY11/12
  - CalWORKs MOE funded with Realignment revenues that would have gone to Mental Health
  - 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
    - CalWORKs MOE funded prior to the funding of Mental Health Sales Tax Base and Mental Health VLF Base
- Revenues above that amount are placed into growth accounts
  - Sales Tax
  - VLF

1991 Mental Health Realignment

<table>
<thead>
<tr>
<th>Base Amount</th>
<th>10/11</th>
<th>11/12</th>
<th>12/13</th>
<th>13/14</th>
<th>14/15</th>
<th>15/16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mental Health (CalWORKS MOE Swap)</td>
<td>$0.0</td>
<td>$1,007.5</td>
<td>$1,120.6</td>
<td>$1,120.6</td>
<td>$1,120.6</td>
<td>$1,120.6</td>
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<tr>
<td>Mental Health Sales Tax Base</td>
<td>$682.6</td>
<td>$0.0</td>
<td>$0.0</td>
<td>$0.0</td>
<td>$11.6</td>
<td>$28.0</td>
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<tr>
<td>Mental Health Vehicle License Fee Base</td>
<td>$316.5</td>
<td>$16.1</td>
<td>$0.0</td>
<td>$0.0</td>
<td>$11.2</td>
<td>$14.0</td>
</tr>
<tr>
<td>Mental Health Vehicle License Fee Collections</td>
<td>$14.0</td>
<td>$14.0</td>
<td>$14.0</td>
<td>$14.0</td>
<td>$14.0</td>
<td>$14.0</td>
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<tr>
<td>Total Base</td>
<td>$1,023.1</td>
<td>$1,097.6</td>
<td>$1,134.6</td>
<td>$1,134.6</td>
<td>$1,157.4</td>
<td>$1,176.6</td>
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</tbody>
</table>

Growth in Base

<table>
<thead>
<tr>
<th></th>
<th>10/11</th>
<th>11/12</th>
<th>12/13</th>
<th>13/14</th>
<th>14/15</th>
<th>15/16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales Tax</td>
<td>$0.0</td>
<td>$0.0</td>
<td>$0.0</td>
<td>$15.7</td>
<td>$28.0</td>
<td>$64.4</td>
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<tr>
<td>Vehicle License Fees</td>
<td>$0.0</td>
<td>$0.0</td>
<td>$0.0</td>
<td>$16.0</td>
<td>$14.0</td>
<td>$16.1</td>
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</table>

One-Time Growth

<table>
<thead>
<tr>
<th>% of Support Services Account Growth</th>
<th>10/11</th>
<th>11/12</th>
<th>12/13</th>
<th>13/14</th>
<th>14/15</th>
<th>15/16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales Tax</td>
<td>$0.0</td>
<td>$0.0</td>
<td>$10.7</td>
<td>$9.1</td>
<td>$16.8</td>
<td>$13.7</td>
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<tr>
<td>Total</td>
<td>$1,023.1</td>
<td>$1,097.6</td>
<td>$1,134.6</td>
<td>$1,134.6</td>
<td>$1,157.4</td>
<td>$1,176.6</td>
</tr>
</tbody>
</table>

1991 Mental Health Realignment Estimated Revenues (Dollars in Millions)

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
    - Behavioral Health Subaccount used to fund EPSDT, Medi-Cal Specialty Mental Health Managed Care, and Substance Use Disorder services
    - MHSA funds were used to fund realigned mental health services in FY11/12

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
2011 Realignment

- FY14/15 Behavioral Health Subaccount base percentages
  - FY13/14 BH Subaccount base adjusted to provide $100,000 minimum for Drug/Medi-Cal Services in each county
- FY12/13 BH Subaccount growth
  - Fund two entitlement programs at amounts funded prior to realignment
  - Balance distributed proportionately
- Anticipate similar approach for FY13/14 growth
- DHCS indicated FY13/14 growth would most likely be distributed in June, 2015

### 2011 Realignment Behavioral Health Subaccount Estimated Revenues ($\text{in Millions}$)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Base Amount</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EPSDT$^a$</td>
<td>$579.0</td>
<td>$584.1</td>
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<tr>
<td>Existing EPSDT</td>
<td>$579.0</td>
<td>$540.0</td>
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<tr>
<td>Healthy Families</td>
<td>$17.3</td>
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<td>Katie A. Settlement</td>
<td>$26.8</td>
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<tr>
<td>Specialty MH Managed Care$^c$</td>
<td>$183.7</td>
<td>$188.7</td>
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<td></td>
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<tr>
<td>SUD Services$^b$</td>
<td>$178.5</td>
<td>$178.5</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td><strong>Total Base</strong></td>
<td>$941.2</td>
<td>$987.1</td>
<td>$1,047.1</td>
<td>$1,203.5</td>
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<tr>
<td><strong>Growth in Base</strong></td>
<td>$27.8</td>
<td>$80.0</td>
<td>$156.4</td>
<td>$136.6</td>
<td></td>
<td></td>
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<tr>
<td><strong>New Growth</strong></td>
<td>$27.8</td>
<td>$80.0</td>
<td>$156.4</td>
<td>$136.6</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$941.2</td>
<td>$1,067.1</td>
<td>$1,203.5</td>
<td>$1,340.1</td>
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<tr>
<td><strong>Percent Change</strong></td>
<td>4.9%</td>
<td>8.3%</td>
<td>11.0%</td>
<td>11.4%</td>
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</tbody>
</table>

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$^a$ MHSA funds in FY11/12
$^b$ MHSA funds ($183.6M) and State General Fund monies ($148,000) in FY11/12
$^c$ Excluding SUD Residential Treatment which is a fixed amount per statute.

### 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

- 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

**MHSA Estimated Revenues**

(Cash Basis—Millions of Dollars)

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Actual</th>
<th>Estimated</th>
</tr>
</thead>
<tbody>
<tr>
<td>11/12</td>
<td>$910.0</td>
<td></td>
</tr>
<tr>
<td>12/13</td>
<td>$1,204.0</td>
<td>$1,189.0</td>
</tr>
<tr>
<td>13/14</td>
<td>$1,319.0</td>
<td>$1,360.0</td>
</tr>
<tr>
<td>14/15</td>
<td>$1,360.0</td>
<td>$1,426.0</td>
</tr>
<tr>
<td>15/16</td>
<td>$1,426.0</td>
<td></td>
</tr>
<tr>
<td>16/17</td>
<td>$1,426.0</td>
<td></td>
</tr>
</tbody>
</table>

- **Cash Transfers**
  - 11/12: $910.0
  - 12/13: $1,204.0
  - 13/14: $1,189.0
  - 14/15: $1,319.0
  - 15/16: $1,360.0
  - 16/17: $1,426.0

- **Annual Adjustment**
  - 11/12: ($64.5)
  - 12/13: $157.0
  - 13/14: $153.5
  - 14/15: $479.8
  - 15/16: $94.3
  - 16/17: $250.0

- **Interest**
  - 11/12: $2.4
  - 12/13: $0.7
  - 13/14: $1.2
  - 14/15: $1.0
  - 15/16: $1.0
  - 16/17: $1.0

**Total**

- 11/12: $847.9
- 12/13: $1,361.7
- 13/14: $1,343.7
- 14/15: $1,799.8
- 15/16: $1,455.3
- 16/17: $1,679.0

---

### MHSA Estimated Component Funding

**MHSA Estimated Component Funding**

(Millions of Dollars)

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Actual</th>
<th>Estimated</th>
</tr>
</thead>
<tbody>
<tr>
<td>11/12</td>
<td>$741.0</td>
<td>$939.2</td>
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<tr>
<td>12/13</td>
<td>$1,208.1</td>
<td>$1,282.3</td>
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<tr>
<td>13/14</td>
<td>$1,033.6</td>
<td>$1,195.1</td>
</tr>
<tr>
<td>14/15</td>
<td>$1,360.0</td>
<td>$1,360.0</td>
</tr>
<tr>
<td>15/16</td>
<td>$1,195.1</td>
<td></td>
</tr>
<tr>
<td>16/17</td>
<td>$1,195.1</td>
<td></td>
</tr>
</tbody>
</table>

- **CSS**
  - 11/12: $741.0
  - 12/13: $1,208.1
  - 13/14: $1,033.6
  - 14/15: $1,360.0
  - 15/16: $1,195.1
  - 16/17: $1,195.1

- **PEI**
  - 11/12: $185.2
  - 12/13: $302.0
  - 13/14: $234.8
  - 14/15: $220.6
  - 15/16: $258.4
  - 16/17: $298.8

- **Innovation**
  - 11/12: $48.7
  - 12/13: $79.5
  - 13/14: $61.8
  - 14/15: $84.4
  - 15/16: $68.0
  - 16/17: $78.6

**Total**

- 11/12: $974.9
- 12/13: $1,589.6
- 13/14: $1,235.8
- 14/15: $1,687.3
- 15/16: $1,360.0
- 16/17: $1,572.6

*5% of the total funding must be utilized for innovative programs (W&I Code Section 5892(a)(8)).

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### Medi-Cal Specialty Mental Health Reimbursement

**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
- 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**

- **AB1297**
  - Required 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
- **Affordable Care Act provides reimbursement for additional clients**
  - Mandatory expansion reimbursed at 50% FFP
  - Optional Expansion reimbursed at 100% FFP initially
Medi-Cal Specialty Mental Health Reimbursement

<table>
<thead>
<tr>
<th></th>
<th>12/13</th>
<th>13/14</th>
<th>14/15</th>
<th>15/16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Existing Specialty Mental Health Services</td>
<td>$1,580.6</td>
<td>$1,757.1</td>
<td>$1,809.6</td>
<td>$1,898.2</td>
</tr>
<tr>
<td>Supplemental Payment SPA</td>
<td></td>
<td></td>
<td></td>
<td>$407.8</td>
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<tr>
<td>Affordable Care Act</td>
<td></td>
<td></td>
<td>$372.0</td>
<td>$471.3</td>
</tr>
<tr>
<td>Total Mental Health FFP</td>
<td>$1,580.6</td>
<td>$1,866.1</td>
<td>$2,181.6</td>
<td>$2,777.3</td>
</tr>
</tbody>
</table>

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

Community Mental Health Services Funding

<table>
<thead>
<tr>
<th></th>
<th>12/13</th>
<th>13/14</th>
<th>14/15</th>
<th>15/16</th>
</tr>
</thead>
<tbody>
<tr>
<td>1991 MH Realignment</td>
<td>$1,145.3</td>
<td>$1,185.7</td>
<td>$1,216.2</td>
<td>$1,251.0</td>
</tr>
<tr>
<td>2011 MH Realignment+</td>
<td>$803.4</td>
<td>$852.5</td>
<td>$980.4</td>
<td>$1,092.2</td>
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<tr>
<td>MHSA</td>
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<td>$1,687.3</td>
<td>$1,360.0</td>
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<tr>
<td>FFP</td>
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<td>$2,181.6</td>
<td>$2,777.3</td>
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<tr>
<td>Other</td>
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<td>$200.0</td>
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<tr>
<td>Total</td>
<td>$5,309.0</td>
<td>$5,293.1</td>
<td>$6,265.6</td>
<td>$6,680.5</td>
</tr>
</tbody>
</table>

a/ Assuming proportionate growth by program.