

California Community Mental Health Revenue Update

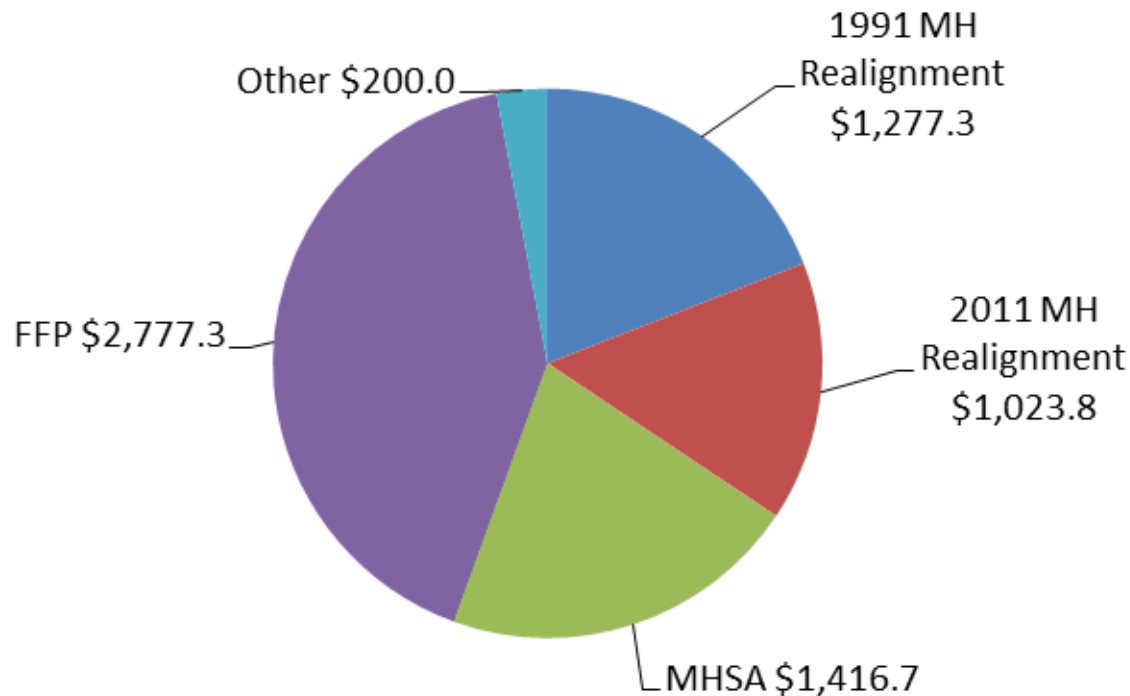
California Institute for Behavioral Health Solutions
(CIBHS)

County Behavioral Health Fiscal Leadership
Institute

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Community Mental Health Services Funding

FY15/16 Estimated 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

- 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 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

1991 Mental Health Realignment Estimated Revenues (Dollars in Millions)

	12/13	13/14	14/15	15/16
Base Amount				
Mental Health (CalWORKS MOE Swap)	\$1,120.6	\$1,120.6	\$1,120.6	\$1,120.6
Mental Health Sales Tax Base	\$0.0	\$0.0	\$11.6	\$33.9
Mental Health Vehicle License Fee Base	\$0.0	\$0.0	\$11.2	\$48.8
Mental Health Vehicle License Fee Collections	<u>\$14.0</u>	<u>\$14.0</u>	<u>\$14.0</u>	<u>\$14.0</u>
Total Base	\$1,134.6	\$1,134.6	\$1,157.4	\$1,217.3
Growth in Base				
Sales Tax	\$0.0	\$15.7	\$22.3	\$20.0
Vehicle License Fees	\$0.0	\$16.0	\$37.6	\$30.0
One-Time Growth				
5% of Support Services Account Growth	\$10.7	\$9.1	\$13.4	\$10.0
Sales Tax Adjustment				
Sales Tax		\$10.0		
5% of Support Services Account		\$0.3		
Total	\$1,145.3	\$1,185.7	\$1,230.7	\$1,277.3

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
 - MHSAs were used to fund realigned mental health services in FY11/12

2011 Realignment

- FY15/16 Behavioral Health Subaccount base percentages
 - FY13/14 BH Subaccount base adjusted to provide \$100,000 minimum for Drug/Medi-Cal Services in each county
 - To date, FY15/16 percentages have not been adjusted for FY13/14 growth
- FY13/14 BH Subaccount growth
 - Fund two entitlement programs at amounts funded prior to realignment
 - Balance distributed based on percentage of average monthly Medi-Cal enrollment
- Anticipate similar approach for FY14/15 growth
 - Anticipate FY14/15 growth will hopefully be distributed by June, 2016

2011 Realignment

2011 Realignment Behavioral Health Subaccount Estimated Revenues^{c/} (Dollars in Millions)

	12/13	13/14	14/15	15/16
Base Amount				
EPSDT ^{a/}	\$584.1			
Existing EPSDT	\$540.0			
Healthy Families	\$17.3			
Katie A. Settlement	\$26.8			
Specialty MH Managed Care ^{b/}	\$196.7			
SUD Services ^{c/}	\$178.5			
Total Base	\$959.3	\$987.1	\$1,047.1	\$1,166.5
Growth in Base				
New Growth	\$27.8	\$60.0	\$119.4	\$90.0
Total	\$987.1	\$1,047.1	\$1,166.5	\$1,256.5
Percent Change	4.9%	6.1%	11.5%	7.7%

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

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

- Sources for projections:
 - FY15/16 May Budget Revision
 - Department of Finance estimates of accrued MHSA revenues (reported by CCCBHA)
 - Legislative Analyst Office estimate of personal income tax revenues
 - Assumes continued economic growth through 2020

MHSA Estimated Revenues

MHSA Estimated Revenues (Cash Basis-Millions of Dollars)

	Fiscal Year						
	Actual		Estimated				
	12/13	13/14	14/15	15/16	16/17	17/18	18/19
Cash Transfers	\$1,204.0	\$1,189.0	\$1,355.0	\$1,420.0	\$1,465.0	\$1,538.0	\$1,553.0
Annual Adjustment	\$157.0	\$153.5	\$479.8	\$94.3	\$415.0	\$390.0	\$385.0
Interest	\$0.7	\$1.2	\$0.6	\$0.6	\$0.6	\$0.6	\$0.6
Total	\$1,361.7	\$1,343.7	\$1,835.4	\$1,514.9	\$1,880.6	\$1,928.6	\$1,938.6

MHSA Estimated Component Funding

MHSA Estimated Component Funding
(Millions of Dollars)

	Fiscal Year						
	Actual			Estimated			
	12/13	13/14	14/15	15/16	16/17	17/18	18/19
CSS	\$1,208.1	\$939.2	\$1,308.0	\$1,076.7	\$1,340.7	\$1,392.4	\$1,399.7
PEI	\$302.0	\$234.8	\$327.0	\$269.2	\$335.2	\$348.1	\$349.9
Innovation ^{a/}	\$79.5	\$61.8	\$86.1	\$70.8	\$88.2	\$91.6	\$92.1
Total	\$1,589.6	\$1,235.8	\$1,721.1	\$1,416.7	\$1,764.1	\$1,832.2	\$1,841.7

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

MHSA Future Funding

- Increased personal income tax rates from Proposition 30 set to expire at end of 2018
 - Impacts timing of revenues to State MHS Fund
- Potential proposals to redirect MHSA Funds for statewide activities
 - Steinberg Institute proposing \$130 million per year
 - CalMHSA looking for on-going funding
- Long term economic forecasts
- DHCS modified individual county allocation percentages to exclude uninsured population from calculation
 - Anticipate revised formula will result in redistribution of approximately \$4 million among counties in FY15/16

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

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

	12/13	13/14	14/15	15/16
Existing Specialty Mental Health Services	\$1,580.6	\$1,757.1	\$1,809.6	\$1,898.2
Supplemental Payment SPA				\$407.8
Affordable Care Act		\$109.0	\$372.0	\$471.3
Total Mental Health FFP	\$1,580.6	\$1,866.1	\$2,181.6	\$2,777.3

Community Mental Health Services Funding

Mental Health Estimated Funding (Dollars in Millions)

	12/13	13/14	14/15	15/16
1991 MH Realignment	\$1,145.3	\$1,185.7	\$1,230.7	\$1,277.3
2011 MH Realignment ^{a/}	\$803.4	\$852.5	\$950.2	\$1,023.8
MHSA	\$1,589.6	\$1,235.8	\$1,721.1	\$1,416.7
FFP	\$1,580.6	\$1,866.1	\$2,181.6	\$2,777.3
Other	\$190.0	\$153.0	\$200.0	\$200.0
Total	\$5,309.0	\$5,293.1	\$6,283.6	\$6,695.0

a/ Assuming proportionate growth by program.