Getting ready to lock down new budget:
- Growth in DMC & Specialty MH
- Releasing growth mid-month
- OIG report due out mid-summer

Administrative & Fiscal:
- Sanctions - info notice coming soon
- Currently getting feedback from counties
- Want to avoid this result through TA

Performance Outcomes:
- CANS get infrastructure
- No invoices yet - should be seeing invoices for 33 counties starting next month
- Have not specified format for data submissions

IN 18009:
- CMS Audit findings
- Reminder to provide the required DMC services in contract counties
- Also covers the appropriate use of SAPT funding
- Changes to the block grant
- Allocation process / No longer advance funds - Jan 1, 2019 - Use OWEMAR

Submitted for new positions to provide more program cost reports and audits support

AB501 - Children's residential through STRTP, developing info notice now

Contemplating removing block grant services from Cost reporting process

Presumptive Transfers (AB 1299):
- Some hiccups in implementation
- Advocates watching closely

MDA Waiver:
- 11 up and running
- 8 more this month
- Starting to see expenditure data, can report outcomes of this work

DHCS

MHSA reversions will be required to report reversions to the legislators in July

RER: Cost Report templates targeted to be out in July
Public Behavioral Health Financing

1991 Realignment
- Estimated 1991 Realignment Revenues not significantly different from last year
- 1991 Realignment most flexible fund
- Deal to fund IHSS growth will be reviewed this year with new Governor's team of fiscal folks. Will need data on the impact of these 1991 changes have had on counties
- Law passed that IMD rules cannot go up when there is no 1991 growth. Need to know if this is true

Specialty Mental Health
- Info Notice about MHP 17-065

MHSA
- More in-depth presentation on MHSA tomorrow
- See a decline next in MHSA
- No Place Like Home administered by HCD
  - Need to pass a proposition that allows the use of MHSA funds
- AB114 - Negotiate with state about reversion fund not reverted (mostly Innovations)

State General Fund
- Two new service codes
- Regulations for Mental Health Parity
- State covering match for FFP that decreases
- Repayment of AB3632 Mandate
  - Pay back to county general fund or realignment depending on where funds were fronted from
If entering into ODS Waiver mid-year... you will have to submit 2 cost reports for that fiscal year.

Cost reports for 10/17 due August 2018.

10/17 Cost report template expected to be out in July.

Feb 1 will be the deadline to submit requests for rate changes for ODS.

Info notice in draft.

NTP providers providing ODS must submit cost reports to the county for all services, including NTP.

On drug Medicaid Page there is a webinar on cost reporting.

Be sure to keep cost reporting records so they are available when you are audited.

DHCS needs to know what hardships this creates, be sure to share this with them.

Questions regarding interim rates reach out to Elsa and she will connect you to the appropriate analyst.

Elsa.murphy.dhcs.ca.gov

Ask your questions on the monthly waiver call.

COST REPORTING

- SAP-T Block Grant Notes
  - Audited by SAMHSA
    - No longer can pay in advance.
    - Beginning in Jan will pay based on expenditures.
    - Expenditures due within 30 days of end of quarter.
  - Still need to work out how adjustments will be made.
  - Will be requiring an annual plan and a report with more details on how SAPT dollars spent on discretionary funds.
  - Info notice coming about administrative costs... still negotiating it with SAMHSA.

- SAP-T funds can be used for DMH/ODS room & board.
Fell through the cracks of the system
Left a program and moved in with a family - first time I felt a part of something... still a support today
Started beauty school
Turned down a New York opportunity because I thought I was in love
First attempt
Got a wellness check... ended up on 5150... Journalled

URBAN BEATS
TAY ACADEMY
PERT TEAM
RESIDENTIAL PROGRAM - My family - Deep healing!

Many programs contribute to recovery!
**SUD/DMC Updates**

**HOT TOPICS**

- IN 18-009 • Emphasizes State's need to ensure
  - Repurposing of the block grant
  - Ensuring payoor of last resort

- Cost Reports for NTPs will be required if providing other DMC/ODS services

- DMC/ODS Rate Revisions
  - Counties will have opportunities to submit a request to revise their rates

**PRIORITIES**

- Increasing capacity for crisis
- Increasing resources for EPSDT
- Increasing availability of housing
- Fostering compliance on final rule
- Expanding access for criminal justice
- Continuing CCR implementation
- Increasing resources for workforce needs

**2017 & 2018 LEGISLATIVE UPDATES**

**State Budget (18/19)**

- Substantial increase for DMC in 18/19
- Residential services
- Intensive outpatient

- NTP - Targeted Response Grants (opioids)

- SBIRT - Screening in Primary Care $4.4 million proposed by CBHDA

- Friday Night Live - $6 million requested for prevention

- Community Alternatives to Incarceration
  - Infrastructure grants

- Prop 64 - projections included but not considered reliable

- Also funding proposals for Housing for Homeless & Incompetent to Stand Trial

**Bills**

- AB 2860 - DMC - telehealth
- AB 2486 - Opioid rebate to CA for treatment
- SB 1125 - 2 services in one-day billing in F/AHC
- SB 1248 - PPH patient brokerage
- SB 1004 - MHSA PEI-COMPA oppose unless amended
- AB 2013 - Family Urgent Response
- SB 1010 - Integrated Services for Mentally Ill Parolees
- SB 906 - Peer providers
New Information
- 1996 - SAP-T Funds Block Grants
- 1998 - Drug Courts
- 2000 - Prop 36 SACPA

Changes!
- No longer eligible for HIV/AIDS because CA's numbers fell below threshold

Advice to Directors:
- Bring fiscal folks in early in planning

So...
You're New to Behavioral Health Finance

UP:
- January - Governor's budget, mid-year projections
- February - Statutory changes due, budget package to CAO
- March - May Budget Meetings
- May - Budget revise
- June - Budget bill
- July - September - Local Budget approval, closing prior year
- October - Draft adjustments to balance budget
- December - Local Budget submitted to state; Cost Reporting; Revenue: Expenditure Reports

DOWNS:
- Multiple Funding Sources for Services:
  - Read the contracts
  - Contact your liaison

Other Funding
- Grants - MHBG, PAT4, SAFT
- ODS Waiver
- Contracts
- State General Fund
- CalWorks
- Sups
- Estate Fees
- Private Insurance
- Medicare
- Client Fees

Specialty MH
- Freedom of Choice Consolidated
  - Fee for Service & Short Stay
  - Inpatient Service in a MHP Contract
- Medi-Cal beneficiaries access MHP services through County MH Plan
- Funds transferred from State to County MHP
- Costs beyond baseline covered by 1991 Realignment

EPSDT
- Has been a requirement since 1965
- 1993 lawsuit resulted in increased funding from State
- 50% of costs matched by 1991 Realignment
- Penalty on growth imposed on control costs

Making Decisions
- Use:
  - Data
  - Need
  - History
  - Outcomes
  - Sustainability

Funding Hierarchy
- Private Insurance
- Local
- State General Fund
- State
- Federal

History of Funding
- 1933
- WIT Section 17000
- 1966
- Medicaid & Medicare
- 1971
- State Only MIA Medi-Cal
- 1978
- Aftermath of Prop 13
- 1982
- Transfer MIA to Counties
- 1988
- Prop 99
- 1991
- 1991 Realignment
- 1994
- EPSDT
- 1995
- Specialty Mental Health Consolidation
- 2004
- Mental Health Services Act
- 2011
- 2011 Realignment

Realignment
- Transfers or 'Realigned' funding responsibility by shifting a greater share of costs to the counties
- Shared by:
  - Foster Care
  - CHIPS
  - Adoptions
  - Mental Health

MHSA
- Resources are volatile
- Expenditures align with plans
- Funds distributed monthly
- 20% Prevention & Early Intervention
- 30% of total for innovation
- Remaining for CSS (System of Care)
- Can use 5% of funds for planning, outreach, and training
- Funds kept in interest-bearing account with interest used for planning activities
- Can fund Todd's Reserve, Capital Reserve, RINE - WET
MHSA

- Cash transfers vary
- In tough economic times taking Admin & No Place Like Home could delay monthly distributions because those funds come out at beginning of fiscal year.
- AB114 changed timelines for reversion for small counties and innovations
- IN 17-059 - New reversion policies
- AB114 allows DHCS to change policies through Info Notices

**Political Hot Spots**
- Unspent Funds
- Lack of fiscal policies

IN 17-041 Distribution
- Methodology
- MHSA Funds in interest account the remains in fund must be separate
- 20% of 5 year average can be used for reserve, capital/tech, workforce
- Expenditure Plan
  - 5% can be used for planning
  - Use of prudent reserve must be part of planning

See Mike’s PPT for resources to project revenues

You should do your own projections!
Q&A Notables

- Distribution percentages change; be sure to use latest info notice
- Getting payment for SUD services across county lines - State working on process
- 3632 funds will be distributed after state budget approved - projected late summer
- MHSA Audits will be done at same time as Short-Doyle
- Use Capital/Facilities guidelines to determine use of funds for renovations
- CSS can be used for start-up costs
- Clarity is needed on when to use prudent reserve; best to wait for state to declare you can use

- Reminder: you can use CSS for housing assistance
- MHSA FSP enrollees - you can cover short-term inpatient stays
Challenges & Opportunities
Medium & Large Counties

- One benefit is the ability to have staff dedicated to one program or task
- The ever-changing landscape from DHCS
- Finding psychiatrists
- Understanding what you can use different funds to do
- Being involved & at the planning meeting is critical & a challenge
- Drug use & homelessness; how do you address without impacting other services
- Educating B.O.S. and stakeholders
- Hiring process
- Mental Health has money
- The number of demands
- Share with each other across counties
- Attend CBHDA meetings; join CBHA
- Managing data & using it to improve services
- DMC/ODS waiver

Advice: add more billing staff; use admin fees to add admin services
Cost reports due December 31
- Only Short-Doyle cost reports allow amendments
- If not amending, let DHCS know to get funds sooner
- Audits happen three years from cost report or amended cost reports

PREPARING for an AUDIT
Field or Desk

Review MHP Contract
Maintain cost report working documents

Entrance Conference
- request information
- Adequate Data & Findings
- Allocation of Expenditures
- gross cost method
- Indirect Costs
- Exit Conference
- present missing data
- resolve issues to avoid appeal
- 15 days after exit conference to provide documentation
No longer includes revenues
Removed prior year unexpended funds
Interest earned in total
Total expenditures – not by fiscal year
New ratio calculations

Fiscal Regulations will include prudent reserve regulations.
You will have a 45 day comment period toward the end of the year.

Template done… being tested by FARS… should be out by July.

Hoping ARERS edits will make timely submission of ARERS

Other Challenges:
+ Consistent reporting requirements
+ Structure or rules not clear or how to present data
+ CALMHSAs transfers must be spent by CALMHSAs before considered spent

MHSA ARERS

Training webinar in Aug… Watch for announcement

UPDATEs