So.....

YOU'RE NEW TO BEHAVIORAL HEALTH FINANCE?

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 Prior to 1991

- 1933 – W&I Section 17000
- 1966 – Advent of Medicaid/Medicare
- 1971 – Creation of State Only MIA Medi-Cal Category

County Health Funding Prior to 1991 (cont.)

- 1978/79 – Aftermath of Proposition 13
- 1982/83 – Transfer of MIA’s to Counties
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

- **1991/92 Realignment**

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 include 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 in 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&l Code Section 5892(j)(5))

- Counties are responsible for ensuring compliance with W&l 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
- CW5
- 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)

2011 Realignment
- Adult Protective Services
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- Women and Children's Residential Treatment
- Drug Medi-Cal
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  - Juvenile Justice
  - Community Corrections
  - Local Public Safety Subventions

Shared
- Foster Care
- CW5
- Adoptions
- Mental Health
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, 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
- California Institute for Behavioral Health Solutions
  - [http://www.cbhs.org/](http://www.cbhs.org/)
- California State Association of Counties (CSAC)
  - [http://www.counties.org/](http://www.counties.org/)
- Center for Medicare & Medicaid Services (CMS)
  - [https://www.cms.gov/](https://www.cms.gov/)
- County Behavioral Health Directors Association of California (CBHDA)
  - [http://www.cbhda.org/](http://www.cbhda.org/)
- Department of Health Care Services (DHCS)
  - [http://www.dhcs.ca.gov/Pages/default.aspx](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/](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](http://www.dhcs.ca.gov/formsandpubs/Pages/Letters.aspx)
- Laws and Regulations
  - [http://www.dhcs.ca.gov/formsandpubs/laws/Pages/LawsandRegulations.aspx](http://www.dhcs.ca.gov/formsandpubs/laws/Pages/LawsandRegulations.aspx)
- Mental Health & Substance Use Disorder Services Presentation
- Mental Health & Substance Use Disorder Services: Upcoming Meetings
  - [http://www.dhcs.ca.gov/provgovpart/Pages/MH-SUD-UpcomingMeetings.aspx](http://www.dhcs.ca.gov/provgovpart/Pages/MH-SUD-UpcomingMeetings.aspx)
- Publications
  - [http://www.dhcs.ca.gov/formsandpubs/publications/Pages/default.aspx](http://www.dhcs.ca.gov/formsandpubs/publications/Pages/default.aspx)
- Realignment Stakeholder Meeting Presentation
- Section 1115 Medicaid Waiver Resources
  - [http://www.dhcs.ca.gov/provgovpart/Pages/WaiverRenewal.aspx](http://www.dhcs.ca.gov/provgovpart/Pages/WaiverRenewal.aspx)