



# Legislative and Budget Issues in Behavioral Health

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## Presentation Goals

Answer the following questions for both Mental Health and Substance Use Disorder Services:

- What are CBHDA’s key policy issues in 2017?
- What about the repeal of the Affordable Care Act?
- What are high priority legislative issues?

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## CBHDA Annual Priorities for 2017

- Protect and inform the future of the Affordable Care Act
- Increase capacity for individuals in crisis
- Expand financial resources for EPSDT behavioral health services
- Expand behavioral health services for justice involved individuals
- Expand availability of housing for individuals with behavioral health needs

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## ACA Repeal Bill: the American Health Care Act

- In early May, the U.S. House of Representatives passed an ACA repeal bill, the American Health Care Act (AHCA)
- An earlier version of the bill did not go to vote due to lack of support by the conservative House Freedom Caucus
- Amendments to the bill persuaded the very conservative members to vote in favor of the bill, leading to its passage in a 217-213 vote
- The bill proposes drastic changes to the Medicaid program and individual insurance market

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## ACA Repeal Bill: the American Health Care Act

### Key provisions in the House repeal bill:

- **UNCHANGED:** Draft maintains key provisions of AHCA:
  - Repeals Medicaid expansion option for new states
  - Repeals enhanced match for Medicaid coverage up to 138% of poverty
  - Converts Medicaid to a per capita capped or block grant system
  - Cuts over \$800 billion from Medicaid over ten years
- **NEW:** States can now determine for themselves:
  - Definition of essential health benefits (2020)
  - Whether to impose increased premiums for uninsured individuals (2019)
  - Coverage rates based on individual's age and health status (2019)

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## ACA Repeal Bill: the American Health Care Act

### Next steps for Congressional repeal efforts:

- The House bill is now in the Senate, which has assigned 13 members to a working group tasked with drafting a new bill
- Senate bill will go through a “Byrd bath”
- Senate passes the bill
- Conference committee meets to merge the House and Senate bills
- Merged bills go back to Senate and House, who must pass it again
- Passed bill goes back to the President’s desk

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## CBHDA Sponsored Bills

- AB 727 (Nazarian) : Clarify state law to allow counties to use MHS Community Services and Supports (CSS) funding for “housing assistance,” as defined in state law.
- SB 688 (Moorlach): Direct Department of Health Care Services to establish an interagency data agreement and contract out for a comprehensive evaluation of MHS outcomes, as intended to be funded by MHS State Administrative Funds.
- AB 395 (Bocanegra): Establish claim deadlines for federal Drug Medi-Cal at 12 months instead of 30 days to be the same as mental health claims.
- AB 1372 (Levine): Authorize the provision of medically necessary crisis stabilization services to beneficiaries beyond the current time limit of less than 24 hours when a beneficiary needs inpatient or outpatient care that is not yet available.

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## State Policy

### SAPT Block Grant Funds Authorized for Transitional & Recovery Housing

MHSUDS Information Notice 16-059 provides clarification regarding the use of SAPTBG discretionary funds to cover the cost of room and board for transitional housing and recovery residences, as well as for clients in residential SUD treatment programs.

- For several years DHCS, in consultation with CBHDA, has sought approval and guidance from SAMHSA for the inclusion of county administered, SAPT-funded housing as an essential recovery support service in the SUD continuum of care.
- SAMHSA has recently responded by providing guidance that encourages states to use SAPT Block Grant funding for the provision of short-term (up to 24 months) support service linkages to temporary housing, including payment of room and board for beneficiaries in treatment.

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## State Budget

- For the Drug Medi-Cal Organized Delivery System Waiver, the Budget includes:
  - \$20 million in FY 2016-17 (\$3 million SGF and \$17 million FFP).
  - \$662 million in FY 2017-18 (\$142 million SGF and \$520 million FFP).

State General Fund reimbursement can be claimed for two DMC-ODS expansion services: residential treatment and intensive outpatient treatment.

- For Narcotic Treatment Programs, the May Revise includes \$45 million in federal Cures Act Opioid Targeted Response Grants recently awarded to California. These funds will be used to provide medication-assisted treatment via 15 narcotic treatment “hubs” in association with related “spokes” that are approved to prescribe the medications.

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## State Budget

### Community-Based Transitional Housing Program

A new Government Code statute added by legislation last year establishes the Community-Based Transitional Housing Program, administered by the Dept. of Finance. The statute declares that...

- Providing released offenders with transitional housing services in tandem with support services that include employment counseling, job training, continuing education, mental health counseling and substance abuse treatment may help these individuals transition into productive roles in their communities, and reduce the fiscal and operational strain of recidivism on state and local law enforcement agencies and the courts.
- Research has found that transitional housing and related support services can be effective when provided to ex-offenders in community-based settings.

Eligibility to apply to participate in this program is limited to cities and counties, and applications for program funding must be submitted between 10/01/16 and 10/01/18.

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## State Budget

- The Department (DOF) encourages applicant cities and counties to match the requested funds, to the greatest extent possible, using local funds.
- The Department shall award to a city or county up to \$2 million, 60% of which shall be retained by the city or county that provided the conditional use permit or other local entitlement for the transitional housing facilities, and 40% of which shall be provided by the city or county to the facility operators.
- \$25 million included in the State Budget Act for FY '16-17 to fund this program has been underutilized, but is still available.

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## State Budget

- Community Alternatives to Incarceration Grant Program
  - Community alternatives should be expanded to reduce the need for mental health and substance use disorder treatment in jails and prisons.
  - Funds appropriated by the Legislature shall be used to establish a competitive grant program, administered by the California Health Facilities and Financing Authority, to promote diversion services by increasing and expanding mental health and SUD treatment facilities, and trauma-centered service facilities, through the provision of infrastructure grants.
  - Grant awards shall be used to expand local resources for facility acquisition or renovation, equipment acquisition, and applicable program startup or expansion costs to increase capacity.
  - CHFFA shall develop selection criteria and processes for awarding grants after consulting with representatives and stakeholders from the mental health and SUD treatment community and trauma recovery center providers.

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## State Budget

- \$67.5 million was included in the State Budget Act for FY '16-17 to fund Community Infrastructure Grants. In his Budget Proposal for FY '17-18, the Governor proposed to eliminate this program.
- The Senate Budget Committee voted to reject the Governor's proposal and to restore the funding. The staff recommendation is to provide CHFFA with \$85 million in lease-revenue bond authority to provide grants to counties to build infrastructure. Specifically, \$68 million would be provided for community mental health infrastructure grants, and \$17 million for children's crisis capacity infrastructure grants.

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## Marijuana Legalization – Prop. 64

After specified set-aside funding requirements are met, 60% of the tax revenue from the sale of recreational marijuana will be dedicated to the Youth Education, Prevention, Early Intervention and Treatment Account, disbursed to the Dept. of Health Care Services, for programs designed to educate youth about and to prevent substance use disorders, and to prevent harm from substance use. DHCS shall enter into agreements with the Dept. of Public Health and the Dept. of Education to implement and administer these programs.

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## Medicaid Managed Care Final Rule: Overview

- Regulations governing Medicaid managed care entities, found in 42 CFR Part 438
- Final Rule published in the Federal Register May 6, 2016
- Various implementation dates over the next three years
- First major update to Medicaid managed care regulations since 2002
- Advances CMS efforts to achieve the Triple Aim of better care, smarter spending, and healthier people

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## Medicaid Managed Care Final Rule: Applicability

- Applies to county behavioral health systems:
  - County mental health plans
  - DMC-ODS Waiver counties
- MHP and DMC-ODS contracts currently being amended to include updated Part 438 requirements

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## Medicaid Managed Care Final Rule: Implementation Costs

- The proposed state budget recognizes the State’s Proposition 30 obligations
- For new federal requirements, the state is responsible for funding 50% of the non-federal share of costs (25% of total costs)
- Counties will be responsible for the other half of the non-federal share (25% of total costs)

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## Medicaid Managed Care Final Rule

### Estimated FY 17-18 MHP Costs for Implementation of the Final Rule\*

(Dollars in Thousands)

<b>Managed Care Regulations-MH Costs</b>	<b>TF</b>	<b>GF</b>	<b>FF</b>	<b>CF</b>
State Monitoring	\$5,056	\$1,264	\$2,528	\$1,264
Network Adequacy	\$10,112	\$2,528	\$5,056	\$2,528
Quality Measurement & Improvement; External Quality Review	\$5,056	\$1,264	\$2,528	\$1,264
Grievances and Appeals System	\$5,056	\$1,264	\$2,528	\$1,264
Program Integrity	\$5,056	\$1,264	\$2,528	\$1,264
County IT Costs	\$5,880	\$1,470	\$2,940	\$1,470
County Translation Costs	\$840	\$210	\$420	\$210
<b>Total FY 2017-18</b>	<b>\$37,056</b>	<b>\$9,264</b>	<b>\$18,528</b>	<b>\$9,264</b>

\*Source: DHCS Medi-Cal Estimate May 2017, Other Administrative Policy Change Number 112

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## Children's Services Funding

### Support:

- Children's Health Insurance Program (CHIP): \$536 million
- Medi-Cal for undocumented children: \$280 million

### Oppose:

- Eliminate \$17 million state GF for Children's Crisis Services SB 82 Grants