

## Mental Health Fiscal Update

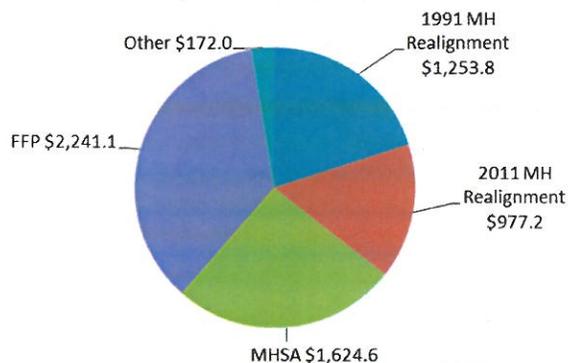
County Behavioral Health Directors  
Association of California (CBHDA)  
All Directors' Meeting  
July 10, 2014

Mike Geiss



## Mental Health Funding

**FY14/15 Estimated Community  
Mental Health Funding**  
(Dollars in Millions)



## 1991 Mental Health 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 will begin to receive 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 beginning in FY12/13
- Fiscal Year is September through August
  - Receive distributions until reach base
- Growth is not known until next fiscal year
  - Receive warrant for the prior year growth plus increases each county's current year base

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## 1991 Mental Health Realignment

**1991 Mental Health Realignment Estimated Revenues**  
(Dollars in Millions)

	10/11	11/12	12/13	13/14	14/15
<b>Base Amount</b>					
Sales Tax	\$692.6	\$1,067.5	\$1,120.6	\$1,120.6	\$1,120.6
Vehicle License Fees	\$316.5	\$16.1	\$0.0	\$0.0	\$0.0
Vehicle License Fee Collections	<u>\$14.0</u>	<u>\$14.0</u>	<u>\$14.0</u>	<u>\$14.0</u>	<u>\$14.0</u>
<b>Total Base</b>	<b>\$1,023.1</b>	<b>\$1,097.6</b>	<b>\$1,134.6</b>	<b>\$1,134.6</b>	<b>\$1,134.6</b>
<b>Growth in Base</b>					
Sales Tax	\$0.0	\$0.0	\$0.0	\$0.0	\$73.2
Vehicle License Fees	\$0.0	\$0.0	\$0.0	\$0.0	\$27.2
<b>One-Time Growth</b>					
5% of Support Services Account Growth	\$0.0	\$0.0	\$10.7	\$6.3	\$18.8
<b>Total</b>	<b>\$1,023.1</b>	<b>\$1,097.6</b>	<b>\$1,145.3</b>	<b>\$1,140.9</b>	<b>\$1,253.8</b>

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## 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
  - MHSA funds were used to fund realigned mental health services in FY11/12

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## 2011 Realignment

- Fiscal Year is September through August
  - Receive distributions until reach base
- Growth is not known until next fiscal year
  - Receive warrant for the prior year growth plus increases statewide current year base
- State published Information Notice 14-017 describing distribution of FY12/13 growth
  - Priority given to entitlement programs
- State published Information Notice 14-016 describing distribution of FY13/14 base
  - Change in methodology resulted in change in individual county allocation percentages

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## 2011 Realignment

2011 Realignment Behavioral Health Subaccount Estimated Revenues<sup>c/</sup>  
(Dollars in Millions)

	11/12	12/13	13/14	14/15
<b>Base Amount</b>				
EPSDT <sup>a/</sup>	\$579.0	\$584.1		
Existing EPSDT	\$579.0	\$540.0		
Healthy Families		\$17.3		
Katie A. Settlement		\$26.8		
Specialty MH Managed Care <sup>b/</sup>	\$183.7	\$196.7		
SUD Services <sup>c/</sup>	\$178.5	\$178.5		
<b>Total Base</b>	<b>\$941.2</b>	<b>\$959.3</b>	<b>\$987.1</b>	<b>\$1,028.8</b>
<b>Growth in Base</b>				
New Growth		\$27.8	\$41.7	\$170.7
<b>Total</b>	<b>\$941.2</b>	<b>\$987.1</b>	<b>\$1,028.8</b>	<b>\$1,199.5</b>
<b>Percent Change</b>		4.9%	4.2%	16.7%

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.

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## 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

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## Mental Health Services Act

- Funds distributed to counties monthly based on unspent and unreserved monies in State MHS Fund at end of prior month
  - Effective 7/1/12
- 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 15<sup>th</sup>
  - Deposited on July 1<sup>st</sup>

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## MHSA Estimated Revenues

MHSA Estimated Revenues  
(Cash Basis-Millions of Dollars)

	Fiscal Year					
	Actual	Estimated				
	11/12	12/13	13/14	14/15	15/16	16/17
Cash Transfers	\$910.0	\$1,204.0	\$1,180.0	\$1,253.0	\$1,319.4	\$1,385.4
Annual Adjustment	(\$64.5)	\$157.0	\$153.5	\$479.8	\$183.0	\$230.0
Interest	\$2.4	\$0.7	\$1.2	\$1.0	\$1.0	\$1.0
<b>Total</b>	<b>\$847.9</b>	<b>\$1,361.7</b>	<b>\$1,334.7</b>	<b>\$1,733.8</b>	<b>\$1,503.4</b>	<b>\$1,616.4</b>

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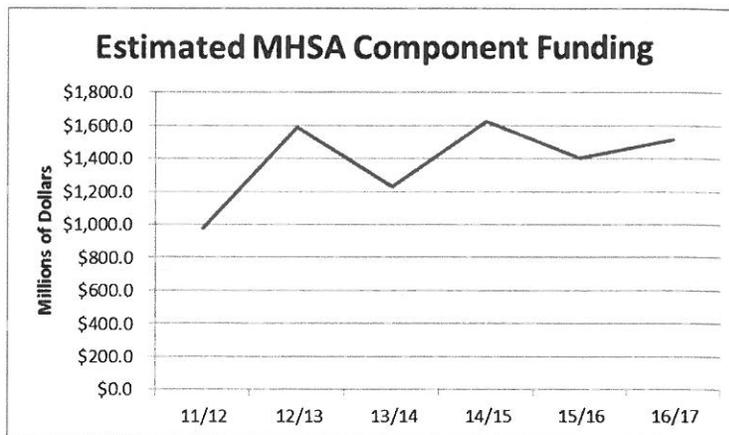
# MHSA Estimated Component Funding

MHSA Estimated Component Funding  
(Millions of Dollars)

	Fiscal Year					
	Actual		Estimated			
	11/12	12/13	13/14	14/15	15/16	16/17
CSS	\$741.0	\$1,208.1	\$932.3	\$1,234.7	\$1,068.4	\$1,149.9
PEI	\$185.2	\$302.0	\$233.1	\$308.7	\$267.1	\$287.5
Innovation <sup>a/</sup>	\$48.7	\$79.5	\$61.3	\$81.2	\$70.3	\$75.7
<b>Total</b>	<b>\$974.9</b>	<b>\$1,589.6</b>	<b>\$1,226.8</b>	<b>\$1,624.6</b>	<b>\$1,405.7</b>	<b>\$1,513.1</b>

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

# MHSA Estimated Component Funding



## 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)
- County MHPs are reimbursed an interim amount throughout the fiscal year based on approved Medi-Cal services and interim billing rates
- 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

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## 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

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## Medi-Cal Specialty Mental Health Reimbursement

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

	11/12	12/13	13/14	14/15
Existing Specialty Mental Health Services	\$1,456.0	\$1,580.6	\$1,757.1	\$1,839.8
Supplemental Payment SPA				\$287.0
Affordable Care Act			\$23.1	\$114.3
<b>Total Mental Health FFP</b>	<b>\$1,456.0</b>	<b>\$1,580.6</b>	<b>\$1,780.2</b>	<b>\$2,241.1</b>

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## Total Mental Health Funding

**Mental Health Estimated Funding**  
(Dollars in Millions)

	11/12	12/13	13/14	14/15
1991 MH Realignment	\$1,097.6	\$1,145.3	\$1,140.9	\$1,253.8
2011 MH Realignment <sup>a/</sup>	\$762.7	\$803.4	\$837.5	\$977.2
MHSA	\$974.9	\$1,589.6	\$1,226.8	\$1,624.6
FFP	\$1,456.0	\$1,580.6	\$1,780.2	\$2,241.1
Other	\$190.0	\$190.0	\$153.0	\$172.0
<b>Total</b>	<b>\$4,481.2</b>	<b>\$5,309.0</b>	<b>\$5,138.4</b>	<b>\$6,268.7</b>

a/ Assuming proportionate growth by program.

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