



**Financial Oversight Committee
Minutes**

**MHSOAC Office
January 17, 2013
12:30 PM – 3:30 PM
1300 17th Street, Suite 1000
Sacramento, CA 95811**

Committee Members:

Staff:

Other Attendees:

Larry Poaster, Chair Paul Stansbury * Rusty Selix Stacie Hiramoto Wayne Clark * Patricia Ryan David Schroder Rigel Flaherty* Thomas Loats Carol Langone Maureen Mina**	Aaron Carruthers Kevin Hoffman Jose Oseguera Pete Best	Viviana Criado Raul Sanchez
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*Participation by phone

Committee members absent: Jack Joiner, Jane Adcock, James Lott Sr., Joseph Robinson

Meeting called to order at 12:38PM

Welcome/General Introductions

Chair Poaster welcomed everyone in attendance and extended introductions were made to acquaint new and returning member with each other.

Tab 1 Adoption of the November 7, 2012 Meeting Minutes

The minutes were unanimously approved.

Tab 2 FY 2013/14 Governor’s Proposed Budget

MHSOAC staff provided a summary of the FY 2013/14 Governor’s proposed budget. The following are the highlights of his summary:

- No major cuts to MHSA funding, however, there may be some policy implication related to the implementation of the Affordable Care Act (ACA).

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- FY 2012/13 and 2013/14 MHSA revenues are down due to unobligated funds being sent directly to counties. MHSA funds are being distributed directly to the counties via a selected formula.
- Realignment is still in place. Statewide workforce has been reduced by more than 30,000 positions.
- State General Fund spending is down to lowest level.
- California Department of Corrections and Rehabilitation continues their downsizing plan.

Pat Ryan, CMHDA Executive Director provided an overview of the Governor's Budget. Highlights of her summary are as follows:

- Overall, General Fund spending would increase by 5% over FY 2012-13, due mostly to proposals to augment the state's funding for education and health care.
- The budget estimates \$1.2 billion in Prop. 63 revenues for the FY 2011-12, and projects annual revenues of \$1.3 billion for FY 2012-13, and \$1.2 billion for FY 2013-14.
- Funds in the Behavioral Health Sub-Account revenues are projected to be higher than expected.
- The Governor's budget makes it clear that California intends to continue toward implementation of Federal Health Care Reform Act, and distinguishes between the "mandatory" expansions of Medicaid and the "optional" expansions of Medicaid.
- The budget would provide a \$1.3 billion increase in state funds for higher education, and twice that amount (\$2.7 billion) in increased funds for K-12 education.
- The budget makes clear that the proposed changes for special education finance will not affect funding set aside for the realignment of mental health services for special education students that were implemented last year. There are \$357 million in Proposition 98 General Funds and \$69 million in federal funds to meet obligations.
- Under the ACA, states must make changes to eligibility and enrollment for individuals who are currently Medicaid (Medi-Cal) eligible, which the Governor estimates as a "placeholder" and will cost the state \$350 million in 2013-14.
- For the state's optional expansion of Medicaid to adults with incomes under 138% of federal poverty level (FPL), the Governor presents the choice between either the state or counties administering the expansion. These are intended to be two exclusive choices – whichever is selected would be the way the program would be administered in all counties throughout the state.

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- The administration proposes an increase in hospital beds costs. This increase would reduce realignment funds and would affect services.

Rusty Selix, Executive director California Council of Community Mental Health Agencies and Mental Health America of California, provided his summary on the Governor's Budget. The following are the highlights of his summary:

- The budget FY 2013/14 seems to be balanced. The FY 2014/15 and FY 2015/16 are projected to be surplus budgets.
- The Newtown shooting should be an impetus for additional funding for mental health. Unfortunately, the system is underfunded and the services needed to be reviewed for gaps.
- This committee will be informed by the 115 Waiver Plan, which details how the state will meet the mental health and alcohol and drug needs for all Medi-Cal recipients starting in 2014, as required by the ACA.

Tab 3 Review and approval of the January 2013 MHSA Financial Report to be presented at the January 24, 2013 Commission Meeting for adoption

The Financial Report Framework was adopted by the Commission at the November 2012 meeting and has been populated by staff for review by this committee. MHSOAC staff provided a summary of the 2013 MHSA Financial Report and explained each chart. The following are the highlights of his and summary and committee comments:

Overall:

- An explanation is needed on each chart regarding the possible policy implications.
- Bold all source notations.

Page 2:

- Federal Financial Participation (FFP) is not reported on this chart, but we expect to get these numbers from DHCS soon.

Page 3:

- Add an explanation of the allocation method.
- This chart displays that money coming into the state, reflects adjustments form prior years.

Page 4:

- Displays State MHSA allocations per month to counties. This chart is no longer useful since allocation to counties come directly from the State Comptrollers Office.

Page 5:

- Remove local assistance dollars from the chart and identify each department's administration dollars.
- Make a note that dollar amounts are in thousands.

Page 6:

- This chart will be updated before Commission meeting.
- Small counties have had difficulties accessing MHSA Housing funds.
- California Housing Finance Agency (CALHFA) rules limit small county participation.

Page 7-19

- Annual Revenue and Expenditure Reports (ARER's) information for FY 2005/06 and FY 2006/07 were not reported. These charts will be deleted. The ARER information by county will begin from FY 2007/08 and forward.
- Explain at the Commission meeting that the ARER's are iterations that are evolving.

A suggestion was made to vote on the updated Financial Report with suggested changes and the future FFP numbers from DHCS inserted. The Chair asked if the committee needed to vote on the report and the motion was tabled.

- After the Commission meeting, the Financial Report Template will be updated again in January 2013, after the Governor's Budget Proposal is released.

Tab 4 Review of the 2013 Draft Committee Charter

The committee suggested numerous modifications to the charter. These changes were incorporated in the revised charter and approved by the Commission at the January 24, 2013 meeting. The final version of the charter is attached to the minutes.

Tab 5 Review of the 2013 Draft Committee Meeting Schedule

The committee reviewed the 2013 Financial Oversight 2013 Meeting Schedule and no changes were suggested.

General Public Comment

None

The meeting was adjourned at 3:25 PM

Respectfully submitted by Peter W. Best, Staff Mental Health Specialist