

**Financial Oversight Committee Meeting
Minutes
January 16, 2014
12:30 PM – 3:30 PM
1300 17TH Street, Suite 1000
Sacramento, CA 95811**

Committee Members:

Staff:

Other Attendees:

Larry Poaster, Chair John Buck, Vice-Chair* Stacie Hiramoto Paul Stansbury* Wayne Clark* Rusty Selix* Robert Oakes Jack Joiner*	Kevin Hoffman Filomena Yeroshek Peter Best Andrea Jackson*	Michele Violet Donna Ures Jess Cortez Jeremy Wilson Camy Rightmier
--	---	--

*Participation by phone

Committee members absent: Rigel Flaherty, Joseph Robinson, Maureen Mina, Dave Schroeder, Jane Adcock, Carol Langone, James Loftus and Thomas Loats.

Welcome:

Chair Poaster opened the meeting and welcomed those present.

Adoption of the August 1, 2013 and October 23, 2013 Meeting Minutes

A quorum was not possible, so the approval of the minutes was postponed and moved to the March 20, 2014 meeting.

Review and approve the January 2014 MHSA Financial Report to be presented at the January 23, 2014 Commission Meeting for adoption

The Chair changed the order of the agenda and moved Tab 4 to the Tab 2 time slot to insure that the 2014 Financial Report was reviewed by the committee. The report is schedule to be presented to the Commission for approval at the January 23, 2014 meeting.

Staff provided an overview of the 2014 Financial Report to the membership. Staff stated that all of the numbers on the charts have been updated, except for the MHSA Administrative Cap numbers. Staff will get those updated numbers from the Department of Finance next week and will incorporate them into the report. The membership and the public provided input, comments and suggested changes. Once approved, the Financial Report will be included in the March 2014 meeting packet as an information item.

Review the 2014 Draft Committee Charter

Staff provided an overview of the draft 2014 Financial Oversight Charter to the membership. The membership provided suggested changes and the revised Charter which will be submitted to the Commission for approval at the January 23, 2014 meeting. The

membership will review the changes incorporated in the approved Charter at their March 20, 2014 meeting.

FY 2014/15 Governor's Proposed Budget

MHSOAC Staff, Committee members, Wayne Clark, Behavioral Health Director, Monterey County Behavioral Health; Rusty Selix, Executive Director, Mental Health America; and, Robert Oakes, Executive Director, California Mental Health Directors Association (CMHDA), provided an update regarding the FY 2014/15 Governor's Proposed Budget. Highlights from their updates included the following:

- Since Governor Brown took office in 2011, the last three budgets addressed the \$20 billion annual deficit through temporary taxes approved by the voters and spending cuts, primarily in corrections, health and human services, and education. In total, these budgets provided three dollars of spending cuts for every dollar in temporary tax revenues approved by the voters.
- The FY 2014/15 Budget assumes that the state will receive about \$4 billion in capital gains revenue.
- Increasing revenues offer the opportunity for the 2014-15 Budget to advance education reinvestment through an infusion of \$10 billion in new Proposition 98 funding this year and billions more in the next few years.
- Education funding for K-14 is expected to grow to \$69.6 billion in 2017-18, an increase of \$22 billion (47 percent).
- California increased the mental health and substance use disorder benefits available through Medi-Cal to provide needed services, including to those who are released from prisons or jails and need these types of services to better support their reentry into the community.
- Significant reforms in the individual and small group insurance markets will also take effect January 1, 2014. With these reforms and coverage opportunities, an estimated 1.4 million additional people will enroll in Medi-Cal and 1.9 million people will enroll in Covered California by the end of FY 2015-16.
- The implementation of federal health care reform will provide health care coverage to millions of Californians over the next few years. The Budget commits \$670 million in new General Fund spending to fund the expansion of Medi-Cal benefits, including mental health, substance use disorder, adult dental, and specialized nutrition services.
- A significant part of the budget is devoted to the Department of Corrections for mental health and substance abuse disorders. Funding is set aside for early reentry programs statewide, which will also impact mental health programs.
- The Department of Health Care Services (DHCS) will also be impacted by the Affordable Health Care Act (ACA) with additional workload to complete certifications, licensing, oversight and monitoring of Drug Medi-Cal Programs.
- Pursuant to the FY 13-14 Budget Act, California has increased the mental health and substance use disorder benefits available to all Medi-Cal beneficiaries. Beginning January 1, 2014, covered Medi-Cal benefits shall include mental health services included in the essential health benefits package adopted by the state for the individual and small group market (i.e., the selected Kaiser Small Group product). These expanded mental health benefits shall be covered by the Medi-Cal managed care plans, while the expanded substance use benefits shall

be covered by the Drug Medi-Cal Program. The Governor's Budget for FY 14-15 reflects the costs of expanding both the services provided and the population served.

- The Governors' major proposed use of the state surplus for FY 2014/15 is to reduce the state debt and to minimally restore or expand programs.
- There is opposition in the legislature to this use of surplus funds. The counter proposal is to use 1/3 of surplus funds to pay down state debt, 1/3 to restore programs and 1/3 for expansion of programs. CMHDA is in support of this plan.
- The budget proposes to increase state prison substance use disorder treatment by \$11.8 million dollars for 10 non-reentry hub institutions. This is an additional investment to the remaining 10 non-reentry hubs, and \$9.7 million dollars for in-state contract facilities.
- The budget proposes to expand Integrated Services for Mentally Ill Program – \$11.3 million dollars to increase program capacity from 600 to 900 persons, offering comprehensive treatment with varied care levels with a goal of stability and self-sufficiency.
- The Governor intends to seek a waiver from the federal Centers for Medicare and Medicaid Services (CMS) to increase state and county oversight of Medicaid substance use disorder treatment (Drug Medi-Cal) programs and providers. The California State Association of Counties (CSAC), CMHDA and County Alcohol and Drug Program Administrators' Association of California (CADPAAC) will work with DHCS to design a waiver that increases accountability and program integrity while ensuring access to quality, evidence-based services in communities statewide.

Review the 2014 Draft Committee Meeting Schedule

The membership reviewed the 2014 meeting dates and it was agreed that the March 13, 2014 meeting will be changed due to conflicts with the Mental Health Policy Forum meeting. Staff will work with the Chair to select a new date. This proposed date will be circulated to the committee via email to see if it conflicts with any other major meeting exists.

General Public Comment:

None

Adjournment

Meeting adjourned at 3:25 PM.