

California Community Mental Health Funding

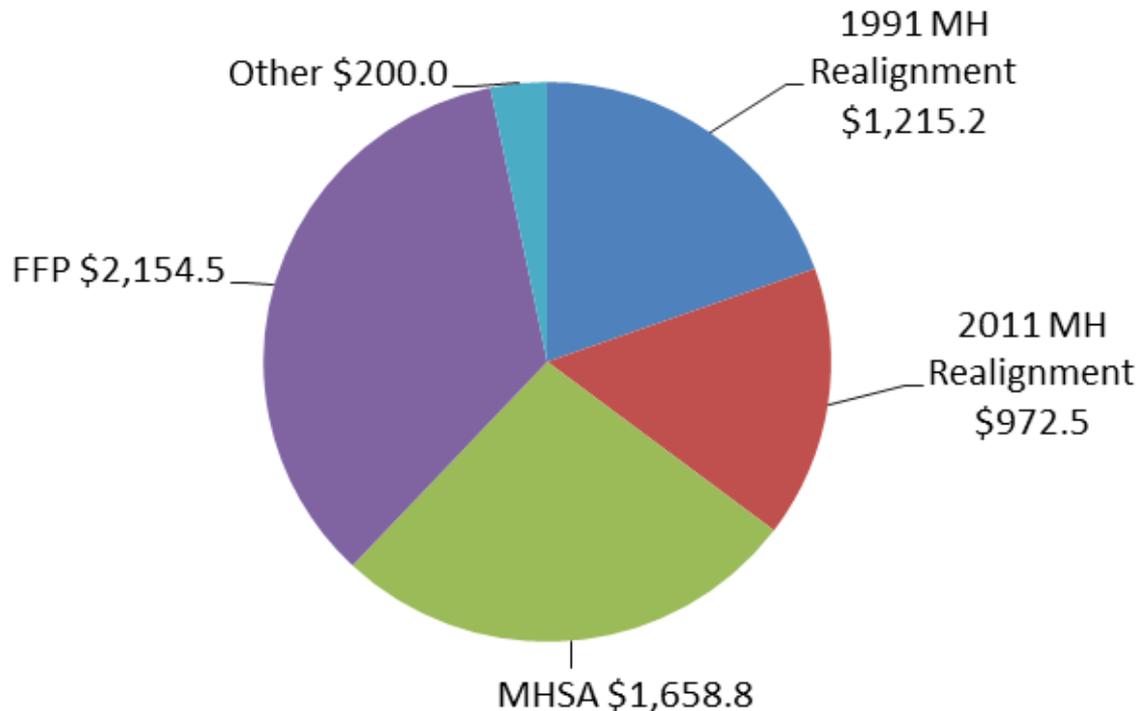
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Community Mental Health Services Funding

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



1991 Realignment

- “1991 Realignment” refers to the realigning of the funding and responsibility for mental health services, social services and public health services
 - It represented a major shift of authority from state to counties for mental health programs
- Three revenue sources funded 1991 Realignment
 - ½ Cent of State Sales Tax
 - State Vehicle License Fees
 - State Vehicle License Fee Collections

1991 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 receives 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

1991 Realignment

- Realignment revenues are distributed to counties on a monthly basis as funds are collected until each county receives funds equal to previous year's total
 - Separate distributions for:
 - Mental Health (fixed, guaranteed amount)
 - Mental Health Sales Tax Base
 - Mental Health VLF Base
 - Mental Health VLF Collections
- Revenues above that amount are placed into growth accounts
 - Sales Tax
 - VLF

1991 Realignment

- Growth distributed according to formula
 - Different growth distribution formulas for Sales Tax and VLF
- Increases in social services caseload costs is first priority for Sales Tax growth
- Growth in VLF goes to mental health, social services and public health
- Growth distributed in the year after it is collected
 - Increases the base for that year

1991 Mental Health Realignment

1991 Mental Health Realignment Estimated Revenues (Dollars in Millions)

| | 10/11 | 11/12 | 12/13 | 13/14 | 14/15 | 15/16 |
|---|---------------|---------------|---------------|---------------|---------------|---------------|
| Base Amount | | | | | | |
| Mental Health (CalWORKS MOE Swap) | \$0.0 | \$1,067.5 | \$1,120.6 | \$1,120.6 | \$1,120.6 | \$1,120.6 |
| Mental Health Sales Tax Base | \$692.6 | \$0.0 | \$0.0 | \$0.0 | \$11.6 | \$28.0 |
| Mental Health Vehicle License Fee Base | \$316.5 | \$16.1 | \$0.0 | \$0.0 | \$11.2 | \$14.0 |
| Mental Health Vehicle License Fee Collections | <u>\$14.0</u> | <u>\$14.0</u> | <u>\$14.0</u> | <u>\$14.0</u> | <u>\$14.0</u> | <u>\$14.0</u> |
| Total Base | \$1,023.1 | \$1,097.6 | \$1,134.6 | \$1,134.6 | \$1,157.4 | \$1,176.6 |
| Growth in Base | | | | | | |
| Sales Tax | \$0.0 | \$0.0 | \$0.0 | \$15.7 | \$28.0 | \$44.4 |
| Vehicle License Fees | \$0.0 | \$0.0 | \$0.0 | \$16.0 | \$14.0 | \$16.3 |
| One-Time Growth | | | | | | |
| 5% of Support Services Account Growth | \$0.0 | \$0.0 | \$10.7 | \$9.1 | \$15.8 | \$14.1 |
| Sales Tax Adjustment | | | | | | |
| Sales Tax | | | | \$10.0 | | |
| 5% of Support Services Account | | | | \$0.3 | | |
| Total | \$1,023.1 | \$1,097.6 | \$1,145.3 | \$1,185.7 | \$1,215.2 | \$1,251.4 |

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

2011 Realignment

2011 Realignment Behavioral Health Subaccount Estimated Revenues^{c/} (Dollars in Millions)

| | 11/12 | 12/13 | 13/14 | 14/15 | 15/16 |
|---|----------------|----------------|------------------|------------------|------------------|
| Base Amount | | | | | |
| EPSDT ^{a/} | \$579.0 | \$584.1 | | | |
| Existing EPSDT | \$579.0 | \$540.0 | | | |
| Healthy Families | | \$17.3 | | | |
| Katie A. Settlement | | \$26.8 | | | |
| Specialty MH Managed Care ^{b/} | \$183.7 | \$196.7 | | | |
| SUD Services ^{c/} | \$178.5 | \$178.5 | | | |
| Total Base | \$941.2 | \$959.3 | \$987.1 | \$1,047.1 | \$1,193.8 |
| Growth in Base | | | | | |
| New Growth | | \$27.8 | \$60.0 | \$146.7 | \$140.9 |
| Total | \$941.2 | \$987.1 | \$1,047.1 | \$1,193.8 | \$1,334.7 |
| Percent Change | | 4.9% | 6.1% | 14.1% | 11.9% |

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.

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

Mental Health Services Act

- Funds distributed to counties monthly based on unspent and unreserved monies in State MHS Fund at end of prior month
- 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 15th
 - Deposited on July 1st

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 | \$1,189.0 | \$1,289.0 | \$1,353.0 | \$1,407.1 |
| Annual Adjustment | (\$64.5) | \$157.0 | \$153.5 | \$479.8 | \$249.0 | \$513.0 |
| Interest | \$2.4 | \$0.7 | \$1.2 | \$1.0 | \$1.0 | \$1.0 |
| Total | \$847.9 | \$1,361.7 | \$1,343.7 | \$1,769.8 | \$1,603.0 | \$1,921.1 |

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 | \$939.2 | \$1,260.7 | \$1,140.3 | \$1,369.9 |
| PEI | \$185.2 | \$302.0 | \$234.8 | \$315.2 | \$285.1 | \$342.5 |
| Innovation ^{a/} | \$48.7 | \$79.5 | \$61.8 | \$82.9 | \$75.0 | \$90.1 |
| Total | \$974.9 | \$1,589.6 | \$1,235.8 | \$1,658.8 | \$1,500.4 | \$1,802.6 |

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

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)
 - Same for all Medi-Cal Specialty Mental Health services except FFS/MC inpatient hospital services
- County MHPs are reimbursed an interim amount throughout the fiscal year based on approved Medi-Cal services and interim billing rates
 - Interim rates for contract providers represent amount paid by MHP to provider
 - Interim rates for county-operated providers should approximate actual costs
- 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

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

Medi-Cal Specialty Mental Health Reimbursement

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

| | 12/13 | 13/14 | 14/15 | 15/16 |
|---|-----------|-----------|-----------|-----------|
| Existing Specialty Mental Health Services | \$1,580.6 | \$1,757.1 | \$1,782.5 | \$1,859.0 |
| Supplemental Payment SPA | | | | \$417.0 |
| Affordable Care Act | | \$109.0 | \$372.0 | \$471.3 |
| Total Mental Health FFP | \$1,580.6 | \$1,866.1 | \$2,154.5 | \$2,747.3 |

Community Mental Health Services Funding

Mental Health Estimated Funding (Dollars in Millions)

| | 12/13 | 13/14 | 14/15 | 15/16 |
|---------------------|------------------|------------------|------------------|------------------|
| 1991 MH Realignment | \$1,145.3 | \$1,185.7 | \$1,215.2 | \$1,251.4 |
| 2011 MH Realignment | \$803.4 | \$852.5 | \$972.5 | \$1,087.8 |
| MHSA | \$1,589.6 | \$1,235.8 | \$1,658.8 | \$1,500.4 |
| FFP | \$1,580.6 | \$1,866.1 | \$2,154.5 | \$2,747.3 |
| Other | \$190.0 | \$153.0 | \$200.0 | \$200.0 |
| Total | \$5,309.0 | \$5,293.1 | \$6,201.0 | \$6,786.9 |