



January 14, 2015

To: CBHDA Members

From: Robert E. Oakes, Executive Director
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Subject: Governor's FY 2015-16 January Budget - Brief Update

The Governor released his proposed 2015-16 state budget on January 9th, 2015. Below is a brief summary of the provisions that impact mental health and substance use disorder programs. CBHDA staff participated in briefings by the California Health and Human Services Agency, the Department of Health Care Services (DHCS), and the California State Association of Counties (CSAC). For reference, the Governor's budget is available online at <http://www.ebudget.ca.gov/fullbudgetsummary.pdf>. As additional information becomes available, CBHDA will provide updates, but wanted you to have an early summary of budget items that may be of interest.

Health Care Reform Implementation and the Medi-Cal Expansion

Medi-Cal Caseload and County Savings

The Governor's proposed 2015-16 budget estimates an additional 3.3 million people will enroll in Medi-Cal and an additional 2 million will enroll in Covered California by the end of 2015-16 as a result of the Affordable Care Act (ACA). In 2015-16, the budget assumes net costs of \$2 billion (\$943.2 million General Fund) for the mandatory Medi-Cal expansion and \$14.3 billion for the optional Medi-Cal expansion. The budget also assumes county savings to be \$724.9 million in 2014-15 and \$698.2 million in 2015-16 as low income indigent individuals enroll in Medi-Cal. These savings will be redirected to counties for CalWORKs expenditures. The estimates for 2015-16 will be updated in the Governor's May Revised Budget using updated data from the counties. The county savings negotiations took place in 2013, and the state sought to offset their potential General Fund costs for the ACA Medi-Cal expansion by redirecting county 1991 health realignment funding to other obligations. These efforts resulted in the passage of AB 85, which specifies changes to the 1991 Realignment structure and redirects health realignment funding to CalWORKs grant increases.

Medi-Cal 1115 Waiver Renewal

The Budget assumes continuation of the funding available in the Medi-Cal 1115 Waiver. Funding updates will occur in the May revised budget after the Department of Health Care Services (DHCS) submits the waiver to the federal Center for Medicare and Medicaid (CMS).

Provider Rates

The budget does not restore the 10% Medi-Cal provider rate cuts to physicians and clinics.

Substance Use Disorder Services

California expanded the mental health and substance use disorder benefits available to those eligible for Medi-Cal. DHCS is seeking a waiver from CMS to provide better coordination of care and an organized delivery system of care for substance use disorder treatment services.

DHCS is still in the process of statewide recertification of active providers, and plans on completing those efforts by November 2015. The Budget extends the 21 positions and \$2.2 million (\$1.1 million General Fund) provided in the 2014 Budget Act to continue the current recertification efforts and implement on-site monitoring of provider operations to further fraud prevention efforts.

Supplemental Security Income/State Supplementary Payment (SSI/SSP)

Effective January 1, 2016, maximum grant levels will increase by \$11 for individuals and \$16 for couples. The current maximum grant levels are \$881 per month and \$1,483 per respectively. In 2015-16, the Governor proposes a total of \$2.8 billion General Fund for the SSI/SSP programs.

2011 Realignment

The Governor's proposed budget includes allocation estimates of base and growth amounts for 2001 Realignment through 2015-16.

	2013-14	2013-14 Growth	2014-15	2014-15 Growth	2015-16	2015-16 Growth
Mental Health*	\$1.12 billion	\$9.1 million	\$1.12 billion	\$15.8 million	\$1.12 billion	\$14.1 million
Behavioral Health Subaccount**	\$992.4 million	\$60 million	\$1.05 billion	\$146.7 million	\$1.19 billion	\$140.9 million

*Growth does not add base

**The EPSDT and Drug Medi-Cal programs do not yet have a permanent base

Mental Health Services Act

Annual revenues of \$1.8 billion for 2014-15 and 2015-16 are projected.

Mandates

The Governor proposes to pay an additional \$533 million toward the pre-2004 mandate debt. This payment is part of the current year budget, which contains trigger language promising to this purpose any revenue above estimates, after accounting for schools' constitutional guarantee. If revenues improve between now and the May Revision, this payment could increase.

Public Safety

Proposition 47, passed by voters in November 2014, requires misdemeanors rather than felony sentencing for certain property and drug crimes. It is estimated that the average daily population in prison will be reduced by 1,900 in FY 2015-16. Cost savings will be deposited into a new fund, the Safe Neighborhood and Schools fund. The majority of the savings would be

dedicated to behavioral health programs (65%), with a portion earmarked for truancy prevention programs (25%) and the balance to increase victim services grants (10%).

DHCS Administration

Existing law requires DHCS, in collaboration with stakeholders, to create a Performance Outcomes System to track outcomes of Medi-Cal Specialty Mental Health Services for children and youth. DHCS continues to work with stakeholders to identify key components of the system and finalize the outcome measures that will be prioritized for data collection. CBHDA has been actively involved in this effort.