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TAB SECTION: 2

___ ACTION REQUIRED:

DATE OF MEETING: 1/16/15

PREPARED BY: Best/ Hoffman

DATE MATERIAL PREPARED: 1/15/15

AGENDA ITEM: FY 2015/15 Governor's Proposed Budget

ENCLOSURES: • None

OTHER MATERIAL RELATED TO ITEM: The entire FY 2015/16 State Budget Proposal can be found at the Department of Finance website: <http://www.dof.ca.gov/>

The charge of the Mental Health Financial Oversight Committee is to demonstrate to taxpayers and the public that Mental Health Services Act funds are spent in the most cost effective manner and comply with statutes and regulations." As part of this priority, the Mental Health Financial Oversight Committee is directed to monitor, analyze and report on State and Federal budget changes affecting mental health services.

BUDGET HIGHLIGHTS:

Health and Human Services Behavioral Health Treatment: In July 2014, the federal government required behavioral health treatment services be covered under Medicaid Early and Periodic Screening, Diagnosis and Treatment requirements for services delivered on or after July 1, 2014. The Budget includes costs of \$190 million (\$89 million General Fund) in 2014- 15 and \$320 million (\$151 million General Fund) in 2015- 16 for behavioral health treatment services for individuals with Autism Spectrum Disorder up to 21 years of age. Chapter 40, Statutes of 2014 (SB 870), requires the Department of Health Care Services to implement behavioral health treatment services, including Applied Behavioral Analysis, to the extent required by the federal government.

California continues its implementation of federal health care reform, which has enabled millions of Californians to obtain health care coverage. Many Californians now have access to affordable, quality health insurance coverage through Covered California, the new health insurance marketplace. By law, health coverage cannot be dropped or denied because of pre- existing conditions or illness. California also expanded Medi-Cal to cover childless adults and parent/caretaker relatives with incomes up to 138 percent of the federal poverty level, and expanded Medi-Cal mental health and substance use disorder benefits.

Significant reforms in the individual and small group insurance markets also took effect January 1, 2014. Most health plans and insurers in California are required to cover the 10 essential health benefits as required by federal law: ambulatory patient services; emergency services; hospitalization; maternity and newborn care; mental health, including behavioral health treatment; prescription drugs; rehabilitative and habilitative

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services and devices; laboratory services; preventive and wellness services and chronic disease management; and pediatric oral and vision care.

On November 4, 2014, the voters passed Proposition 47, which requires misdemeanor rather than felony sentencing for certain property and drug crimes and permits inmates previously sentenced for these reclassified crimes to petition for resentencing. As of December 4, 2014, 132 inmates had been resentenced and released from prison. Under this proposition, it is estimated that the 2015-16 institution average daily population will be reduced by approximately 1,900 inmates as a result of resentencing and avoided new admissions. However, this estimate will be further refined as more data become available. Proposition 47 requires that state savings resulting from the Proposition be transferred into a new fund, the Safe Neighborhoods and Schools Fund. The new fund will be used to reduce truancy and support drop- out prevention programs in K-12 schools, increase victim services grants, and support mental health and substance use disorder treatment services.