

# California Community Mental Health Funding

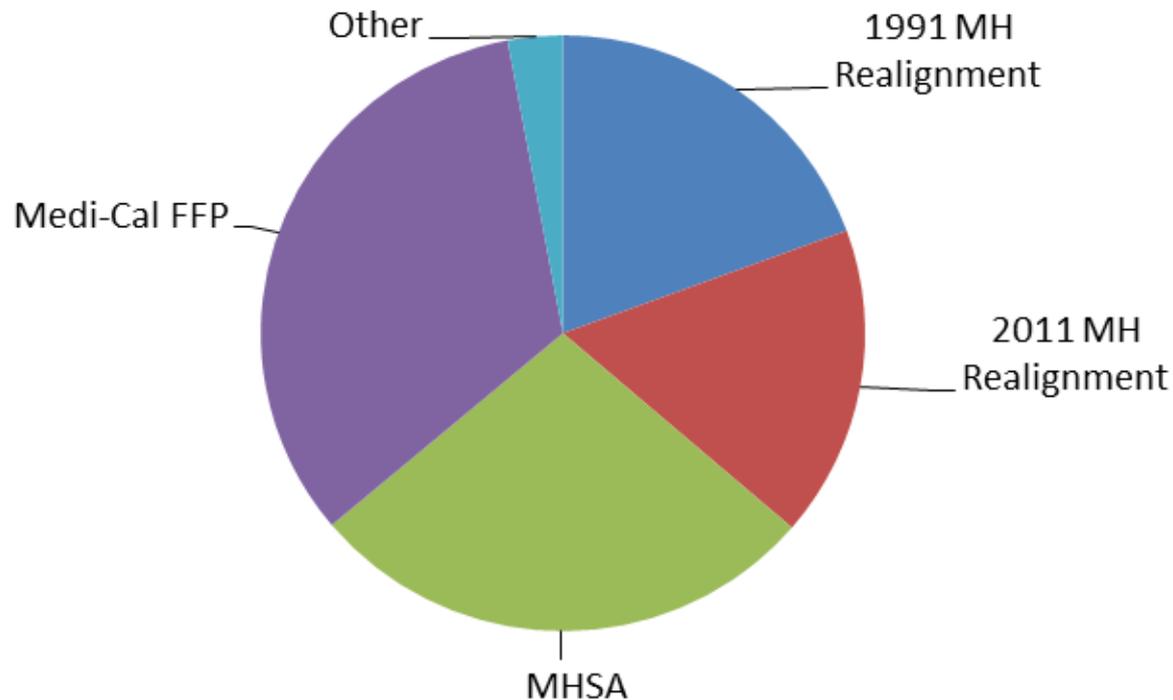
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# Community Mental Health Services Funding

## FY16/17 Estimated Community Mental Health Funding



# 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 15<sup>th</sup>
  - Deposited on July 1<sup>st</sup>

# 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

# 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
    - Behavioral Health Subaccount can be used for EPSDT, Medi-Cal Specialty Health Managed Care, and Substance Use Disorder services
- MHSA funds were used to fund realigned mental health services in FY11/12

# 2011 Realignment

- Realignment revenues are distributed to counties on a monthly basis as funds are collected until the State Subaccount receives funds equal to previous year's total
  - One monthly distribution to each county's Behavioral Health Subaccount
- Revenues above that amount are placed into the State Behavioral Health Services Growth Special Account
  - Attempt to fund two entitlement programs at amounts funded prior to realignment
    - EPSDT
    - Drug/Medi-Cal
  - Balance distributed based on percentage of average monthly Medi-Cal enrollment (FY13/14 growth)
  - Growth distributed approximately one year after it is earned

# 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