Mental Health Services Act
Steering Committee Meeting

Monday,
July 11, 2011

Local/State Updates

Mark Refowitz,
Behavioral Health
Director

MHSA Update

Clayton Chau,
Center of Excellence

Orange County MHSA Steering Committee

MHSA Fiscal Update
July 11, 2011

Mike Geiss
Geiss Consulting

Assembly Bill 100

- Goals of Legislative Language to Implement MHSA Redirection and State Administrative Changes
  - Changes to the state role are "surgical" or very "minimal" in order to implement budget conference committee compromise
  - Support MHSA cash flow to counties tied to accountability through the contractual relationship counties have with DMH
  - AB 100 is an urgency statute and became law immediately upon signature of the Governor

5

Key Changes – Administrative

- Eliminates State DMH and the MHSOAC from reviewing and approving county plans and expenditures
- Replaces the "Department of Mental Health" with the "State" in the distribution of funds from the MHS Fund
- Changes the amount available from revenues deposited in the MHS fund for state administration from up to 5% to 3.5%
- Plans will not longer be evaluated by DMH regarding capacity to meet unmet needs with expenditures

6

Key Changes – Administrative

- Replaces DMH with the MHSOAC (or Commission) as having a possible role of providing TA to county mental health plans for improvement of their "plans"
- Replaces DMH with the State in developing regulations necessary for the State Department of Mental Health, the MHSOAC, or designated state and local agencies to implement the Act
- Counties are still to prepare and "submit" a 3-year plan

7

Key Changes – Fiscal

- Suspended the non-supplant requirement for FY11/12 due to the State's fiscal crisis, allowing the MHS fund, rather than State General Fund, to pay for non-MHSA funded programs
  - Medi-Cal Specialty Mental Health Managed Care ($183.6M)
  - EPSDT ($579M)
  - Education-Related Mental Health Services ($98.6M)
- Changed the way in which revenues are made available
  - Funds are distributed to counties as deposits are made into the MHS Fund
  - Two years of funding available in FY11/12

8

MHSA Revenues

(Dollars in Millions)

MHSA Estimated Revenues

	Fiscal Year								
	Actual						Estimated		
	04/05	05/06	06/07	07/08	08/09	09/10	10/11	11/12	12/13
Cash Transfers	$169.5	$894.6	$935.1	$983.9	$797.0	$799.0	$895.0	$1,004.0	$1,054.0
Annual Adjustment	$83.6	$0.0	$0.0	$423.7	$438.0	$581.0	$225.0	($64.5)	($23.0)
Interest	$0.7	$11.2	$49.2	$94.4	$57.6	$14.9	$3.4	$0.8	$0.5
Total	$253.8	$905.8	$984.3	$1,502.0	$1,292.6	$1,394.9	$1,123.4	$940.3	$1,031.5

a/ FY11/12 Governor's May Revised Budget cash transfers and interest through FY11/12 and annual adjustment through 12/13

9

Estimated FY 11/12 MHSA Funding (Dollars in Millions)

Estimated Available Funding	
FY11/12 Component Allocation Deposits	$974.9
Estimated Increase in Deposits through FY10/11	$82.4
Estimated Excess Adminsitration through FY10/11	$16.5
FY11/12 Estimated Deposits	$940.3
Total	$2,014.1
Estimated Use of Funding	
Managed Care Allocation	$183.6
Special Education Pupils Allocation	$98.6
EPSDT Allocaton	$579.0
MHSA 3.5% Administration Funding	$32.9
Estimated Component Funding	$974.9
Total	$1,869.0
Estimated Shortfall in FY11/12 Component Funding	$0.0
Estimated Excess in FY11/12 Component Funding	$145.1

10

MHSA Component Funding
(Dollars in Millions)

Estimated MHSA Statewide Component Funding

	Actual		Estimated			Percent Change		
	FY09/10	FY10/11	FY11/12	FY12/13	FY13/14	FY11/12	FY12/13	FY13/14
CSS	$900.0	$783.6	$740.9	$866.8	$843.7	-5%	17%	-3%
PEI	$330.0	$216.2	$185.2	$216.7	$210.9	-14%	17%	-3%
Inn	$71.0	$119.6	$48.7	$57.0	$55.5	-59%	17%	-3%
Total	$1,301.0	$1,119.4	$974.8	$1,140.5	$1,110.1	-13%	17%	-3%

11

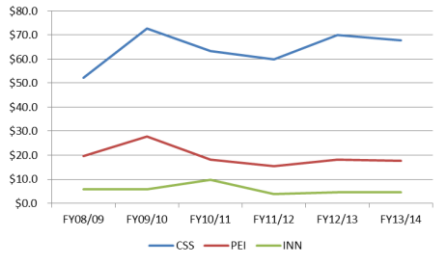
Orange County MHSA Component Funding (Dollars in Millions)

Orange County MHSA Component Allocations

	Actual				Estimated	
	FY08/09	FY09/10	FY10/11	FY11/12	FY12/13	FY13/14
CSS	$52.2	$72.6	$63.2	$59.8	$69.9	$67.8
PEI	$19.7	$27.7	$18.1	$15.5	$18.2	$17.7
Inn	$5.8	$5.8	$9.7	$4.0	$4.6	$4.5
Total	$77.7	$106.1	$91.1	$79.3	$92.7	$90.0

12

Orange County MHSA Component Funding (Dollars in Millions)



13

MHSA Fiscal Planning

- Amount of component funding is not guaranteed
  - Estimated funding needs to be tracked
  - More risk to counties
  - Similar to existing realignment funding
- Cash flow will vary during the fiscal year
- Use tools provided in MHSA to manage funding
  - Local prudent reserve
  - Three year reversion period for unspent CSS, PEI and Innovation funds

14

MHSA Reversion

- Welfare and Institutions Code specifies that funds must be spent within a certain time period or returned to the state
  - CSS, PEI and Innovation must be spent within three years
  - WET and CFTN must be spent within 10 years
  - Funds dedicated to Prudent Reserve are exempt from reversion
- Reversion period starts at beginning of fiscal year in which funds are available
- State DMH eliminated the 50% cap and 50% requirement for the Prudent Reserve

15

Other Community Mental Health Funding

- AB 100 redirects MHSA funds in FY11/12 to pay for:
  - Medi-Cal Specialty Mental Health Managed Care ($183.6M)
  - EPSDT ($579M)
  - Education-Related Mental Health Services ($98.6M)
- Represents specific, fixed amounts that must be allocated among counties
- Allocation methodologies to be developed by CMHDA and approved by the State
- Approved Managed Care allocation is proportionate increase for all counties
- Proposed Education-Related Mental Health Services is based on each county's total Special Education Pupil costs in FY09/10 less any Medi-Cal revenues

16

Other Community Mental Health Funding

- EPSDT proposed allocation approach is based initially on each individual county's estimated FY11/12 expenditures
- Final EPSDT allocation would be based on each individual county's actual EPSDT claims for services
  - Not subject to cost settlement or audit
  - Critical that interim billing rates approximate actual costs

17

Other Community Mental Health Funding

- FY11/12 State EPSDT Budget:
  - $1.42B total expenditures
  - $710M Medi-Cal FFP (50%)
  - $579M redirected MHSA funds (40.8%)
  - $131M local funding (9.2%)
- Local funding share applied equally to all counties
  - Actual percentage won't be known until probably August 2012

18

Other Community Mental Health Funding

- AB 118 created the Local Revenue Fund 2011
- Funds that previously were used for Mental Health Realignment are to be used to pay for the increased county share of CalWORKS grant costs
- $1,083.6 million per year is to be transferred from the Local Revenue Fund 2011 to the existing mental health subaccount
  - Subsequently transferred to each individual county's existing mental health account
- All provisions of existing Mental Health Realignment are still in place

19

Medi-Cal Program Changes

- Responsibility for the Medi-Cal Specialty Mental Health program is being shifted from DMH to the Department of Health Care Services (DHCS)
  - DHCS is responsible for the entire Medi-Cal program
  - Uncertain where non-Medi-Cal functions will reside at the State
- Healthy Families Program (HFP) is being consolidated into larger Medi-Cal program
  - Counties responsible for all Medi-Cal Specialty Mental Health Services to HFP clients
  - Impacts EPSDT funding
- CMHDA sponsored AB 1297 that would eliminate most state imposed Medi-Cal requirements
  - Medi-Cal billing requirements
  - Statewide Maximum Allowances

20

Steering Committee Comments and Questions

Clayton Chau, Facilitator

Public Comments and Questions

Clayton Chau,
Facilitator

Next Meeting

Monday, August 1, 2011
Downtown Community
Center