

ADDRESSING THE FISCAL IMPACT OF COVID-19 ON BHS

REVIEW OF PHASE I STRATEGIES

**Presentation to the MHSА Steering Committee
September 21, 2020**



ROADMAP FOR FEEDBACK AND PLANNING: FY 2020-21 MHSA ANNUAL PLAN UPDATE

- **TODAY:** Fiscal Update, Review of Recommended Strategies
- **October 19:** Review of Recommended Strategies, continuation
 - If needed, continuation of discussion on October 26 or November 2
- **November 16:** Community Survey Results – Discussion
- **December 21:** Adjustments based on Survey Results, if needed
- **January 25, 2021:** Final Wrap Up Discussion, if needed

Dates/Times may change

UPDATES

- Economic activity has been significantly impacted by the global pandemic.
- Most tax-derived revenue sources are estimated to be significantly lower for the next two years.
- The State is backfilling Realignment funding in FY 2020-21 but has no plans to backfill MHSA.
- DHCS has received a legal opinion that Innovation funding **may not** be transferred to CSS or PEI.

ANTICIPATED REDUCTION IN OC'S ALLOCATION

REVISED 9-2-2020

OC MHSA Projections	FY2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Projected Revenue as of 10-19-19	\$172,600,000	\$181,600,000	\$183,200,000	Not Available
Projected Revenue as of 6-17-20	\$148,115,877	\$164,909,180	\$157,776,963	\$118,294,181
Projected Revenue as of 9-2-20	\$148,115,877	\$169,720,789	\$164,625,189	\$125,556,222
Change from 10-19-19 to 9-2-20	-\$24,484,123	-\$11,879,211	-\$18,574,811	Not Applic.
Projected Year-End Fund Balance	\$82,366,008	\$47,825,562	\$11,672,138	-\$51,528,498

- FY 2019-20 Revenue for 6-17-20 and 9-2-2019 are actuals.
- Balance includes INN but does not include Prudent Reserve of \$33.3m.
- Projected Year-End Fund Balances based off of latest projected revenue.

PROJECTED OC ENDING BALANCES

REVISED 9-2-2020

COMPONENT	FY2019-20	FY 2020-21	FY 2021-22	FY 2022-23
CSS	\$21,835,960	\$6,338,702	-\$16,604,622	-\$71,007,389
PEI	\$34,194,429	\$24,685,222	\$12,025,200	-\$1,008,409
INN	\$26,335,620	\$16,801,637	\$16,251,560	\$20,487,300
TOTAL	\$82,366,009	\$47,825,562	\$11,672,138	-\$51,528,498

- Ending Balances for FY 2019-20 are actuals.
- Ending balances based on projected expenditures of program budgets in current Three-Year Plan. Does not include Prudent Reserve of \$33.3m.

RECOMMENDATION I: ACCESS PRUDENT RESERVE

- **RECOMMENDATION:**
 - Access and fully spend the Prudent Reserve (PR) in FY 2020-2021
- **RATIONALE:**
 - Assembly Bill 81 only authorizes counties to access PR in FY 2020-21
 - Current projections of MHSA revenue suggest conditions to access the PR won't be met in FY 2021-22 and could potentially be met in FY 2022-23
 - Carryover funds have more flexibility in how and when they can be used (reversion, notwithstanding)
 - OC is not currently at risk of reverting PEI or CSS funds

RECOMMENDATION I: ACCESS PRUDENT RESERVE

- Projected savings by FY:

PROGRAM SAVINGS	FY 2020-21		FY 2021-22		FY 2022-23	
	CSS	PEI	CSS	PEI	CSS	PEI
Prudent Reserve	\$28,946,132	\$4,312,637	-	-	-	-

- Prudent Reserve would be fully spent out at end of FY 2020-21



RECOMMENDATION I: ACCESS PRUDENT RESERVE

- Clarifying Questions:
 - From Steering Committee Members
 - From Public

RECOMMENDATION 2: RIGHT-SIZING PROGRAM BUDGETS - CSS

- WET (CSS) Transfer to OSHPD:
 - OSHPD reduced recommended amount for OC to contribute to the Statewide 5-year WET Plan (one-time savings of \$166,337)
- TAY Full Service Partnership (FSP) Program:
 - Based on several years of enrollment data, TAY FSP program has consistently underspent; reduce annual budget by \$500k beginning 7-1-2021 (2-year savings of \$1m)
- TAY Crisis Residential Services (CRS)/Social Rehabilitation Program (SRP):
 - Based on several years of utilization data, propose to keep CRS at 6 beds and not expand (3-year savings of \$1.5m)

RECOMMENDATION 2: RIGHT-SIZING PROGRAM BUDGETS

- IMPACT:
 - Reduces CSS budget by \$2,666,337 over three years
 - Projected savings by FY:

PROGRAM SAVINGS	FY 2020-21	FY 2021-22	FY 2022-23
CSS/WVET Transfer to OSHPD	\$166,337	-	-
TAY FSP	-	\$500,000	\$500,000
TAY Crisis Residential	\$500,000	\$500,000	\$500,000
TOTAL	\$666,337	\$1,000,000	\$1,000,000

RECOMMENDATION 2: RIGHT-SIZING PROGRAM BUDGETS

- Clarifying Questions:
 - From Steering Committee Members
 - From Public

RECOMMENDATION 3: DELAY START OF PROGRAMS

- RECOMMENDATION:

- Delay Program starts/expansions (RFPs and/or Contract Start Dates)

- RATIONALE:

- Delaying expenditures increases available carryover funds to help offset lost revenue in future years
- Programs and proposed budgets will REMAIN in the approved Plan, allowing for immediate procurement/program implementation if funding should become available in future years
- If removed from the Plan now, we would need to repeat the community planning process before re-introducing the program, resulting in delays before services could be implemented

RECOMMENDATION 3: DELAY START OF PROGRAMS - CSS

- PROPOSED DELAYS:
 - Telehealth/Virtual Behavioral Health Care:
 - Help@Hand extended to 5 years, CARES Act being used to convert programs to a virtual/telehealth environment so additional funds may not be needed (3-year savings of \$8.5m)
 - Children's Crisis Residential Program (CRP; Mandated Continuum of Care not yet implemented)
 - Transition to mandated CRP beginning 7-1-2022 program start (one-time savings of \$500k)
 - Housing FSP program provider contract
 - Phase in over next three years (3-year savings of \$4.8m)
 - Transportation:
 - Transition of many services to telehealth has reduced the need to expand transportation assistance at this time (3-year savings of \$600k)

RECOMMENDATION 3: DELAY START OF PROGRAMS CON'T

- IMPACT:
 - Reduces CSS budget by \$14,400,000 over three years
 - Projected savings by FY:

PROGRAM SAVINGS	FY 2020-21	FY 2021-22	FY 2022-23
Telehealth/Virtual BH	\$2,500,000	\$3,000,000	\$3,000,000
Children's COC CRP	\$500,000	-	-
Housing FSP	\$3,300,000	\$1,500,000	-
Transportation	\$200,000	\$200,000	\$200,000
TOTAL	\$6,500,000	\$4,700,000	\$3,200,000

RECOMMENDATION 3: DELAY START OF PROGRAMS - PEI

- PROPOSED DELAYS:
 - MH Community Education Events for Reducing Stigma and Discrimination
 - Because FY 2019-20 events were postponed to December 2020 (i.e., FY 2020-21) propose the next RFAs to be in FY 2021-22 (one-time savings of \$881k)
 - School-Based Stress Management Services
 - Subject Matter Expert retired, many schools are still in distance learning.
 - Delay allows time for in-class instruction to resume in a consistent manner before resuming this school-based program (one-time savings of \$155k)

RECOMMENDATION 3: DELAY START OF PROGRAMS CON'T

- IMPACT:
 - Reduces PEI budget by \$1,036,000 this FY
 - Projected savings this FY:

PROGRAM SAVINGS	FY 2020-21	FY 2021-22	FY 2022-23
MH Community Events	\$881,000	-	-
School-Based Stress Management	\$155,000	-	-
TOTAL	\$1,036,000	-	-

RECOMMENDATION 3: DELAY START OF PROGRAMS

- Clarifying Questions:
 - From Steering Committee Members
 - From Public

RECOMMENDATION 4: IDENTIFY ALTERNATE REVENUE

- De-fund Integrated Community Services and partner with CalOptima to provide equivalent services with no cost to HCA (total 3-year CSS savings of \$3.6m)
- BHS Outreach & Engagement (O&E) to bill:
 - HMIOT (one-time savings of \$25,000)
 - Substance Abuse Block Grant (3-year savings of \$3m)
 - PEI instead of CSS (3-year CSS costs of \$7,709,799 shifted to be fully funded through PEI)
- Shift CSS-funded position to PEI (3-year savings of \$261.3k)
- OC Links position at CSU to be funded by 1991 Realignment (3-year savings of \$360k)

RECOMMENDATION 4: IDENTIFY ALTERNATE REVENUE

- Projected savings by FY:

PROGRAM SAVINGS	FY 2020-21		FY 2021-22		FY 2022-23	
	CSS	PEI*	CSS	PEI*	CSS	PEI*
ICS (CSS)	\$1,200,000		\$1,200,000		\$1,200,000	
BHS O&E (CSS/PEI)	\$2,569,933	-\$1,544,933	\$2,569,933	-\$1,569,933	\$2,569,933	-\$1,569,933
Shift CSS position to PEI	\$87,100	-\$87,100	\$87,100	-\$87,100	\$87,100	-\$87,100
OC Links (PEI)		\$120,000		\$120,000		\$120,000
TOTAL	\$3,857,033	-\$1,512,033	\$3,857,033	-\$1,537,033	\$3,857,033	-\$1,537,033

* PEI amounts reflect net added expenditures (not savings) due to some program costs being shifted from CSS to PEI after applying HMIOT and SABG savings.

RECOMMENDATION 4: IDENTIFY ALTERNATE REVENUE

- Clarifying Questions:
 - From Steering Committee Members
 - From Public

RECOMMENDATION 5: INCREASE MEDI-CAL REVENUE

- INCREASE MEDI-CAL REVENUE:
 - Overall strategy for CSS programs providing billable services
 - *Estimated revenue not yet calculated*
 - PEI programs to begin billing Medi-Cal:
 - OC CREW began billing August 2020
 - Estimated revenue over three years = \$612k
 - School-Based Mental Health Services to begin billing October 2020
 - Estimated revenue over three years = \$1.3m
 - OC4Vets to begin billing for non-VA beneficiaries
 - Estimated revenue over three years = \$180k

RECOMMENDATION 5: INCREASE MEDI-CAL REVENUE

- **IMPACT:**
 - Decreases PEI budget by \$2,092,000 this FY
 - Projected added revenue this FY:

PROGRAM SAVINGS	FY 2020-21	FY 2021-22	FY 2022-23
OC CREW	\$204,000	\$204,000	\$204,000
School-Based MH Services	\$300,000	\$500,000	\$500,000
OC4Vets	\$60,000	\$60,000	\$60,000
TOTAL	\$564,000	\$764,000	\$764,000

RECOMMENDATION 5: INCREASE MEDI-CAL REVENUE

- Clarifying Questions:
 - From Steering Committee Members
 - From Public

RECOMMENDATION 6: ELIMINATION OF PROGRAM FUNDING

- Eliminate PEI positions that have remained vacant (3-year savings of \$1,404,000)
- Potentially end planned PEI program expansions early (2-year savings of (\$1,334,000))
- Potentially eliminate CSS programs (2-year savings of \$1,651,600)

RECOMMENDATION 6: ELIMINATION OF PROGRAM FUNDING

- Projected savings by FY, if needed:

PROGRAM SAVINGS	FY 2020-21		FY 2021-22		FY 2022-23	
	CSS	PEI	CSS	PEI	CSS	PEI
Vacant Positions	-	\$468,000	-	\$468,000	-	\$468,000
Potential End of Expansions	-	-	-	\$667,000	-	\$667,000
Potential Eliminations	-	-	\$825,800	-	\$825,800	-
TOTAL		\$468,000	\$825,800	\$1,135,000	\$825,800	\$1,135,000

RECOMMENDATION 6: ELIMINATION OF PROGRAM FUNDING

- Clarifying Questions:
 - From Steering Committee Members
 - From Public

PROJECTED FY 2022-23 ENDING BALANCES: PHASE I STRATEGIES

Projected FY 2022-23 Amounts	CSS	PEI
Ending Balances, without Adjustments	-\$71,007,389	-\$1,008,409
<i>Adjustment: Prudent Reserve</i>	+\$28,946,132	+\$4,312,637
<i>Adjustment: Savings from Right-Sizing Budgets</i>	+\$2,666,337	-
<i>Adjustment: Savings from Delayed Programs</i>	+\$14,400,000	+\$1,036,000
<i>Adjustment: Savings from Alternate Revenue</i>	+\$11,571,099	-\$4,586,099
<i>Adjustment: Projected Increased Medi-Cal</i>	TBD	+\$2,092,000
<i>Adjustment: Eliminate Program Funding, if needed</i>	+\$1,651,600	+\$2,738,000
Ending Balances, with all Phase I Adjustments	-\$11,772,221	\$4,584,129