

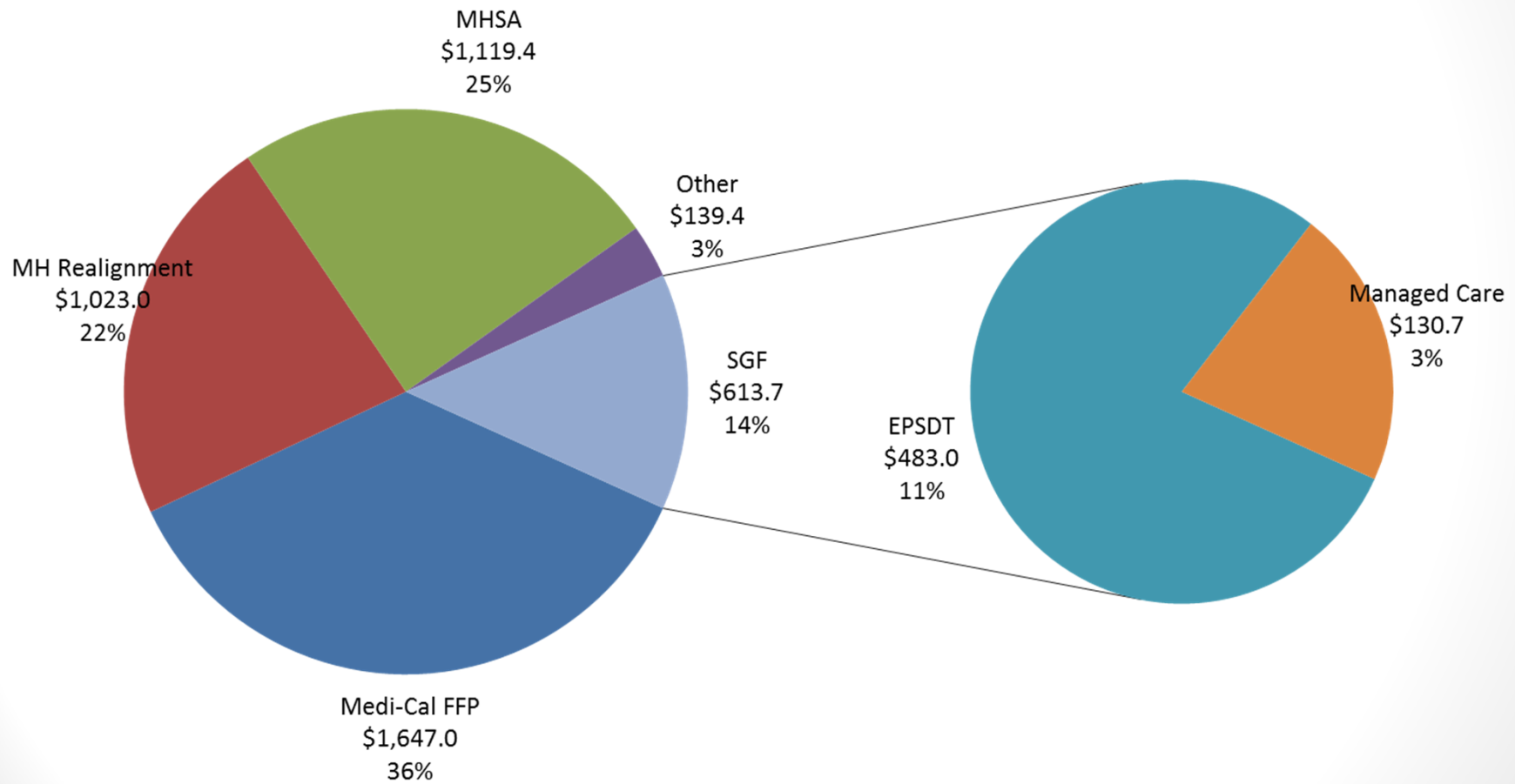
# Changing and Challenging Times: Realignment, Budget and Other Realities

California Institute for Mental Health  
Mental Health Policy Forum  
May 5, 2011

Mike Geiss



# FY10/11 Estimated Community Mental Health Funding (Dollars in Millions)



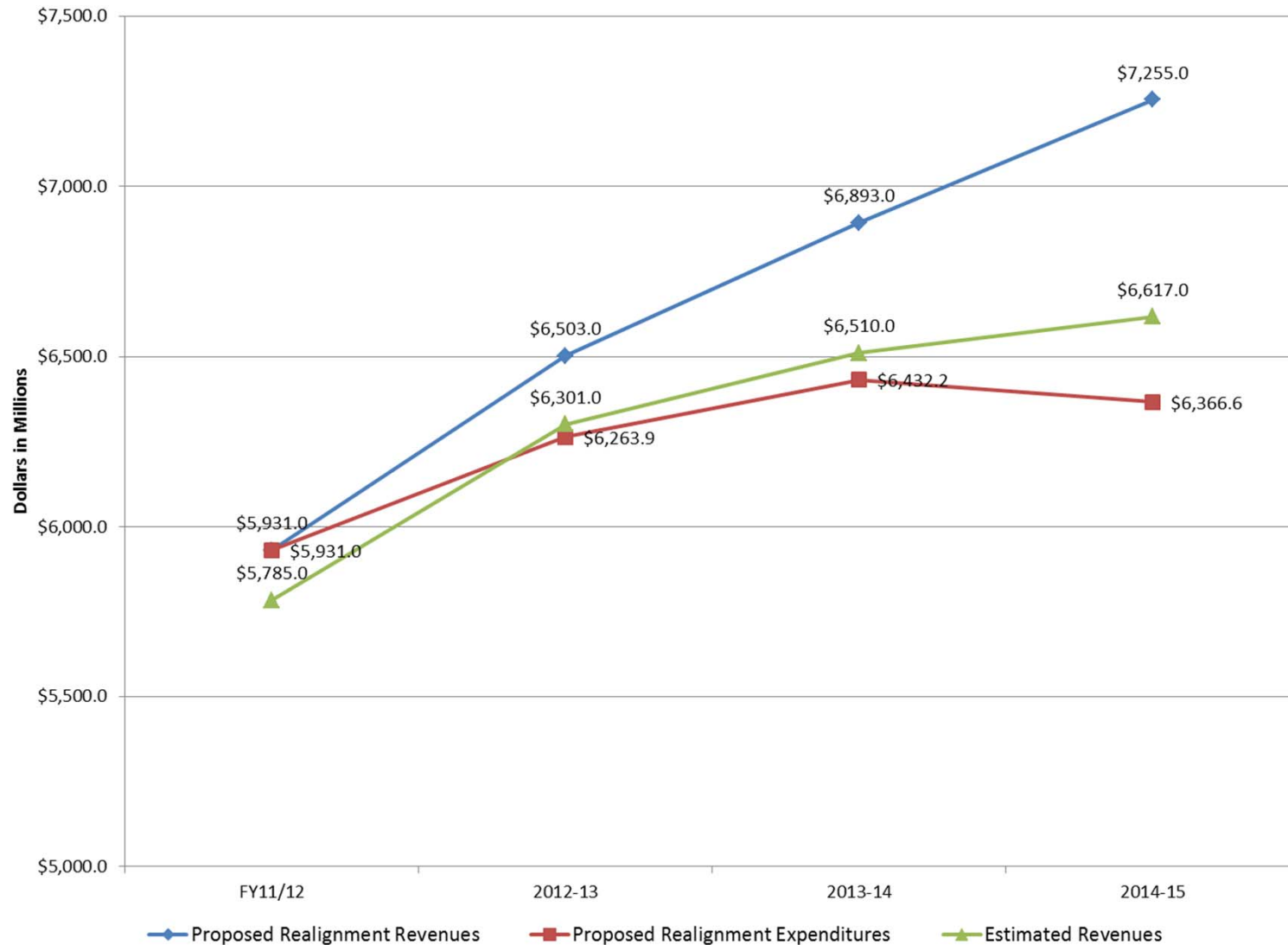
# 1991 Realignment Overview

- “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 fund 1991 Realignment
  - ½ Cent of State Sales Tax
  - State Vehicle License Fees
  - State Vehicle License Fee Collections

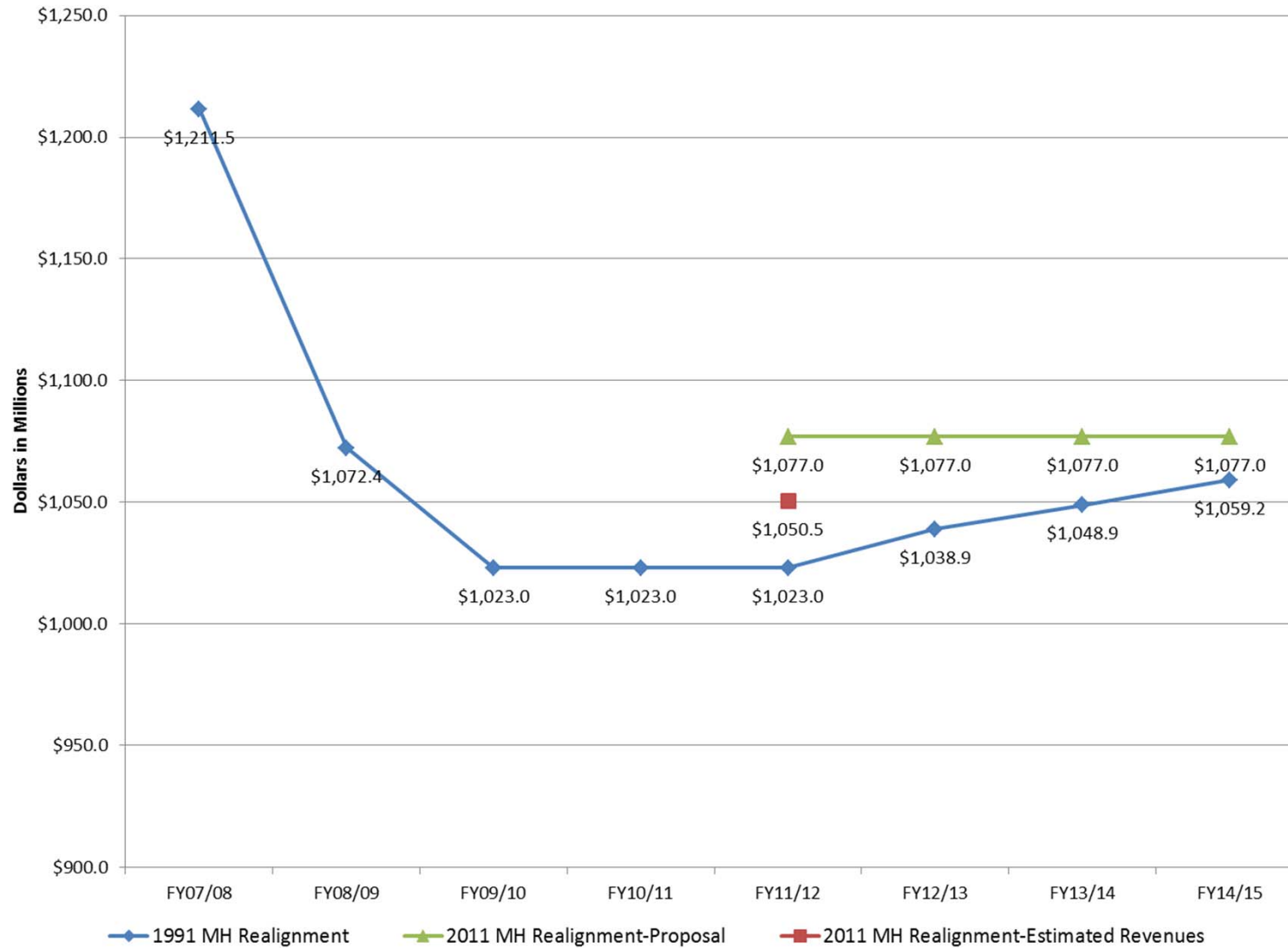
# 2011 Realignment Overview

- “2011 Realignment” refers to the proposed realigning of the funding and responsibility for public safety programs
  - Includes 1991 Realignment for community mental health services beginning in FY11/12
  - Includes community mental health programs previously funded through the State General Fund beginning in FY12/13
    - Medi-Cal Specialty Mental Health Managed Care
    - Early and Periodic Screening, Diagnosis and Treatment (EPSDT)
    - Educational-related Mental Health Services (AB3632)
- Two revenue sources proposed to fund 2011 Realignment
  - 1 Cent of State Sales Tax
  - ½ Cent of State Vehicle License Fees
  - Guaranteed for 5 years

# 2011 Total Realignment Revenue Estimates



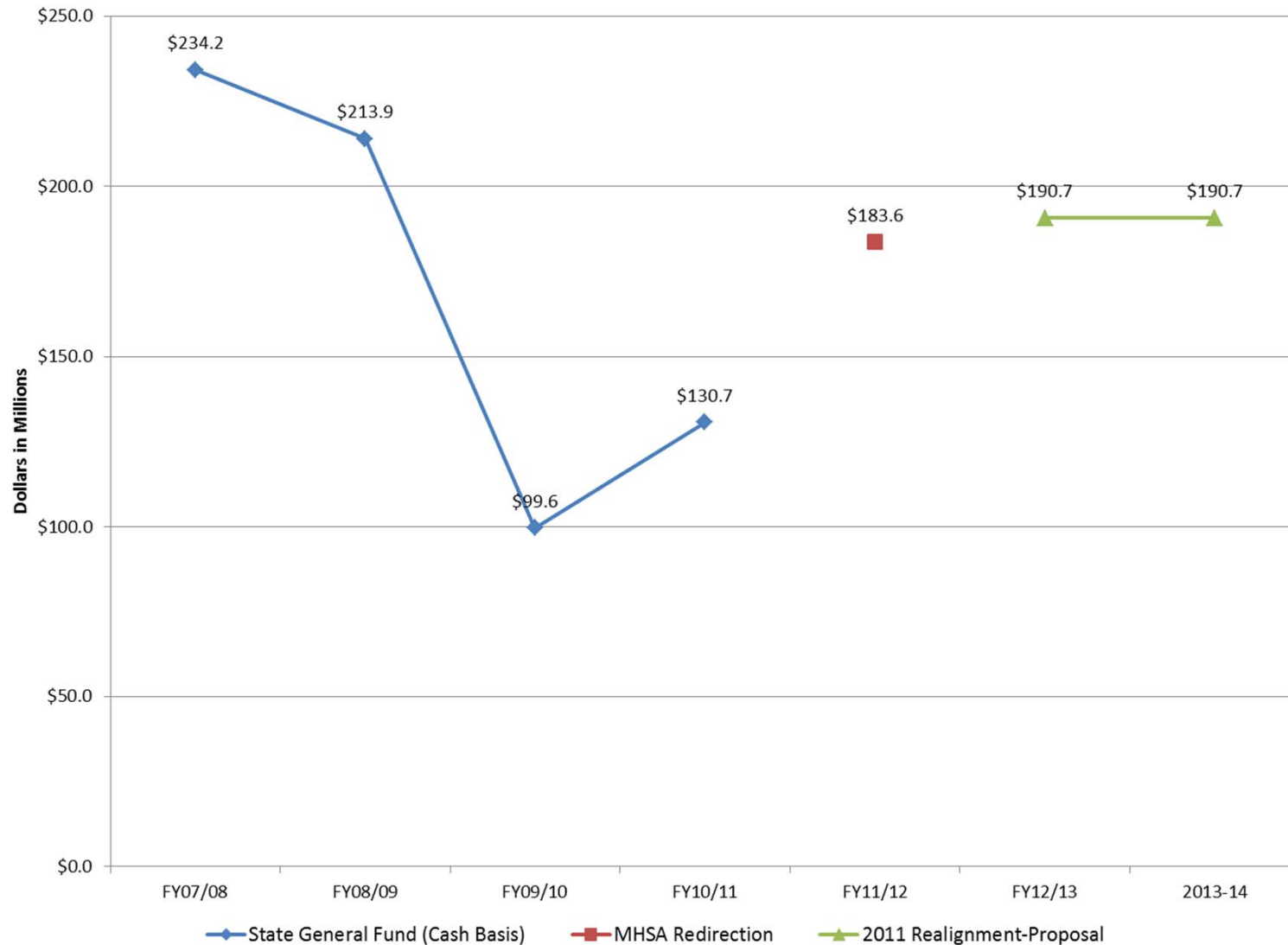
# Mental Health Realignment Revenue Comparison



# Medi-Cal Specialty Mental Health Managed Care

- From 1995 through 1998, the state consolidated Fee for Service and Short-Doyle programs into one “carved out” specialty mental health managed care program
- Counties are given the “first right of refusal” for taking on this new responsibility of managing specialty mental health care
  - Referred to as County Mental Health Plans (MHPs)
  - Approved by the federal government under a Section 1915(b) Waiver
- Under this system, all Medi-Cal beneficiaries must receive their specialty mental health services through the county MHP
- Upon consolidation, the state DHCS transferred the funds it had been spending under the FFS system for inpatient psychiatric and outpatient physician and psychologist services to county MHPs

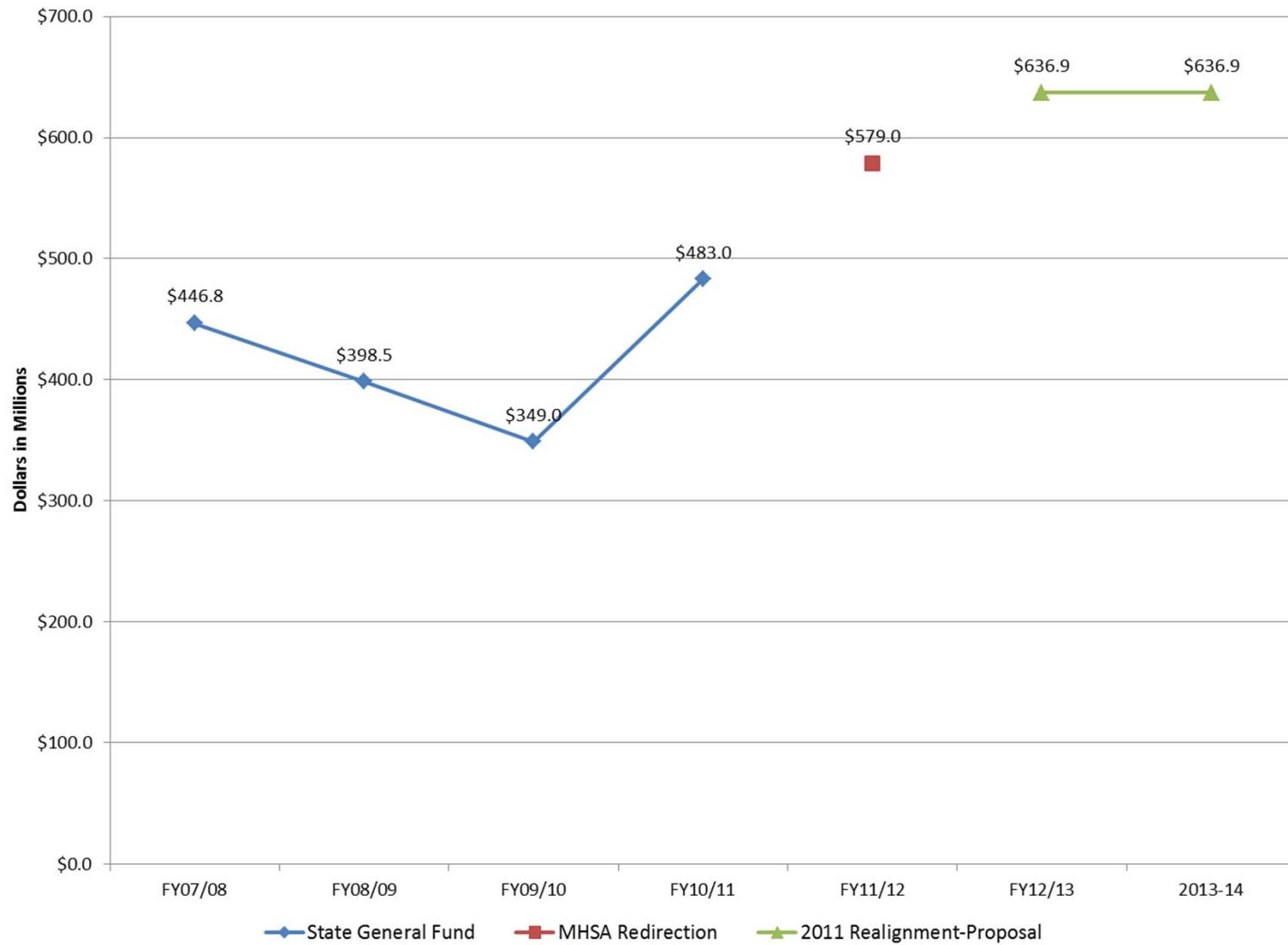
# Medi-Cal Specialty Mental Health Managed Care



# Medi-Cal EPSDT

- Early and Periodic Screening, Diagnosis and Treatment (EPSDT) represents an expansion of services resulting from a class action lawsuit
- Settlement resulted in increased state funding for Medi-Cal specialty mental health services for full scope Medi-Cal beneficiaries under age 21
- County MHPs were originally reimbursed the entire non-federal expenditure for all EPSDT eligible services in excess of expenditures made in the baseline year (FY94/95) adjusted for inflation
- In FY01/02, county MHPs became responsible to fund 10% of the growth in the state/local match above FY01/02 cost settled amounts of state/local match

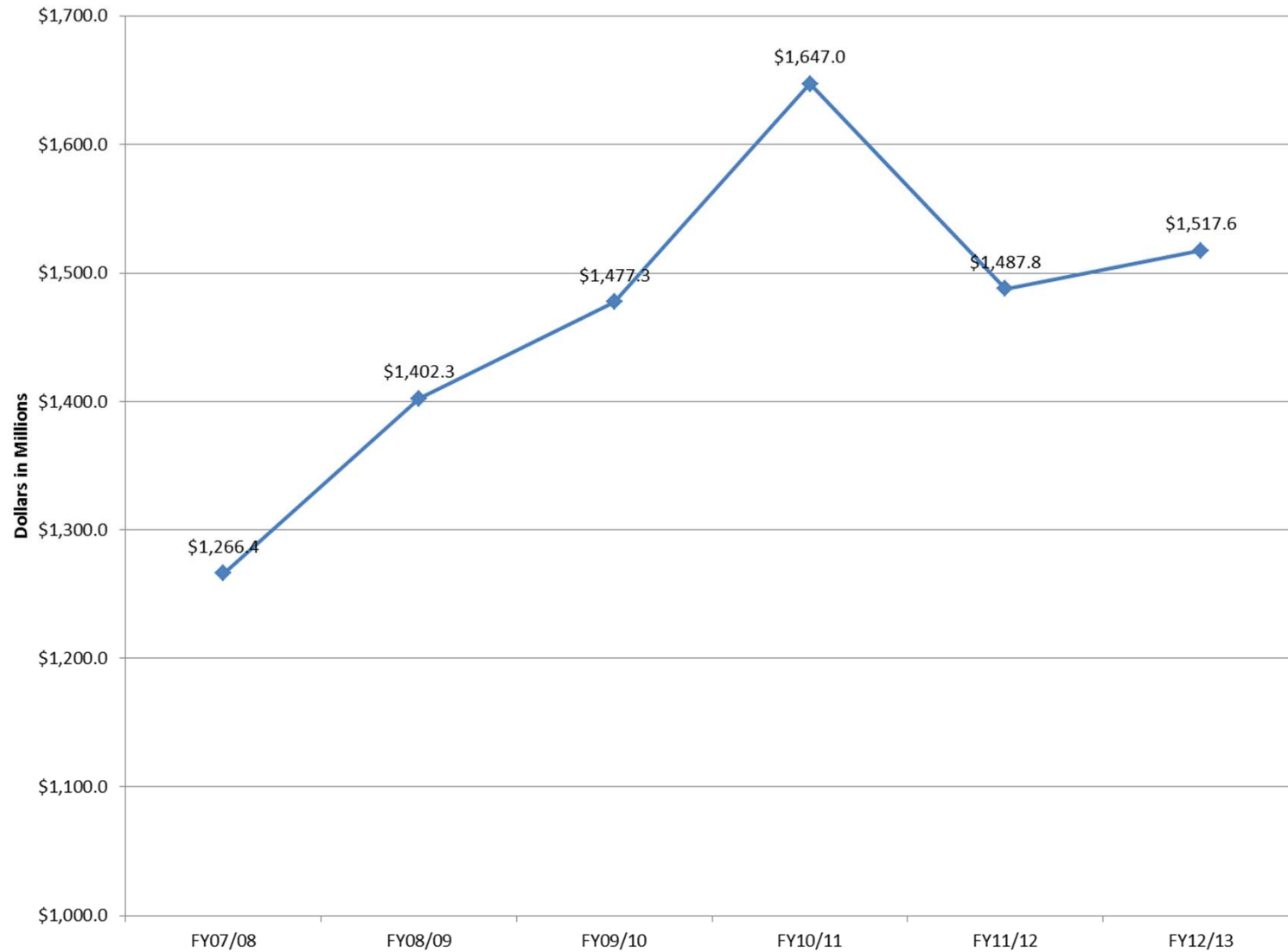
# Medi-Cal EPSDT



# Medi-Cal Reimbursement

- County MHPs are reimbursed a percentage of their actual expenditures based on the Federal Medical Assistance Percentage (FMAP)
- County MHPs are reimbursed an interim amount throughout the fiscal year based on approved Medi-Cal services and interim billing rates
- County MHPs and State reconcile the interim amounts to actual expenditures through the year end cost report settlement process
  - Currently limited to no more than actual costs, published charges, or Statewide Maximum Allowances (SMAs) set by the State
- State audits the cost reports to determine final Medi-Cal entitlement

# Medi-Cal Reimbursement



# State General Fund

- Other SGF has been appropriated over the years for various programs
  - Children's System of Care
  - AB2034 Integrated Services to the Homeless
  - Community Treatment Facilities
  - AB3632 Mental Health Services to Special Education Pupils

# Mental Health Services Act (MHSA)

- 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
      - Based on actual tax returns from two years prior

# Historical and Estimated Statewide MHSA Revenues (Cash Basis-Millions of Dollars)<sup>a/</sup>

## 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	\$827.0	\$824.0	\$865.2
Annual Adjustment	\$83.6	\$0.0	\$0.0	\$423.7	\$438.0	\$581.0	\$225.0	(\$64.5)	\$64.0
Interest	\$0.7	\$11.2	\$49.2	\$94.4	\$57.6	\$14.9	\$3.9	\$0.5	\$0.5
<b>Total</b>	<b>\$253.8</b>	<b>\$905.8</b>	<b>\$984.3</b>	<b>\$1,502.0</b>	<b>\$1,292.6</b>	<b>\$1,394.9</b>	<b>\$1,055.9</b>	<b>\$760.0</b>	<b>\$929.7</b>

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

# MHSA Component Allocations

- Funds have been made available to each County through Component Allocations
- Counties have specified period to spend funds or they revert to State MHS Fund
- Prior to AB100, Component Allocations were generally based on estimated revenues to be in State MHS Fund prior to the start of fiscal year
  - Sufficient revenues are in the State MHS Fund at the start of the fiscal year for distributions for the entire fiscal year
- AB100 changed the way in which revenues are made available
  - Funds are distributed as deposits are made into the MHS Fund
  - Two years of funding available in FY11/12

# MHSA Component Funding

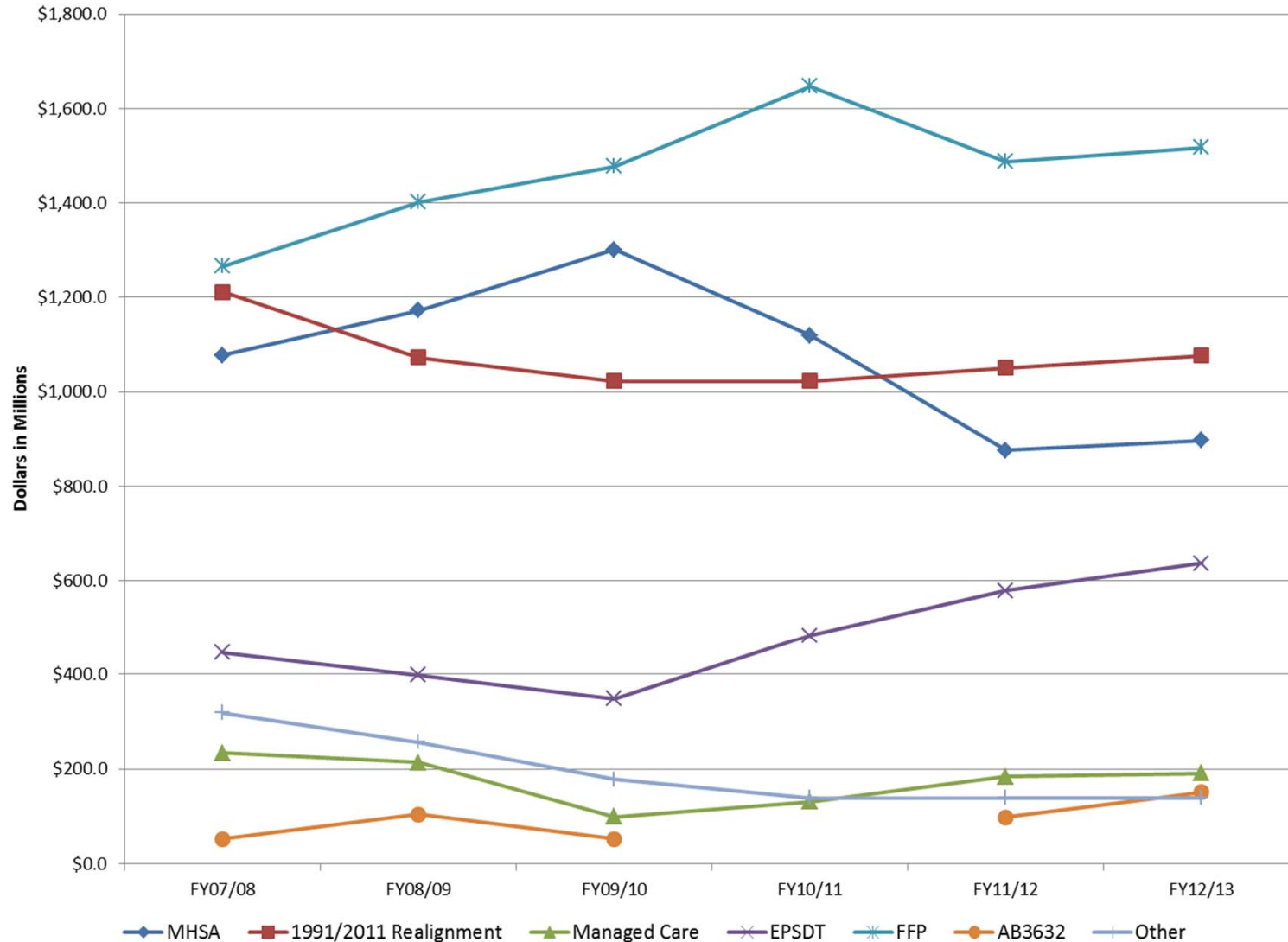
Estimated MHSA Statewide Component Funding  
(Dollars in Millions)

	Actual		Estimated			Percent Change		
	FY09/10	FY10/11	FY11/12	FY12/13	FY13/14	FY11/12	FY12/13	FY13/14
<b>CSS</b>	\$900.0	\$783.6	\$665.9	\$681.8	\$740.0	-15%	2%	9%
<b>PEI</b>	\$330.0	\$216.2	\$166.5	\$170.5	\$185.0	-23%	2%	9%
<b>Inn</b>	\$71.0	\$119.6	\$43.8	\$44.9	\$48.7	-63%	3%	8%
<b>Total</b>	\$1,301.0	\$1,119.4	\$876.2	\$897.2	\$973.7	-22%	2%	9%

# Other Funds

- Counties are required to provide a county maintenance of effort in order to receive Realignment funds
- Some counties contribute additional county funds (overmatch) based on the availability of local revenues and local priorities
- Patient Fees
  - Counties are required to charge fees to non-Medi-Cal clients based on their ability to pay
- Other Third Party Revenue
  - Insurance, Medicare
- Grant Funds
  - SAMHSA, PATH, other

# Summary of Community Mental Health Funding



# Summary of Community Mental Health Funding

## Summary of Estimated Community Mental Health Funding (Dollars in Millions)

Revenue Source	FY07/08	FY08/09	FY09/10	FY10/11	FY11/12	FY12/13
MHSA	\$1,078.2	\$1,172.0	\$1,301.0	\$1,119.4	\$876.2	\$897.2
1991/2011 Realignment	\$1,211.5	\$1,072.4	\$1,023.0	\$1,023.0	\$1,050.5	\$1,077.0
Managed Care	\$234.2	\$213.9	\$99.6	\$130.7	\$183.6	\$190.7
EPSDT	\$446.8	\$398.5	\$349.0	\$483.0	\$579.0	\$636.9
FFP	\$1,266.4	\$1,402.3	\$1,477.3	\$1,647.0	\$1,487.8	\$1,517.6
AB3632	\$52.0	\$104.0	\$52.0		\$98.6	\$150.9
Other	\$318.8	\$257.2	\$178.3	\$139.4	\$139.4	\$139.4
<b>Total</b>	<b>\$4,607.9</b>	<b>\$4,620.4</b>	<b>\$4,480.3</b>	<b>\$4,542.5</b>	<b>\$4,415.1</b>	<b>\$4,609.7</b>