

# **Mental Health Services Act**

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# Agenda

- Brief Review of Act
- Status/Challenges
- Fiscal Issues
- Implementation Steps

# **Brief Review of Act**

# Historical Perspective

- Proposition 63– a California voters' ballot initiative
  - Grassroots support to get signatures to bring it to ballot
- Passed by majority vote on November 2, 2004
- Became effective as statute, Mental Health Services Act (MHSA) on January 1, 2005

# Summary of Context (from Ballot)

- “Almost 40 years ago, California emptied its mental hospitals, promising to fully fund community mental health services. That promise is still unfulfilled.”
- There are many who are not receiving needed treatment
  - This results in children failing school and adults on the street or in jail
- The LAO concludes that Prop 63 could save millions annually by reducing expenses for medical care, homeless shelters and law enforcement
- Opposition—Mentally ill need help, however this is a dangerously volatile income source, doubtful of projected savings

# MHSA Content

- 1% tax on personal income in excess of \$1M
- Expand mental health services
  - Recovery/wellness
  - Stakeholder involvement
  - Focus on unserved and underserved
- Six components
  - Community Program Planning, Community Services and Supports, Education and Training, Capital/Technology, Prevention/Early Intervention, Innovation

# Status and Challenges

# Community Services and Supports Status and Challenges

## ■ Status

- \$114.5M expansion for FY 07/08
- Determine funding for FY 08/09, summer '07
- Proposed change to include housing as part of CSS system development

## ■ Challenges

- FSPs—step down, rural, role in overall system transformation
- Integrated Plan requirements
- Outcome driven

# MHSA Housing Program Status and Challenges

- Summary--\$75M/year to develop new permanent supportive housing for individuals who are homeless or at-risk
- Status
  - Stakeholder Review of Application, 3/07
- Challenges
  - Ensuring that this program works for small counties

# Education and Training Proposed Local Strategy

- \$100M through FY 08/09
- Activities
  - Workforce Staffing Support
  - Training and Technical Assistance
  - Mental Health Career Pathway Programs
  - Residency and Internship Programs
  - Financial Incentive Programs

# Education and Training

## Proposed State Strategies

- Workforce Staffing Support
  - E.g.: Regional Partnerships
- Training and Technical Assistance
  - E.g.: Blended learning
- Mental Health Career Pathways
  - E.g.: Consumer/family entry level prep
- Residency/Internship
  - E.g.: Physician assistant
- Financial Incentive
  - E.g.: Loan forgiveness

# Education and Training Status and Challenges

## ■ Status

- Draft of local plan requirements for input 2/07
- Final plan requirements 6/07
- Establishing infrastructure for statewide programs
- Develop Five Year Plan
- Early Implementation funding proposed (\$15M)

## ■ Challenges

- Counties need additional qualified staff NOW
- Capacity of training programs insufficient to meet needs
- Determining how much to focus on various strategies prior to completion of needs assessment

# Capital Status and Challenges

## ■ Status

- Capital money will be for treatment/service or administrative facilities
- Draft of local plan requirements for input 4/07
- Final local plan requirements 7/07

## ■ Challenges

- Determine locally how much to invest in capital and how much to invest in technology

# Technology

## Status and Challenges

### ■ Status

- Counties must meet EHR/HIE requirements before other technology requests will be approved
- Draft of local plan requirements for input 4/07
- Final local plan requirements 7/07

### ■ Challenges

- On cutting edge of technology for interoperability

# Prevention/Early Intervention Status and Challenges

## ■ Status

- Selected principles and priorities
- Special stakeholder processes for underserved communities and TAY
- Draft local plan requirements by 6/07
- Final Plan requirements by 9/07

## ■ Challenges

- Designing an evaluation system
- Selecting a limited number of strategies for counties to choose from
- Broadening the stakeholder input

# Innovation Status

- Oversight and Accountability Commission has the lead on establishing principles
  - Subcommittee working on this
- DMH will develop the local plan requirements

# Overall Challenges

- Implementation
  - Expedite implementation/Inclusive process
  - Workforce
  - Infrastructure
- Managing Expectations
  - Amount of change/new services
  - Timeframes
- Funding
  - Distribution formula to counties
  - Supplantation
  - Volatility

# Overall Challenges

- Governance

- Who makes the critical decisions and how are those decisions made?

- Commission, County, Planning Council, State DMH

- Integration

- How will MHSA be integrated into existing system so that

- We achieve our goals for transformation and
    - We preserve core programs

- Establishing culture of continuous improvement

# Fiscal Issues

# Revenue Projection

- Provided twice annually
  - January Governor's budget and May revision
- Cash Transfers
- Accrued Revenue from Prior Years
- Interest Income
- Estimated Available Revenue
  - Shown by component

# Process for Access to Funds

- \$ placed at state in county sub-accounts as received
- Planning estimates provide maximum county can apply for in their plans
- Contract provides approved amounts

# When will expansion occur?

- Principles

- Planning estimates based on actual cash not estimates
- Consider sustainability when establishing planning estimates

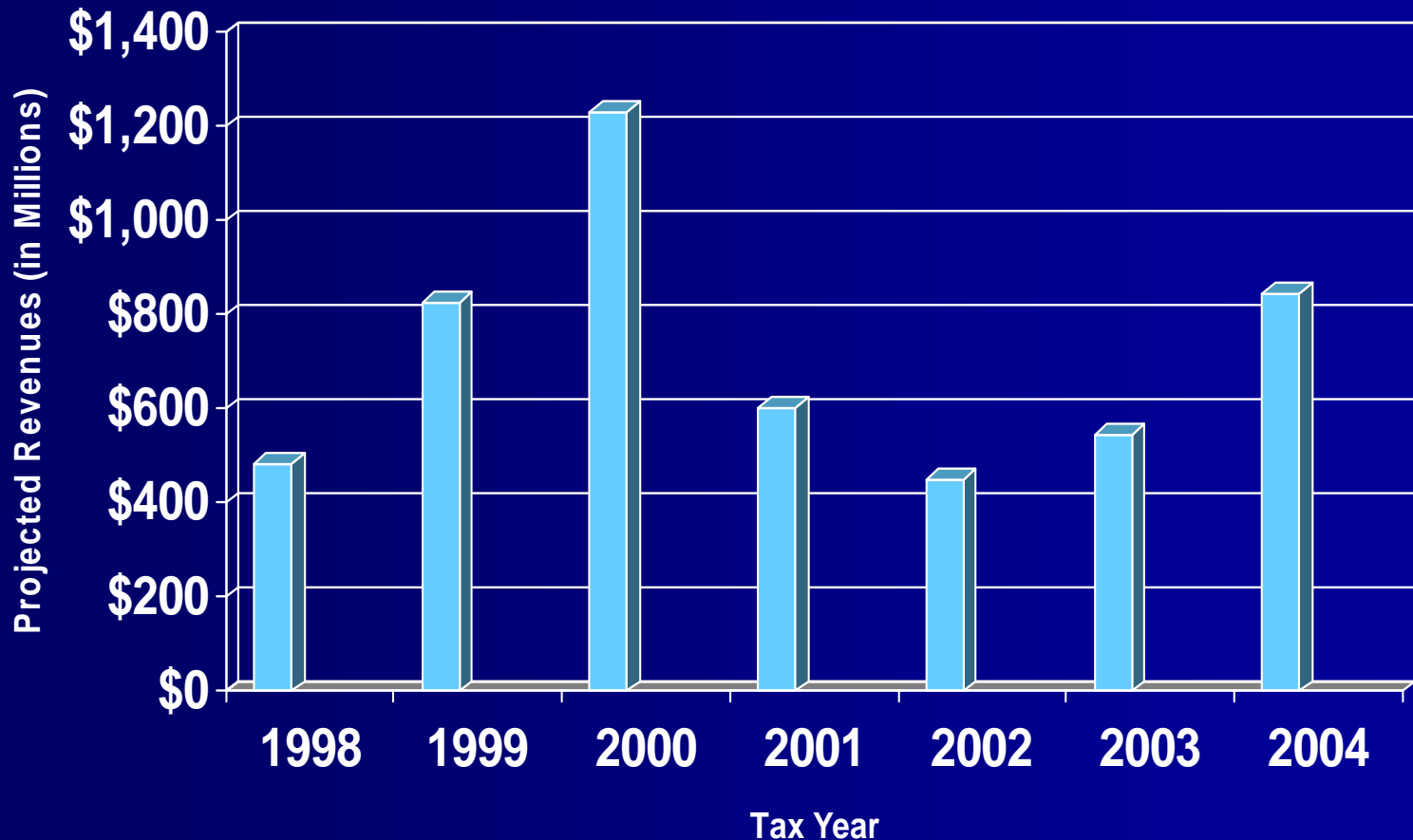
- Each July, review projection from the prior May and establish a new planning estimate for following year

# Why a Prudent Reserve

- Because of volatility of funding, the Act allowed funding to be set aside in good years to be used when revenue declines to maintain stability of programs and services
- Target is 50% of annual funding for client services
  - Use unexpected additional revenues to fully fund CSS prudent reserve by FY 08/09

# ***Fund Source Volatility***

*(projected revenues in millions for prior years)*



# Use of Prudent Reserve

- For use in economic downturns (i.e., reductions in revenues) to maintain consistent service levels
- Prudent reserve—maintained at state level in county sub-accounts
- Note: counties may also establish an operating reserve locally of 10% for unexpected expenses

# Cash Balance Report

- Twice a year, counties will report cash availability
  - Local cash reserves can total
    - An operating reserve of 10%
    - One quarter's operating costs
    - One-time project funding
  - If additional in cash available, county quarterly distributions will be reduced

# Non-Supplantation

## ■ State

- Maintain entitlements/formula distributions
- Amounts of allocations from SGF in FY 03/04

## ■ County

- MHSA funds must expand services and/or program capacity beyond 11/2/04 levels
- Cannot replace state or county funds required to be used for services/supports in FY 04/05
  - Excludes 10% realignment shift and county overmatch

# *Future Development*

- Allowable expenditures for balance of components
- Prudent reserve level for other components
- Format for public reporting of expenditures
- Planning estimates for balance of components

# Implementation

## Next Steps

# Estimated Timeline

## ■ Process

- Draft guidelines 2-6 months
- Stakeholder input/final approval 3 months
- Local plan development/review 3 months
- DMH/OAC review/approval 2 months

# Estimated Timeline for Components--DRAFT

- Education and Training
  - Draft guidelines 2/07
  - Local funding 10/07
- Capital and Technology
  - Draft guidelines 4/07
  - Local funding 12/07
- Prevention/Early Intervention
  - Draft guidelines 6/07
  - Local funding 1/08