

MEMORANDUM

TO: BHRIS Stakeholders
FROM: Linda Downs • BHRIS Budget Director
DATE: September 19, 2011
RE: **Emerging analysis of FY 2011-12 and FY 2012-13 BHRIS budgets**

1. Mental Health Services

- a. What this part of the budget includes: Funding to support crisis, therapy, medication, placement, case management services, and related administration, for individuals with severe mental disabilities, who are gravely disabled, or who are students with educational plans that include behavioral health services.
- b. Generally, how we are doing for FY 2011-12: As part of their budget balancing strategy, the State took \$861 million from the Mental Health Services Act to fund other State programs—e.g., Early Periodic Screening, Diagnosis, and Testing (EPSDT), Managed Care and Special Education Pupils. Although this will impact MHSA in the long run, funding for MHSA and these other programs is stable for FY 2011-12.
- c. Risks or unknowns for FY 2011-12
 - MHSA and 1991 State Realignment funding is based on tax revenues, which ebbs and flows with the economy. Previously Counties were provided an allocation at the beginning of the year for MHSA. In FY 2011-2012, Counties were given a 6-month advance, after which they will be reimbursed what is collected through the tax revenues. We are unsure what type of impact this will create.
 - The EPSDT allocation is based on estimated usage and paid in two installments. The first payment is half of the initial estimate; the second payment is based on actual expenditures through the first 6 months of the fiscal year. The concern is that expenditures in the first half of the year are always low because these services are provided only to children in schools.
- d. Risks or unknowns for FY 2012-13
 - The Department is using \$1.5 million in Fund Balance (our savings) as a bridge through this fiscal year. These funds will not be available in FY 2012-2013.
 - \$1 million in State funding for Special Ed Students will not be available in FY 2012-13.
 - EPSDT revenue will come from the State's new 2011 Realignment program, which is also from sales tax revenue. It is unknown what methodology the State will use to allocate these funds and how they will account for program growth.
 - It is unknown how the economy will impact tax collections related to MHSA.
 - There were minor cuts to the Federal Substance Abuse and Mental Health Administration (SAMHSA) funding in FY 2011-2012. However, State officials have indicated that there may be larger cuts in FY 2012-2013. This is also talk about combining the Mental Health and Substance Abuse grants into one block grant, which impact both areas.
 - Revenue contracts are always a concern.

2. **Public Guardian**

- a. What this part of the budget includes: The Public Guardian provides assistance to individuals who are gravely disabled as a result of mental disorder and are unable to properly provide for themselves or individuals who are substantially unable to manage their own financial resources.
- b. Generally, how we are doing for FY 2011-12: Public Guardian services are a State mandate. As such, the County provides \$782,399 from the County General to help support the program. In FY 2011-12, the Department is using \$231,356 in fees generated by the Public Guardian in previous years to fund the program at its current level.
- c. Risks or unknowns for FY 2011-12: None at this time.
- d. Risks or unknowns for FY 2012-13: The greatest concern for FY 2012-13 is the availability of fee revenue to continue to sustain the program at current levels.

3. **Managed Care Services**

- a. What this part of the budget includes: This provides oversight of Specialty Mental Health Managed Care functions including service authorization, utilization management and Medi-Cal contract compliance; access to services; and Federal and State regulatory compliance monitoring. Managed Care funding also pays claims for services to providers for Medi-Cal beneficiaries needing specialty mental health services, including acute psychiatric hospitalization.
- b. Generally, how we are doing for FY 2011-12: Funding for these services was part of the redirection of MHSA funding at the State level. For FY 2011-2012, the Department actually received an increase, which will enable the redirection of other discretionary funds.
- c. Risks or unknowns for FY 2011-12: None.
- d. Risks or unknowns for FY 2012-13
 - As with EPSDT, Managed Care revenue will come from the State's new 2011 Realignment program (sales tax revenue). It is unknown what methodology the State will use to allocate these funds and how they will account for program growth.
 - The Department's contract with Doctor's Behavioral Health Center will expire June 30, 2012. It unknown what impact renegotiating that agreement will have on the Managed Care budget.

4. **Mental Health Services Act**

- a. What this part of the budget includes: MHSA is a 2004 voter proposition that uses 1% tax on incomes over \$1 million to transform the mental health system in California. Funding supports Community Services and Supports, Workforce Education and Training, Prevention and Early Intervention, Capital Facilities/Information Technology, and funding for innovative learning opportunities.
- b. Generally, how we are doing for FY 2011-12: Since funding is based on income taxes, it is driven by the economy. Estimates at this time indicate that current funding levels will be sustained.
- c. Risks or unknowns for FY 2011-12: The State changed how funding is provided to Counties. Rather than allocating all funds at the beginning of the year, this year funding will be in 3 installments, half of the estimated allocation up-front and the balance in two installments based on actual tax collections.
- d. Risks or unknowns for FY 2012-13: Funding based on taxes is driven by economic conditions.

5. Alcohol and Drug Services

- a. What this part of the budget includes: Alcohol and Drug services includes specialized alcohol and drug treatment and prevention such as case management, groups, narcotic replacement therapy, and court-ordered services.
- b. Generally, how we are doing for FY 2011-12: Based on Stakeholder recommendations, the FY 2011-2012 is relatively stable at this point.
- c. Risks or unknowns for FY 2011-12
 - State funded alcohol and drug allocations were moved to the State's new 2011 Realignment program and capped. It is unclear how growth in entitlement programs such as Drug-Medical will be reimbursed.
 - In FY 2011-12, the County assumed responsibility for the Narcotic Replacement Therapy agreement with a contracted vendor that was previously administered by the State. This is a Drug-Medical agreement and comes with the concerns noted above related to potential program growth.
- d. Risks or unknowns for FY 2012-13
 - The State has not determined the methodology for the program funding under new 2011 Realignment.
 - There were minor cuts to the Federal Substance Abuse and Mental Health Administration (SAMHSA) funding in FY 2011-12. However, State officials have indicated that there may be larger cuts in FY 2012-13. There is also talk about combining the Mental Health and Substance Abuse grants into one block grant, which could impact both areas.

6. Stanislaus Recovery Services

- a. What this part of the budget includes: The Stanislaus Recovery Center (SRC) provides residential, outpatient and day alcohol and drug treatment. SRC also provides residential and day treatment Co-Occurring Treatment services for individuals with dual substance use disorders and mental health issues.
- b. Generally, how we are doing for FY 2011-12: The Department is in the process of implementing the recommendations of the recent AOD Stakeholder process.
- c. Risks or unknowns for FY 2011-12: The same long-term issues still exist, including an aging facility, rising costs and limited resources.
- d. Risks or unknowns for FY 2012-13: The largest funding source for alcohol and drug programs is the SAMHSA Substance Abuse Block Grant. Any changes to how the Federal government allocates these funds will impact the Stanislaus Recovery Center.