PROPOSITION 1 OVERVIEW

Judicial Council
Mental Health Subcommittee

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MONTEREY COUNTY BEHAVIORAL HEALTH
Avanzando Juntos
Forward Together

CALIFORNIA BEHAVIORAL HEALTH REFORMS IMPACTING COUNTY BEHAVIORAL HEALTH (2022-2024)

- **New Medi-Cal Benefits**
  - *24/7 Mobile Crisis Services*
  - *90-Day Jail In-Reach*
  - *Peer Support Specialists (option)*
  - *Contingency Management (option)*
  - *Mental Health IMD (option)*
  - *Community Health Workers (option)*
  - *First Episode Psychosis (BHSA)*
  - *ACT/FACT (BHSA)*
  - *Evidence Based Practices (BHSA)*
  - *Supported Employment (BHSA)*
  - *Housing (BHSA)*
  - *Enhanced Care Management**
  - *Community Supports (option)**
- **Program/Quality Reforms**
  - *BH Payment Reform*
  - *BH Eligibility Criteria*
  - *Mental Health & SUD Plan Integration*
  - *Documentation Reform*
  - *BH Quality Incentive Program*
  - *Comprehensive Quality Strategy*
  - *CPT Coding*
  - *Fiscal Reporting (BHSA)*
  - *Outcomes Accountability (BHSA)*
  - *FSP Levels of Care (BHSA)*
  - *SB 525 Min Wage*
  - *Centers of Excellence*
  - *Network Adequacy*
  - *Cultural Competence Plan Reform*
- **Children & Youth Behavioral Health Initiative**
  - *School-Linked Fee Schedule*
  - *FFPSA*
  - *AB 2083*
  - *OYCR*
  - *Incentive Pool*
- **Infrastructure (Treatment & Housing)**
  - *Behavioral Health Continuum Infrastructure Program ($2.2 billion)*
  - *$6.2 billion bond (BHSA)*
  - *No Place Like Home*
  - *Community Care Expansion (CCE)*
  - *Workforce Funding*
  - *Data Exchange*

LPS & Crisis Continuum
  - *SB 43 Grave Disability Criteria*
    - *Involuntary SUD*
    - *New medical and personal safety*
    - *AB 2275*
    - *AB 2242*
  - *988*
- ***CARE Court***
  - *Cohort 1 in 2023*
  - *Cohort 2 in 2024*
- **Housing/Homelessness**
  - *BHSA Housing Category*
  - *Behavioral Health Bridge Housing*
- **Department of State Hospitals**
  - *Community Based Restoration*
  - *Diversion*
  - *Growth Cap/Penalties*
- **Parity**
  - *Commercial Plan Contracting (BHSA)*

ONE-TIME CAPITAL INFRASTRUCTURE INVESTMENTS

- **Behavioral Health Continuum Infrastructure Program (BHCIP): $2.2 billion (one-time)**
  - Counties were awarded 1/3 of grants and 47% of competitive rounds
  - Remaining funds awarded to CBO and for-profits providers
  - Includes $480 million in infrastructure funding counted under the CYBHI
- **Behavioral Health Bridge Housing: $1.5 billion (one-time)**
  - $907 million in restricted non-competitive grants to counties
  - Funding primarily not for infrastructure, but funding temporary shelter and board and care patches
- **Community Care Expansion (CCE): $800 million (one-time)**
  - Few county behavioral health grantees to date for board and care infrastructure

ONE-TIME FUNDING INVESTMENTS (CONT.)

- **Children and Youth Behavioral Health Initiative (CYBHI) $4.4 billion**
  - $800 million Virtual Services Platform (State)
  - $389 million Student Behavioral Health Initiative Program (SBHIP) (MCPs only)
  - $550 million School-Linked Partnership Grants (Schools)
  - $338 million for School-Based Wellness Coaches (Schools)
  - $745 million for Dyadic Services (MCPs only)
  - $100 million for Public Health Awareness Campaigns (State – CDPH)
  - $426 million for Behavioral Health Workforce (HCAI – open)
  - ***$429 million for Evidence Based Practices (open to counties/competitive)***

PROPOSITION 1: BHSA RESTRUCTURING OVERVIEW

1. **Restructure MHSA Funding**
   - Redirection of mental health funding to pay for housing and substance use disorder services
   - Shifting of county prevention funding to CDPH for state-level grants
   - Shifts local funds to state for statewide workforce initiative administered by HCAI
   - Doubles the state allocation from 5 to 10%
2. **Overhaul of Community Planning Process**
   - Redesign of public reporting, to include 1991 and 2011 Realignment and other funding
   - Expands OAC to include additional members
   - Expands role of local mental health boards to include SUDs
   - Requires county BH to tie into the MCP Population Needs Assessment and Public Health Community Needs Assessment processes
3. **Changes in State and Local Relationship**
   - New Accountability and Outcomes Framework
   - New state-directed requirements
   - More state control over funding , local plans, and oversight, including sanctions

Restructuring of MHSA Funding provisions are included in SB 326 (Eggman) of 2023

BHSA HIGH-LEVEL SUMMARY

- Establishes new benefit requirements (e.g., ACT/FACT and IPS Supported Employment), consistent with BH CONNECT 1115 Waiver
- Requires counties to engage all of their commercial plans and disability insurance plans for contracting or single case agreements
- Overhauls the adult and children's system of care statutes
- Increases the state's discretion in how BHSA funding is spent
- Includes various exemptions opportunities for small counties with populations under 200,000
- Requires state to develop recommendations for addressing millionaire's tax volatility, along with CSAC and CBHDA
- Requires the state to develop funding for required reporting and data collection

TWO-YEAR IMPLEMENTATION TIMELINE

Spring 2024:
Stakeholder Engagement

Listening sessions to inform policy development

Summer 2024:
Bond Funding

Requests for application for bond funding will leverage the BHCIP and HomeKey models.

Early 2025:
Guidance for Planning & Reporting

Policy and guidance will be released in phases beginning with policy and guidance for Integrated Plans.

Summer 2026:
New BHSA Structure Implemented

New Integrated Plans, fiscal transparency, and data reporting requirements go-live in July 2026 (for next three-year cycle)

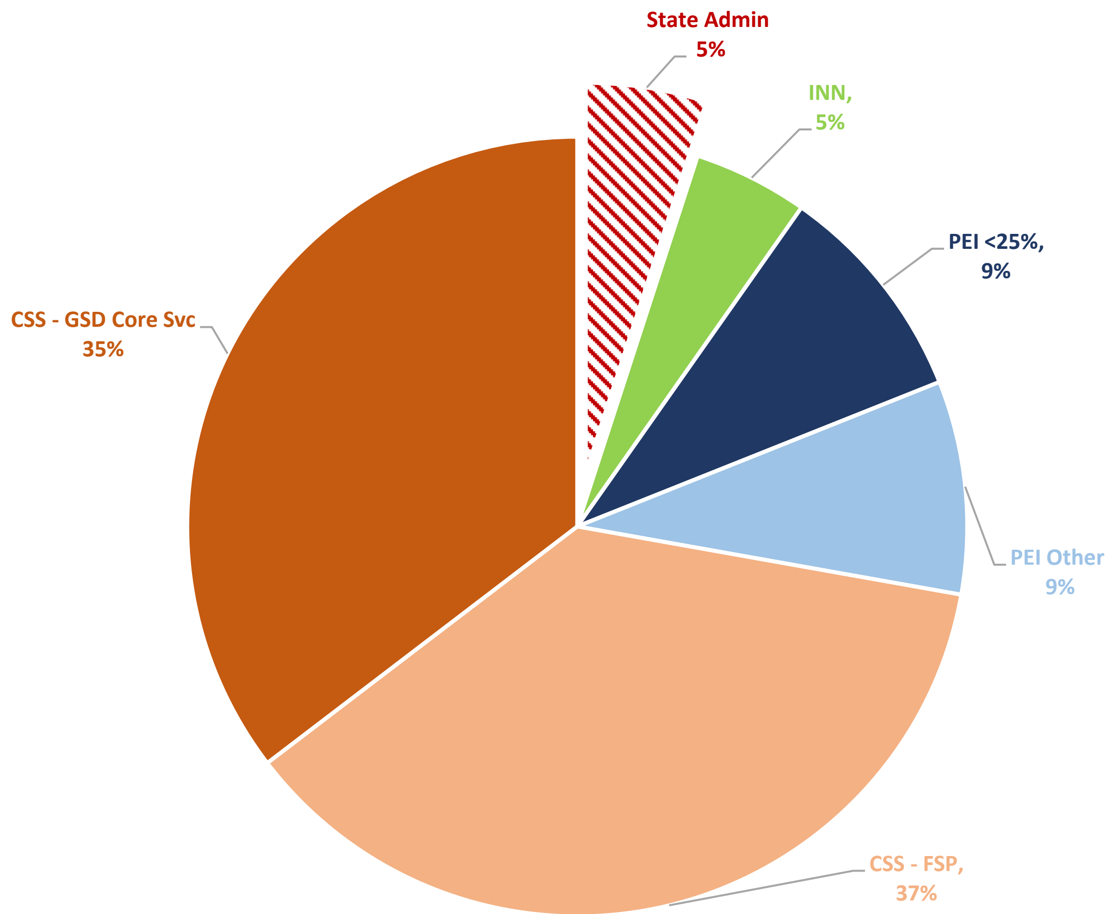
BEHAVIORAL HEALTH INFRASTRUCTURE BOND ACT OF 2024

- **$6.38 billion** in general obligation bonds to finance permanent supportive housing and unlocked and locked behavioral health treatment and residential settings
  - **$1.05 billion** for Veterans Housing under HCD & CalVet
  - **$922 million Supportive housing** for people experiencing or at risk of homelessness with BH challenges per Homekey
  - **$1.5 billion** in grants for counties, cities, and tribes for residential settings under BHCIP
  - **$2.893 billion** for competitive grants for BH treatment and residential settings authorized by BHCIP

BHSA FUNDING STRUCTURE

- **State BHSA Allocation** – Doubles state allocation to 10% of BHSA funds (vs 5%):
  - **BH Workforce Initiative (3% of state allocation) HCAI and DHCS**
    - Estimated $104 million with $36 million to DHCS and remaining funds to HCAI for workforce initiatives
    - No clarity on how funding will be distributed and to what sectors (private/public, etc.)
  - **Population-based prevention (a minimum of 4%) CDPH**
    - State grants which will replace local level prevention funding
    - Includes school-based prevention and requirement that 51% target youth under age 25
  - **State Administration (3% of state allocation) All State Entities (DHCS, OAC, HCAI, CDPH, etc)**
    - Similar to current 5% state allocation
  - **Innovation Partnership Fund $20 million to OAC**
    - $20M annually that the OAC will administer through grants beginning in 2026
  - *After accounting for funds reserved for No Place Like Home bonds (~4%), total county allocation estimated to decrease from 91% under MHSA to 85.5% of total BHSA revenues*

MHSA vs. BHSA Comparison of State Directed Funding



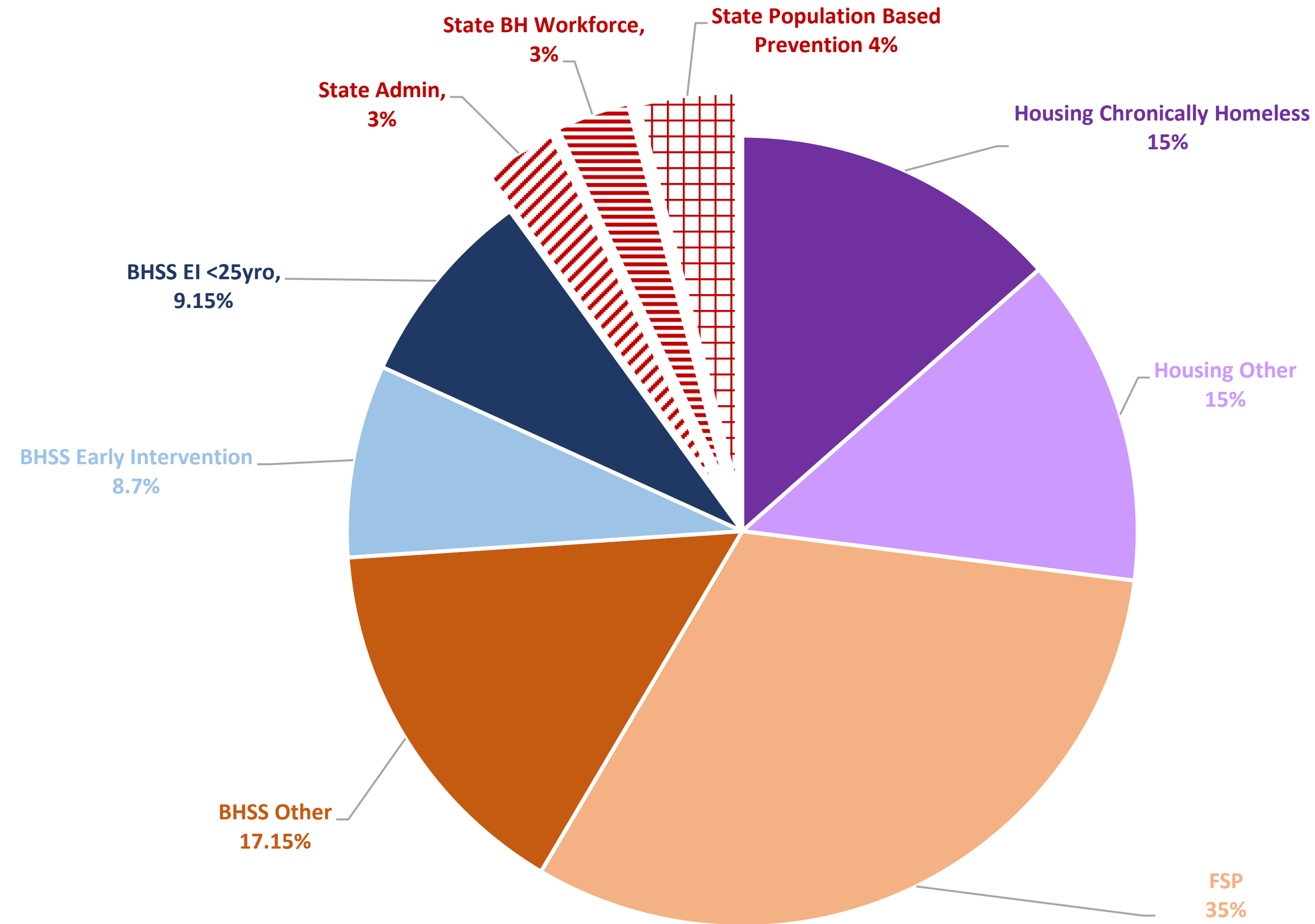
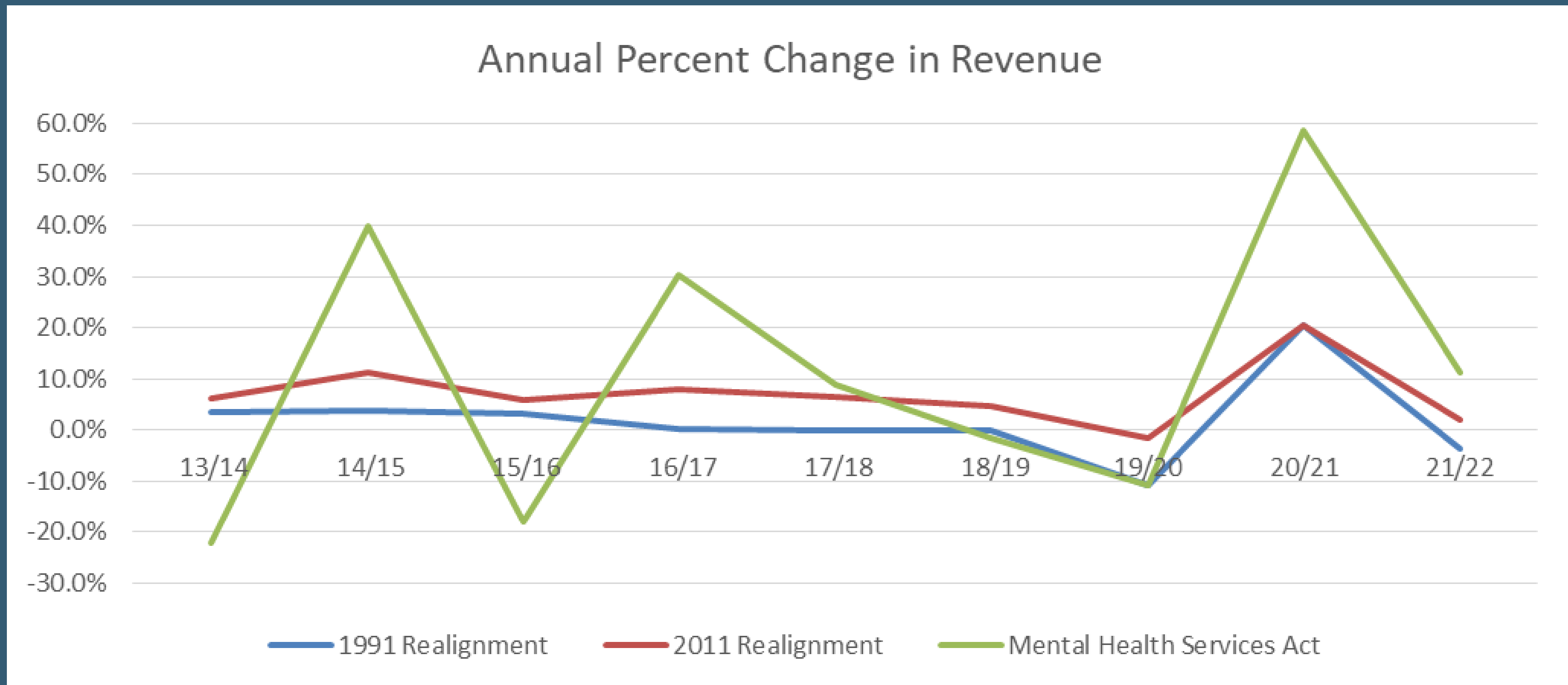


Chart will equal greater than 100% as state % represents an allocation of funds totaling $100K and county % represents distribution to funding categories totaling $900K

BHSA FUNDING STRUCTURE

- **SUD Services** - Counties will be required to utilize BHSA funding for persons with substance use disorders
  - *Further guidance pending to direct how counties must comply with this new requirement*
- **Prudent Reserve**
  - Current cap reduced from 33% for all counties to 20% for medium/large counties and 25% for small rural counties
  - Reserve will be a percentage of total county BHSA funds
  - Counties will be required to reassess their prudent reserve accounts every 3 years rather than every 5 years
- **Revenue Stability Workgroup**
  - Review and provide recommendations on how to address inherent fund volatility

VARIABILITY IN CORE REVENUES

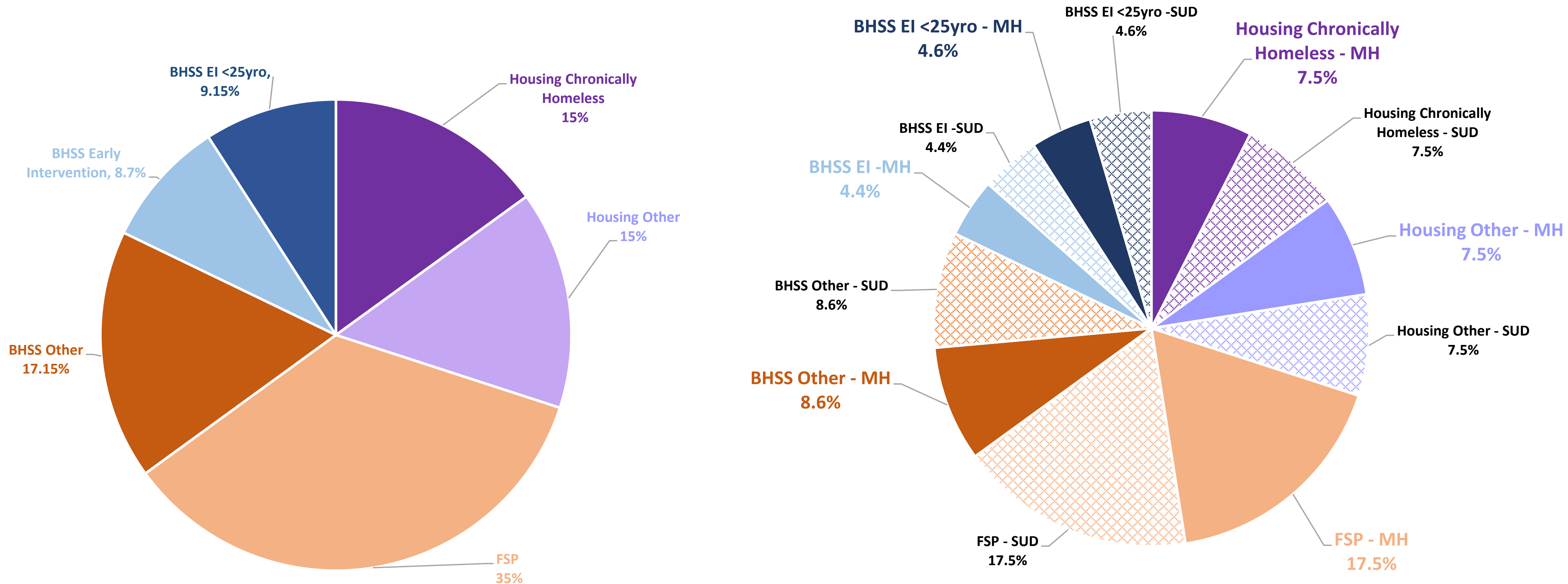


BHSA FUNDING STRUCTURE: TRANSFERS & VOLATILITY

- Allows for the transfer of funds between categories with approval granted by DHCS following CPP process:
  - On an ongoing basis counties can shift up to 14% of the funds cumulatively with a 7% max from any one category
  - Transfers can be made during the 3-year Plan cycle and annually **with DHCS approval**.
  - Counties will need to justify shift is responsive to local priorities, data and community input
  - *CSAC and CBHDA to work with DHCS to determine the criteria for transfer requests*

Impact of Fund Shift for Mental Health Services Considering BHSA Used to Fund Services for Individuals with SUD Only

*For purpose of this exercise the pie chart on right represents a 50/50 allocation of funds



PLANNING & REPORTING

- Integrated 3-Year Plan for ***ALL*** BH funding sources including county general funds
- Significantly expanded the required stakeholder list:
  - Requirement to partner with MCPs in the development of their Population Needs Assessments (PNA) and local Health Jurisdictions in the development of their Community Health Assessments (CHA)
  - For counties with a population over 200,000 shall collaborate with 5 most populous cities

- The ARER will be replaced with the *County Behavioral Health Outcomes, Accountability, and Transparency Report* which will include the following for each BH funding source:
  - Annual allocation and expenditures, including for 1991 Realignment, 2011 Realignment, Block Grants, county GF, etc.
  - Information on services provided to persons not covered by Medi-Cal, including commercial insurance, Medicare, and uninsured
  - Other data to include outcomes, # of people served, disparities data, etc.
  - Data related to statewide metrics

HOUSING CATEGORY

- **Housing Category - 30%**
  - 50% of the Housing funds ***to be used*** for "chronically homeless" with a focus on encampments
  - Up to 25% may be used on capital projects *with approval by DHCS*
  - Rural/Small County Exemption Opportunity as early as FY 2026/29 as approved by DHCS
  - Exemptions for all other counties as early as FY 2032/35 as approved by DHCS
    - *Exemptions will be determined by considering county's homeless population with criteria to be developed by DHCS in partnership with CSAC and CBHDA*
    - *If DHCS does not respond within 30 days request will be considered approved*
  - Housing interventions for FSP consumers ***shall be funded*** under Housing Category
  - Prohibits the use of Housing funds for MH or SUD *treatment services*
  - *Further guidance will be needed to define eligible funding criteria*

ELIGIBLE TYPES OF HOUSING

Eligible Housing Interventions include:

- Rental subsidies
- Operating subsidies
- Shared housing
- Family housing for eligible children and youth
- The nonfederal share for transitional rent
- Other housing supports, as defined by DHCS, including, but not limited to, the community supports policy guide
- Capital development projects, including affordable housing
- Project-based housing assistance, including master leasing of project-based housing

FULL SERVICE PARTNERSHIP CATEGORY

- **Full-Service Partnership (FSP) Category - 35%**
  - Opportunity for exemptions from allocating 35% of the total BHSA funds to FSP will be an option for all counties as early as FY 2032/35, as approved by DHCS with criteria and process developed by DHCS in partnership with CSAC and CBHDA
  - Requires Evidence Based Practices, including Assertive Community Treatment (ACT) & Forensic Assertive Community Treatment (FACT) to fidelity, IPS Supported Employment and high-fidelity wraparound
    - Aligns with BH CONNECT Waiver Medi-Cal benefits
  - Also adds Community Defined Evidence Practices (CDEPs) to FSPs

NEW COUNTY BH BENEFITS UNDER MEDI-CAL BH CONNECT WAIVER

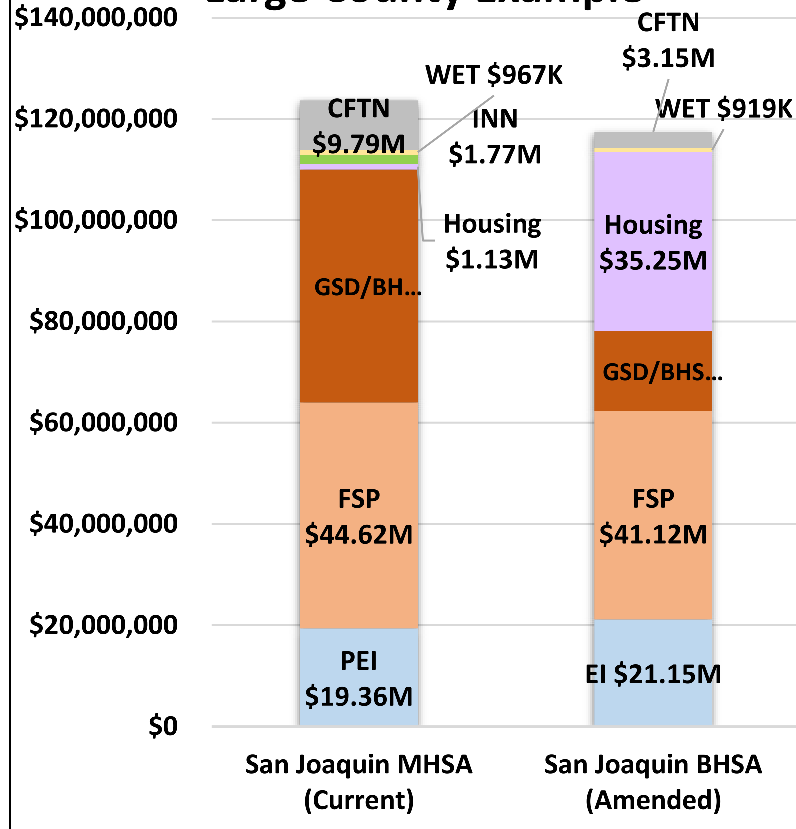
- New Required Evidence Based Practices for Children/Youth
- Community Health Workers for Behavioral Health
- First Episode Psychosis
- Rent/Temporary Housing Benefit
- Supported Employment
- ACT & FACT to fidelity
- Short Stays in Inpatient and Residential MH Facilities (> 16 beds)

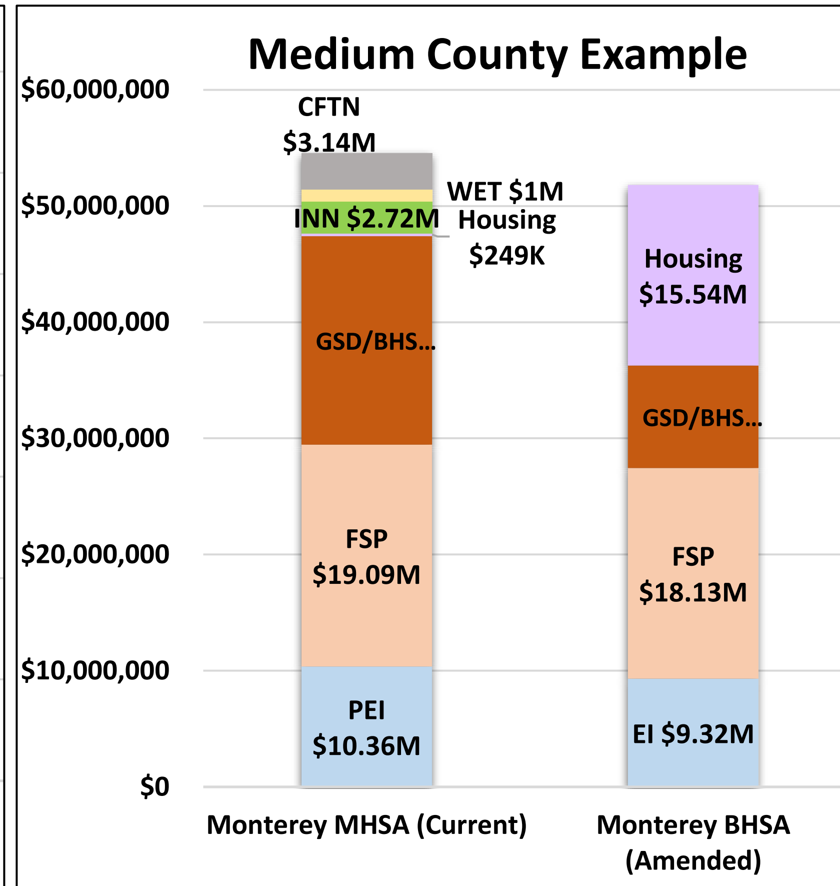
**Benefits in blue boxes overlap with new BHSA Requirements*

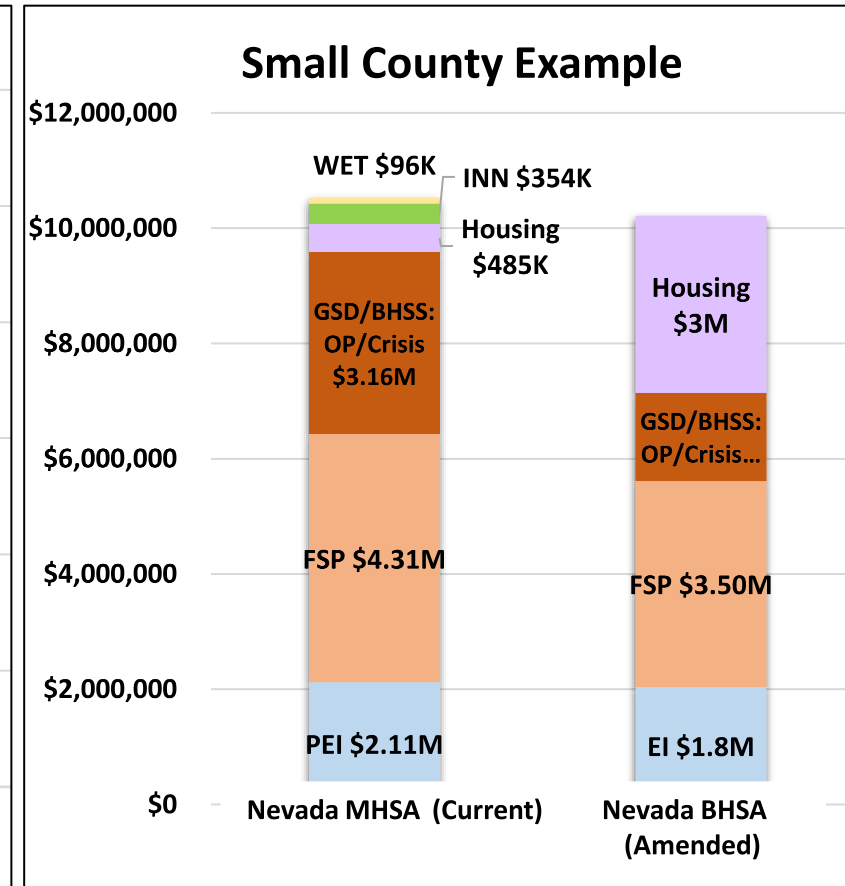
BEHAVIORAL HEALTH SERVICES & SUPPORTS CATEGORY

- **Behavioral Health Services & Supports (BHSS) Category -35%**
  - Fund Children's System of Care and Adult/Older Adult System of Care services, early intervention programs, outreach and engagement, outpatient and crisis services, WET, CF/TN, and Innovation pilots and projects
  - Sub-category of Early Intervention (EI) funded at 51% with 51% of these funds dedicated to youth <25 years and younger
- **Other Funding Considerations**
- There is no dedicated local funding for prevention activities or programs
- Early modeling suggests that services currently funded under Community Services and Supports (CSS), which will become BHSS may be at risk given new requirements and loss of overall funding (e.g. Wellness Centers, Crisis Services, Outpatient Services)

SB 326 (Eggman) County Impact Analysis (large, medium, and small county)







MHSA Revenue History

45.0 M
40.0 M
35.0 M
30.0 M
25.0 M
20.0 M
15.0 M
10.0 M
5.0 M
0.0 M

FY 06, FY 07, FY 08, FY 09, FY 10, FY 11, FY 12, FY 13, FY 14, FY 15, FY 16, FY 17, FY 18, FY 19, FY 20, FY 21, FY 22, FY 23, FY 24, FY 25 (est), FY 26 (est), MHSA FY 27 (est), BHSA FY 27 (est)

Funds for current programs

CSS PEI INN WET CFTN PR FSP BHSS Housing

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FY27 REVENUE PROJECTIONS – ALL SOURCES

FY27 Revenue Estimates

Source	Amount	Percent
1991RL	$10,301,721	6%
2011RL	$27,000,000	17%
MHSA	$25,699,102	15%
Lost MHSA due to Prop1	**$11,013,900**	**8%**
FFP	$44,032,823	28%
Lost FFP due to Prop1 (Inability to bill due to dollars diverted to Housing)	**$5,315,176**	**3%**
Lost FFP due to CalAIM (Rate Modification)	**$5,000,917**	**3%**
Other	$31,928,091	20%

*These figures are projections based on the Bureau's 3-Year Forecast

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KEY MHSA PROGRAMS ANNUAL LOSS OF SERVICE FUNDS (FROM CURRENT SPENDING LEVELS):

$15.3 MILLION MHSA

+

$5.3 MILLION FEDERAL FUNDS

=

$20.6 MILLION LOSS OF SERVICE FUNDS

Program	Projected # of Clients Served each fiscal year	Estimated Annual MHSA Funding for Services	Estimated Annual BHSA funding for services	Estimated Annual BHSA funding for services
Full-Service Partnerships		**$ 17,750,434**	**$ 12,207,073**	**$ (5,543,361)**
Early Childhood and Family Stability FSP [CSS-01]	224	$ 4,656,914		
Dual Diagnosis FSP [CSS-02]	96	$ 987,689		
Transition Age Youth FSP [CSS-04]	263	$ 1,858,239		
Adults with Serious Mental Illness FSP [CSS-05]	120	$ 4,941,796		
Older Adults FSP [CSS-06]	45	$ 1,194,307		
Justice Involved FSP [CSS-13]	137	$ 1,298,855		
Homeless Services and Supports FSP [CSS-14]	141	$ 2,812,634		
General System Development Programs		**$ 15,179,036**	**$ 12,207,073**	**$ (2,971,963)**
Access Regional Services [CSS-07]	5,495	$ 3,559,709		
Early Childhood Mental Health Services [CSS-08]	516	$ 1,578,790		
Supported Services to Adults with Serious Mental Illness [CSS-10]	450	$ 562,440		
Dual Diagnosis Services [CSS-11]	67	$ 1,372,775		
Homeless Outreach & Treatment [CSS-15]	696	$ 1,075,829		
Responsive Crisis Interventions [CSS-16]	596	$ 2,237,599		
Mental Health Services for Adults [CSS-18]	1,979	$ 4,791,894		
Prevention		**$ 4,654,956**	**$ -**	**$ (4,654,956)**
Family Support and Education [PEI-02]	278	$ 903,014		
Prevention Services for Early Identification of Mental Health Symptoms Throughout the Lifespan [PEI-12]	11,911	$ 828,143		
Student Mental Health [PEI-08]	1,091	$ 526,935		
Maternal Mental Health [PEI-15]	160	$ 1,502,120		
Stigma and Discrimination Reduction [PEI-04]	1,116	$ 393,681		
Suicide Prevention [PEI-06]	1,113	$ 501,063		
Early Intervention		**$ 2,161,862**	**$ -**	**$ (2,161,862)**
Prevention Services for Older Adults [PEI-05]	447	$ 473,400		
Early Intervention Strategies for Adolescents, Transition Age & College Age Youth [PEI-13]	1,086	$ 155,278		
Culturally Specific Early Intervention Services [PEI-14]	1,207	$ 1,462,323		
Prevention and Recovery for Early Psychosis [PEI-10]	55	$ 70,861		
		$ 39,746,288	**$ 24,414,146**	**$ (15,332,142)**

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DHCS ROLE
ACCOUNTABILITY & COMPLIANCE

The role of DHCS is significantly enhanced and includes but is not limited to:

- Issuing guidance necessary to implement the Act
- Determining the EBPs and CDEPs to be used by counties
- Establishing statewide metrics
- Approving all capital projects funded through the Housing Category
- Approving all transfers between funding categories
- Align the terms of the county behavioral health plan contracts regarding organization, infrastructure, and administration with Medi-Cal managed care plan contracts
- Can require a county to revise the 3-Year Plan or Annual Update if DHCS determines it fails to address local needs or fails to make adequate process meeting metrics established by DHCS
- DHCS may impose CAPs and monetary sanctions including withholding payments for plans/annual updates being submitted late

CA STATE AUDITOR'S ROLE

California State Auditor will be required to conduct a comprehensive audit and submit a report no later than December 31, 2029, and then conduct an audit every 3 years thereafter with a final audit due on or before December 31, 2035 **Scope of Audit Report will include:**

- Impact of the policy changes of the BHSA including inclusion of SUD
- Compliance of Counties and progress towards meeting the statewide behavioral health goals and outcome measures
- The fiscal and programmatic aspects of the BHSA, including reserve levels, reversion activity, services and system outcomes, workforce data, number of individuals served
- The revised BHSA allocations, gaps in service, and trends in unmet needs
- Outcomes achieved through the state-administered population-based prevention
- DHCS's oversight of Integrated Plans and the annual outcome report, including the use of corrective action plans or sanctions, or both.
- Recommendations on any changes or improvements indicated by the audit.

DISCUSSION