

Behavioral Health in California’s May Revise State Budget for 2020-21

FACT SHEET

Prepared by Kirsten Barlow for the National Alliance on Mental Illness (NAMI) California
May 20, 2020

Introduction

Over the last three months, the COVID-19 pandemic has substantially affected California’s economy. Governor Gavin Newsom’s [May Revision](#) state budget for next fiscal year (July 1, 2020 - June 30, 2121) projects a shortfall of over \$50 billion. To fill the gap, the Governor proposes multiple strategies that range from program cuts and requesting more federal assistance, to using the state’s “rainy day” reserves. The state legislature is holding public hearings on the Governor’s proposals and must pass a final state budget by July 1, 2020.

County Funding Reductions

Due to the recession, “**Realignment**” revenues from sales taxes and vehicle license fees the counties use to provide community mental health and substance use disorder services are projected to be **\$244 million less in 2020-21** than the current year.

Mental Health Services Act (MHSA) revenues counties use for a range of mental health and supportive services are projected to be **\$600 million less in 2020-21**, falling from \$2.3 billion in the current year to \$1.7 billion. These funds come from a 1% levy on personal income over \$1 million.

New Funding for COVID-19 Impacts

The federal Coronavirus Aid, Relief, and Economic Security (CARES) Act passed by Congress in March has provided \$9.5 billion to California and \$5.8 billion to cities and counties in response to the COVID-19 pandemic. The Governor proposes to give **\$450 million to cities** and **\$1.3 billion to counties** to address homelessness, public health, behavioral health, public safety, rental subsidies, and other services to combat the COVID-19 pandemic.

To protect against the spread of COVID-19 among the **homeless population**, California recently established

Project Roomkey to provide safe isolation hotel and motel rooms for vulnerable individuals and to facilitate social distancing and increased sanitation at shelters.

During the public health emergency, **the federal government is providing 6.2% more** in matching funds for every dollar California spends treating Medi-Cal enrollees. Additionally, the California Department of Health Care Services (DHCS) is temporarily **increasing county interim rates** for Medi-Cal Specialty Mental Health and Drug Medi-Cal outpatient services.

Additionally, **Skilled Nursing Facilities (SNFs)** will temporarily receive a **10% percent rate increase**.

Medi-Cal Services Modified or Eliminated

Two million more Californians are expected to enroll in Medi-Cal due to the effects of the COVID-19 pandemic. The Governor proposes to keep eligibility criteria for Medi-Cal as-is, but to **reduce some Medi-Cal services**, including:

- | | |
|--|---|
| <ul style="list-style-type: none">• Reduce all In-Home Supportive Services (IHSS) hours by 7% starting January 1st• Eliminate a plan to use Screening, Brief Intervention, and Referral to Treatment (SBIRT) program to screen for opioids and other drugs – not just alcohol• Reduce adult dental benefits | <ul style="list-style-type: none">• Eliminate:<ul style="list-style-type: none">– Audiology, speech therapy– Optometry– Podiatric– Acupuncture– Nurse anesthetist services– Occupational and physical therapy– Pharmacist delivered services– Diabetes prevention programming– Incontinence cream and washes |
|--|---|

Due to the budget crisis, the Governor proposes to rescind earlier plans to expand **Medi-Cal**, including:

- Withdraw funding to provide behavioral health **counselors in emergency departments**
- Withhold making new groups eligible for Medi-Cal:
 - Post-partum individuals diagnosed with a **maternal mental health** condition
 - Full-scope Medi-Cal eligibility to **undocumented older adults**
 - Eligibility to **aged, blind, and disabled** individuals with incomes **123-138% of federal poverty level**

Many Other Proposals Now Withdrawn

Due to the COVID-19 recession, the Governor proposes to **delay the DHCS “Medi-Cal Healthier California for All” Initiative (CalAIM)**, which would create enhanced care management services for target populations in Medi-Cal including individuals with frequent hospital or emergency room visits/admissions; individuals at risk for institutionalization who have a serious mental illness (or children with serious emotional disturbance) or a substance use disorder with co-occurring chronic health conditions; children or youth with complex physical, behavioral, developmental and oral health needs (including first episode of psychosis); and individuals transitioning from incarceration, experiencing chronic homelessness, or are at risk of becoming homeless.

New **Behavioral Health Quality Improvement** and **Behavioral Health Integration** programs are also delayed. However, the state continues to pursue federal approval to waive the 16-bed Institution for Mental Disease (IMD) limitation for new beds created during the COVID-19 emergency.

The Governor proposes to **postpone** previous plans to:

- **Reform the Mental Health Services Act (MHSA)** to address substance use disorder treatment, people experiencing homelessness or involved in the criminal justice system, and early interventions for youth
- Establish a new **Office of Health Care Affordability**
- Standardize **mental health training** for staff working in California **veterans’ homes**

- Establish a new **Healthcare Rights and Access Section** at the California Department of Justice to manage the higher volume of healthcare litigation regarding the opioid crisis, drug price-fixing, antitrust cases, and defenses of the Affordable Care Act
- Provide a **1.7% increase to Social Security Income/State Supplemental Payment (SSI/SSP)** monthly grant levels
- Provide Systemic, Therapeutic, Assessment, Resources and Treatment training through the Department of Developmental Disabilities on person-centered, trauma-informed, and evidence-based support **services for individuals with co-occurring developmental disabilities and mental health needs**
- Create a Family Urgent Response System for **foster youth and their caregivers during emotional crises**
- Continue the Department of Public Health **Home Visiting** and **Black Infant Health Early Intervention** programs

State Prison and Local Public Safety Proposals Related to Mental Health

The following significant reforms to the state prison and local public safety systems are proposed:

- **Eliminate the Integrated Services for Mentally Ill Parolee Program (ISMIP)**, which provides wraparound services and transitional housing for approximately 1,500 parolees with mental illness
- **Eliminate Parole Outpatient Clinics**, which provide mental health care to state prison parolees
- **Transfer to counties** responsibility for all **incarcerated youth offenders**
- Establish a **Peace Officer Standards and Training (POST) Distance Learning Grant** on **use of force, de-escalation, implicit bias and racial profiling, community policing, cultural diversity, and organizational wellness**