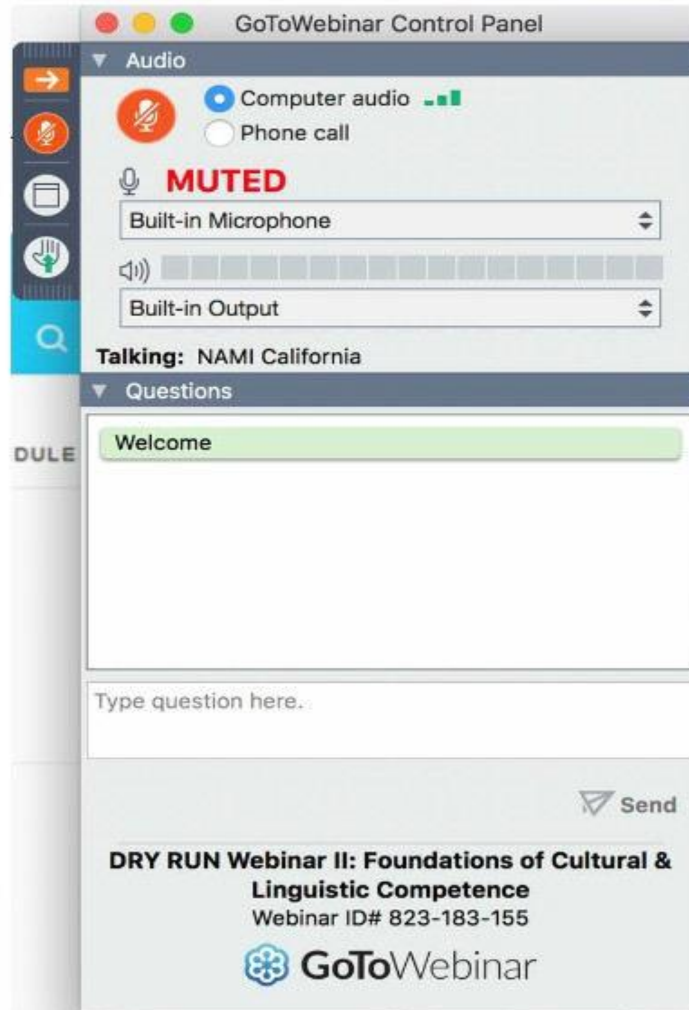
Statewide Stakeholder Convening and Listening Session



Mentimeter

How to participate using GoToWebinar Control Panel:

- Question chat box
- Raise hand during Q & A

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- ✓ Be kind and courteous
- ✓ Listen attentively and with an open mind
- ✓ Speak honestly
- ✓ Share the space
- ✓ Step up, step back
- ✓ Reserve the right to change your mind

- ✓ This is a Recorded Session

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Welcome from CBHDA and NAMI California

Michelle Cabrera (CBHDA) and Jessica Cruz (NAMI CA)

Presenter: Ryan Quist from CBHDA

Question Session (10 min)

About the:

Delivery of County Behavioral Health Services under a Public Health Emergency

COVID-19:

ECONOMIC IMPACT ON THE PUBLIC BEHAVIORAL HEALTH SYSTEM

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April 29, 2020

AGENDA

1. Basics of public behavioral health financing
2. COVID-19 impacts
3. Early Fiscal Forecast

POPULATIONS SERVED

All Ages

Medi-Cal

Specialty Mental Health

Substance Use Disorder

EPSDT

Also:

Uninsured

Commercially Insured

BASICS OF PUBLIC BEHAVIORAL HEALTH FINANCING

COUNTY BEHAVIORAL HEALTH SOURCES OF FUNDING

1991 Realignment

20111 Realignment

Mental Health Services Act (MHSA)

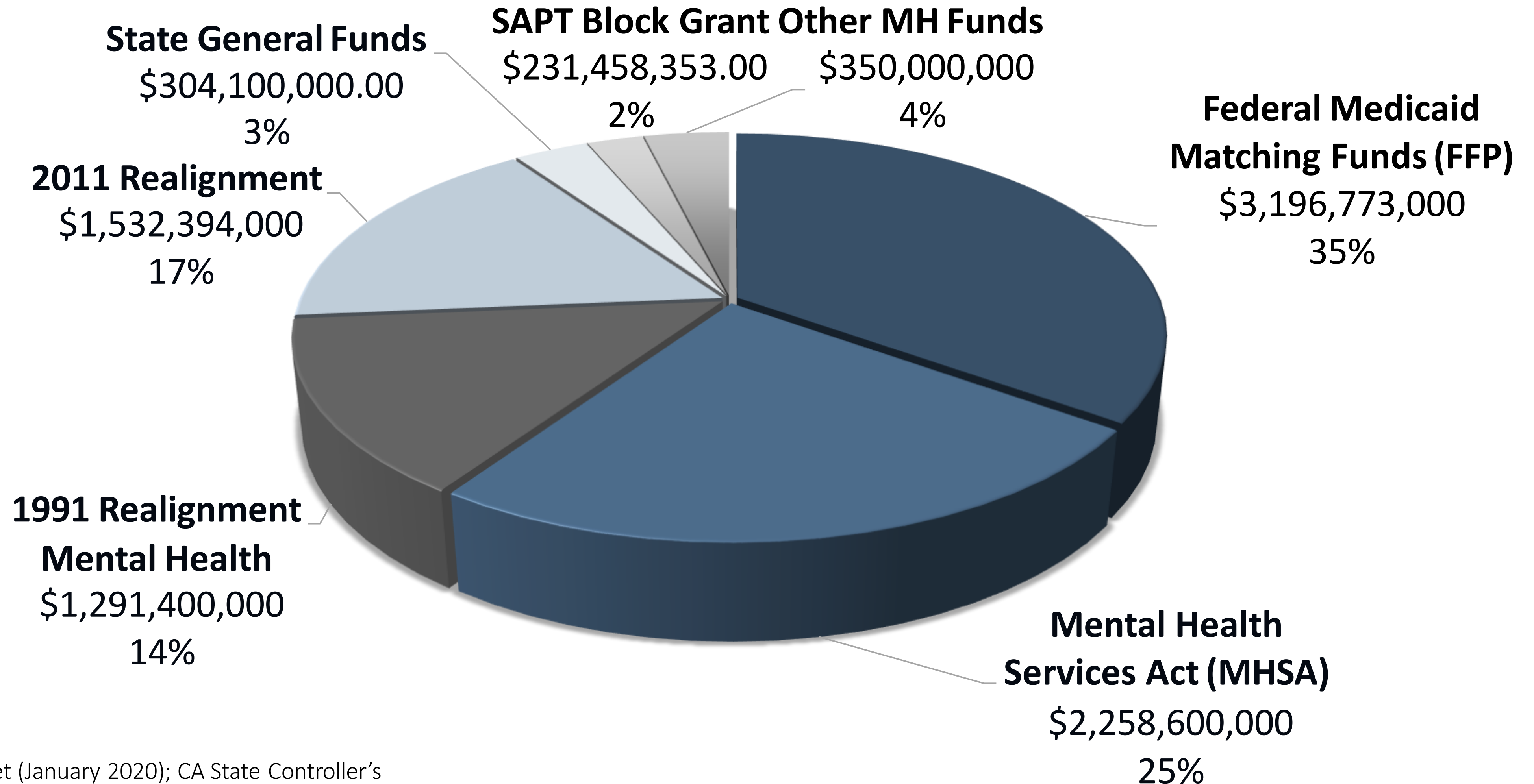
Federal Financial Participation (Medicaid aka Medi-Cal in California)

Other local funds (variable) and grants

Funding for County Behavioral Health: $9 Billion
(FY 2019-20 Estimate)

Total Medi-Cal:
$105.2 billion
$23 billion GF

Covers 13 million
(1 in 3) Californians



Sources: CA Governor's 2020-21 Budget (January 2020); CA State Controller's Office; and DHCS Medi-Cal Estimates

SOURCES OF FUNDING

- **Largest single funding source (35%): Federal Medicaid matching funds (FFP)**
  - Must be claimed and spent according to federal Medicaid rules
  - Does not pay for IMD level care
  - Crucial to county behavioral health networks

- **Second largest funding source (25%): MHSA**
  - Accounts for 1 out of every 3 Medi-Cal behavioral health dollars statewide
  - Volatile and vulnerable to changes in economic outlook
  - Must be spent in compliance with MHSA rules and requirements
  - Reserve levels are capped at 33% of CSS component

SOURCE: 1991 REALIGNMENT

- Flexible Funding for programs realigned to counties:
  - Community-based mental health (MH) services
  - MH services for civil commitments/conservatorships
  - Institutes for Mental Disease (IMDs)
  - $1.1 billion base funding
- Source of Funding
  - *Sales Tax and Vehicle License Fee*

SOURCE: 2011 REALIGNMENT

- Counties (not the state) are responsible for Medi-Cal:
  - Specialty Mental Health for Adults with Serious Mental Illness (SMI)
  - EPSDT
  - Drug Med-Cal and Substance Use Disorder services
- Guaranteed base of $1.4 billion

- Sources of Funding
- ***SalesTax and Vehicle License Fee***

SOURCE: MHSA

- Client and community centered
- Funds Community Services and Supports (CSS), Prevention and Early Intervention (PEI), Workforce and Education Training (WET), Capital and Innovations

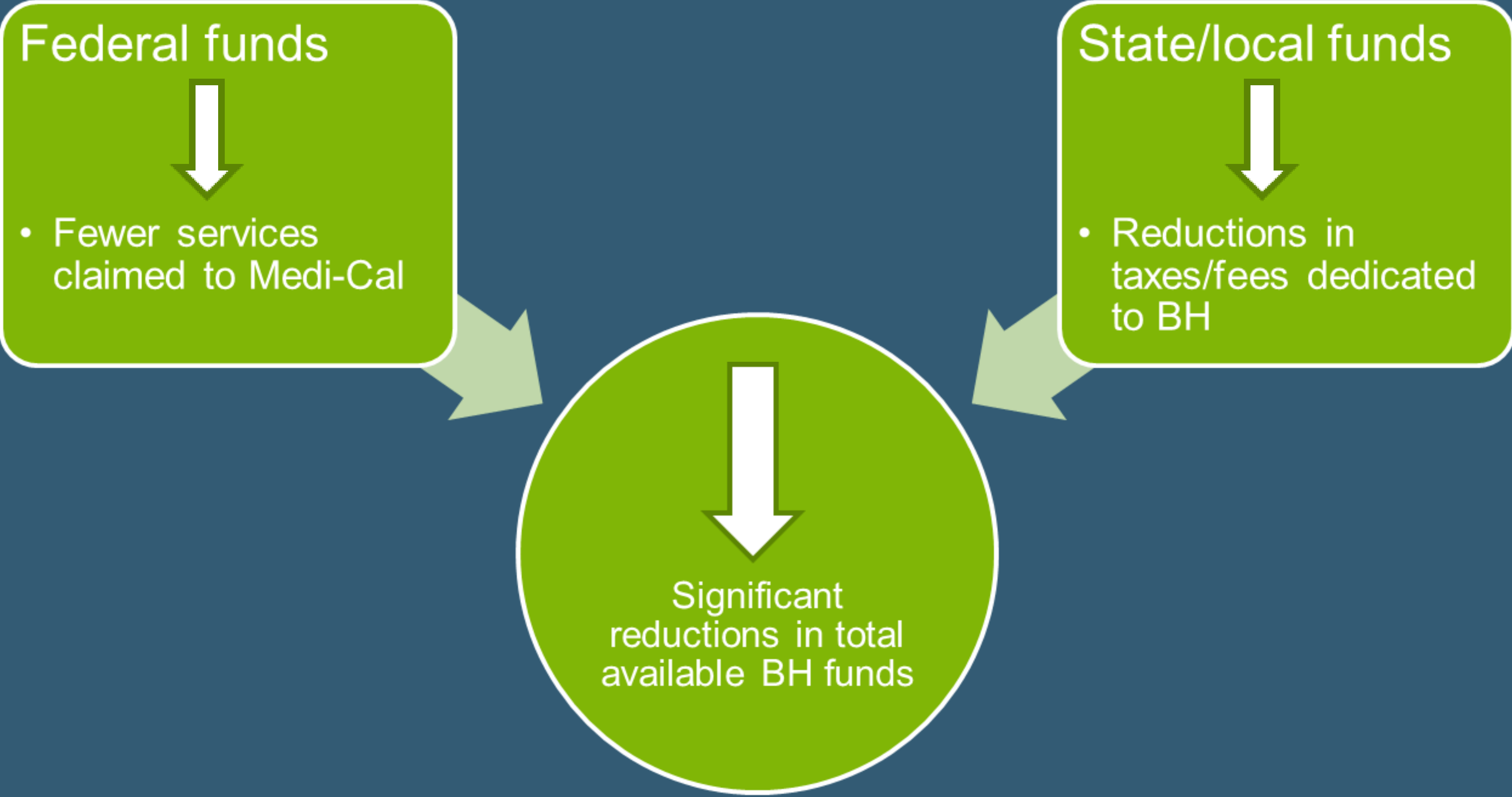
- Source of Funding
- *1% personal income tax on millionaires*

COUNTY BEHAVIORAL HEALTH: A UNIQUE OBLIGATION

- **Medi-Cal**
  - Specialty delivery system for serious mental illness and substance use disorders
  - Beneficiaries must meet state medical necessity criteria
  - EPSDT entitlement for children/youth
- **All Populations, *regardless of insurance*** – obligation to serve, ***within resources***
  - Mental Health Crisis Services (5150s, LPS conservatorships)
- **All Populations *if dedicated funding available***
  - Mental Health Services Act (Prop 63)
  - SAMHSA Grants (relatively small; payer of last resort)
  - Public Safety Realignment (AB 109)
  - Proposition 47 Grants (for criminal justice-involved)

COVID-19 IMPACTS

COVID-19 IMPACT ON FUNDING



COVID-19 IMPACTS ON FUNDING

1. **Lower federal Medi-Cal payments:** Lower Medi-Cal billable services means fewer federal dollars and a significant negative impact overall.
   - COVID-19 lowered volume due to: Cancelled appointments, provider staffing challenges, illness, digital divide, etc.
2. **Loss of core funding:** main sources of funding (MHSA and Realignment) are drawn from millionaire's tax, sales tax, and vehicle licensing fees.
   - *All are projected to decrease significantly* over the next 1-5 years as the U.S. and California face economic recession.
3. **Increase in Medi-Cal beneficiaries:** More Californians will qualify for Medi-Cal Behavioral Health due to job loss and increases in mental illness and substance use disorders.
   - New beneficiaries will not come with new funding.

COVIDI-19 IMPACTS ON FUNDING (CONT.)

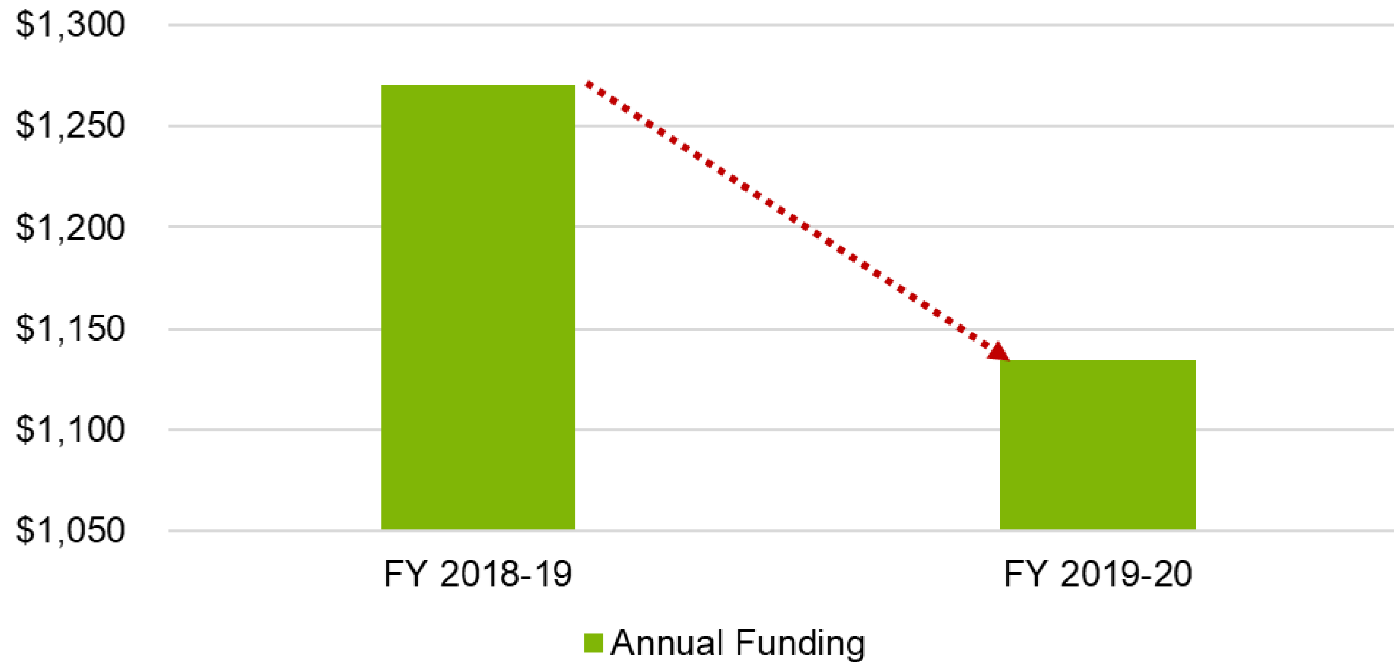
4. **Increased community need for emergency crisis supports:** Broad community reliance on public behavioral health safety net due to anxiety and stress of the global pandemic and related economic and other impacts.

5. **Migration to telehealth and phone-based services:** County behavioral health has undergone a complete shift to phone and telehealth-based services where possible with no new funding invested.

6. **Alternative sites for new and existing clients:** County behavioral health must self-finance alternative settings to help with isolation, new populations, and alternatives to residential and congregate care settings.

7. **Support for providers:** Counties have invested more in trying to ensure contracted providers can weather the crisis financially so that we maintain access to services.

FISCAL FORECAST



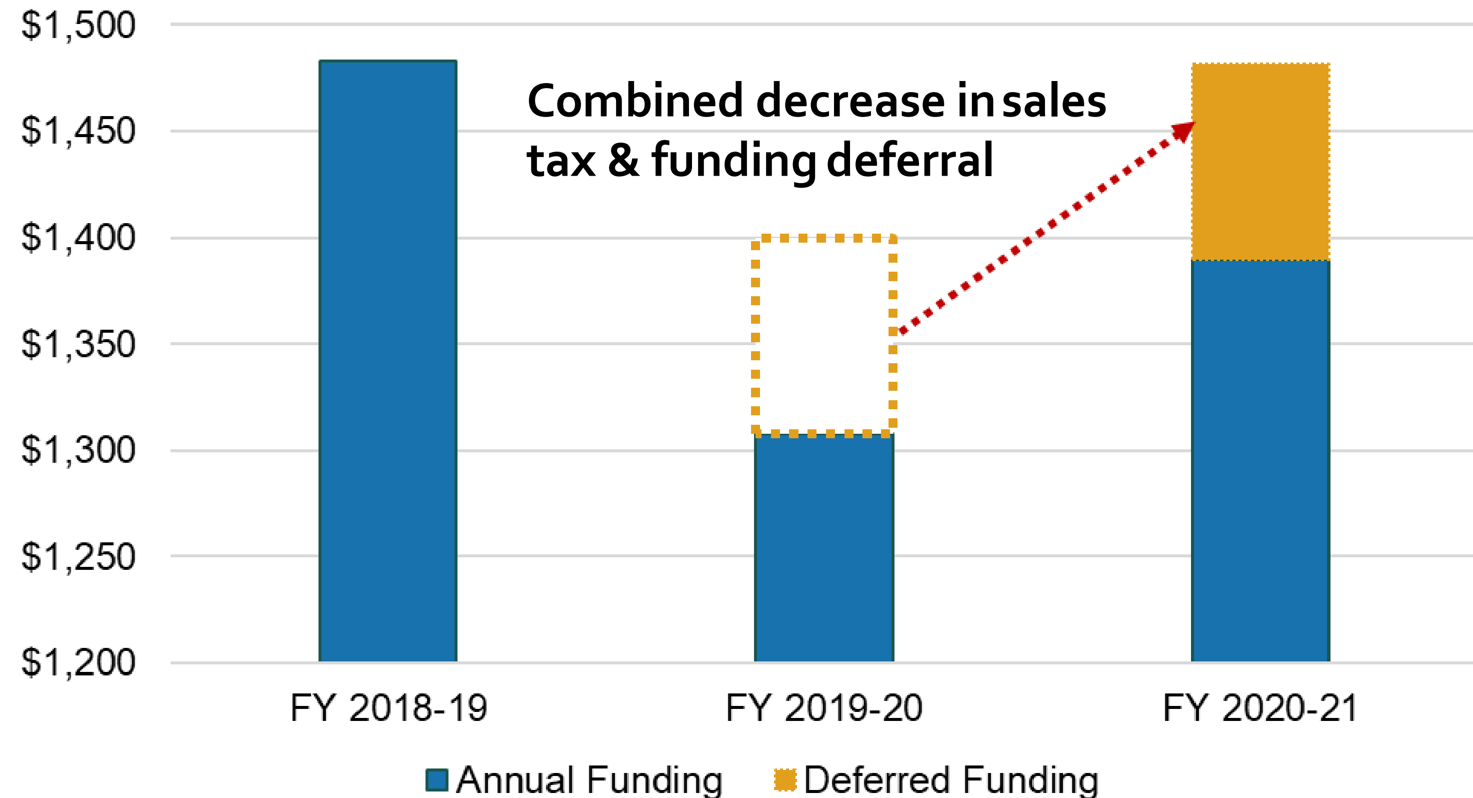
1991 REALIGNMENT

- **10% Drop in 1991 Realignment Funding**
- Counties limited primarily to the state mandated base of $1.1 billion beginning in the current Fiscal Year

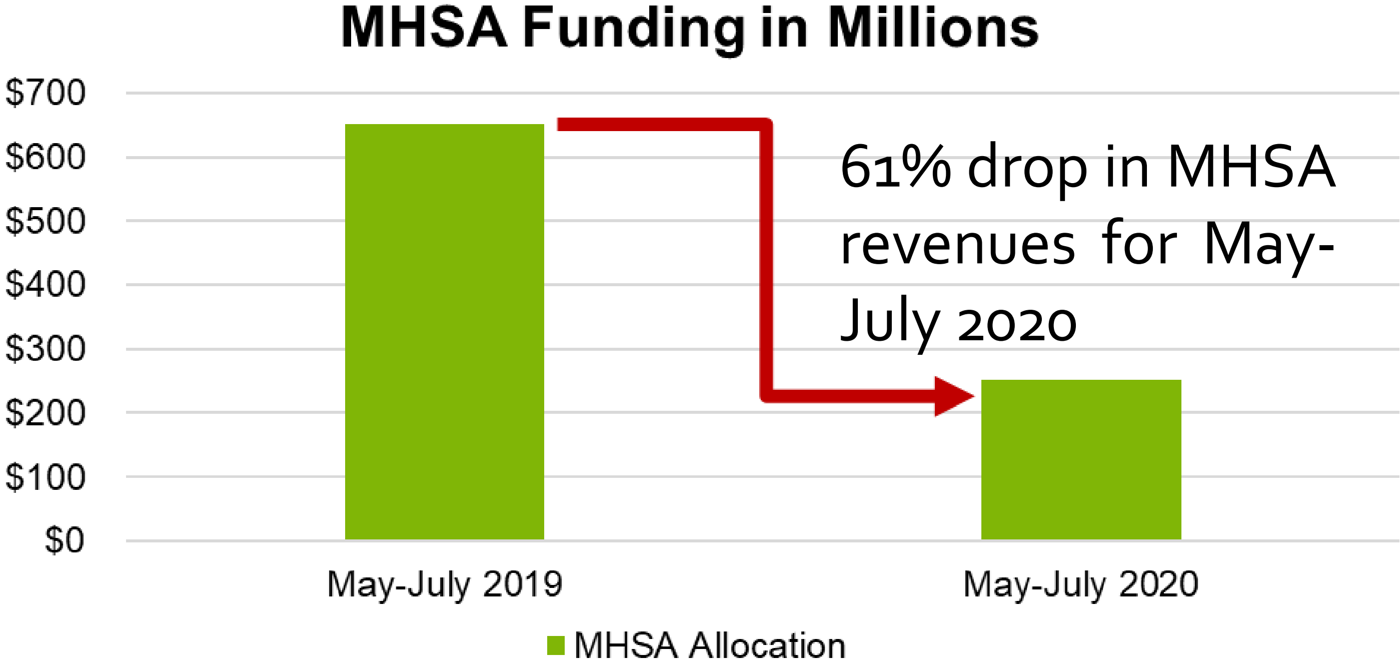
2011

REALIGNMENT

- Current year:
  - $80 million decrease in sales tax
  - $92 million deferral from 2019-20 to 2020-21
- Counties limited primarily to statutory base approximately $1.4 billion with no growth
- Estimated 5-10% reduction in sales tax revenue from FY 2018-19



MHSA 2019-2020



- Estimate a loss of $100 million due to lower revenues
- Estimated loss in current year of $300 million due to deferral
- Impact greater in current year due to loss of federal matching funds

FISCAL FORECAST FACTORS & ASSUMPTIONS

- **Key factor:** The tax filing and payment deadline for calendar year 2019 taxes has been delayed until July 15, 2020
- **Key assumption:** The total decline in estimated revenues is comparable to revenues during the Great Recession
- **Delayed impact:** The economic downturn in Calendar Year 2020 will be felt in FY 2022-23 and beyond for MHSA funding
- **Cumulative impact:** Between deferrals, current year losses, and lost revenues from move to telehealth, we estimate a total loss of $400 million - $800 million in the current year
- **Far-reaching impacts, beyond behavioral health:** The state and local budgets will both take major hits. Base funding in mental health (1991 and 2011 realignment) has in the past served to buffer mental health services in particular.

PROPOSED FISCAL SOLUTIONS

1. Ask for greater flexibility to use MHSA funds for COVID-19 response
2. Ask for $100 million in state COVID-19 emergency relief funding
3. Ask for federal matching funds for board and care facilities' COVID-19 response
4. Adapt delivery systems to ensure client access and maximize Medi-Cal billing post COVID-19

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Question Session (10min)

About the: Fiscal Forecast for the Public
Behavioral Health System

NAMI | California

National Alliance on Mental Illness

MHSA REFORM CONCEPTS

Who Is NAMI California?

- NAMI-CA is the statewide affiliate of the country's largest mental health advocacy organization, the National Alliance on Mental Illness.
- NAMI CA represents 19,000 members and 62 affiliates that include many people living with serious mental illnesses, their families, and supporters.
- NAMI-CA advocates on behalf of families and individuals, providing education and support to its members and the broader community.

MHSA Reform: What NAMI California is doing to hear from members

- Membership Survey
  - Feedback gathered to assess experiences with MHSA and its impact on accessing available services and supports.
  - Develop recommendations for how MHSA funds are utilized consistent with the goals and requirements of the MHSA.
- Statewide Focus Groups
  - Opportunity to engage in a dialogue with members about how to strengthen the MHSA and ensure families and individuals have access to needed services and supports.
- Affiliate Activation
  - Briefing members on emerging trends and issues that have both local and state level impact.

MHSA Reform : Concerns and Challenges

- Lack of appropriate services and supports for those with serious mental illness.
- Family members are not engaged in local decision-making efforts, including the Community Planning Process.
- Lack of available information on data and outcome tracking and effective programming.
- Lack of oversight and accountability at the state and local level.

MHSA Reform: Opportunities

- How can NAMI support the increased and meaningful involvement of family members and communities?
  - To support a more robust community planning process consistent with the mandates of the MHSA
  - To ensure state entities tasked with oversight are responsive to families and communities
- How can NAMI support collaboration between family members and counties in the planning, implementation, and delivery of needed services and supports?
- How can NAMI advocate for consistent data collection and reporting between counties and at the state level?

COVID-19: Considerations

- How are services changing because of COVID-19?
- Can families and individuals engage in telehealth – is it appropriate and/or accessible?
- How are counties and communities responding to this crisis? Are families included in the discussion?
- What opportunities exist to develop a long-term response plan to service delivery during a state or national crisis?

COVID-19: Meeting the needs of families

- How can we look at this situation as an opportunity to transform our system?
- How can NAMI support counties to assess local needs and service gaps through collaboration and community conversations?
- How can we strengthen partnerships with the counties to increase access to services?
  - Expansion of telehealth
  - Expansion of family programming
  - Expansion of peer support services

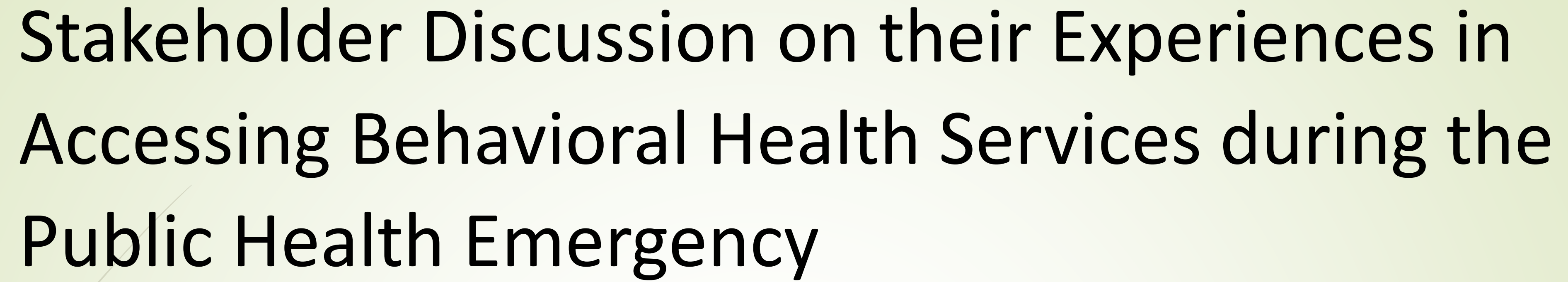
Questions?

Comments, thoughts, additional feedback? Please send to

Angela Brand, NAMI California: angela@namica.org

Question Session (10 min)

About the: NAMI MHSA Reform Concepts



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IF YOU WOULD LIKE TO CONTINUE IN TODAY'S CONVERSATION, OR HAVE A QUESTION WE WERE NOT ABLE TO ADDRESS ON THE CALL.

PLEASE REACH OUT TO ANGELA.

THANK YOU!

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