



Mental Health Services Act

Steering Committee Meeting
August 4, 2014

Orange County MHSA Steering Committee

MHSA Fiscal Update
August 4, 2014

Mike Geiss



Mental Health Services Act

- The MHSA created a 1% tax on income in excess of \$1 million to expand mental health services
- Approximately 1/10 of one percent of tax payers are impacted by tax
- Two primary sources of deposits into State MHS Fund
 - 1.76% of all monthly personal income tax (PIT) payments (Cash Transfers)
 - Annual Adjustment based on actual tax returns
 - Settlement between monthly PIT payments and actual tax returns



Mental Health Services Act

- Cash Transfers are largest in months with quarterly tax payments and year end tax payments
 - January, April, June and September
- Annual Adjustments are incredibly volatile
 - Two year lag
 - Known by March 15th
 - Deposited on July 1st
- Funds distributed to counties monthly based on unspent and unreserved monies in State MHS Fund at end of prior month
 - Counties receive one amount not identified by component
 - Orange County receives approximately 8.1% of statewide MHSAs distributions

(4)

MHSA Estimated Revenues

- FY14/15 May Budget Revision is primary source for projections
- Approximately 15% of FY12/13 Component Funding is estimated to be from prior year State MHS Fund deposits
- FY13/14 Budget increased State share of MHSA funding from 3.5% to 5%
 - Assist in funding the Investment in Mental Health Wellness Act of 2013

(5)

MHSA Estimated Revenues

- January, 2013 total Personal Income Tax Collections were significantly higher than anticipated
 - Due to primarily higher than anticipated 2012 estimated tax payments
 - Proposition 30 created three higher income tax brackets for families with taxable income above \$500,000 retroactive to 2012
 - Reduced Federal tax rates expired at the end of 2012 increasing taxes for dividend income and capital gains in 2013
- State tax law change does not impact amount earned in State MHS Fund
 - Increases cash transfers but decreases annual adjustment
- Federal tax law change may marginally impact amount earned in State MHS Fund

(6)

MHSA Revenues

(Dollars in Millions)

MHSA Estimated Revenues
(Cash Basis-Millions of Dollars)

| | Fiscal Year | | | | | |
|-------------------|----------------|------------------|------------------|------------------|------------------|------------------|
| | Actual | Estimated | | | | |
| | 11/12 | 12/13 | 13/14 | 14/15 | 15/16 | 16/17 |
| Cash Transfers | \$910.0 | \$1,204.0 | \$1,189.0 | \$1,263.0 | \$1,329.9 | \$1,396.4 |
| Annual Adjustment | (\$64.5) | \$157.0 | \$153.5 | \$479.8 | \$183.0 | \$230.0 |
| Interest | \$2.4 | \$0.7 | \$1.2 | \$1.0 | \$1.0 | \$1.0 |
| Total | \$847.9 | \$1,361.7 | \$1,343.7 | \$1,743.8 | \$1,513.9 | \$1,627.4 |

(7)

Orange County MHSA Component Funding

(Dollars in Millions)

Orange County MHSA Estimated Component Funding
(Millions of Dollars)

| | Fiscal Year | | | | | |
|--------------------------|----------------|----------------|----------------|----------------|----------------|--|
| | Actual | | Estimated | | | |
| | 12/13 | 13/14 | 14/15 | 15/16 | 16/17 | |
| CSS | \$96.9 | \$75.3 | \$99.7 | \$86.4 | \$93.0 | |
| PEI | \$25.9 | \$20.1 | \$26.6 | \$23.0 | \$24.8 | |
| Innovation ^{a/} | \$6.5 | \$5.0 | \$6.6 | \$5.7 | \$6.1 | |
| Total | \$129.3 | \$100.4 | \$132.9 | \$115.1 | \$123.9 | |

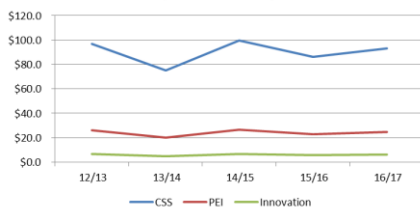
a/ 5% of the total funding must be utilized for innovative programs (W&I Code Section 5892(a)(6)). Chart assumes entire 5% funded with CSS.

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Orange County MHSA Component Funding

(Dollars in Millions)

Orange County Estimated MHSA Component Funding
(Dollars in Millions)



(9)

MHSA Fiscal Planning

- Three Year Integrated Plan beginning in FY14/15
- Act allows CSS to be transferred to WET, CF/TN and/or PR
 - Orange County began to transfer CSS to WET in FY13/14 and plans to continue through Three Year Plan
 - Anticipate CF/TN fully expended by FY16/17
 - Funding level of PR is probably sufficient
- Amount of component funding is not guaranteed
 - State considering update to individual county allocation percentages in FY15/16
- Cash flow varies during the fiscal year
 - 40% of MHSA cash transfers received in last three months of fiscal year
- Use tools provided in MHSA to manage funding
 - Funds still subject to reversion if not spent within specified time period

(10)

Other Community Mental Health Funding

- 1991 Realignment
 - Mental Health guaranteed minimum level of funding
 - Orange County has a minimum base of \$67.3 million beginning in FY12/13
 - Includes VLF Collection
 - Don't anticipate any additional growth until at least FY14/15
 - FY14/15 growth won't be available until probably October, 2015
 - Orange County's estimated share of growth is estimated to be \$5 million to \$6 million per year
 - Orange County received approximately \$600,000 in April, 2014 from FY12/13 growth in 2011 Realignment
 - Anticipate approximately \$300,000 in October, 2014 from FY13/14 growth

(11)

Other Community Mental Health Funding

- 2011 Realignment
 - EPSDT and Managed Care included in Behavioral Health Subaccount beginning in FY12/13
 - FY13/14 Orange County receives 3.16% of deposits into Behavioral Health Subaccount (\$31.2 million)
 - EPSDT
 - Mental Health Managed Care
 - Substance Use Disorders
 - Don't anticipate much additional growth until FY14/15
 - Growth not known until October, 2015
 - State has indicated first priority for growth is federal entitlement programs

(12)

Medi-Cal Program Changes

- Supplemental Payment State Plan Amendment
 - Will allow counties to voluntarily claim for Certified Public Expenditures above the SMAs
- Implementation of Federal Affordable Care Act (ACA) in January, 2014
- Behavioral health services required under ACA
 - Counties can contract with health plans to be part of the provider network for persons with mild to moderate behavioral health care needs
 - Different than Medi-Cal Specialty Mental Health Services

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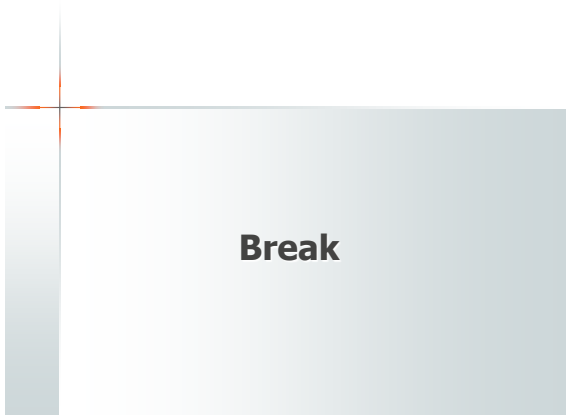
Medi-Cal Program Changes

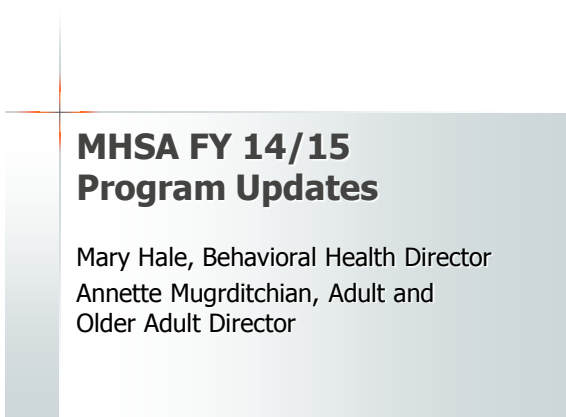
- Counties looking towards new federal reimbursement system in future
 - Current claims-based, minutes of service system with modes and service functions not sustainable
- Probably move to capitated payments within next several years
 - County Mental Health Plan would receive federal payments based on the number of Medi-Cal beneficiaries in the county
- State looking to implement a Federal 1115 Demonstration Waiver for Drug/Medi-Cal services

(14)

Opportunities and Challenges

- Majority of community mental health funding still driven by economy and not demand for services
- Counties being given more flexibility in return for increased responsibility and risk
 - MHSA
 - 2011 Realignment
- Affordable Care Act began in January, 2014
- Potential new federal reimbursement system could provide increased flexibility as well as additional risk to counties
- Continued integration of behavioral health services







FAQs

- 1. An Innovation project is defined as one that contributes to learning rather than a primary focus of providing service.
- Must contribute to learning in one or more of the following ways
 - Introduce a new mental health practice/approach
 - Makes a change to an existing mental health practice/approach
 - Introduces a new application to the mental health system of a promising community driven practice/approach
- For Round 3 of Innovation Projects, there are approximately \$8 million.

Planning Process

• August

- Dates/locations will be determined to have the most representatives come out
- Looking at having 1 focus group in each of the 5 supervisorial districts.

• September

- Marketing the focus group locations
- Hold initial focus group with individuals working in the field

Planning Process (continued)

• October

- Conduct the 5 focus groups throughout Orange County
- Begin holding Technical Assistance Workshops (in order to help writers fully develop their ideas)

• November/December

- Continue with TA meetings
- Have all new Innovation ideas written and submitted prior to December 1st.

Things to Remember

- Submitting a completed Innovation Form does not mean that it will be vetted and voted on by the Subcommittees/Steering Committee.
- If a project idea is voted on, it does not mean that the author/organization will be in charge of it. The implementation is determined by HCA.
- Budget information is needed to have a completed form. Technical Assistance will be provided to help with this part.
- The Oversight and Accountability Commission has the final say in any project.

Things to get Started

- Start thinking of potential Innovative ideas, and researching to make sure they aren't currently being done elsewhere.
- Continue checking the MHSA website or ask to have your email added to the interested party distribution list to find when the focus groups and technical assistance workshops will be available.

Community Action Advisory Committee Update

Denise Cuellar, CAAC President

**Steering Committee
Comments**

Public Comments

Meeting Adjourned

Next Meetings: September 8, 2014
1:00 – 2:25 p.m. CSS Adults and Older
Adults and/or PEI
2:35 – 4:00 p.m. CSS Children and
TAY and/or Innovations
