Fiscal Year 2016-17 Exhibit A
Governor's Budget (Preliminary) Allocation
Overview of Programs, Funding, and Allocation Methodologies

This informational overview provides funding amounts, describes allocation methodologies, and describes programs and their terms and conditions. For complete information on the terms and conditions of all funds and programs, please refer to the state/county contract for substance use disorder services.

REIMBURSEMENTS

State General Funds (SGF) for Drug Medi-Cal (DMC) Intensive Outpatient Treatment Service ($12,293,000)

This notice provides the preliminary allocation of SGF dollars by county for the Intensive Outpatient Treatment (IOT) service, which has expanded eligibility as a condition of the Affordable Care Act (ACA) and approved State Plan Amendment 13-038.

The SGF for the IOT will be in addition to the funds disbursed into each county's Local Revenue Fund, Behavioral Health Subaccount, to provide DMC services to existing beneficiaries. The SGF will reimburse the non-federal share of expenses for when the existing DMC population and mandatory expansion population receive the expanded parts of the IOT services. The mandatory expansion population are those that have been eligible for Medi-Cal, have not been enrolled and who are expected to enroll and start receiving the DMC services.

The expanded part of the IOT service is available to beneficiaries other than Early and Periodic Screening, Diagnosis and Treatment-eligible youth, or pregnant, or postpartum women.

The ACA requires that newly eligible Medicaid beneficiaries receive coverage of essential health benefits that are equal to or greater than the State-selected benchmark plan authorized by the California Legislature. Newly eligible beneficiaries are those who became eligible for Medi-Cal after January 1, 2014, when the eligibility criteria changed. This new coverage standard is referred to as a Medicaid Alternative Benefit Plan (ABP). Due to the fact that beneficiaries may move between different categories of eligibility, the State conformed DMC services to reflect the ABP standard for all enrollees. As individuals' incomes change, some will obtain health coverage through Covered California when their incomes rise, and when their incomes fall significantly, they will obtain coverage through Medi-Cal.

The SGF budget authority was determined from the November 2015 Medi-Cal Estimates process. The SGF budget authority is $12,293,000 for the IOT.

The SGF allocation methodology used the Medi-Cal Certified Eligible population by county as of December 2015. For the IOT, DHCS allocated the SGF based on each county's proportion of its Medi-Cal eligible population aged 21 and above to the statewide Medi-Cal eligible population aged 21 and above.

FEDERAL TRUST FUNDS

The U.S. Department of Health and Human Services, Substance Abuse and Mental Health Services Administration (SAMHSA) provides the Federal Substance Abuse Prevention and Treatment Block Grant (SAPT BG) funds. This BG is program number 93.959 in the Catalog of Federal Domestic Assistance. SAMHSA has not released the Federal Fiscal Year (FFY) 2017 BG Award number. It is presumed that the FFY 2017 BG Award will be the same as the FFY 2015 award, since there is no FFY 2016 BG award yet.

Substance Abuse Prevention and Treatment Block Grant Award

The FY 2016-17 Budget Act Allocation includes funds provided from the FFY 2017 SAPT BG Award. SAPT funds from the FFY 2017 award normally become available on October 1, but in recent years, SAMHSA has delayed providing the notice of award. These funds must be obligated and spent by June 30, 2018. The preliminary allocation presumes the FFY 2017 SAPT BG will continue to be funded at the same level as the FFY 2015 BG award.

Categorical SAPT funds allocated to counties for specific programs are to be spent on those specific programs and cannot be used for other programs, unless specified. For example, Prevention funds must be spent on Prevention services.

SAPT Discretionary FFY 2017 Award - $154,365,456

SAPT Discretionary funds provide for needed substance use disorder treatment, prevention, and recovery services, including services to specific populations. Those populations include youth and pregnant and parenting women. In accordance with United States Code, Title 42, Section 300x-21, the SAPT Discretionary funds may be spent on planning, carrying out, and evaluating activities to prevent and treat substance use disorders.

DHCS continues the SAPT BG Exchange Program that allows counties with populations less than 40,000 to exchange SAPT Perinatal Set-Aside, and SAPT Adolescent and Youth Treatment funds for SAPT Discretionary funds. FY 2016-17 funds will initially be allocated at the FY 2015-16 (FFY 2016) allocated level. The allocation will then be adjusted through the Exchange Program. For further information on how the Exchange Program affects a specific county's Discretionary allocation, please refer to Exhibit C.

Prevention Set-Aside FFY 2017 Award - $47,162,776

Title 42, U.S.C. Section 300x-22(a) requires the State to spend a minimum of twenty percent of the total SAPT BG Award to California on primary prevention services. Primary prevention is defined as strategies, programs and services directed at individuals who have not been determined to require treatment for a substance use

disorder. A county's spending of the primary prevention funds that DHCS allocates is integral to meeting federal SAPT spending requirements.

For the SAPT Primary Prevention Set-Aside, counties must have an active prevention plan that adheres to SAMHSA's Strategic Prevention Framework. Priority areas are identified in the plan and strategies are selected, based on evidence where applicable, that will best address the priority areas and populations being served. Strategies may consist of both individual- and population-based services using one or more of the six prevention strategies identified by the federal Center for Substance Abuse Prevention. The strategies are Information Dissemination, Education, Alternatives, Problem Identification and Referral, Community-Based Process, and Environmental.

DHCS has allocated the SAPT Primary Prevention Set-Aside funds based off of the FY 2015-16 allocation level.

Friday Night Live/Club Live FFY 2017 Award - $1,104,000

The Friday Night Live (FNL) program is a youth development program, aimed at high-school youth and designed to prevent alcohol and other drug use. As an extension of FNL, Club Live (CL) aims at middle school-aged students. Also included are FNL Kids, targeting 4th through 6th grade youth and FNL Mentoring which co-engages middle- and high-school aged students. The FNL/CL funds are combined into a single allocation and all four programs can be funded with FNL/CL funds and SAPT Primary Prevention Set-Aside funds.

DHCS will allocate $1,050,000 in combined funding for these programs. The individual county allocations were based on the FY 2015-16 allocation level. Nine counties have elected not to participate in this program: Alpine, Imperial, Inyo, Kings, Lake, Madera, Modoc, Mono, and Siskiyou. The unused budget authority of $54,000 is held in reserve for use by the DHCS Policy and Prevention Branch.

Perinatal Set-Aside FFY 2017 Award - $17,054,000

Perinatal Set-Aside funds are used for women-specific services for treatment and recovery from alcohol and other substance use disorders, along with diverse supportive services for California women and their children.

Perinatal programs, as part of the Perinatal Services Network, must meet the requirements set forth in the Perinatal Services Network Guidelines 2014. Counties must use these funds to increase or maintain existing perinatal treatment capacity and programs. Counties may also use these funds to add new perinatal services or programs or change existing programs. The guidelines are accessible on the DHCS website at: http://www.dhcs.ca.gov/individuals/Documents/PSNG2014Final21214.pdf.

SAPT Perinatal is a component of the SAPT BG Exchange Program. DHCS will initially allocate the Perinatal funds at the FY 2015-16 level. The allocation will then be

adjusted through the Exchange Program. For further information on how the Exchange Program affects a specific county's Perinatal Set-Aside allocation, please refer to Exhibit C.

The Siskiyou County allocation has been reduced by <$65,358> and the San Bernardino County Allocation reduced by <$500,000> due to under-spending. This matches the resulting allocation to the county's apparent need for funds based on the amount spent of the FFY 2014 allocation. The Siskiyou County reduction has been redistributed to Fresno, Stanislaus, and San Joaquin counties. The San Bernardino reduction has been redistributed to Alameda, Contra Costa, Sacramento and San Diego counties.

Adolescent and Youth Treatment Program FFY 2017 Award - $7,326,561

SAPT Adolescent and Youth Treatment funds provide comprehensive, age-appropriate, substance use disorder services to youth. The Youth Treatment Guidelines, revised in August 2002, are designed for counties to use in developing and implementing youth treatment programs funded by this allocation. The Guidelines are available on the DHCS website at:
http://www.dhcs.ca.gov/individuals/Documents/Youth_Treatment_Guidelines.pdf

Youth Treatment funding is a component of the SAPT BG Exchange Program. DHCS initially allocated the Adolescent and Youth Treatment funds at the FY 2015-16 levels. DHCS then made under-spending adjustments. DHCS then adjusted the allocation through the Exchange Program. For more information on how the Exchange Program affects a specific county's Adolescent and Youth Treatment funds allocation, please refer to Exhibit C.

DHCS reduced allocations as follows due to under-spending for Calaveras <$2,963>, El Dorado <$1,680>, Imperial <$35,076> and San Bernardino <$115,736>, for a total of $155,455. This matches the resulting allocations to the county's apparent need for funds based on the amount spent of the FFY 2014 allocations. These funds have been redistributed to Los Angeles, Orange, San Francisco, and San Diego County.

HIV Set-Aside – FFY 2017 Award - Eliminated

Title 42, U.S.C. Section 300x-24 (b) (2) defines designated states as any state whose rate of cases for acquired immune deficiency syndrome is 10 or more per 100,000 individuals (as indicated by the number of such cases reported to and confirmed by the Director of the Center for Disease Control) for the most recent calendar year for which data are available. California no longer meets this definition as a designated state to use SAPT funding for HIV services. Allocations were set at the FY 2014-15 v3 budget level and are now discretionary funds. These funds can only be used for substance use treatment and prevention services. Counties and providers cannot use any part of the SAPT Block Grant including the Discretionary award to fund HIV or early intervention

services (EIS). For further information please see MHSUDS Information Notice No: 16-012.