



C A L I F O R N I A   D E P A R T M E N T   O F

# Mental Health

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June 1, 2005

DMH LETTER NO.: 05-02

TO: LOCAL MENTAL HEALTH DIRECTORS  
LOCAL MENTAL HEALTH PROGRAM CHIEFS  
LOCAL MENTAL HEALTH ADMINISTRATORS  
COUNTY ADMINISTRATIVE OFFICERS  
CHAIRPERSONS, LOCAL MENTAL HEALTH BOARDS

SUBJECT: PLANNING ESTIMATES FOR MENTAL HEALTH SERVICES ACT  
COMMUNITY SERVICES AND SUPPORTS

REFERENCE: Implementation of MHSA, Welfare and Institutions Code (WIC)  
Sections 5847, 5848, and 5892

The purpose of this letter is to transmit the Mental Health Services Act (MHSA) planning estimates, information about set-aside funds and other related financial requirements for the implementation of the Community Services and Supports (CSS) Component of the MHSA. The non-supplantation policy is still pending administrative review and will be released as soon as possible.

The Department anticipates that final requirements for the CSS Program and Expenditure Plans will be released by mid to late June 2005. To receive MHSA funding, counties must submit a three-year plan consistent with the plan requirements to the Department of Mental Health (DMH). No deadline for the plan submission is being specified. When counties have completed their Community Program Planning process and have met the public review requirements as specified in the MHSA, counties may submit their plan. Subject to the approval of that plan, counties will receive MHSA funding for the Community Services and Supports up to the amount in Enclosure 1—"Annual Planning Estimates for the Three-Year Community Services and Supports Funding".

## **Planning Estimates**

For the initial three-year implementation period, i.e., Fiscal Year (FY) 2005-06 through FY 2007-08, the planning estimates for Community Services and Supports are provided to ensure that funding is reserved for each county and the City of Berkeley. Each county will have to provide a Program and Expenditure Plan for Community Services and Supports (i.e., Plan) that 1) is consistent with the vision and requirements of the MHSA, 2) demonstrates capacity to deliver the proposed services and outcomes and 3) meets State requirements to be eligible for these funds. Upon approval of the plan by the State, funds will be distributed to counties on a quarterly basis in advance of the start of each quarter.

Initially, the planning estimates are based on the FY 2005-06 estimated State budget amounts of MHSA funding. For FY 2006-07 and 2007-08, the available funds will be updated based on the estimates of funding available as specified in the MHSA, Section 19602.5 (c)(3)(B)(i) of the Revenue and Taxation Code and the requirements of the MHSA. Consistent with the projected increases in overall MHSA funding, it is anticipated that the planning estimates will increase proportionately. Prior to the start of FY 2008-09, the State will recalculate the planning estimates using more current and accurate data and the revised percentage of funds dedicated to Community Services and Supports from the MHSA. The State will also attempt to incorporate additional factors (such as the homeless population if more accurate and reliable data is available) at that time.

A prorated amount of the planning estimate will be available to each county based on the date of Plan approval (i.e., a county will be eligible for 50 percent of their planning estimate if their Plan is approved effective January 1, 2006). Additional one-time requests in excess of the prorated planning estimate may be allowed to the extent that 1) the one-time requests are approved by the State and 2) the sum of any one-time requests and the CSS Plan budget are less than or equal to the annual county planning estimate for FY 2005-06. The Department intends to issue guidelines for one-time requests in the near future after stakeholder review and input.

The planning estimates have been developed using the most current and accurate information from statewide or national databases and the following factors that have been weighted:

1. The need for mental health services in each county based on:
  - a. Total Population of each county on January 1, 2005 as reported by the State of California, Department of Finance, *E-1 City / County Population Estimates, with Annual percent Change, January 1, 2004 and 2005*. Sacramento, California, May 2005.
  - b. Population Most Likely to Apply for Services, which represents the sum of:
    - 1) The poverty population as defined as households with incomes below 200% of the federal poverty level as reported in the 2000 U.S. Census Bureau survey updated to reflect the 2005 population, and
    - 2) The uninsured population (persons who did not have insurance at any time in the past year and persons who had insurance only part of the past year) with incomes above 200% of the federal poverty level as reported through the 2003 California Health Interview Survey (CHIS) based at UCLA Center for Health Policy Research in Los Angeles, California.

- c. Population Most Likely to Access Services, which represents the prevalence of mental illness among different age groups and ethnic populations of poverty households in each county as estimated through a study conducted by Dr. Charles Holzer, Ph.D. in 2000. The 2000 results were updated to reflect the 2005 population.
2. Adjustments to the need for mental health services in each county based on:
    - a. The cost of being self-sufficient in each county relevant to the statewide average as reported through *The Self-Sufficiency Standard for California 2003*, December 2003, a project of the National Economic Development and Law Center. A weighted average of households with one single childless adult (67%) and a single adult with two children (33%) was used to develop the adjustment.
    - b. The available resources provided either by or through the Department of Mental Health to each county in FY 2004-05, including realignment funding, State General Fund managed care allocations, other State General Fund Community Services allocations (such as AB 2034 funding), federal SAMHSA block grants, federal PATH grants, and FY 2002-03 Early and Periodic Screening Diagnosis and Treatment (EPSDT) State General Funds. (Medi-Cal federal financial participation is excluded.)
  3. Additional minimum planning estimate for each county and the City of Berkeley of \$250,000 to provide small counties with a base level of funding.

### **Set-Aside Funding**

In FY 2005-06, approximately ten percent of the Community Services and Supports funding has been set aside potentially to be used for the following:

- 1) Contingency reserve in the event that actual tax receipts are less than the amounts projected in the MHSA. The potential volatility of revenues generated by the MHSA is extreme and the State wants to ensure that the planning estimates can continue to be funded each year at the proposed amounts in order to ensure some level of program stability and continuity from year to year.
- 2) Expansion of enrollment and/or services in counties where there is demonstrated capacity to expand and achieve outcomes.
- 3) Statewide or regional strategies to meet the needs of low incidence populations with multiple disabilities or other populations with very high needs.
- 4) Other critical needs consistent with the requirements of these sections of the MHSA.

The amount of set-aside funding in future years will be dictated by actual revenues received into the Mental Health Services Fund. The State's goal is to provide a reliable and consistent level of annual funding to counties for MHSA programs and services.

## **Funding Requirements**

- Funds for MHSA services and supports will not be available to a county until there is a Plan approved by the State. The state's plan review process is expected to take approximately 3 months to complete. (Note that funds may be made available prior to Plan approval for some one-time requests. The Department intends to issue guidelines for one-time requests in the near future after stakeholder review and input.)
- Expenditures for MHSA services and supports provided prior to State approval of the Plans will be disallowed.
- Funding may only be used for expenditures consistent with the county's MHSA Program and Expenditure Plan as approved by the State.
- Although Community Services and Supports should not be limited to Medi-Cal eligible services, MHSA funds may be used as matching funding for Medi-Cal provided all other Medi-Cal requirements are met.
- As specified in the MHSA, funding may only be used to expand mental health services. Funding from the MHSA cannot be used to supplant existing State or county funding. A separate DMH Letter will address these requirements.
- MHSA reporting requirements are being developed. Counties must submit all reports, including cost reports, required by the Department on a timely basis and be in compliance with all requirements in order to be eligible for MHSA funds.

If you have questions or need additional information, please contact the County Operations staff assigned to your county. See Enclosure 2 for listing of County Operations contact information for County Operations—North/Bay and County Operations South/Central.

Sincerely,

Original signed by:

STEPHEN W. MAYBERG. Ph.D.  
Director

Enclosures

cc: California Mental Health Planning Council  
Chiefs, County Operations Sections