Fiscal Year 2015-16 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 for substance use disorder services.

REIMBURSEMENTS

State General Funds (SGF) for Drug Medi-Cal (DMC) Intensive Outpatient Treatment Service ($32,811,000) and Residential Treatment Service ($19,610,000)

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. This notice also provides the preliminary allocation of SGF for the Residential Treatment Service, which is also expected to have expanded eligibility as a condition of the ACA. Subject to federal approval of a Social Security Act, Section 1115, DMC Organized Delivery System (ODS) Waiver request, the Department expects to expand this service to non-perinatal populations, starting July 1, 2015.

The SGF for the IOT and Residential Treatment Services 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 expense for when the existing DMC population and mandatory expansion population receive the expanded parts of the IOT and Residential Treatment 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, pregnant, or postpartum. The expanded part of the Residential Treatment Service will become available to non-perinatal beneficiaries once federal approval of the Section 1115, DMC ODS Waiver occurs.

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 2014 Medi-Cal Estimates process. The SGF budget authority was $32,811,000 for the IOT and $19,610,000 for the Residential Treatment Service.

The SGF allocation methodology used the Medi-Cal Certified Eligible population by county as of December 2014. 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. For the Residential Treatment Service, DHCS allocated the SGF based on each county's proportion of its total Medi-Cal eligible population to the statewide total Medi-Cal eligible population.

The SGF budget authority is a point-in-time estimate determined twice per year in the Medi-Cal Estimates. For the Residential Treatment Service, the preliminary allocation SGF was determined in the November 2014 Medi-Cal estimate when eight counties were identified for participation in the DMC ODS, 1115 Waiver. The SGF and counties anticipated to initially participate in the section 1115 Waiver will change for the FY 2015-16 Budget Act Allocation. The Residential Treatment Service SGF for the May 2015 Medi-Cal estimate will be estimated based on twelve Bay Area counties identified for DMC waiver participation.

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) 2016 BG Award number or the 2015 BG Award number. It is presumed that the FFY 2016 BG Award will be the same as the FFY 2014 award, since there is no FFY 2015 BG award yet.

Substance Abuse Prevention and Treatment Block Grant Award

The FY 2015-16 Budget Act Allocation includes funds provided from the FFY 2016 SAPT BG Award. SAPT funds from the FFY 2016 award normally become available on October 1, 2015, but in recent years, SAMHSA has delayed providing the notice of award. These funds must be obligated and spent by June 30, 2017. The preliminary allocation presumes the FFY 2016 SAPT BG will continue to be funded at the same level as the FFY 2014 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, HIV funds must be spent on HIV early intervention services.

SAPT Discretionary FFY 2016 Award - $141,784,785

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 2015-16 funds will initially be allocated at the FY 2014-15 (FFY 2015) 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.

We plan to reduce the Alpine County allocation by $47,000 and to reduce the Siskiyou County allocation by $51,197 due to under-spending. The reductions total $98,197. For Alpine County, this matches our forecast of full year spending based on the expenditures reported in the county's FY 2014-15 First Quarter Quarterly Federal Financial Management Report. For Siskiyou County, the resulting allocation will match the amount spent of the county's FFY 2012 allocation. That matches the allocation to the county's apparent need for funds. DHCS will hold the unallocated amounts in reserve until January 2016 in case the counties request restoration of the reductions. To request a restoration, the county must describe how it corrected its under-spending problem, and assure that it will fully spend the current allocation and amount restored. If no restoration is requested, DHCS will allocate the funds to other counties.

Prevention Set-Aside FFY 2016 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.

The FY 2015-16 funds will be allocated at the FY 2014-15 levels.

We plan to reduce the Siskiyou County allocation by $7,330 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 2012 allocation. DHCS will hold the unallocated amount in reserve until January 2016 in case the county requests restoration of the reduction. To request a restoration, the county must describe how it corrected its under-spending problem, and assure that it will fully spend the current allocation and amount restored. If no restoration is requested, DHCS will allocate the funds to other counties.

Friday Night Live/Club Live FFY 2016 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 2014-15 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.

HIV Set-Aside – FFY 2016 Award - $12,454,346

The HIV Set-Aside funds programs that provide HIV early intervention services (EIS). For clients participating in substance use disorder treatment programs, examples of permissible uses of these funds are: appropriate pre- and post-test counseling, testing for HIV and other infectious diseases such as Hepatitis C, HIV/AIDS education, and screening to determine the appropriate therapeutic measures for preventing and treating the deterioration of the immune system as a result of an HIV infection. In March 2012, allowable activities were expanded to include infectious disease testing (such as for Hepatitis C) and outreach services for injection drug users, who are not currently participating in substance use disorder treatment programs.

Title 42, U.S.C. Section 300x-24(b)(4) requires that a minimum and maximum set-aside of five percent of the total SAPT BG Award be spent on HIV EIS for substance use disorder clients in treatment programs. A county's spending of the HIV funds allocated by DHCS is integral to meeting federal spending requirements. For complete information on HIV Set-Aside expenditure and reporting requirements, please refer to bulletins numbered 04-12, 12-01, 12-05, and 13-03. To obtain these bulletins contact: Eric Martinez at: Eric.Martinez@dhcs.ca.gov or (916) 327-2698.

The HIV Set-Aside allocation methodology below will be used to allocate funds. The California Department of Public Health, Office of AIDS provided this updated methodology.

Weighting	Needs-Based Data Factors
75.0%	People Living with HIV and AIDS, excluding prison cases, reported by the Office of AIDS as of December 2013, reported through December 2014
15.0%	African American population (2010 U.S. Census)
5.0%	Hispanic population (2010 U.S. Census)
5.0%	People living below federal poverty level (2010 US Census)
100.0%	Total

To provide the smallest counties with sufficient funding to operate a program, each participating county will receive a minimum allocation of $7,500 in HIV funds.

Six counties have declined the HIV funds: Alpine, Calaveras, Colusa, Mariposa, Sierra, and Trinity.

San Bernardino County voluntarily reduced its allocation to $434,805. We will allocate the $50,713 reduction to the other counties receiving more than the $7,500 minimum allocation. We will allocate it in the proportion of the county allocation to the total allocation for those counties.

We plan to reduce allocations as follows due to under-spending: Amador $6,262, Glenn $3,127, Inyo $3,586, Merced $19,471 and Tuolumne $6,565. The reductions total $39,011. With the exception of Amador County, this matches the resulting allocations to the county need and matches the allocations to the amount spent of the FFY 2012 allocations. DHCS will hold the unallocated amounts in reserve until January 2016 in case the counties request restoration of the reductions. To request a restoration, the county must describe how it corrected its under-spending problem, and assure that it will fully spend the current allocation and amount restored. If no restoration is requested, DHCS will allocate the funds to other counties.

Perinatal Set-Aside FFY 2015 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 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 2014-15 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.

We plan to reduce the Siskiyou County allocation by $99,172 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 2012 allocation. DHCS will hold the unallocated amount in reserve until January 2016 in case the county requests restoration of the reduction. To request a restoration, the county must describe how it corrected its under-spending problem, and assure that it will fully spend the current allocation and amount restored. If no restoration is requested, DHCS will allocate the funds to other counties.

Adolescent and Youth Treatment Program FFY 2016 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 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 will initially allocate the Adolescent and Youth Treatment funds at the FY 2014-15 levels. DHCS then made the 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.

We plan to reduce allocations as follows due to under-spending: Calaveras $2,963, El Dorado $1,680, Imperial $35,076, San Bernardino $115,736 and Siskiyou $2,200. The reductions total $157,655. This matches the resulting allocations to the county's apparent need for funds based on the amount spent of the FFY 2012 allocations. DHCS will hold the unallocated amounts in reserve until January 2016 in case the county's request restoration of the reductions. To request a restoration, the county must describe how it corrected its under-spending problem, and assure that it will fully spend the current allocation and amount restored. If no restoration is requested, DHCS will allocate the funds to other counties.