

**California Department of Health Care Services  
Proposed Trailer Bill Legislation**

**Mental Health Services Act COVID-19 Flexibilities Extension**

**FACT SHEET**

**Issue Title: Mental Health Services Act COVID-19 Flexibilities Extension.** This proposal extends certain temporary adjustments to the Mental Health Services Act (MHSA) through June 30, 2022 to increase funding flexibility for counties to respond to the COVID-19 public health emergency.

**Background:** The MHSA was enacted by California voters in 2004, which established a one percent income tax on personal income in excess of \$1 million per year to expand and transform California's mental health system of care for those with a mental illness and their families. The MHSA addresses a broad continuum of prevention, early intervention, and treatment service needs, as well as the necessary infrastructure, technology and training elements that effectively support the system. MHSA funds are distributed to counties by the State Controller's Office on a monthly basis for the five funding components, which are: Prevention and Early Intervention (PEI), Community Services and Supports (CSS), Innovation (INN), Workforce Education and Training (WET), and Capital Facilities and Technology Needs (CFN).

As part of the 2020 Budget Act, AB 81 (Chapter 13, Statutes of 2020) was enacted to allow specified temporary flexibilities for counties with respect to the MHSA requirements due to the COVID-19 public health emergency. Specifically, AB 81:

- Authorizes counties to spend down their local MHSA prudent reserves, as opposed to submitting a request to DHCS as required through regulation (Welfare and Institutions Code (WIC) Section 5847(i)).
- Authorizes counties to spend funds within CSS program component regardless of category restrictions to meet local needs (WIC Section 5892(b)(3)).
- Authorizes counties to use their existing approved Three-Year Plan or Annual Update to expend local MHSA funds through 2020-21, if a county behavioral health director certifies to DHCS that they were unable to submit their new Three-Year Plan due to COVID-19-related reasons (WIC Section 5847(h)(1)).
- Extends the reversion deadline for unspent county funds subject to reversion as of July 1, 2019, and July 1, 2020, to July 1, 2021 (WIC Section 5892(i)).

- Authorizes DHCS to implement, interpret, or make specific the temporary flexibilities provided during the PHE by means of all-county letters or other instructions without taking further regulatory action (WIC Section 5847(j)).

**Justification for Change:** As the public health emergency continues, counties continue to provide urgently needed mental health services at the same level or above to meet demand, especially outreach and engagement services not covered by other funding sources. In order to support these efforts to help meet local needs, DHCS proposes to extend the current flexibilities (as outlined above) for an additional year, with the exception of the reversion period. DHCS' proposal also includes uncodified language that would declare that the proposal is in furtherance of the MHSA and make the provisions of the proposal severable.

**Summary Argument in Support:** This proposal authorizes the continued flexibilities in the MHSA for counties to continue to respond to the increased demand of mental health services and the uncertain tax revenue stream due to the COVID-19 emergency.