



Mental Health

State of California

Pete Wilson
Governor

November 2, 1998

Health and Welfare Agency

DMH LETTER NO.: 98-05

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

SUBJECT: FISCAL YEAR 1998-99 INITIAL ALLOCATION

REFERENCE: Budget Act of 1998 (Chapter 324, Statutes of 1998)

The enclosed allocation worksheet contains the allocation for your county's mental health program in accordance with the Budget Act for Fiscal Year (FY) 1998-99. As in prior years, only State General Fund dollars are specified.

The Budget Act of 1998 included significant increases in General Fund dollars and in reimbursements to reflect the collection of additional Federal Financial Participation (FFP) through the **Short-Doyle/Medi-Cal (SD/MC)** Program. The increase in General Fund dollars is the result of four major budget adjustments: (1) full-year funding for specialty mental health professional services; (2) funding for minor consent; (3) a cost adjustment factor in the medical component of the national Consumer Price Index; and (4) an augmentation in funding to continue statewide implementation of the children's system of care model.

Discussed below in detail are policies and procedures pertaining to the local assistance appropriation of the Budget Act of 1998.

. LOCAL ASSISTANCE

A. Budget Act Item 4440-101-0001

I. Category (a) 10.25 Community Services
- Other Treatment

\$ 4,730,000

2. <u>Category (b) 10.40 Adult System of Care</u>	\$ 7,772,000
3. <u>Category (c) 10.47 Children's Mental Health Services</u>	\$24,354,000
4. <u>Category (d) 10.85 AIDS</u>	\$ 1,500,000
5. <u>Category (dx) 10.97 -- Community Services -- Healthy Families</u>	\$11,856,000

The Budget Act provides for a General Fund increase of \$4,000,000 to augment funding for Children's Systems of Care (AB 377). A total of \$24,354,000 in funding is available for children's mental health services pursuant to Chapter 1229, Statutes of 1992 (AB 3015). This General Fund appropriation is in addition to the Substance Abuse and Mental Health Services Administration (SAMHSA) Block Grant appropriation of \$12,511,000 in Budget Act Item 4440- 101-0890(b).

Also provided in the Budget Act is \$11,856,000 in reimbursements from the Department of Health Services for the funding of mental health services through the Healthy Families Program (HFP). HFP provides health insurance for uninsured children and youth one year old up to their 19th birthday who are not eligible for no cost, full scope federal Medi-Cal and whose family income is between 100 percent and 200 percent of the federal poverty level. The basic health insurance will be provided by health plans contracting with the Managed Risk Medical Insurance Board, the State's lead agency for this program. County mental health programs will manage the supplemental mental health benefit for children with serious emotional disturbance. Reimbursement to the counties will be based on claims for services actually provided to the eligible population. For details regarding the HFP, please refer to DMH Information Notice No.: 98-14 dated September 1, 1998.

The Budget Act makes provisions to continue the General Fund support for the remaining programs at the FY 1997-98 levels.

B. Budget Act Item 4440-101-0890, payable from the Federal Trust Fund

1. <u>Category (a) 10.25 Community Services</u> <u>- Other Treatment</u>	\$21,860,000
2. <u>Category (b) 10.47 Community Services</u> <u>- Children's Mental Health Services</u>	\$12,511,000
3. <u>Category (c) 10.75 Community Services</u> <u>- Homeless Mentally Disabled</u>	\$ 2,348,000

The Budget Act provides for the continuation of the mental health portion of the SAMHSA Block Grant for community mental health services. The funding level of \$21,860,000 for Community Services – Other Treatment reflects a reduction of \$1,001,000 from FY 1997-98. Three federal grants that provided funding to selected counties for various demonstration and pilot projects have been completed.

The Budget Act includes an increase of \$701,000 from the Federal Trust Fund to reflect the allocation of additional funding for the Projects for Assistance in Transition from Homelessness (PATH) Program. These funds will be used to develop innovative supportive housing options for persons with mental illness who are homeless.

The Department issues separate allocation letters that describe the requirements for both the SAMHSA Block Grant and the Homeless Mentally Disabled funds.

C. Budget Act Item 4440-1 02-0001

1. For local assistance, Department of Mental Health (Proposition 98) for early mental health services

The Budget Act provides for the continuation of this program. The appropriation of \$15,000,000 for FY 1998-99 remains the same as in FY 1997-98. These projects provide school-based services to children in kindergarten through third grade in order to enhance their educational, social-emotional and mental health development. These funds are awarded to local school districts through a Request for Application (RFA) process.

D. Budget Act Item 4440-103-0001

1. For local assistance, Department of Mental Health, Program 10.25 - Community Services: Other Treatment for Mental Health Managed Care

The Budget Act makes provisions for a General Fund increase of \$11,898,000 to reflect various adjustments in the funding for managed care. The most significant increases include: (1) full-year funding for specialty mental health professional services (\$6,328,000); (2) funding for minor consent (\$7,720,000); and (3) a cost adjustment factor based on the medical component of the national Consumer Price Index (\$5,011,000). These increases were offset by a reduction of \$4,645,000 because of an adjustment in the number of Medi-Cal beneficiaries.

The enclosed allocation worksheet reflects State General Fund dollars for the funding of psychiatric inpatient services and specialty mental health professional services, and the non-reimbursable FFP portion for minor consent services. The outpatient specialty mental health services for the minor consent program continue to be the responsibility of County Mental Health Plans.

The allocation of the non-reimbursable FFP portion for the Institutions for Mental Disease specialty mental health ancillary services will be made at a later date.

E. Budget Act Item 4440-13 1-0001

1. For Local Assistance, Department of Mental Health, for Services to Special Education Pupils (SEP) (AB 3632)

The Budget Act continues funding for the assessments, treatment and case management of SEP pursuant to Chapter 1747, Statutes of 1984 and Chapter 1274, Statutes of 1985 at the FY 1997-98 level of **\$12,334,000**.

SHORT-DOYLE/MEDI-CAL

The Budget Act includes a net increase of **\$73,764,000** in reimbursements to reflect the collection of FFP through the SD/MC Program. This increase was included in the Budget Act to reflect (1) a change in the federal/state sharing ratio from 5 1.23 percent **federal/48.77** percent state to 5 1.55 percent **federal/48.45** percent state (**\$2,175,000**) effective October 1, 1998; (2) the anticipated collection of additional FFP by the counties for SD/MC services (**\$6 1,529,000**) and for Medi-Cal administrative activities (**\$1,025,000**); and (3) reimbursements of **\$9,035,000** to match General Fund dollars included in the budget of the Department of Social Services to expand day treatment services under the Rehab Option. This program expansion was one of the recommendations put forth by the Foster Care Task Force.

Counties should make every effort to maximize the eligibility of providers for participation in the SD/MC program. Please review DMH Letter No.: 94-14, DMH Letter No.: 95-04, and DMH Letter No.: 96-03 for guidelines.

REIMBURSEMENTS FOR SHORT-DOYLE/MEDI-CAL SERVICES

The Department has established maximum reimbursement allowances for SD/MC as required by Welfare & Institutions (W&I) Code Section 5720(a) and (b). This Schedule of Maximum Allowances (SMA) will apply to all SD/MC eligible services by service function. The SMA rate for reimbursement of hospital administrative day services has remained frozen at the FY 1997-98 level. A schedule of the established **SMAs** reflecting all services for FY 1998-99 is enclosed (Enclosure A).

COUNTY MATCH AND MAINTENANCE OF EFFORT (MOE) REQUIREMENTS

For State General Fund dollars allocated by DMH pursuant to Section 5712 of the W&I Code, the following reflects county match requirements in effect for FY 1998-99:

	Population over <u>125,000</u>	Population of 125,000 <u>or less</u>
All Services	90% State/10% County	Waived

According to W&I Code **Section 5712(b)**, population must be based on the most currently available estimates as determined by the Population Research Unit, Department of Finance. The most current population estimate is enclosed for your information (Enclosure B). Chapter 484, Statutes of 1997 (SB 651) has amended W&I Code Section 5712 to specify that the cost requirements for local financial participation shall be waived for funds for the implementation of managed mental health care contracts.

Chapter 64, Statutes of 1993 (SB 627) added Section 17608.05(b) to the W&I Code to allow a county or city to limit its deposit of realignment maintenance of effort (MOE) funds to the amount necessary to meet minimum federal MOE requirements. Chapter 6, Statutes of 1996 (SB 681) amended Section 17608.05(b) of the W&I Code to allow counties permanent MOE relief for mental health services up to **\$25,000,000**, statewide, per fiscal year. Please review DMH Information Notice No.: 97-05 for guidelines.

CATEGORIES OF FUNDING

The local mental health appropriation is structured to accommodate expenditure reporting under the California Fiscal Information System (CFIS).


The Department will control to the various appropriation items and CFIS subcategories reflected on the allocation worksheet. All counties must claim expenditures on their cost reports accordingly.

ADVANCE PAYMENTS

Except for Budget Act Item **4440- 103-000 1, Community Services - Other Treatment for Mental Health Managed Care**, W&I Code Section 57 13 allows DMH to make equal monthly payments to counties not to exceed 95 percent of a county's State General Fund allocation.

It is the responsibility of each county to maximize revenue from all sources in order to provide the highest level of services. All questions pertaining to the allocation should be addressed to Stan Johnson, Chief, County Financial Program Support at (916) 654-3060.

Sincerely,

A handwritten signature in black ink, appearing to read "Linda A. Powell". The signature is written in a cursive, flowing style.

LINDA A. POWELL
Deputy Director
Administrative Services

Enclosures

c: California Mental Health Planning Council
Chief, Technical Assistance and Training
Chiefs, Medi-Cal Oversight