State of California—Health and Human Services Agency
Department of Health Care Services

JENNIFER KENT
DIRECTOR

EDMUND G. BROWN JR.
GOVERNOR

DATE: October 21, 2015

MHSUDS INFORMATION NOTICE NO.: 15-049

TO: COUNTY BEHAVIORAL HEALTH PROGRAM DIRECTORS
COUNTY DRUG & ALCOHOL ADMINISTRATORS
COUNTY BEHAVIORAL HEALTH DIRECTOR'S ASSOCIATION
CALIFORNIA COUNCIL OF COMMUNITY MENTAL HEALTH AGENCIES
COALITION OF ALCOHOL AND DRUG ASSOCIATIONS

SUBJECT: MENTAL HEALTH SERVICES ACT: METHODOLOGY FOR DISTRIBUTIONS TO LOCAL MENTAL HEALTH SERVICES FUND

REFERENCE: WELFARE AND INSTITUTIONS CODE SECTIONS 5891 AND 5892

Welfare and Institutions Code (W&I) Section 5891(c) requires the Department of Health Care Services (DHCS) to provide the State Controller's Office (SCO) a schedule for the purpose of distributing funds from the Mental Health Services Fund to each Local Mental Health Services Fund on a monthly basis. The allocation schedule that DHCS provided SCO to distribute funds in August 2015 and September 2015 was the same allocation schedule used to distribute funds in Fiscal Year (FY) 2014-15 (Enclosure 1). DHCS has provided SCO an updated allocation schedule to distribute funds from October 2015 through July 2016 (Enclosure 2). The purpose of this Information Notice is to communicate the allocation schedules that DHCS provided to SCO, describe the methodology used to determine those allocation schedules, and provide information on the amount of money estimated through the Governor's budget for distribution from the Mental Health Services Fund.

Methodology for the Allocation Schedules

<u>August and September 2015</u>

Enclosure 1 displays the allocation schedule used by SCO to distribute funds from the Mental Health Services Fund in August 2015 and September 2015. This allocation schedule was established using a methodology developed in FY 2005-06 by the former Department of Mental Health, in consultation with the County Behavioral Health Directors Association of California (CBHDA). The criteria and data sources that were

used to establish the allocation schedule for August 2015 and September 2015 are described below:

1. The need for mental health services in each county based on total population of each county on January 1, 2008, according to the Department of Finance's *E-1 City/County Population Estimates, with Annual percent Change, January 1, 2007 and 2008* (weighted at 50%);

2. Population most likely to apply for services (weighted at 30%):

    a. The poverty population, defined as households with incomes below 200% of the federal poverty level (FPL), according to the 2000 U.S. Census Bureau Survey and updated to reflect the 2008 population; plus,

    b. 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% FPL, as determined by the 2005 California Health Interview Survey;

3. 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 2008 population (weighted at 20%).

Adjustments were made 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*, 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 (weighted at 40%);

    b. Other non-MHSA resources available to the county in FY 2008-09 including: 1991 Realignment funding, State General Fund (SGF) managed care allocations, other SGF community services allocations such as AB 3632 funding, federal Substance Abuse Mental Health Services Act Mental Health Block Grant (MHBG) and federal Projects for Assistance in Transition from Homeless (PATH) grants, FY 2005-06 Early

and Periodic Screening, Diagnosis and Treatment SGF, and the FY 2008-09 Community Services and Supports (CSS) and Prevention and Early Intervention (PEI) Component Allocations. Medi-Cal federal financial participation is excluded. (Weighted at 20%.)

Additionally, to provide a minimum level of funding for less populous counties, a minimum Component Allocation was established for each component based on recommendations from CBHDA. The minimum Component Allocation represented the minimum amount of funding to be made available to each county should the formula described above result in a lower amount.

1. Community Services and Supports (CSS): $250,000 is the minimum amount available to each county with a population of less than 20,000; $350,000 is the minimum amount available to all other counties.

2. Prevention and Early Intervention (PEI): $100,000 is the minimum amount available to each county.

3. Innovation (INN): No minimum amount. Component Allocations for INN were based on the relative share of total CSS and PEI Component Allocations provided to each county, in order to be consistent with W&I Section 5892(a)(6), in which funding utilized for innovative work plans is a proportion of CSS and PEI funding.

The Component Allocations for the two city-operated programs (Tri-City and the City of Berkeley) were based solely on the percent of statewide population in the area served by each city in 2007.

October 2015 through July 2016

DHCS has made one minor modification to the formula described above and has updated the sources of data used in that formula to develop the allocation schedule for October 2015 through July 2016. DHCS has removed the uninsured population from the population most likely to apply for services. The Affordable Care Act, including Medicaid Expansion, is expected to significantly reduce the number of individuals who are uninsured. For this reason, DHCS no longer believes that the number of individuals who are uninsured is an accurate reflection of the population most likely to apply for services.

In addition to this modification to the formula, DHCS has updated the data sources for the following components of the formula to reflect the most current US Census data and population data:

1. The need for mental health services in each county based on total population of each county on January 1, 2015, according to the Department of Finance's *E-1 City/County Population Estimates, with Annual percent Change, January 1, 2014 and 2015* (weighted at 50%);

2. Population most likely to apply for services (weighted at 30%):

    a. The poverty population defined as households with incomes below 100% of the federal poverty level, according to the 2010 U.S. Census Bureau survey and updated to reflect the 2015 population.

3. 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 2015 population (weighted at 20%);

Adjustments were made 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 2014*, 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 (weighted at 40%);

    b. Other non-MHSA resources available to the county in FY 2015-16, including: 1991 Realignment funding, Behavioral Health Subaccount, MHBG and PATH grants. Medi-Cal federal financial participation is excluded. (Weighted at 20%.)

Additionally, to provide a minimum level of funding for less populous counties, a minimum Component Allocation was established for each component based on recommendations from CBHDA. The minimum Component Allocation represented the minimum amount of funding to be made available to each county should the formula described above result in a lower amount.

1. CSS: $250,000 is the minimum amount available to each county with a population of less than 20,000; $350,000 is the minimum amount available to all other counties.

2. PEI: $100,000 is the minimum amount available to each county.

3. INN: No minimum amount. Component Allocations for INN were based on the relative share of total CSS and PEI Component Allocations provided to each county, in order to be consistent with W&I Section 5892(a)(6), in which funding utilized for innovative work plans is a proportion of CSS and PEI funding.

The Component Allocations for the two city-operated programs (Tri-City and the City of Berkeley) were based solely on the percent of statewide population in the area served by each city in 2015.

Allocation Methodology for Future Fiscal Years

For FY 2016-17, DHCS will review the allocation methodology, in consultation with the Mental Health Services Oversight and Accountability Commission and CBHDA to determine if updates to the methodology are needed.

Sincerely,

Original signed by

Karen Baylor, Ph.D., LMFT, Deputy Director
Mental Health & Substance Use Disorder Services

Enclosures