



JENNIFER KENT
DIRECTOR

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



GAVIN NEWSOM
GOVERNOR

DATE: June 3, 2019

MHSUDS INFORMATION NOTICE NO.: 19-027

TO: COUNTY BEHAVIORAL HEALTH DIRECTORS
COUNTY DRUG & ALCOHOL ADMINISTRATORS
COUNTY BEHAVIORAL HEALTH DIRECTORS ASSOCIATION OF CALIFORNIA
CALIFORNIA COUNCIL OF COMMUNITY BEHAVIORAL HEALTH AGENCIES
COALITION OF ALCOHOL AND DRUG ASSOCIATIONS
CALIFORNIA ASSOCIATION OF ALCOHOL & DRUG PROGRAM EXECUTIVES, INC.
CALIFORNIA ALLIANCE OF CHILD AND FAMILY SERVICES
CALIFORNIA OPIOID MAINTENANCE PROVIDERS
CALIFORNIA STATE ASSOCIATION OF COUNTIES
CALIFORNIA CONSORTIUM OF ADDICTION PROGRAMS AND PROFESSIONALS

SUBJECT: FISCAL YEAR 2018-19 BEHAVIORAL HEALTH SUBACCOUNT ALLOCATIONS

REFERENCE: SENATE BILL (SB) 1020 (CHAPTER 40, STATUTES OF 2012)
MHSUDS INFORMATION NOTICE No.: 16-052

The Department of Finance (DOF), in consultation with the Department of Health Care Services and the California State Association of Counties, has selected a standard methodology, called the rolling base methodology, for calculating the allocation schedule for the Behavioral Health Subaccount over the next three fiscal years. The purpose for this information notice is to describe that methodology and how DOF applied that methodology to develop the fiscal year (FY) 2018-19 Behavioral Health Subaccount allocation schedule, which DOF submitted to SCO on February 8, 2019.

Background

Senate Bill (SB) 1020 (Chapter 40, Statutes of 2012) amended Government Code (GC) section 30025 to create the Behavioral Health Subaccount within the Support Services Account of the Local Revenue Fund 2011. GC section 30029.6 requires the State

Controller's Office (SCO) to distribute funds in the Behavioral Health Subaccount to counties on a monthly or quarterly basis pursuant to a schedule developed by the DOF in consultation with appropriate State agencies and the California State Association of Counties.

GC section 30025(f) (16) (B) provides that funds distributed from the Behavioral Health Subaccount can only be used to provide Medi-Cal Specialty Mental Health Services (SMHS), including the Early and Periodic Screening, Diagnosis, and Treatment (EPSDT) benefit, and the following Substance Use Disorder programs: Drug Medi-Cal (DMC), Non-DMC, Drug Court Operations and Services, and Perinatal Drug Services and Treatment. The Medi-Cal SMHS program, including the EPSDT benefit, and the DMC program are federal entitlements. Counties are required to provide all SMHS and DMC services to which Medi-Cal beneficiaries are entitled without caps. GC section 30026.5(k) specifies that Medi-Cal SMHS shall be funded from the Behavioral Health Subaccount, the Behavioral Health Services Growth Special Account, the Mental Health Subaccount (Welfare and Institutions Code (W&I) section 17600), the Mental Health Account (W&I section 17600.10), and to the extent permissible under the Mental Health Services Act, the Mental Health Services Fund.

The Rolling Base Methodology

The rolling base methodology calculates each county's allocation from the Behavioral Health Subaccount as the sum of the prior year distribution from the Behavioral Health Subaccount and the prior year distribution from the Behavioral Health Growth Special Account, if there was growth in the prior year. For example, the FY 2018-19 Behavioral Health Subaccount allocation schedule is based upon the sum of the amount counties received from the Behavioral Health Subaccount in FY 2017-18 and the amount counties received from the Behavioral Health Services Growth Special Account in FY 2017-18.

DOF does not know the final amount of money deposited into the Behavioral Health Services Growth Special Account until late September following the close of each fiscal year. As a result, SCO is not able to distribute funds in the Behavioral Health Services Growth Special Account from the prior fiscal year until late September or early October. DOF cannot calculate the allocation schedule for the Behavioral Health Subaccount using the rolling base methodology until it knows how much each county received from the Behavioral Health Services Growth Special Account. Therefore, SCO will distribute funds available for distribution in the Behavioral Health Subaccount in September using the allocation schedule from the prior fiscal year. DOF will provide SCO with an updated

allocation schedule and an offset schedule for the Behavioral Health Subaccount in October of each year.

The purpose of the offset schedule is to align the distributions SCO made in September with the updated allocation schedule provided to SCO in October. The offset schedule is equal to the amount the county would have received from the Behavioral Health Subaccount in September if SCO had used the updated allocation schedule provided to it in October less the amount the county actually received in September. Each county's October distribution will be equal to each county's updated allocation percentage multiplied by the funds available for distribution in October plus the September adjustment. Each county's distribution for all subsequent months in the fiscal year will be equal to the county's updated allocation percentage multiplied by the funds available for distribution in the month.

Fiscal Year 2018-19 Behavioral Health Subaccount Allocation Schedule

Using the rolling base methodology, DOF calculated the FY 2018-19 Behavioral Health Subaccount allocation schedule as the sum of the amount each county received from the Behavioral Health Subaccount in Fiscal Year 2017-18 and the amount each county received from the Behavioral Health Services Growth Special Account in Fiscal Year 2017-18. Enclosure 1 displays the data DOF used to complete those calculations. Column A displays the amount each county received from the [Behavioral Health Subaccount in FY 2017-18](#). Column B displays the amount each county received from the Behavioral Health Services Growth Special Account in FY 2017-18. Column C displays each county's total Behavioral Health Subaccount allocation for FY 2018-19. Column C is equal to the sum of Column A and Column B. Column D displays the FY 2018-19 Behavioral Health Subaccount allocation schedule DOF submitted to SCO on February 8, 2019. The allocation percentage for each county is equal to each county's estimated proportional share of funding calculated in Column C divided by the estimated amount available in the Behavioral Health Subaccount in FY 2018-19.

Fiscal Year 2018-19 Behavioral Health Subaccount Adjustment Schedule

DOF also developed an adjustment schedule to align the amount each county received from the Behavioral Health Subaccount in September through January 2019 using the prior year allocation schedule to the amount each county should have received in September through January 2019 using the updated allocation schedule. Enclosure 2, 3, 4, 5, and 6 display the data used to calculate these adjustments for September, October, November, December, and January 2019 respectively. For each enclosure, Column A displays each county's rolling base allocation percentage for FY 2018-19 as

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displayed in Column D of Enclosure 1. Column B displays the actual amount SCO distributed to each county for the respective month of 2018 and January 2019. Column C displays the amount SCO would have distributed to each county using the rolling base allocation percentage for FY 2018-19. Column C is equal to Column A multiplied by the total amount SCO distributed to counties from the Behavioral Health Subaccount in the respective month. Column D displays the FY 2018-19 Behavioral Health Subaccount adjustment schedule DOF submitted to SCO on February 8, 2019. Column D is equal to Column C minus Column B and represents the amount SCO will add to or subtract from each county's February 2019 distribution. Enclosure 6 summarizes each counties total adjustments that SCO will make during the February 2019 distribution.

For any questions regarding this Information Notice, please contact Moses Ndungu, Chief, Fiscal Policy Section, Fiscal Management and Outcomes Reporting Branch, Mental Health Services Division, at Moses.Ndungu@dhcs.ca.gov.

Sincerely,

Original signed by

Brenda Grealish, Acting Deputy Director
Mental Health & Substance Use Disorder Services

Enclosures