



# **Behavioral Health Services FY 2020-21 Budget Discussion**

Department of Health Services  
Behavioral Health Services

---

Ryan Quist, Ph.D., Behavioral Health Director

October 15, 2020

# Discussion Intention

- Economic downturns = reduction in funding
- Transparent discussion
- Seek input on funding decisions

# Current Information

- This year: No major cuts (FY 2020/2021)
- For next year (FY 2021/2022), we don't know specifically what will happen
  - Federal HEROES Act
  - Other relief for lost revenue?

# Contingency Planning

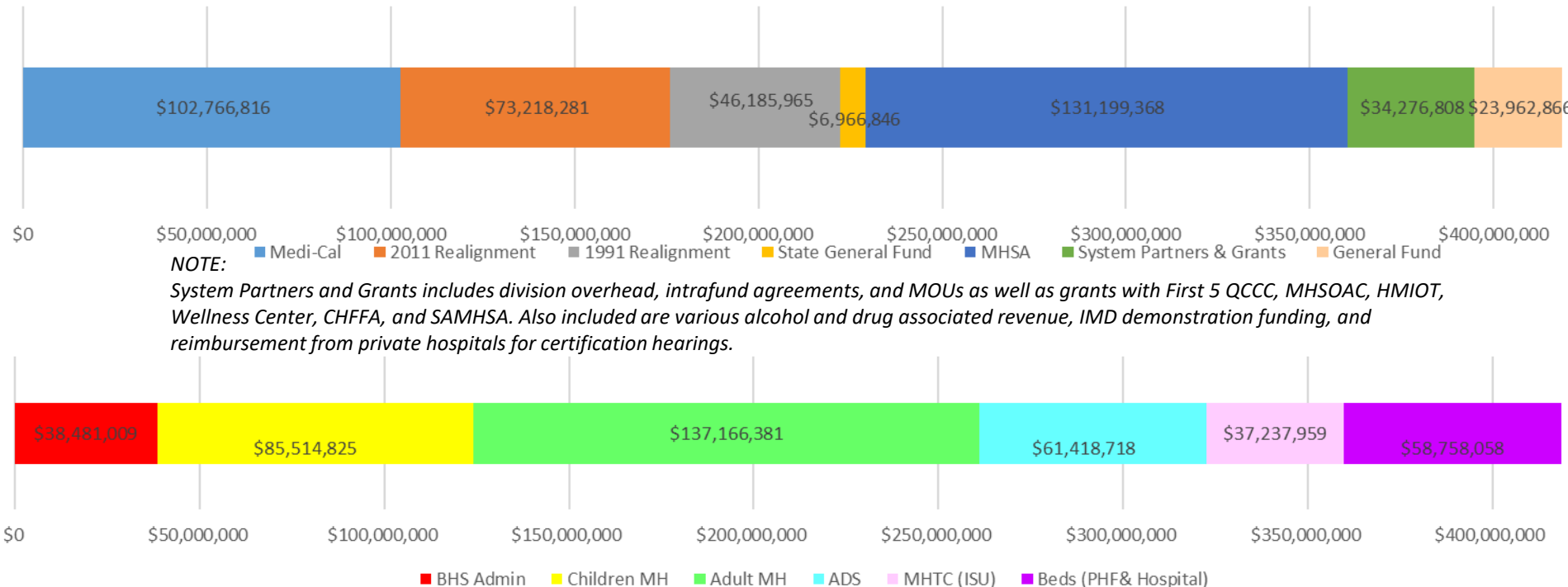
- Seeking input
- Rationale: When cuts are needed, there is not typically much time to seek input from the community
  - Proactive conversation to guide decisions

# Behavioral Health Funding Sources

- 1991 Realignment, 2011 Realignment
  - Funds come from vehicle license fees and sales tax
  - Fund mental health and substance use disorder treatment
- Mental Health Services Act
  - Funds come from millionaire income tax
  - Fund mental health – not substance use disorder treatment

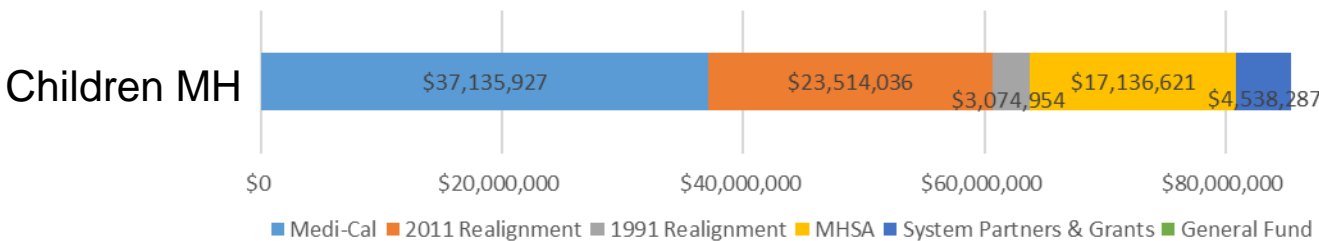
# FY19-20 Behavioral Health Services Overview

- FY 2019-20 Annual Budget \$418.5 M
- 48 Provider Agencies with 211 Programs
- 40,000 outpatient and inpatient consumers served annually
- 170,000 served annually in Prevention and Early Intervention
- Media campaign: 395,434 impressions / yr
- Overall, funded approx 27% by Federal Medi-Cal revenue
- Overall, funded approx 30% by MHPA
- Local MHPA and Realignment required as 50% match for Federal Medi-Cal funds
- County obligation: Serious Mental Illness, children with Serious Emotional Disturbance, full range of Substance Use Disorder Services

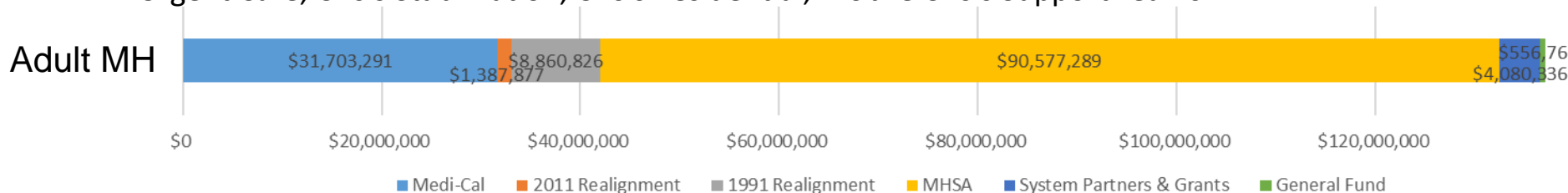


# Outpatient Program Funding

- Outpatient community based services provided to children and adults.
- Financial responsibility transferred to Counties via 1991 Realignment
- Child and Family outpatient services:
  - Approx \$85 M
  - Flexible Integrated Treatment, Wraparound, Therapeutic Behavioral Services, Juvenile Justice Diversion and Treatment, Group Homes / Short Term Residential Treatment Programs, Transition Age Youth Full Service Partnership, County operated CAPS program

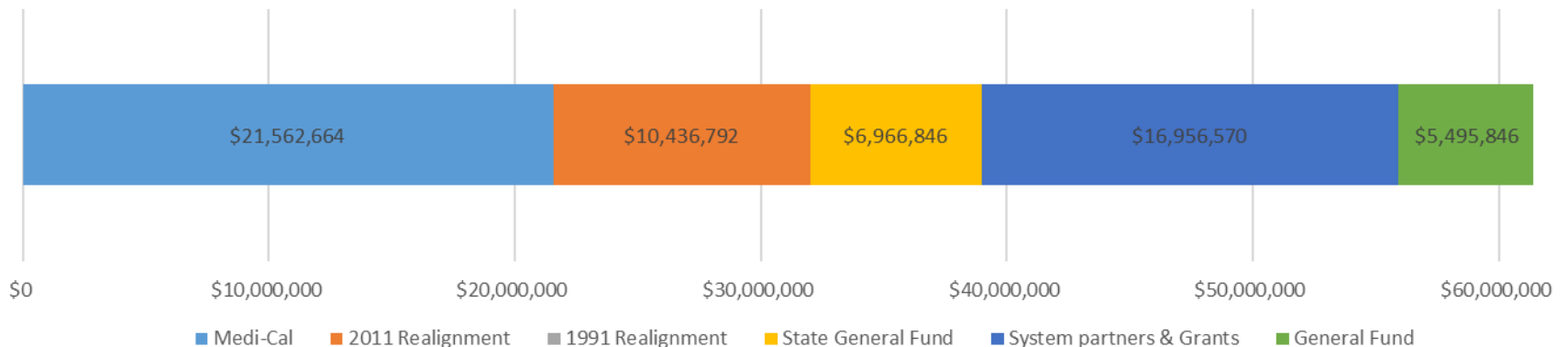


- Adult outpatient services:
  - Approx \$137 M
  - Wellness & Recovery Centers, Guest House, Regional Support Teams, TCORE, Full Service Partnerships, County operated APSS program
  - Urgent Care, Crisis Stabilization, Crisis Residential, Mobile Crisis Support Teams



# Substance Use Prevention and Treatment Funding

- Approx \$61.4M
- This year, SUPT implemented the Drug Medi-Cal Organized Delivery System (DMC-ODS)
- The County’s investment of \$5.5 M resulted in \$22.7 M increase in services already and approx. an additional \$6.9 M increase next year
  - Increased funding from State General Funds and Federal Medi-Cal reimbursement
- Increased array of services:
  - Case Management
  - Residential Treatment
  - Recovery Services (aka Aftercare)
  - Detox and Withdrawal Management
- Also includes Prevention services, such as Youth Alcohol Prevention, Friday Night Live, and Club Live
- Working on decreasing wait times for residential services and developing Medi-Cal certified Residential providers.





# Realignment

---

- Early estimates: 13% reduction in Behavioral Health Realignment
- For Sacramento County Behavioral Health, this would be approximately \$15.7 M
- This is likely worst case scenario, as we're hearing funds may be coming in better than originally projected

# MHSA Projections

- Based on estimations of:
  - Expenditures:
    - Are programs utilizing available funds as predicted?
  - Revenue:
    - Are millionaires paying more or less income tax?
- Continue to test estimations every year and make adjustments as necessary

# MHSA Projections

- Expenditures are greater than revenue in:
  - MHSA Community Services and Supports (CSS)
  - MHSA Prevention and Early Intervention (PEI)
- MHSA Innovation (INN) appear to be manageable at current spending levels

# MHSA CSS

---

- \$8.6 M projected deficit in FY22/23
- To adjust expenditures to match incoming revenue, proposed cuts:
  - \$10 M in MHSA for FY21/22
  - \$5 M in MHSA for FY22/23
- MHSA is also used for Medi-Cal match
  - Translates into a 7% cut in MHSA funded Medi-Cal programs for FY21/22

# MHSA PEI

---

- \$6 M projected deficit in FY21/22
- To adjust expenditures to match incoming revenue, proposed cuts:
  - \$8 M in MHSA for FY 21/22
  - \$3 M in MHSA for FY 22/23

# Prudent Reserve

- Sacramento has approximately \$13 M in Prudent Reserve
- Using Prudent Reserve likely:
  - Cannot prevent cuts
  - Just delay cuts
    - Because we continue to expend funds faster than revenue comes in

# Key Principles

- Realignment and MHSA are used as local match to bring in Medi-Cal federal funds.
  - So, to cut \$1 M in Realignment or MHSA, have to cut \$2 M worth of Medi-Cal programming.
  - For non Medi-Cal programming, to cut \$1 M in MHSA, have to cut \$1 M in expenditures.
- Every program that isn't cut means the other programs must be cut even more.

# Strategies for Input

- Goal: Maintain the full array of services
- Distribute the reductions evenly across the system to avoid eliminating entire programs
  - This would require redistribution of some MHSA funds based on how funding sources are currently being used
  - For example, there are more Realignment funds in Children's programs and more MHSA funds in Adult programs.
  - Would need to redistribute MHSA and Realignment to evenly reduce across the system.



# Contingency Planning

- What would evenly distributing reductions across the system look like?
- Scenario: What if the County had to cut 7%, 9% or 11% of the budget?
- This is how reductions across the system would be evenly distributed:

|          | Total Current Budget | % of Budget |  | 7% Reduction | 9% Reduction | 11% Reduction |
|----------|----------------------|-------------|--|--------------|--------------|---------------|
| Children | \$85 M               | 30%         |  | \$5.95 M     | \$7.65 M     | \$9.35 M      |
| Adult    | \$137 M              | 48.3%       |  | \$9.59 M     | \$12.33 M    | \$15.07 M     |
| SUD      | \$61.4 M             | 21.7%       |  | \$4.30 M     | \$5.53 M     | \$6.74 M      |
| Total    | \$283.4 M            |             |  | \$19.84 M    | \$25.51 M    | \$31.17 M     |

# Strategies to Reduce Cuts

- Medi-Cal Billing for MHSA Services
  - Including Peer Services
- Providers 'right size' the 1/12 invoices
- Decrease LOS in psychiatric hospitals
- Discussing ways to do things 'smarter'