



Behavioral Health Services FY 2020-21 Budget Discussion

Department of Health Services
Behavioral Health Services

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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

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

- 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 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'

Strategies Already In Place

- At start of COVID, stopped projects not yet in place
 - \$5.9 M in MHSA CSS funding transfer to DHA
 - \$3.35 M in outpatient program saving \$2 M in MHSA CSS funding
 - \$400 K in MHSA PEI funding to CalMHSA for Round 2 Community-Driven grants
- Projected reductions -> after this \$9.7 M reduction

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

Input Received

- Use outcomes to make decisions on reductions?
- Don't reduce crisis services?
- Don't reduce children's services?
- Use prudent reserve?