Behavioral Health Transformation

DHCS
CALIFORNIA DEPARTMENT OF HEALTH CARE SERVICES

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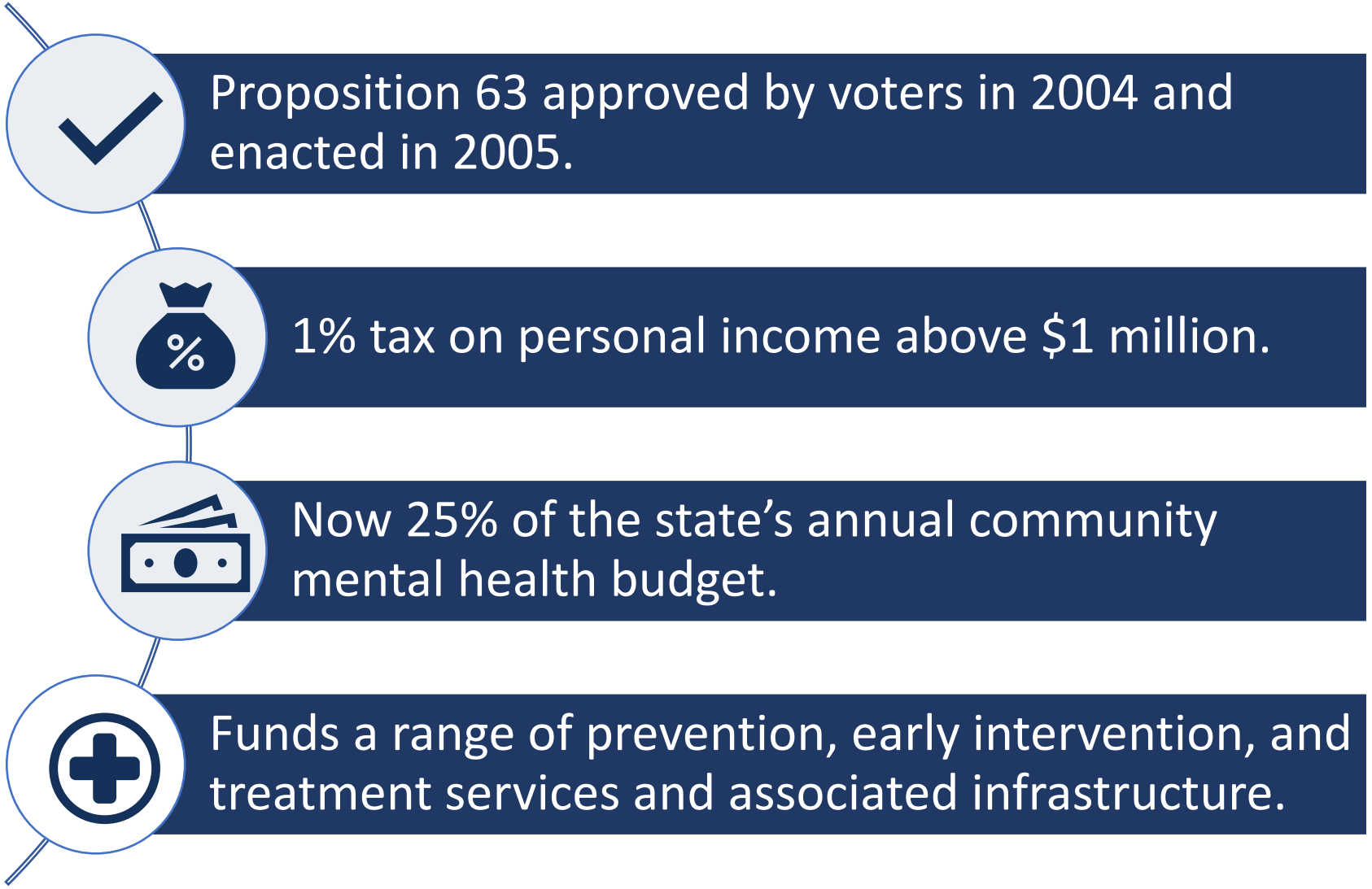
Mental Health Service Act Background

Mental Health Service Act

- Define serious mental illness among children, adults and seniors as a condition deserving priority attention, including prevention and early intervention services and medical and supportive care.
- Reduce the long-term adverse impact of untreated serious mental illness on individuals, families, and state and local budgets
- Expand successful, innovative service programs for children, adults, and seniors, including culturally and linguistically competent approaches for underserved populations



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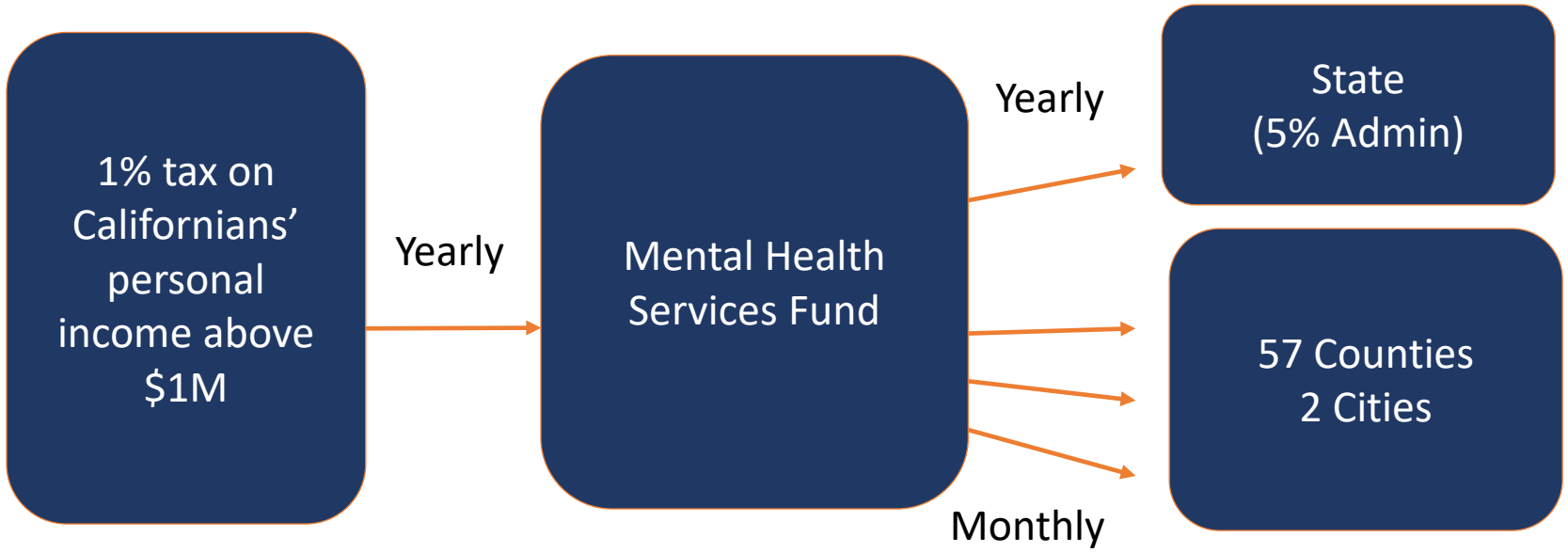
MHSA Financing

- State Controller distributes funds from the Mental Health Services Fund to counties on a monthly basis. Counties may then expend funds consistent with their three-year program and expenditure plans and annual updates.



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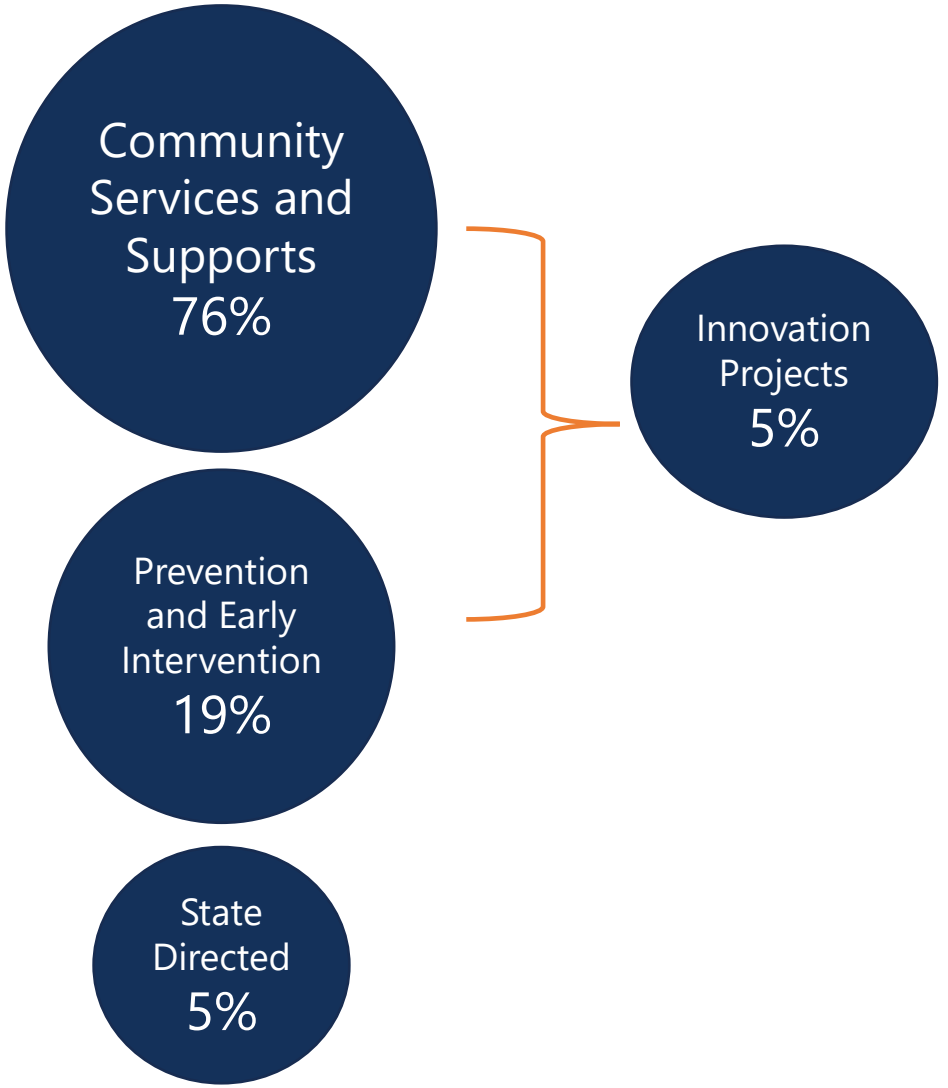
MHSA County Funding Allocations

- MHSA established broad categories for how counties can spend MHSA funding:
  - Community Services and Supports (CSS), which funds direct service provision
  - Prevention and Early Intervention (PEI), which funds services that prevent mental illness before it becomes severe
  - Innovation (INN), which encourages counties to experiment with new approaches to addressing mental illness.



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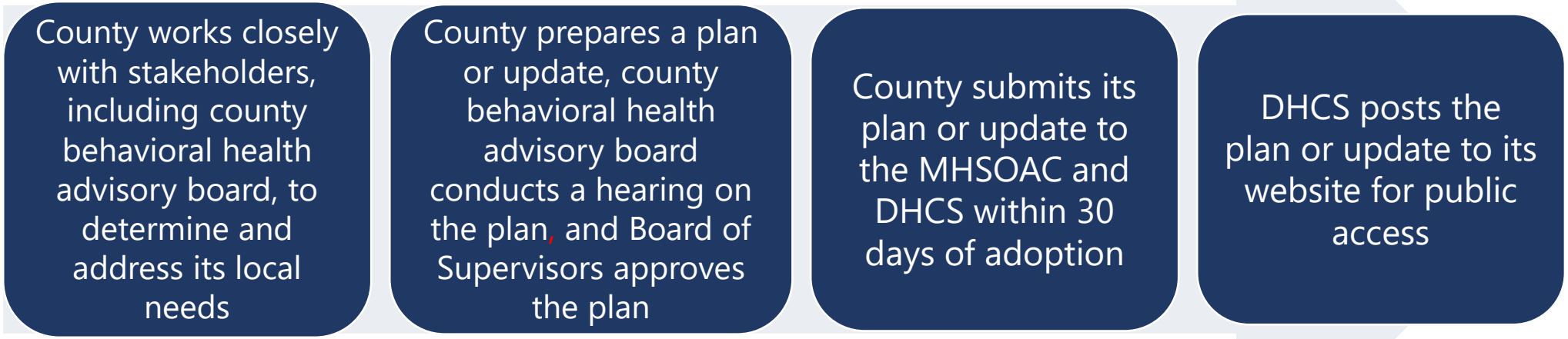
Source: Legislative Analyst's Office

Three-Year Plan and Annual Updates

In order to spend MHSA funding, counties must prepare and submit a Three-Year Program and Expenditure Plan and Annual Updates detailing MHSA funding plans for MHSA programs and expenditures. For more info, see MHSA County Plans and Updates.



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Program and Expenditure Plans

- Each county mental health program must submit a three-year program and expenditure plan, and annual updates to California Department of Health Care Services (DHCS) and the Mental Health Services Oversight and Accountability Commission.
- Expenditure plans cover services for adults and seniors, for innovative programs, prevention and early intervention programs, services for children, and updates to the plans
- Each expenditure update must indicate the number of children, adults, and seniors to be served and the cost per person. The expenditure update must include utilization of unspent funds.

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DHCS Oversight

- DHCS receives and reviews counties' MHSA-related data, including MHSA revenue and expenditure data, prudent reserve levels, and county planning documents and expenditures.
- DHCS also oversees the Mental Health Service Fund (the fund into which MHSA revenues are deposited) and calculates whether any county MHSA fund balances are subject to reversion.

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Role of the MHSOAC

- The MHSOAC's primary roles include providing oversight, review, accountability, and evaluation of projects and programs supported by MHSA funds.
- The MHSOAC is responsible for overseeing and approving the use of local Innovation component funding.
- The MHSOAC is responsible for implementing the prevention and early intervention component.
- The MHSOAC oversees grant programs funded by the MHSA.

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Behavioral Health Transformation

Legislative Findings

- 1 in 20 adults is living with a serious mental illness (SMI).
- 1 in 13 children has a serious emotional disturbance (SED).
- 30% of youth 12 to 24 years of age experience serious psychological distress.
- 1 in 10 Californians meet the criteria for a substance use disorder (SUD).
- Veterans have a higher rate of suicide and experience higher rates of mental illness or substance abuse disorder.
- Most homeless Californians (82%) experienced a serious mental health condition.
- More than one quarter (27%) had been hospitalized for a mental health condition.
- Nearly two-thirds (65%) had a period in their life in which they regularly used illicit drugs.
- In 2020, there were over 10,000 veterans experiencing homelessness.
- Limited community-based care facilities contributes to the growing crisis of homelessness and incarceration among those living with a mental health disorder.

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Solution: Reform and Infrastructure

SB 326 (Eggman, Chapter 790, Statutes of 2023): **Reform**

- Reforming Mental Health Services Act funding to provide services to those with the most serious illness & to treat substance use disorders. Renaming the Behavioral Health Services Act (BHSA).
- Expanding the behavioral health workforce to reflect and connect with California's diverse population.
- Focusing on outcomes, accountability, and equity.

AB 531 (Irwin, Chapter 789, Statute of 2023): **Infrastructure**

- Funding behavioral health treatment beds, supportive housing, and community sites.
- Directing funding for housing for veterans with behavioral health needs.

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SB 326: Reform

Population, Funding and Services

Priority Populations for BHSA

- **Eligible adults and older adults who are:**
  - Chronically homeless or experiencing homelessness or are at risk of homelessness.
  - In, or are at risk of being in, the justice system.
  - Reentering the community from prison or jail.
  - At risk of conservatorship pursuant to Chapter 3 (commencing with Section 5350) of Part 1 of Division 5.
  - At risk of institutionalization.

- **Eligible children and youth who are:**
  - Chronically homeless or experiencing homelessness or are at risk of homelessness.
  - In, or at risk of being in, the juvenile justice system.
  - Reentering the community from a youth correctional facility.
  - In the child welfare system (pursuant to Section 300, 601, or 602).
  - At risk of institutionalization.

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County Allocations: Housing Interventions

30% for Housing Interventions

- For children and families, youth, adults, and older adults living with SMI/SED and/or SUD who are experiencing or at risk of homelessness.
- Includes rental subsidies, operating subsidies, shared and family housing, capital, and the non-federal share for certain transitional rent.
- 50% is prioritized for housing interventions for the chronically homeless.
- Up to 25% may be used for capital development.
- Allows small county exemption for 2026-29 planning cycle.
- Not limited to Full Service Partnerships partners or persons enrolled in Medi-Cal.
- Provides flexibility for the remaining counties commencing with the 2032-2035 planning cycle on the 30% requirement based on DHCS criteria for exemptions.

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County Allocations: Full Service Partnerships

35% for Full Service Partnership (FSP) Programs (1 of 2)

- Includes mental health, supportive services, and substance use disorder treatment services. Informally referred to as “whatever it takes” model.
- Assertive Community Treatment/Forensic Assertive Community Treatment, Individual Placement and Support model of supported employment, high fidelity wraparound are required. Small county exemptions are subject to DHCS approval.
- Includes Medication-Assisted Treatment, when providing SUD services.
- Establishes standard of care with levels based on criteria for step-down into the least intensive level of care.
- Aligned documentation standards to be consistent with CalAIM.

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County Allocations: Full Service Partnerships

35% for Full Service Partnership (FSP) Programs (2 of 2)

- Outpatient behavioral health services, either clinic or field based, necessary for the on-going evaluation and stabilization of an enrolled individual.
- On-going engagement services necessary to maintain enrolled individuals in their treatment plan inclusive of clinical and non-clinical services, including services to support maintaining housing.
- Emphasis on employing community-defined evidence practices (CDEP).

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County Allocations: Behavioral Health Services and Supports

35% for Behavioral Health Services and Supports (BHSS)

- Includes early intervention, outreach and engagement, workforce education and training, capital facilities, technological needs, and innovative pilots and projects.
- A majority (51%) of this amount must be used for Early Intervention services to assist in the early signs of mental illness or substance misuse.
  - A majority (51%) of these Early Intervention services and supports must be for people 25 years and younger.

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County Allocations: BHSS Early Intervention

Early Intervention programs must:

- Establish and use community-defined evidence practices and evidence-based practices.
- Emphasize the reduction of suicide and self harm, incarceration, school (including early childhood 0-5 age, inclusive, TK-12, and higher education) suspension, expulsion, referral to an alternative or community school, or failure to complete, unemployment, prolonged suffering, homelessness, removal of children from homes, overdose, and mental illness in children and youth from social, emotional, developmental, and behavioral needs in early childhood. Including outreach to education, including early care and learning and TK-12.
- Reduce disparities in behavioral health. Shall include mental health and SUD services that meet the cultural and linguistic needs of diverse communities.

MH and SUD services may be provided to individual children and youth when:

- At high risk for a behavioral health disorder due to trauma, via the ACEs screening tool, involvement in the child welfare system or juvenile justice system, who are experiencing homelessness, or who are in populations with identified disparities in behavioral health outcomes.

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County Allocations: Funding Flexibility

- Counties will have the flexibility within the above funding areas to move up to 7% from one category into another, for a maximum of 14% more added into any one category, to allow counties to address their different local needs and priorities – based on data and community input.
- Changes are subject to DHCS approval and can only be made during the 3-year plan cycle. The next cycle is Fiscal Year 2026-2029.
- Innovation will be permitted in all categories.

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State Directed Funding: Prevention

4% of total funding for Population-Based Prevention

- Population-based programming on behavioral health and wellness to increase awareness about resources and stop behavioral health problems before they start.
- A majority of Prevention programming (51%) must serve people 25 years and younger. Early childhood population-based prevention programs for 0-5 shall be provided in a range of settings.
- California Department of Public Health is lead, in consultation with DHCS and BHSOAC.
- Provides for school-based prevention supports and programs. Services shall be provided on a schoolwide or classroom basis and may be provided by a community-based organization off campus or on school grounds.

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State Directed Funding: Workforce

3% of total funding for BH Workforce Expansion

- The Department of Health Care Access and Information, in collaboration with CalHHS, will implement a behavioral health workforce initiative to expand a culturally-competent and well-trained behavioral health workforce.
- Assist in drawing down federal funding ($2.4 Billion over 5 years) through the Medi-Cal BH-CONNECT demonstration project.
- A portion of the workforce initiative may focus on providing technical assistance and support to county and contracted providers to maximize the use of peer support specialists.

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State Directed Funding: Innovation

- $20 million annually will be directed to the Behavioral Health Services Act Innovation Partnership Fund, to develop innovations with non-governmental partners.
- The BHSOAC is the lead for these funds.

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State Directed Funding: Oversight and Monitoring

3% (down from 5%) of total funding for State Administration

Used to develop statewide outcomes, conduct oversight of county outcomes, train and provide technical assistance, research and evaluate, and administer programs.

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Update to Funding Categories

Current MHSA Allocation		BHSA Allocation	
County Allocation	**95%**	**County Allocation**	**90%**
Community Services and Supports	76%	Housing Interventions	30%
Prevention and Early Intervention	19%	Full Service Partnerships (FSPs)	35%
Innovation	5%	Behavioral Health Services and Supports (BHSS)	35%
State Directed	**5%**	**State Directed**	**10%**
State Administration	5%	Population-Based Prevention (CDPH)	4%
		BH Workforce (HCAI)	3%
		State Administration	3%

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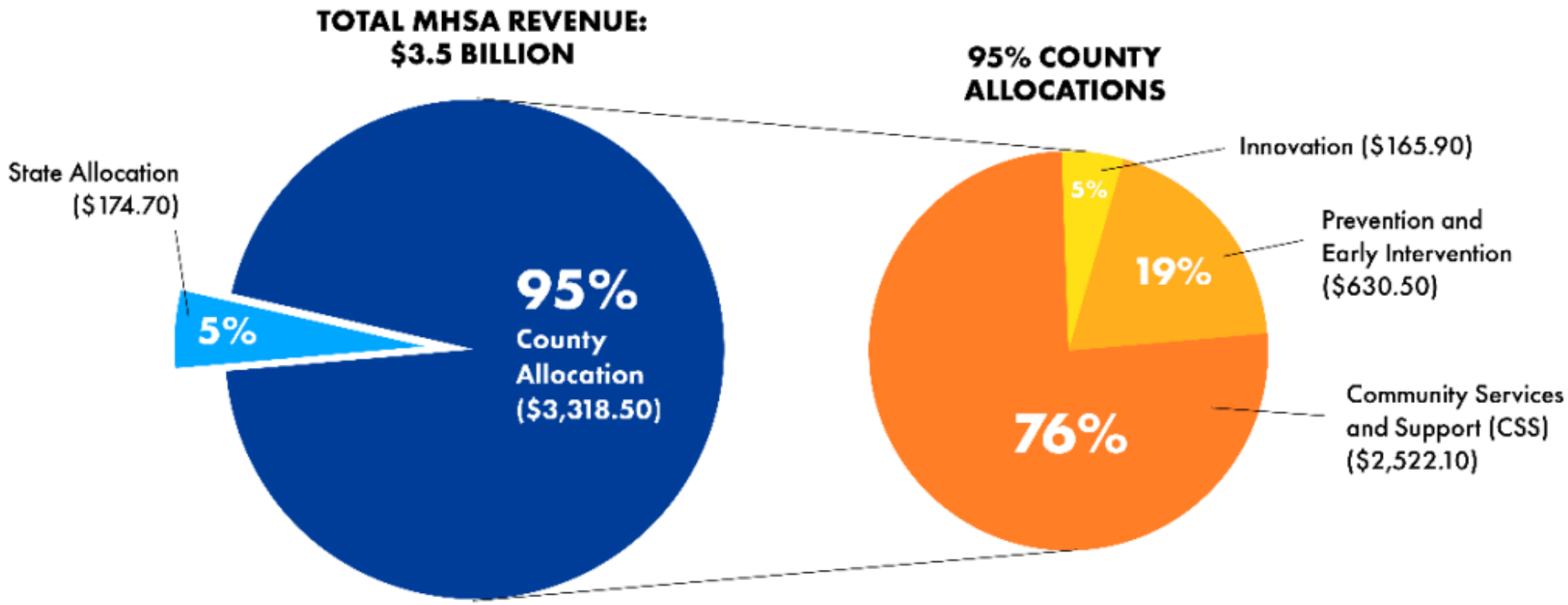
CURRENT ALLOCATION



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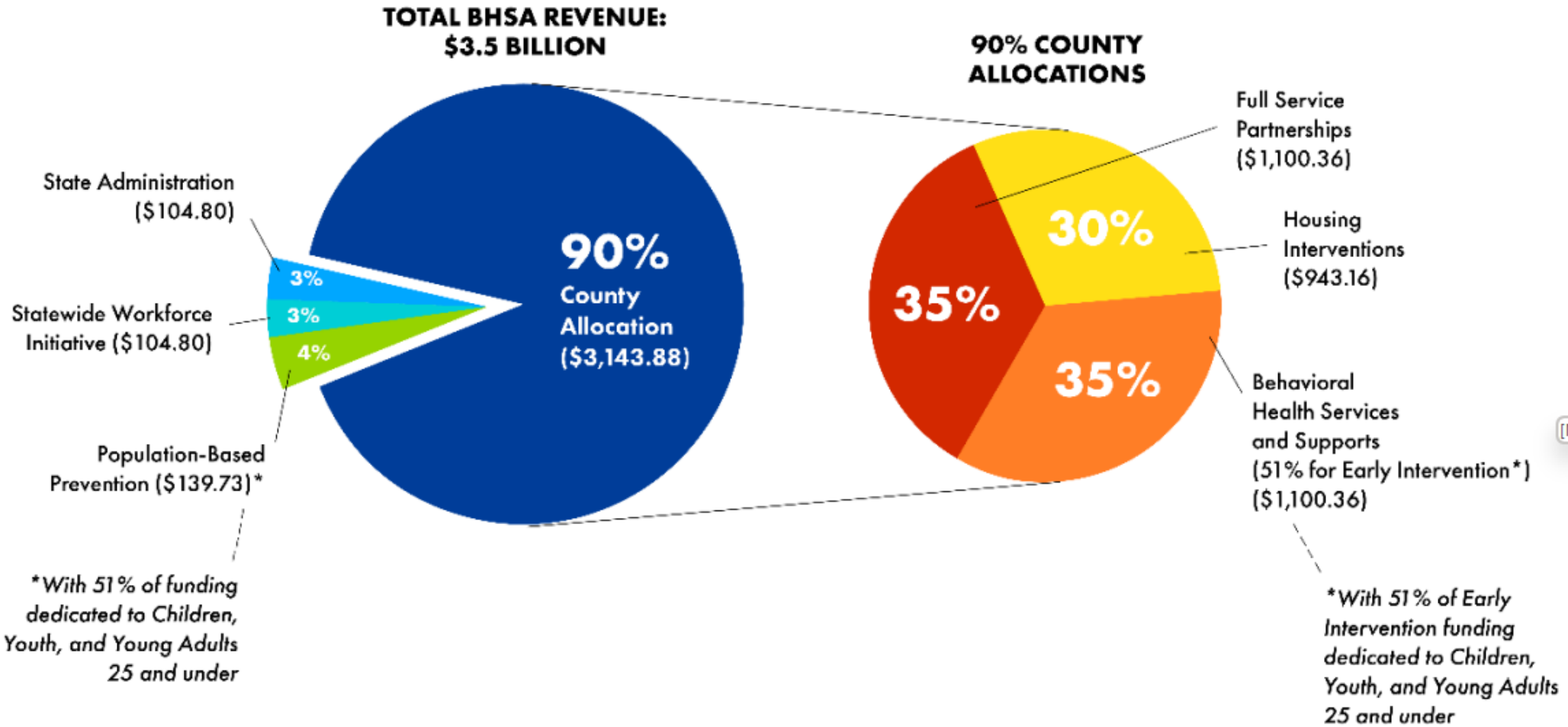
PROPOSED ALLOCATION



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SB 326: Reform

Outcomes, Accountability, and Equity

County Integrated Plan for Behavioral Health Services and Outcomes

- Three-year plans no longer focus on MHSA funds only. Must include:
  - **All local, state, and federal behavioral health funding (e.g., BHSA, opioid settlement funds, SAMHSA and PATH grants, realignment funding, federal financial participation) and behavioral health services, including Medi-Cal**.
  - A budget of planned expenditures, reserves, and adjustments
  - Alignment with statewide and local goals and outcomes measures
  - Workforce strategies
- Counties plans must be developed with consideration of the population needs assessments of each Medi-Cal Managed Care Plan and in collaboration with local health jurisdictions on community health improvement plans.
- County plans must be informed by local stakeholder input, including additional voices on the local behavioral health advisory boards.
- Performance outcomes will be developed by DHCS in consultation with counties and stakeholders.

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County Behavioral Health Outcomes, Accountability, and Transparency Report

- Counties will be required to report annually on expenditures of **all local, state, and federal behavioral health funding** (e.g., BHSA, SAMHSA grants, realignment funding, federal financial participation), unspent dollars, service utilization data and outcomes with health equity lens, workforce metrics, and other information.
- DHCS is authorized to impose corrective action plans on counties that fail to meet certain requirements.

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County Behavioral Health Outcomes, Accountability, and Transparency Report

- The plans and reports is shall include data through the lens of health equity to identify racial, ethnic, age, gender, and other demographic disparities and inform disparity reduction efforts.
- Other data and information may include the number of people who are eligible adults and older adults, who are incarcerated, experiencing homelessness, inclusive of the availability of housing, the number of eligible children and youth.
- The metrics shall be used to identify demographic and geographic disparities in the quality and efficacy of behavioral health services and programs listed in paragraph (1) of subdivision (c) of Section 5963.02.

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Funds for Local Planning and Reporting

- Additional 2% (and up to 4% for small counties) of local BHSA revenue may be used to improve planning, quality, outcomes, data reporting, and subcontractor oversight for all county behavioral health funding, on top of the existing 5% county planning allotment.
- Permits a county to provide supports, such as training and technical assistance, to ensure stakeholders have enough information and data to participate in the development of integrated plans and annual updates.

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Behavioral Health Services Oversight and Accountability Commission (BHSOAC)

- The Mental Health Services Oversight and Accountability Commission (MHSOAC) will become the BHSOAC
  - Established to promote transformational change in behavioral health system through research, evaluation and tracking outcomes, and other strategies to assess and report progress.
  - Expands commission membership to include community representation, namely for transition-age youth and for individuals who are aging or disabled, and other critical community perspectives.
  - Will receive funding for a new $20 million Innovation Partnership Fund to provide grants to develop innovations with non-government partners.
- DHCS will consult with BHSOAC on:
  - Development of biennial list of Early Intervention evidence-based practices
  - Building FSP levels of care
  - Developing statewide outcome metrics
  - Determining statewide BH goals and outcome measures

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State Auditor Report

- The State Auditor shall issue a comprehensive report on the progress and effectiveness of implementation of BHSA by December 31, 2029 and every 3 years thereafter until 2035.

Shall include:

- BHSA policy impact
- Timeliness of guidance and technical assistance
- Progress toward goals and outcomes
- Gaps in service and trends in unmet needs
- Inclusion and impact of SUD services and personnel
- Effectiveness of reporting requirements
- DHCS oversight of plans and reports
- Coordination and collaboration areas of improvement
- Recommendations of changes or improvements

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Align Managed Care and BH Contracts

- Authorizes DHCS to align the terms of the county behavioral health plan contracts regarding organization, infrastructure, and administration with Medi-Cal managed care plan contracts.

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BHSA Revenue Stability Workgroup

Workgroup to assess year-over-year fluctuations in tax revenues generated by the BHSA and develop and recommend solutions to reduce BHSA revenue volatility and to propose appropriate prudent reserve levels.

- CalHHS and DHCS shall jointly convene the workgroup
- Shall include representatives from BHSOAC, Legislative Analyst's Office, California Behavioral Health Directors Association, and California State Association of Counties, including both urban and rural county reps.
- CalHHS and DHCS shall submit a report that includes its recommendations on or before June 30, 2025.

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AB 531: Infrastructure

Behavioral Health Infrastructure Bond Act

$6.38 billion general obligation bond, to be on the March 2024 ballot.

- Funding will be used to construct, acquire, and rehabilitate more than:
  - 4,350 permanent supportive housing units, with 2,350 of those set-aside for veterans
  - 6,800 treatment beds and 26,700 out-patient treatment slots
- $4.4 Billion for grants to public or private entities for BH treatment and residential settings.
  - Includes $1.5 billion to be awarded only to counties, cities and tribal entities, with $30M set aside for tribes,
- $1.065 billion in housing investments for veterans experiencing or at risk of homelessness who have behavioral health challenges.
- $922 million in housing investments for persons experiencing or at risk of homelessness who have behavioral health challenges.

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Status/Next Steps

- SB 326 and AB 531 were signed and chaptered October 12, 2023.
- Some components of SB 326 do not require voter approval and are now law.
- Some components of SB 326 require voter approval. These will be on the March 2024 ballot as “Proposition 1”.
- For more information on Behavioral Health Transformation, you can visit the CalHHS website.

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