

Governor Newsom and Legislative Leader's Proposal to Reform California's Behavioral Health System

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Monterey County Board of Supervisors

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COUNTY OF MONTEREY
HEALTH DEPARTMENT



MONTEREY COUNTY
BEHAVIORAL HEALTH

Avanzando Juntos **Forward Together**



Governor Newsom's Proposal

On March 19, 2023, Governor Newsom announced a proposal to transform the State's Behavioral Health Care System.

Proposal would be placed in the March 2024 election ballot

Changes included in the proposal would be implemented over multiple years, beginning in January 2025



Governor Newsom's Proposal (cont'd)

\$4.7 billion General Obligation Bond to build 10,000 new beds & homes (AB531)

Modernize the Mental Health Services Act (SB326)

Improve statewide accountability, transparency, and access to behavioral health services

Assembly Bill 531 (Irwin)

General Obligation Bond	- Place a \$4.7 billion General Obligation Bond on the March 2024 ballot to:
BH Infrastructure	- Construction of new clinic beds (10,000) - Build Permanent Supportive Housing for People experiencing or at risk of homelessness who have behavioral health conditions - Dedicate portion of funds for housing for veterans experiencing or at risk of homelessness who have behavioral health conditions
Expansion of BH Services	- Build unlocked community behavioral health treatment and residential settings



Senate Bill 326 (Eggman)

According to Governor
Newsom's
Administration

“The MHSA has never undergone full scale reform. Since its initial passing in 2004, the Affordable Care Act and parity laws have significantly shifted the landscape and now is the time to modernize MHSA to account for expanded coverage under Medi-Cal.”

Expand Services to
Include substance use
disorders (SUD)

- Because of expansion to cover SUD, the name of the MHSA would be updated to Behavioral Health Services Act (BHSA)

3% Reallocated
to State to Expand
Workforce

- County allocations would be reduced by 3% and these funds would be redirected to workforce investments to allow California Health and Human Services Agency (CHHS) to implement a statewide workforce to expand a culturally competent and well-trained workforce to address shortages and expand services.



Senate Bill 326 (cont'd)



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Focus on Outcomes, Accountability, and Equity

- Outcomes – Replaces 3-Yr. Plan with a new County Integrated Plan for Outcomes.
- Accountability – Establishes new annual County Behavioral Health Outcomes, Accountability, and Transparency Report.
- Equity – Connects the Behavioral Health System statewide for all Californians.
- Rename the Mental Health Services Oversight and Accountability Commission to the Behavioral Health Oversight and Accountability Commission.

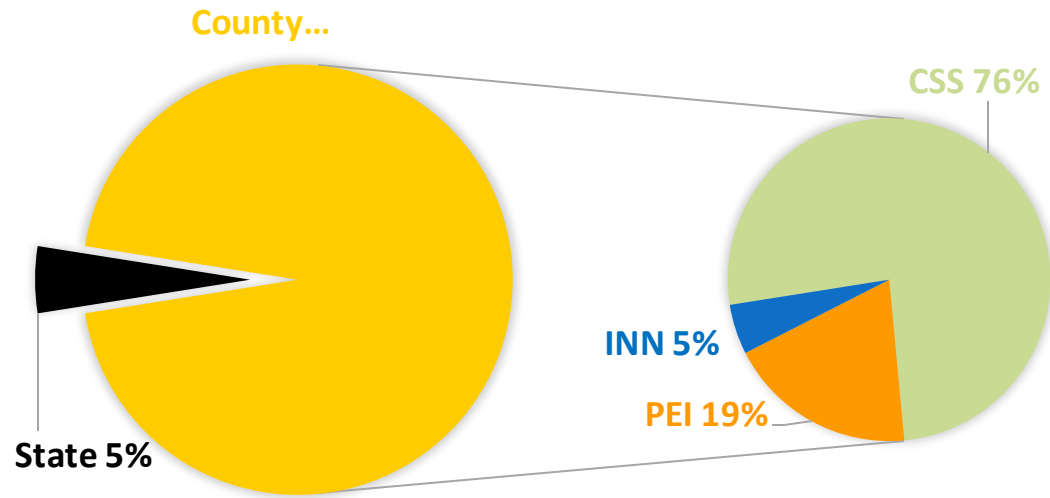
"Modernize" County Allocations

- **30%** for Housing Interventions
- **35%** for Full-Service Partnership (FSP) Programs
- **30%** for Behavioral Health Services and Supports
- **5%** for Prevention
- Eliminate existing INN, PEI, CFTN, WET, and CSS as standalone components

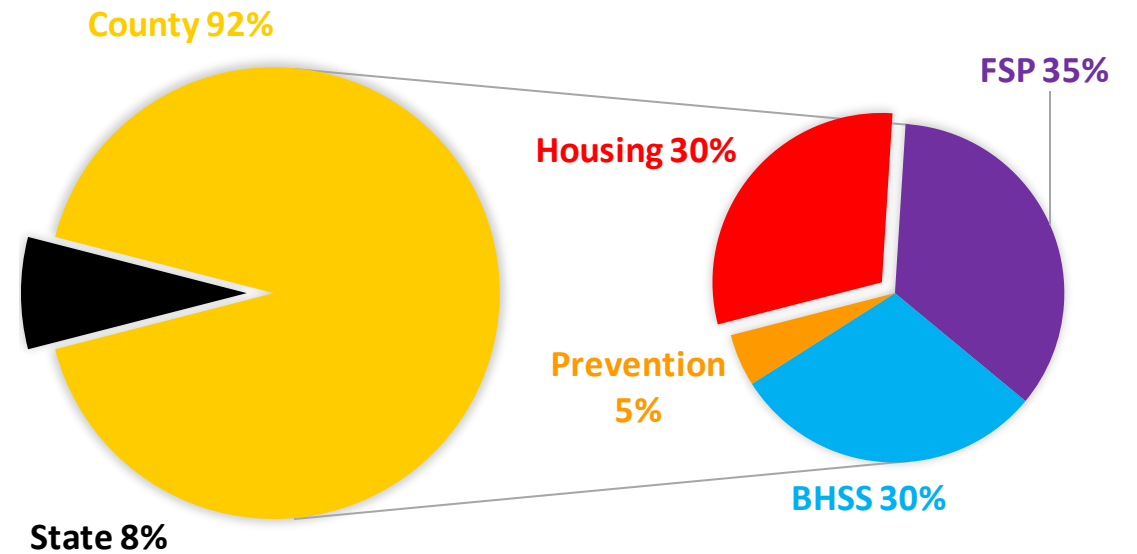


Senate Bill 326 (cont'd)

FY 26-27 REVENUE ALLOCATIONS
(UNDER CURRENT MHSA ALLOCATION)

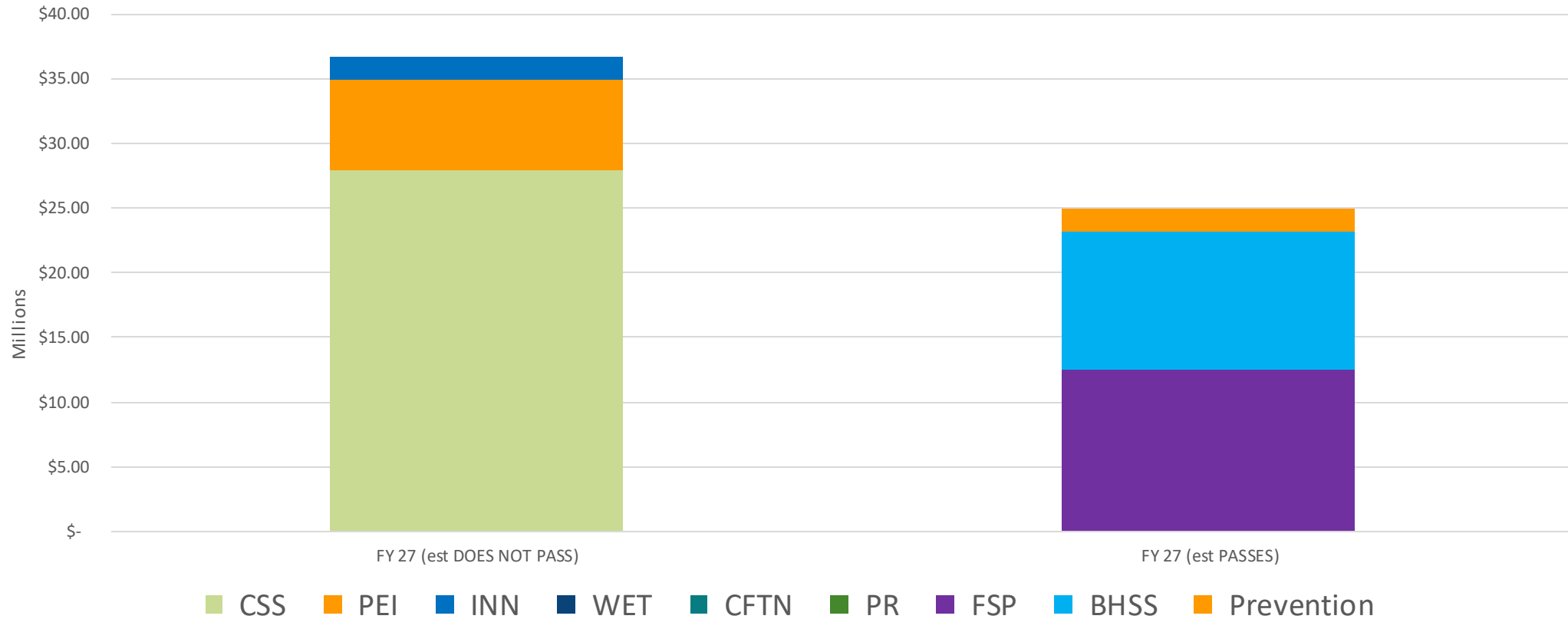


FY 26-27 REVENUE ALLOCATIONS
(UNDER NEW BHSA ALLOCATION)



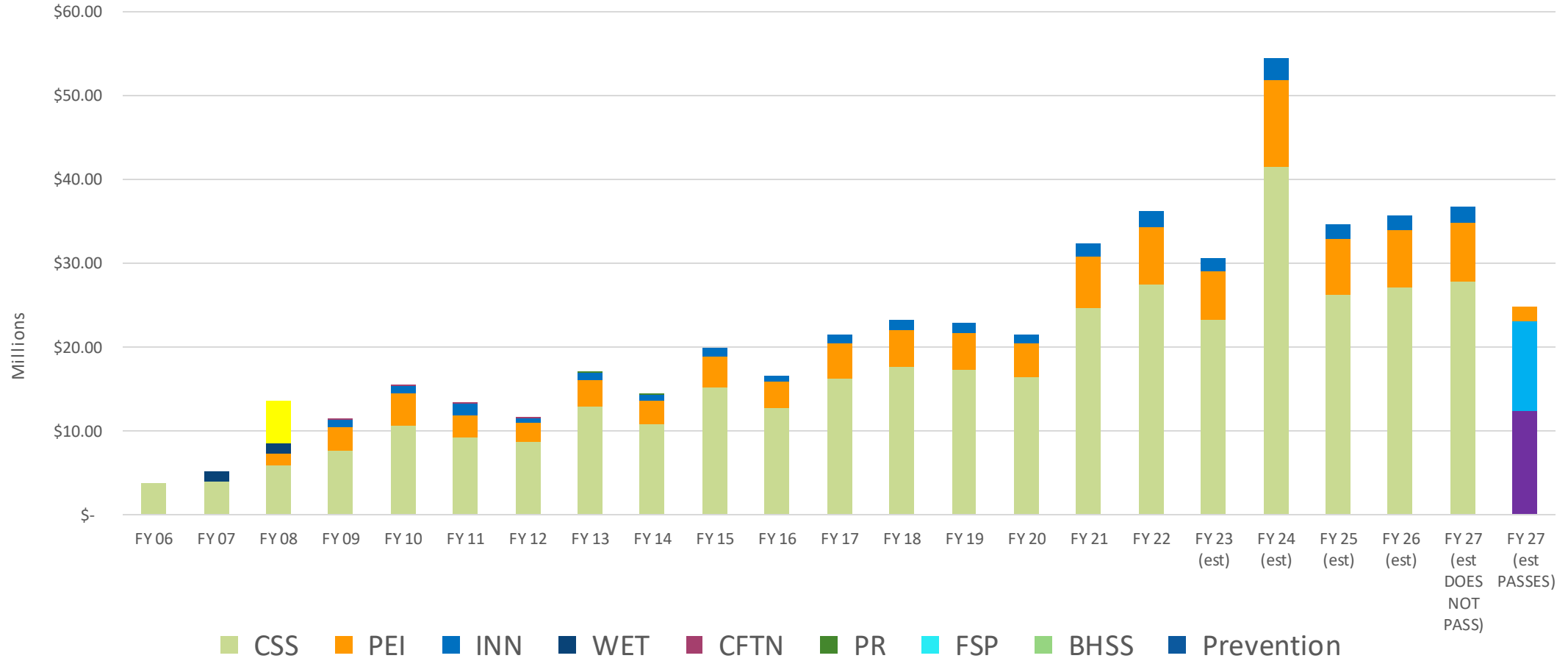
Senate Bill 326 (cont'd)

FY27 BHSA Revenue Comparisons



Senate Bill 326 (cont'd)

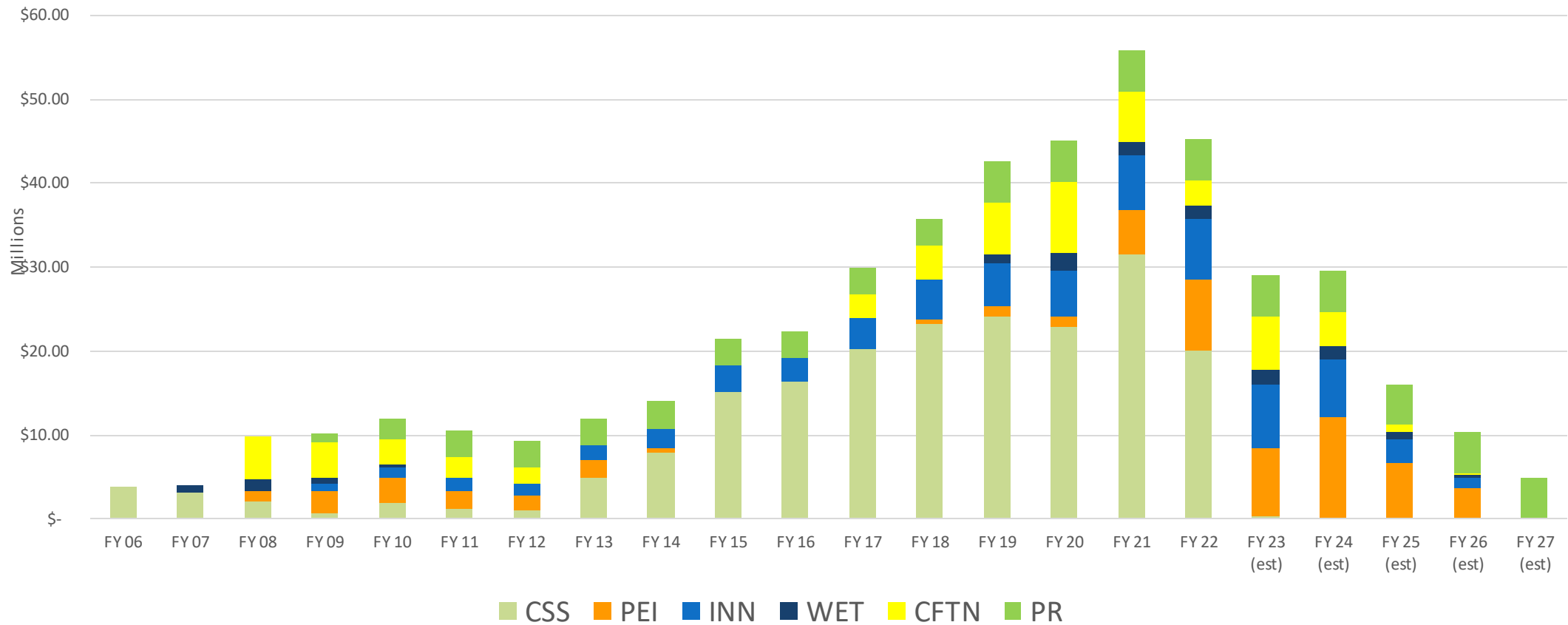
MHSA Revenue History



Senate Bill 326 (cont'd)



Fund Balance by Component
(at Fiscal Year End)



Improvements to Services



- Improved Transparency and Accountability for BH Funding and Outcomes so Californians can know how their government programs are performing.
- Create the County Behavioral Health Outcomes, Accountability, and Transparency Report
- Align county BH plans and Medi-Cal Managed Care Plan contract requirements when the same requirements exist across programs.
- Develop a plan for achieving parity between commercial and Medi-Cal mental health and substance use disorder benefits



What this proposal would mean for counties across the State:

- If MHSA funding is oriented around outcomes for homelessness:
- This will shift responsibility to County Behavioral Health systems for all of homelessness
- There would still be insufficient housing to cover the existent homeless population in California



What this proposal would mean for counties across the State:



(cont.)

These changes will likely dramatically reconfigure funding for PEI and possibly eliminate INN funded activities

■ Would disproportionately and negatively impact services orientated toward at risk and underserved communities (BIPOC) that cannot otherwise be funded

Any reduction and/or reconfiguration in PEI at a time when suicide rates are increasing is ill-timed

Under CSS, there will be a dramatic reduction in dollars which will result in a reduction in services.



What this proposal would mean
for counties across the State:

(cont.)

One-third of all County Behavioral Health Funding comes from MHSA

Earmarking \$1 billion statewide for housing would be equivalent to leaving up to \$1 billion in federal matching funds on the table and a loss of up to \$2 billion overall in funding for Medi-Cal mental health services.

However, more recent reports out of the Department of Finance are forecasting a downturn

■ The Department of Finance now projects the state's revenues to be billions below the initial projections and the future "housing component" amount to be lower than a billion



MHSA Revenue is fully allocated

Should revenue drop, other funding sources will need to be identified or services will need to be reprioritized and reduced.

A summary of MHSA allocations by “Component” and “Strategy” are shown on the following slides, where any future reallocations would need to come from.

MHSA by Component - CSS

Strategy	Projected # of Clients Served Each Fiscal Year	Estimated Annual MHSA Funding
Full-Service Partnerships		
Early Childhood and Family Stability FSP [CSS-01]	224	4,656,914
Dual Diagnosis FSP [CSS-02]	96	987,689
Transition Age Youth FSP [CSS-04]	263	1,858,239
Adults with Serious Mental Illness FSP [CSS-05]	120	4,941,796
Older Adults FSP [CSS-06]	45	1,194,307
Justice Involved FSP [CSS-13]	137	1,298,855
Homeless Services and Supports FSP [CSS-14]	141	2,812,634

MHSA by Component – CSS (cont'd)



Strategy	Projected # of Clients Served Each Fiscal Year	Estimated Annual MHSA Funding
General System Development Programs		
Access Regional Services [CSS-07]	5,495	3,559,709
Early Childhood Mental Health Services [CSS-08]	516	1,578,790
Supported Services to Adults with Serious Mental Illness [CSS-10]	450	562,440
Dual Diagnosis Services [CSS-11]	67	1,372,775
Homeless Outreach & Treatment [CSS-15]	696	1,075,829
Responsive Crisis Interventions [CSS-16]	596	2,237,599
Mental Health Services for Adults [CSS-18]	1,979	4,791,894

MHSA by Component - PEI

Strategy	Projected # of Clients Served Per Each Fiscal Year	Estimated Annual MHSA Funding
Prevention		
Family Support and Education [PEI-02]	278	903,014
Prevention Services for Early Identification of Mental Health Symptoms Throughout the Lifespan [PEI-12]	11,911	828,143
Student Mental Health [PEI-08]	1,091	526,935
Maternal Mental Health [PEI-15]	160	1,502,120
Stigma and Discrimination Reduction [PEI-04]	1,116	393,681
Suicide Prevention [PEI-06]	1,113	501,063
Early Intervention		
Prevention Services for Older Adults [PEI-05]	447	473,400
Early Intervention Strategies for Adolescents, Transition Age & College Age Youth [PEI-13]	1,086	155,278
Culturally Specific Early Intervention Services [PEI-14]	1,207	1,462,323
Prevention and Recovery for Early Psychosis [PEI-10]	55	70,861

MHSA by Component - INN

Strategy	Projected # of Clients to Be Served per Each Fiscal Year	Estimated annual MHSA Funding
Innovation		
Rainbow Connections [INN-07]	TBD	1,691,877
Screening to Timely Access [INN-02]	TBD	450,000
Transportation Coaching Project [INN-03]	TBD	50,000
Residential Care Facility Incubator [INN-04]	TBD	36,781
Psychiatric Advance Directives [INN-05]	TBD	298,643
Center for Mind Body Medicine [INN-06]	TBD	TBD
Eating Disorder	TBD	400,000

MHSA by Component - WET

Strategy	Employee Development Activity	Estimated annual MHSA Funding
Supporting Individuals		
	Pipeline/Career Awareness (Outreach)	\$50,000
	Education and Training	\$700,000
	Retention (Loan Repayment)	\$200,000
Supporting Systems		
	Evaluation and Research (course content and instruction methodology)	\$50,000

MHSA by Component - CFTN

Project		Estimated Cost Total Project
Renovation of an East Salinas Facility	“Pearl Street”	\$1,000,000
Development of a New Facility East Sanborn Road in Salinas	This project is underway	\$25,000,000
Monterey Mental Health Rehabilitation Center (MHRC)	Repurposing of 1420 Natividad Road	\$40,000,000
Development of Bridge Housing for the Homeless		\$50,000,000
Development of MCBH Campus		\$50,000,000

The proposed transfer of nearly \$6.5 million to MHSA CFTN dollars during FY23/24 – FY25/26 will partially fund these projects. Additional funding streams will be required.



Key Points

MHSA must remain as a core source of funding for Medi-Cal without diverting 30% to a new Housing Component

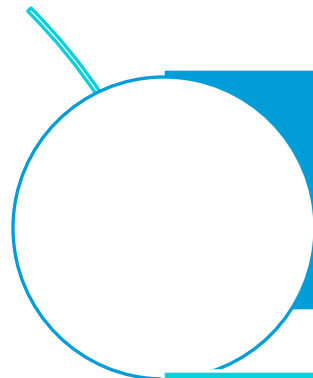
MHSA must continue its commitment to Prevention and Early Intervention

MHSA reforms should improve accountability and transparency without adding to administrative burden

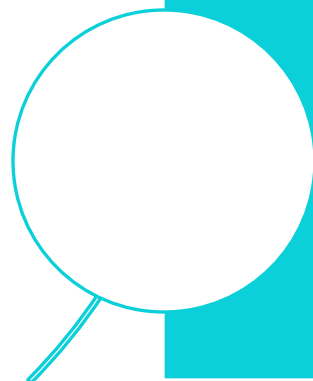
MHSA reforms must preserve local control and improve flexibility



Key Points (cont.)



There will be much more discussion and advocacy prior to this being finalized.



The County Behavioral Health Directors Association (CBHDA), and others will continue to communicate with the Governor's Office to advocate for changes to mitigate concerns, while supporting changes that will help our community.





Thank you!!

Questions?

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