Legislation Details (With Board Report)

File #:	23-642	**Name:**	MHSA
Type:	General Agenda Item	**Status:**	Received
File created:	7/27/2023	**In control:**	Board of Supervisors
On agenda:	8/22/2023	**Final action:**	
Title:	Receive a written and oral report on Governor Newsom and Legislative leader's proposal to reform California's Behavioral Health System through two ballot initiatives, AB 531 (Irwin) the $6.7 billion Behavioral Health Infrastructure Bond Act of 2023, and SB 326 (Eggman) the recasting of the Mental Health Services Act into the Behavioral Health Services Act to modernize the Act, and an analysis of the impact on County Behavioral Health Systems of Care.		
Sponsors:			
Indexes:			
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Attachments:	1. Board Report, 2. Attachment A, 3. Attachment B, 4. Item No. 18 Presentation, 5. Completed Board Order Item No. 18		

Date	Ver.	Action By	Action	Result
8/22/2023	1	Board of Supervisors		

Receive a written and oral report on Governor Newsom and Legislative leader's proposal to reform California's Behavioral Health System through two ballot initiatives, AB 531 (Irwin) the $6.7 billion Behavioral Health Infrastructure Bond Act of 2023, and SB 326 (Eggman) the recasting of the Mental Health Services Act into the Behavioral Health Services Act to modernize the Act, and an analysis of the impact on County Behavioral Health Systems of Care.

RECOMMENDATION:

It is recommended that the Board of Supervisors:

Receive a written and oral report on Governor Newsom and Legislative leader's proposal to reform California's Behavioral Health System through two ballot initiatives, AB 532 (Irwin) the $6.7 billion Behavioral Health Infrastructure Bond Act of 2023, and SB 326 (Eggman) the recasting of the Mental Health Services Act into the Behavioral Health Services Act to modernize the Act, and an analysis of the impact on County Behavioral Health Systems of Care.

SUMMARY/DISCUSSION:

On March 19, 2023, the Governor announced a proposal for modernizing and reforming the State's behavioral health care system by proposing AB 531 (Irwin) and SB 326 (Eggman). This report contains information assembled by the County Behavioral Health Directors Association (CBHDA) and the County of Monterey Health Department Behavioral Health Bureau (Bureau). There are portions of the proposed Bills that are welcomed, and others that cause concern for the future of the provision of behavioral health services in our community.

The Proposed Changes

AB 531 (Irwin) would place a $4.7 billion general obligation bond on the March 2024 ballot for building Behavioral Health Infrastructure for construction of new clinic beds and homes for people experiencing homelessness who have behavioral health needs, with a portion dedicated to serving veterans. A recent inpatient bed analysis by California Mental Health Services Authority (CalMHSA) identified a gap of 6,000 subacute

and residential beds needed to address homelessness for individuals with behavioral health conditions. AB 532 (Irwin) would be a major expansion of the States continuum of behavioral health treatment and residential setting by committing to build 10,000 new clinic beds and homes.

SB 326 (Eggman) would repurpose the Mental Health Services Act (MHSA). According to the Administration, MHSA has been in place for 20 years without any reforms, even with significant changes in the Affordable Care Act (ACA) and parity laws. Under the current system, it is estimated that MHSA funds approximately 30% of the State's mental health system. MHSA funds are used by counties as local match and draw down federal dollars estimating that approximately $1.5 billion in MHSA funding results in $3 billion in services. Additionally, MHSA provides crucial funding for Innovation (INN), Capital Facilities and Technological Needs (CFTN), and Prevention and Early Intervention (PEI) services that cannot be funded with other revenue sources. These services could potentially disappear if SB 326 is passed.

SB 326 Reform and Modernization specifics:

1. Renames MHSA to Behavioral Health Service Act (BHSA)
2. State portion of MHSA funds (made prior to allocations to Counties) increases from 5% to 8%. These funds are to continue the State's implementation allocations of 5% for the implementation of the policy, development of statewide outcomes, oversight of county outcomes, training and technical assistance to counties, research and evaluation and policy administration; and adds 3% for state-directed funding for the implementation of a statewide behavioral health workforce initiative.
3. New Housing Component (30%): A new component requiring counties to dedicate 30% of MHSA funding to pay for housing and other community-based residential solutions to provide an ongoing source of funding for new and existing housing and residential settings that are responsive to the diverse needs across the state, with 50% of the funds prioritized for the chronically homeless and up to 25% for capital development.
4. New Full Service Partnerships (FSP) Component (35%): Requiring counties to spend 35% of MHSA funds on FSPs with a focus on the most seriously mentally ill. The Governor's Administration states this key to CARE Court being successfully implemented.
5. New Behavioral Health Services and Supports Component (30%): Requiring counties to spend 30% of MHSA funds on early intervention, workforce education and training, capital facilities and technological needs and innovation pilots and projects. This change will redirect how funds are currently allocated for PEI, INN, CFTN, WET, and CSS components. This is a drastic reconfiguration of spending requirements.
6. New Prevention Component (5%): Requiring counties to spend 5% of MHSA funds on Prevention through populations-based programming on behavioral health and wellness.
7. New focus on Substance Use Disorder (SUD) as a standalone criteria: Allow funding for individuals with only a SUD diagnosis (as opposed to co-occurring) to be funded under the MHSA funding.
8. Require counties to bill Medi-Cal first: For reimbursable services, before using MHSA funding to further stretch scarce dollars and allow for greater fiscal accountability and oversight.
9. Overhaul county accountability and transparency: Updating the MHSA Three Year County Plan requiring counties to create comprehensive behavioral health plans.
10. Rename the Mental Health Services Oversight and Accountability Commission (MHSOAC): MHSOAC would be renamed to the Behavioral Health Services Oversight and Accountability Commission.

The final element of Governor Newsom's proposal includes two major reforms. First to align Medi-Cal Managed Care (MCP) and Commercial Insurance so that behavioral health benefits are similar across all plans. Second, increase accountability for services provided and outcome achieved for all Californians by increasing reporting requirements, expectations, and transparency around access, quality, equity, and cost/revenue data applied to all county behavioral health plans.

Impact to Counties

- Loss of revenue. Currently, one-third of all counties' behavioral health funding comes from MHSA. Attachment A contains a graph displaying historical and anticipated MHSA revenues.
- The reduction of MHSA revenues will continue to deplete Monterey County's MHSA fund balance. Attachment A contains a graph displaying historical and anticipated MHSA fund balances.
- All MHSA revenue is currently fully allocated. If revenues are indeed reduced and alternative funding sources are not identified, services will need to be reprioritized and reduced in accordance with the available funding. Attachment B shows currently funded MHSA components which these services will need to be reallocated from.
- MHSA is a core source of federal matching funds for Medi-Cal services, earmarking $1 billion for housing should 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.
- Proposed MHSA funding would be oriented around outcomes for homelessness. This will shift responsibility to County Behavioral Health for all of the homeless, and there still would be insufficient housing to cover the existing homeless population in California.
- These changes will likely eliminate or dramatically reduce funding for PEI and INN-funded interventions that cannot be funded otherwise, and that would disproportionately and negatively impact services oriented toward Black, Indigenous, People of Color (BIPOC).
- A reduction in PEI funding at a time when suicide rates are increasing is ill-timed.
- A crucial conversion moving forward will be how the State intends to ensure county behavioral health plans have adequate sources of non-federal share for Medi-Cal services.
- The way that this proposal has been brought forward, without participation, engagement, or buy-in from core MHSA stakeholders and constituents, runs counter to the concepts of local control and "nothing about us with us."

The County Behavioral Health Directors Association (CBHDA) in its advocacy for California's 58 counties and two cities, will reach out to the Governor's Office to advocate for changes to mitigate the concerns of County Behavioral Directors while supporting the changes that we believe will help our community.

OTHER AGENCY INVOLVEMENT:
This report was presented to the Health, Housing, and Human Services Committee at its May 2023 meeting and a brief update to the full Board of Supervisors at its June 27, 2023, meeting.

FINANCING:
There will be no impact on the General Fund in receiving this report.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:
Check the related Board of Supervisors Strategic Initiatives:

☐Economic Development:

- Through collaboration, strengthen economic development to ensure a diversified and healthy economy.

☒Administration:

- Promote an organization that practices efficient and effective resource management and is recognized for responsiveness, strong customer orientation, accountability and transparency.

☒Health & Human Services:

- Improve health and quality of life through County supported policies, programs, and services;

promoting access to equitable opportunities for healthy choices and healthy environments in collaboration with communities.

☐Infrastructure:

- Plan and develop a sustainable, physical infrastructure that improves the quality of life for County residents and supports economic development results.

☐Public Safety:

- Create a safe environment for people to achieve their potential, leading businesses and communities to thrive and grow by reducing violent crimes as well as crimes in general.

Prepared by: Jon Drake, Assistant Bureau Chief, 755-4357

Approved by:

_____Date:_____
Elsa Mendoza Jimenez, Director of Health, 755-4526

Attachments:
Board Report
Attachment A
Attachment B
Presentation