

**Before the Board of Supervisors in and for the
County of Monterey, State of California**

Resolution No.:)

Adopt a Resolution to:)

- a. Amend the FY 2025-26 Adopted Budget for the Health Department’s Behavioral Health Bureau (023-8410-HEA012) to increase appropriations by \$11,900,813 for operating expenditures to accommodate anticipated total costs, financed by an increase in Medi-Cal Federal Financial Participation revenue (023-8410-HEA012) of \$11,900,813 (4/5th vote required); and)
- b. Authorize and direct the Auditor-Controller and County Administrative Office to incorporate the changes in the FY 2025-26 Health Department’s Behavioral Health Bureau’s Adopted Budget (023-8410-HEA012) (4/5th vote required))

WHEREAS, the Monterey County Health Department’s Behavioral Health Bureau (BHB) is requesting an increase in appropriations of \$11,900,813 in Fund 023 for Fiscal Year 2025–26. This request reflects several key factors affecting both internal operations and contracted services.

WHEREAS, the primary driver of increased costs is growth in salary and benefits expenditures, resulting from ongoing efforts to fill critical vacancies and the implementation of Memorandum of Understanding (MOU) adjustments in the current fiscal year. As a result, salary and benefit expenditures are projected to exceed FY 2025–26 budget allocations by \$8,582,342. Additionally, BHB incurred \$4,617,783.03 in Unfunded Accrued Liability (UAL) expense that was not included in the adopted budget.

WHEREAS, BHB is also experiencing increased acute hospitalization costs and contract expenditures required to operate the County’s Medi-Cal Mental Health Plan (MHP). Budget assumptions are based on the best available data, including national market basket inflation projections for Specialty Mental Health and Drug Medi-Cal providers; however, client demand and actual provider costs have exceeded initial estimates. In addition, the transition to fee-for-service reimbursement has shifted greater financial risk to contractors and contributed to system-wide contract costs exceeding budgeted levels.

WHEREAS, to offset the requested appropriation increase, BHB anticipates that the full amount will be covered by Medi-Cal Federal Financial Participation (FFP) revenues, which are projected to exceed budgeted revenues by at least \$14,084,815. Under California Advancing and Innovating Medi-Cal (CalAIM) Payment Reform, BHB is permitted to retain and reinvest revenues that exceed costs within the mental health and substance use disorder treatment systems to further strengthen and expand services.

NOW, THEREFORE, the Monterey County Board of Supervisors hereby resolved to approve the following:

- a. Amend the FY 2025-26 Adopted Budget for the Health Department’s Behavioral Health Bureau (023-8410-HEA012) to increase appropriations by \$11,900,813 for operating expenditures to accommodate anticipated total costs, financed by an increase in Medi-Cal Federal Financial Participation revenue (023-8410-HEA012) of \$11,900,813 (4/5th vote required); and
- b. Authorize and direct the Auditor-Controller and County Administrative Office to incorporate the changes in the FY 2025-26 Health Department’s Behavioral Health Bureau’s Adopted Budget (023-8410-HEA012) (4/5th vote required)

PASSED AND ADOPTED on this _____ day of _____, 2026, by the following vote,
to-wit:

AYES:

NOES:

ABSENT:

I, Valerie Ralph, Clerk of the Board of Supervisors of the County of Monterey, State of California,
hereby certify that the foregoing is a true copy of an original order of said Board of Supervisors
duly made and entered in the minutes thereof of Minute Book___ for the meeting on
_____.

Dated:

Valerie Ralph, Clerk of the Board of Supervisors
County of Monterey, State of California

By _____
, Deputy