STATE OF CALIFORNIA—HEALTH AND WELFARE AGENCY PETE WILSON, Governor

DEPARTMENT OF MENTAL HEALTH
1600 - 9TH STREET
SACRAMENTO, CA 95814
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November 13, 1995

DMH LETTER NO.: 95-08

TO: LOCAL MENTAL HEALTH DIRECTORS
LOCAL MENTAL HEALTH PROGRAM CHIEFS
LOCAL MENTAL HEALTH ADMINISTRATORS
COUNTY ADMINISTRATIVE OFFICERS
CHAIRPERSONS, MENTAL HEALTH ADVISORY BOARDS

SUBJECT: FISCAL YEAR 1995-96 INITIAL ALLOCATION

REFERENCE: Budget Act of 1995 (Chapter 303, Statutes of 1995)

EXPIRES: Retain until rescinded

The enclosed allocation worksheet contains the allocation for your county's mental health program in accordance with the Budget Act for Fiscal Year (FY) 1995-96. As in prior years, only State General Fund dollars are specified.

A major adjustment for FY 1995-96 is a General Fund increase of $117,440,000 to establish a permanent funding base as a first step toward implementing a mental health managed care system. Of the $117,440,000 appropriated, $115,800,000 is to be used to support the transfer of administrative responsibility for psychiatric inpatient hospital services to the counties. The remaining $1,640,000 will be allocated to San Mateo County to fund the county's Managed Care Field Test. These funds, which were primarily transferred from the Medi-Cal local assistance appropriation of the Department of Health Services, will be allocated to the counties based on a methodology developed by the Department of Mental Health (DMH). A new Budget Act item (4440-103-001) has been created for this program and is reflected on the allocation worksheet for your county.

The Budget Act provided for a General Fund (Proposition 98) increase of $2,000,000 to expand the Early Mental Health Initiative Program. This funding replaced the $1,500,000 in one-time only funding that was received in FY 1994-95. The total of $12,000,000 for this program will allow services to be provided to approximately 40,000 children in 128 continuing projects and 99 new projects during FY 1995-96. These projects,

which are funded for a maximum of three years, provide school-based services to children in kindergarten through third grade in order to enhance their educational, social-emotional and mental health development.

The Budget Act provided for a General Fund increase of $1,931,000 to expand Children's System of Care (AB 377) to additional counties pursuant to Chapter 1229, Statutes of 1992 (AB 3015). This funding will be awarded to counties submitting successful proposals which further the development of a coordinated service delivery system for children's mental health services through local interagency collaboration.

The Budget Act also provides for an increase of $40,000,000 in reimbursements to reflect the collection of additional Federal Financial Participation (FFP) through the Short-Doyle/Medi-Cal (SD/MC) Program. It is anticipated that an additional increase in expenditure authority will be requested in the current year to bring the 1995-96 funding up to the final level approved for 1994-95.

In FY 1995-96, DMH will continue administrative and allocation responsibility for funding which supports the following programs: Community Services - Other Treatment, Children's Mental Health Services, Adult System of Care Pilots, Services to Special Education Pupils, Homeless Mentally Disabled (PATH), and AIDS. Funding for these services are provided by both the State General Fund and the Federal Trust Fund. The Department has issued separate allocation letters which described the requirements for the Federal Trust Fund.

Chapter 64, Statutes of 1993 (SB 627) added Section 17608.05(b) to the Welfare and Institutions (W&I) Code to allow a county or city to limit its deposit of matching funds to the amount necessary to meet minimum federal maintenance of effort requirements. The provision for "match relief" sunset on June 30, 1995. AB 906, which was introduced in February 1995, included an amendment to Section 17608.05(b) of the W&I Code that would have allowed counties permanent match relief for mental health services up to $25,000,000 per fiscal year. However, AB 906 was not passed by the Legislature during the regular session. It is possible that the bill will be discussed when the Legislature reconvenes in January 1996 or that the provision of match relief will be placed in another bill. AB 858 included identical match relief language to that contained in AB 906. However, the September 15, 1995 version of AB 858 included a provision that prohibits Sections 1 through 11 of that bill from becoming operative unless AB 1143 were to be enacted and become

operative before January 1, 1996. (Section 11 contained the match relief language.) AB 1143 was not passed by the Legislature before adjournment of the regular session. Therefore, none of the provisions included in AB 858 can become operative. Pending some further legislative action, counties or cities are now required to deposit realignment maintenance of effort funds each month in accordance with the schedule developed by the Department of Mental Health that was in effect for Fiscal Years 1991-92 and 1992-93. This schedule is based on county or city standard matching obligations for FY 1990-91 as required by Chapter 89, Statutes of 1991 (AB 1288).

Enclosed are explanatory comments regarding the various appropriation items relating to the allocation worksheet. It is the responsibility of each county to maximize revenue from all sources in order to provide the highest level of services. All questions pertaining to the allocation should be addressed to Stan Johnson, Acting Chief, County Financial Program Support at (916) 654-2314.

Linda A. Powell

LINDA A. POWELL
Deputy Director

Enclosures

cc: California Mental Health Planning Council
Chief, Technical Assistance and Training
Chiefs, Medi-Cal Oversight

FISCAL YEAR 1995-96 INITIAL ALLOCATION HIGHLIGHTS, POLICIES AND PROCEDURES

I. BUDGET ACT OF 1995

A. Budget Item 4440-101-001

1. Category (b) 10.40 Adult System of Care Pilots (AB 3777)

The Budget Act makes provisions for the continuation of this program. The appropriation of $7,772,000 for Fiscal Year (FY) 1995-96 remains the same as in FY 1994-95.

2. Category (c) 10.47 Children's Mental Health Services

The Budget Act provides for a General Fund increase of $1,931,000 to expand Children's System of Care (AB 377) to additional counties pursuant to Chapter 1229, Statutes of 1992 (AB 3015). This funding will be awarded to counties submitting successful proposals which further the development of a coordinated service delivery system for children's mental health services through local interagency collaboration. The $7,228,000 appropriation for FY 1995-96 is distributed as follows:

AB 377 Program Evaluation.....$ 96,000
AB 377 Programs.....$3,867,560
Ventura Children's Program.....$1,333,440
New Programs.....$1,931,000

3. Category (d) 10.85 AIDS

This program continues to be funded at $1,500,000, the same level as in FY 1994-95. These funds are used by the Department of Mental Health (DMH) to provide mental health services to persons with AIDS. Services are delivered through contract providers.

B. Budget Item 4440-101-890

1. Category (a) 10.25 Community Services - Other Treatment

The Budget Act provides for the continuation of the mental health portion of the Substance Abuse and Mental Health Services Administration (SAMHSA) Block Grant for community mental health services. The FY 1995-96 funding level for this grant is $18,761,000. This funding level will increase upon

approval to use unexpended funds, pursuant to Section 28.00 of the Budget Act of 1995, which have been identified from the prior fiscal year. The administration of this grant is the Department's responsibility.

2. Category (b) 10.40 Adult System of Care Pilots

The Budget Act makes provisions to continue the funding for this program at the FY 1994-95 level of $215,000. This appropriation is in addition to the $7,772,000 in Item 4440-101-001(b) Adult System of Care Pilots (AB 3777).

3. Category (c) 10.47 Children's Mental Health Services

The Budget Act provides for $12,511,000 in SAMHSA funds that were allocated for children in FY 1994-95 to be maintained in FY 1995-96 as required by Public Law 102-321 (Section 1913). This appropriation is in addition to the General Fund appropriation of $7,228,000 in Budget Item 4440-101-001(c).

4. Category (d) 10.75 Homeless Mentally Disabled (PATH)

The Budget Act makes provisions to continue the funding for this program at the FY 1994-95 level of $3,633,000.

The Department has issued separate allocation letters which describe the requirements for both the SAMHSA Block Grant and PATH funds.

C. Budget Item 4440-102-001

1. For local assistance, DMH, (Proposition 98) for early mental health services

The Budget Act provides for a General Fund (Proposition 98) increase of $2,000,000 to expand the Early Mental Health Initiative Program. This funding will replace the $1,500,000 in one-time only funding that was received in FY 1994-95. The total of $12,000,000 for this program will allow services to be provided to approximately 40,000 children in 128 continuing projects and 99 new projects during FY 1995-96. In FY 1993-94, $10 million was appropriated from the State General Fund (Proposition 98) to establish a permanent funding base. These funds are awarded to local school districts through a Request for Proposal (RFP) process.

D. Budget Item 4440-103-001 (New Budget Act Item)

1. For local assistance, DMH, Program 10.25 - Community Services: Other Treatment for Mental Health Managed Care

The Budget Act provides for a General Fund increase of $117,440,000 to establish a permanent funding base as a first step toward implementing a mental health managed care system. Of the $117,440,000 appropriated, $115,800,000 is to be used to support the transfer of administrative responsibility for psychiatric inpatient hospital services to the counties. The remaining $1,640,000 will be allocated to San Mateo County to fund the county's Managed Care Field Test. These funds, which were primarily transferred from the Medi-Cal local assistance appropriation of the Department of Health Services, will be allocated to the counties based on a methodology developed by the DMH. A new Budget Act item (4440-103-001) has been created for this program and is reflected on the allocation worksheet for your county. For details regarding the managed care allocation, please refer to the Managed Care Allocation Letter dated October 4, 1995.

E. Budget Item 4440-131-001

1. For local assistance, DMH, for Services to Special Education Pupils (SEP) (AB 3632)

The Budget Act makes provisions to continue the funding for the assessments, treatment and case management of SEP pursuant to Chapter 1747, Statutes of 1984 and Chapter 1274, Statutes of 1985 at the FY 1994-95 level of $12,334,000.

II. SHORT-DOYLE/MEDI-CAL (SD/MC)

The Budget Act provides for an increase of $40,000,000 in reimbursements to reflect the collection of additional Federal Financial Participation (FFP) through the SD/MC Program. It is anticipated that an additional increase in expenditure authority will be requested in the current year to bring the 1995-96 funding up to the final level approved for 1994-95. All existing Federal requirements for SD/MC will prevail in FY 1995-96. Counties should make every effort to maximize the eligibility of providers for participation in the SD/MC program. Please review DMH Letter No: 94-14 and DMH Letter No: 95-04 for guidelines.

III. REIMBURSEMENT FOR SHORT-DOYLE/MEDI-CAL SERVICES

The Department has established maximum reimbursement allowances for SD/MC, as required by W&I Code Section 5720 (a) and (b). These Statewide Maximum Allowances (SMA) will apply to all SD/MC eligible services by service function. The SMA rate for reimbursement for hospital administrative days has remained frozen at the FY 1994-95 level. The per diem Medi-Cal rate for hospital administrative days for July 1, 1995 through June 30, 1996 is $214.90. A schedule of the established SMAs reflecting all services for FY 1995-96 is attached. (Attachment A).

Negotiated rates, as defined in W&I Code Sections 5705 and 5716, shall be reviewed and approved by the Department in accordance with the standard service function categories. Reimbursement based on negotiated rates shall be subject to retrospective adjustment to share equally with the federal government the portion of the federal reimbursement that exceeds actual costs in the aggregate by legal entity. In no case will payments exceed the established maximum allowances.

IV. COUNTY MATCH AND MAINTENANCE OF EFFORT (MOE) REQUIREMENTS

For State General Fund dollars allocated by DMH, the following reflects county match requirements in effect for FY 1995-96:

	Population Over 125,000	Population of 125,000 or Less
All services	90/10	Waived

According to W&I Code Section 5712 (b), population must be based on the most currently available estimates as determined by the Population Research Unit, Department of Finance. The most current population estimate is attached for your information (Attachment B).

Chapter 64, Statutes of 1993 (SB 627) added Section 17608.05(b) to the W&I Code to allow a county or city to limit its deposit of matching funds to the amount necessary to meet minimum federal maintenance of effort requirements. The provision for "match relief" sunset on June 30, 1995. AB 906, which was introduced in February 1995, included an amendment to Section 17608.05(b) of the W&I Code that would have allowed counties permanent match relief for mental health services up to $25,000,000 per fiscal year. However, AB 906 was not passed by the Legislature during the regular

session. It is possible that the bill will be discussed when the Legislature reconvenes in January 1996 or that the provision of match relief will be placed in another bill.

AB 858 included identical match relief language to that contained in AB 906. However, the September 15, 1995 version of AB 858 included a provision that prohibits Sections 1 through 11 of that bill from becoming operative unless AB 1143 were to be enacted and become operative before January 1, 1996. (Section 11 contained the match relief language.) AB 1143 was not passed by the Legislature before adjournment of the regular session. Therefore, none of the provisions included in AB 858 can become operative.

Pending some further legislative action, counties or cities are now required to deposit realignment maintenance of effort funds each month in accordance with the schedule developed by the Department of Mental Health that was in effect for Fiscal Years 1991-92 and 1992-93. This schedule is based on county or city standard matching obligations for FY 1990-91 as required by Chapter 89, Statutes of 1991 (AB 1288). The enclosed table reflects the local realignment maintenance of effort funds for each county or city for FY 1995-96 (Attachment C). The amounts on the table are identical to the amounts included in the original schedule developed in September 1991. The Department has issued DMH Information Notice No. 95-13 regarding this subject.

V. CATEGORIES OF FUNDING

The local mental health appropriation is structured to accommodate expenditure reporting under the California Fiscal Information System (CFIS).

The Department will control to the various appropriation items and CFIS subcategories reflected on the allocation worksheet. All counties must claim expenditures on their cost reports accordingly.

VI. ADVANCE PAYMENTS

With the exception of Budget Act item 4440-103-001, Community Services - Other Treatment for Mental Health Managed Care, W&I Code Section 5713 allows DMH to make equal monthly payments to counties not to exceed 95 percent of a county's State General Fund allocation. Each month's advance payment will be one-twelfth of 95 percent of the county's FY 1995-96 allocation.

Attachments

FISCAL YEAR 1995-96

SHORT-DOYLE/MEDI-CAL

MAXIMUM REIMBURSEMENT RATES

July 1, 1995 through June 30, 1996

SERVICE FUNCTION	MODE OF SERVICE CODE	SERVICE FUNCTION CODE	TIME BASE	SHORT-DOYLE/ MEDI-CAL MAXIMUM ALLOWANCE
A. 24-HOUR SERVICES	**05:**			
Hospital Inpatient		10-18	Client Day	$664.55
Hospital Administrative Day		19	Client Day	$214.90
Psychiatric Health Facility (PHF)		20-29	Client Day	$374.97
Adult Crisis Residential		40-49	Client Day	$211.45
Adult Residential		65-79	Client Day	$103.12
B. DAY SERVICES	**10:**			
Crisis Stabilization				
Emergency Room		20-24	Client Hour	$65.64
Urgent Care		25-29	Client Hour	$65.64
Day Treatment Intensive				
Half Day		81-84	Client 1/2 Day	$100.06
Full Day		85-89	Client Full Day	$140.54
Day Rehabilitation				
Half Day		91-94	Client 1/2 Day	$58.38
Full Day		95-99	Client Full Day	$91.11
C. OUTPATIENT SERVICES	**15:**			
Case Management, Brokerage		01-09	Staff Minute	$1.40
Mental Health Services		10-19 30-59	Staff Minute	$1.80
Medication Support		60-69	Staff Minute	$3.35
Crisis Intervention		70-79	Staff Minute	$2.70

ATTACHMENT B

COUNTY LISTING
(POPULATION)

COUNTY PROGRAMS WITH POPULATION OF 125,000 AND UNDER

ALPINE
AMADOR
BERKELEY CITY (Berkeley and Albany)
CALAVERAS
COLUSA
DEL NORTE
GLENN
INYO
KINGS
LAKE
LASSEN
MADERA
MARIPOSA
MENDOCINO
MODOC
MONO
NAPA
NEVADA
PLUMAS
SAN BENITO
SIERRA
SISKIYOU
SUTTER-YUBA
TEHAMA
TRINITY
TUOLUMNE

COUNTY/CITY PROGRAMS WITH POPULATIONS OVER 125,000

ALAMEDA
BUTTE
CONTRA COSTA
EL DORADO
FRESNO
HUMBOLDT
IMPERIAL
KERN
LOS ANGELES
MARIN
MERCED
MONTEREY
ORANGE
PLACER
RIVERSIDE
SACRAMENTO
SAN BERNARDINO
SAN DIEGO
SAN FRANCISCO
SAN JOAQUIN
SAN LUIS OBISPO
SAN MATEO
SANTA BARBARA
SANTA CLARA
SANTA CRUZ
SHASTA
SOLANO
SONOMA
STANISLAUS
TRI-CITY (La Verne, Pomona, and Claremont)
TULARE
VENTURA
YOLO

Based on Chapter 1305,
Statutes of 1988 (AB 3466)

DEPARTMENT OF MENTAL HEALTH

LOCAL REALIGNMENT MAINTENANCE OF EFFORT FUNDS (AB 1288)

Fiscal Year 1995-96

Statewide	$73,614,903
Alameda	4,673,729
Berkeley City	0
Alpine	0
Amador	0
Butte	410,883
Calaveras	10,886
Colusa	12,174
Contra Costa	1,636,558
Del Norte	18,899
El Dorado	25,000
Fresno	1,447,072
Glenn	15,361
Humboldt	66,329
Imperial	28,364
Inyo	36,125
Kern	1,127,912
Kings	52,318
Lake	61,112
Lassen	0
Los Angeles	24,936,330
Tri-City	105,027
Madera	12,764
Marin	801,771
Mariposa	5,025
Mendocino	43,671
Merced	404,169
Modoc	0
Mono	10,826
Monterey	806,605
Napa	191,272
Nevada	46,780
Orange	5,203,347
Placer	351,244
Plumas	11,618
Riverside	2,291,355
Sacramento	2,666,818
San Benito	44,730
San Bernardino	2,790,381
San Diego	4,805,140
San Francisco	4,161,222
San Joaquin	1,610,757
San Luis Obispo	507,924
San Mateo	2,237,308
Santa Barbara	975,242
Santa Clara	2,349,584
Santa Cruz	497,716
Shasta	403,968
Sierra	0
Siskiyou	11,208
Solano	1,134,194
Sonoma	848,359
Stanislaus	979,992
Sutter/Yuba	34,530
Tehama	39,290
Trinity	8,970
Tulare	505,943
Tuolumne	30,348
Ventura	1,555,329
Yolo	571,424