STATE OF CALIFORNIA–HEALTH AND WELFARE AGENCY

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DEPARTMENT OF MENTAL HEALTH
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November 13, 1996

DMH LETTER NO: 96- 06

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 1996-97 INITIAL ALLOCATION

REFERENCE: Budget Act of 1996 (Chapter 162, Statutes of 1996)

The enclosed allocation worksheet contains the allocation for your county's mental health program in accordance with the Budget Act for Fiscal Year (FY) 1996-97. As in prior years, only State General Fund dollars are specified.

A major adjustment for FY 1996-97 is an increase of $23,209,000 in reimbursements to reflect the collection of additional Federal Financial Participation (FFP) through the Short-Doyle/Medi-Cal (SD/MC) Program. This increase was included in the Budget Act to reflect (1) a change in the federal/state sharing ratio for Medi-Cal reimbursable mental health treatment services ($912,000); (2) additional funding to implement federal Early and Periodic Screening, Diagnosis, and Treatment (EPSDT) Program requirements related to providing mental health services to Medi-Cal eligible children ($14,802,000); and (3) the anticipated collection of additional FFP by the counties for SD/MC services ($7,495,000).

Pursuant to the Federal Consolidated Omnibus Budget Reconciliation Act of 1985 (Public Law 99-272), the FFP percentage will change, beginning with the 1997 federal fiscal year. For Medi-Cal reimbursable mental health treatment services, the Department of Health Services (DHS) will be reimbursing allowable costs on the basis of the new federal sharing percentage of 50.23 percent rather than the previous 50 percent. The state sharing percentage becomes 49.77 percent instead of the previous 50 percent.

In addition, the Budget also reflects an increase of $14,802,000 in reimbursements to reflect the General Fund match for the EPSDT Program.

Another change provided in the Budget Act will be the direct allocation of the Adult System of Care, 4440-101-0001(b), appropriation to those counties which previously had Adult System of Care Pilot Projects funded pursuant to Chapter 982, Statutes of 1988 (AB 3777).

The Budget Act also provides for:

- A General Fund increase of $7,125,000 to augment funding for children's systems of care (AB 377). This increase will provide support for a number of additional counties for either program expansion or implementation pursuant to Chapter 1229, Statutes of 1992 (AB 3015);

- A General Fund increase of $12,499,000 for the managed care program to reflect (1) an increase in the number of Medi-Cal beneficiaries; (2) a cost increase factor based on the medical component of the national Consumer Price Index; (3) a transfer of funds from DHS as a result of the elimination of psychiatric inpatient services as a benefit in some prepaid health plans; and (4) increased funding for the San Mateo County field test; and,

- An increase of $2,384,000 in the Federal Trust Fund to reflect year four funding of a five-year Comprehensive System of Care grant award for state-supported children's systems of care. These funds are awarded to four counties to expand their current programs.

In FY 1996-97, 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, 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 issues separate allocation letters which describe 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 realignment maintenance of effort (MOE) funds to the amount necessary to meet minimum federal MOE requirements. Chapter 6, Statutes of 1996 (SB 681) amended Section 17608.05(b) of the W&I Code to allow counties permanent MOE relief for mental health services up to $25,000,000, statewide, per fiscal year. A schedule which indicates the realignment MOE funds for each county and city for FY 1996-97 will be forthcoming. The match relief provided by SB 681 will take effect on January 1, 1997.

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
Deputy Director
Administrative Services

Enclosures

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

FISCAL YEAR 1996-97 INITIAL ALLOCATION HIGHLIGHTS, POLICIES AND PROCEDURES

I. BUDGET ACT OF 1996

A. Budget Item 4440-101-0001

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

The Budget Act makes provisions for the continuation of this program. The appropriation of $7,772,000 for Fiscal Year (FY) 1996-97 remains the same as in FY 1995-96. However, the funds appropriated in this category will now be allocated to those counties which previously had Adult System of Care Pilot Projects funded by contract pursuant to Chapter 982, Statutes of 1988 (AB 3777).

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

The Budget Act provides for a General Fund increase of $7,125,000 to expand Children's Systems of Care (AB 377). This increase will provide support for a number of additional counties for either program expansion or implementation pursuant to Chapter 1229, Statutes of 1992 (AB 3015). A total of $14,353,000 is appropriated from the General Fund for FY 1996-97.

3. Category (d) 10.85 AIDS

The program continues to be funded at $1,500,000, the same level as in FY 1995-96. 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 4440-101-0890

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 1996-97 funding level for Community Services - Other Treatment from this grant is $19,977,921. This amount will increase upon approval to rollover unexpended funds, which have been identified from the prior fiscal year. The administration of this grant is the Department's responsibility.

The Budget Act makes provision for an increase of $1,000,000 to fund a minimum of four dual diagnosis demonstration projects. The projects will be funded by $500,000 in additional funding from the SAMHSA Block Grant, which is included in the $19,977,921 identified above, and $500,000 in reimbursements from funding received from the Department of Alcohol and Drug Programs. This effort is in response to language contained in the 1995-96 Governor's Budget Summary which recognized a need for better coordinated efforts to serve persons who are seriously mentally ill and who also have a substance abuse problem and to subsequent recommendations which were put forth by the Dual Diagnosis Task Force.

2. Category (b) 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 1995-96 to be maintained in FY 1996-97 as required by Public Law 102-321 (Section 1913). This appropriation is in addition to the General Fund appropriation of $14,353,000 in Budget Act Item 4440-101-0001(c).

3. Category (c) 10.75 Homeless Mentally Disabled

   The Budget Act currently reflects continued funding for this program at the FY 1995-96 level of $3,633,000. However, this amount will be adjusted downward to an estimated $1,646,000 to reflect the anticipated amount of the grant award for FY 1996-97.

Separate allocation letters are issued by the Department which describe the requirements for both the SAMHSA Block Grant and PATH funds.

C. Budget Item 4440-102-0001

1. For local assistance, Department of Mental Health (Proposition 98) for early mental health services

   The Budget Act provides for the continuation of this program. The appropriation of $12,000,000 for FY 1996-97 remains the same as in 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. These funds are awarded to local school districts through a Request for Application (RFA) process.

D. Budget Item 4440-103-0001

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 $12,499,000 for the managed care program to reflect an increase in the number of Medi-Cal beneficiaries in three specified aid categories and a cost increase factor based on the medical component of the national Consumer Price Index. Included in the General Fund increase is additional funding for the San Mateo County Managed Care Field Test. Also reflected is a transfer of funds from the Department of Health Services (DHS) as a result of the elimination of psychiatric inpatient services as a benefit in some Prepaid Health Plans and additional funding to maintain the average cost per beneficiary by aid code for those individuals transferring from Prepaid Health Plans. For details regarding the managed care allocation, please refer to the Managed Care Allocation Letter for FY 1996-97.

E. Budget Item 4440-131-0001

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

The Budget Act continues 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 1995-96 level of $12,334,000.

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

The Budget Act provides for an increase of $23,209,000 in reimbursements to reflect the collection of additional Federal Financial Participation (FFP) through the SD/MC Program. This increase was included in the Budget Act to reflect (1) a change in the federal/state sharing ratio for Medi-Cal reimbursable mental health treatment services; (2) additional funding to implement federal Early and Periodic Screening, Diagnosis, and Treatment (EPSDT) Program requirements relating to the provision of mental health services to Medi-Cal eligible children; and (3) the anticipated collection of additional FFP by the counties for SD/MC services.

Pursuant to the Federal Consolidated Omnibus Budget Reconciliation Act of 1985 (Public Law 99-272), the FFP percentage will change, beginning with the 1997 federal fiscal year. For Medi-Cal reimbursable mental health treatment services provided between October 1, 1996, and September 30, 1997, DHS will be reimbursing allowable costs on the basis of the new federal sharing percentage of 50.23 percent rather than the previous 50 percent. The state sharing percentage becomes 49.77 percent instead of the previous 50 percent. Because the effective date of the change in the federal/state sharing ratio is October 1, 1996, the current

sharing ratio of 50/50 remains unchanged during the first quarter of the fiscal year, July 1, 1996 through September 30, 1996. All existing Federal requirements for SD/MC will prevail in FY 1996-97. 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.

The EPSDT Program is a requirement of the Medicaid program to provide comprehensive health care for persons under age 21 who are eligible for the full scope of Medi-Cal benefits. An augmentation to the annual interagency agreement between DMH and DHS for the funding of EPSDT resulted in an increase of $29,604,000 in reimbursements to reflect the collection of additional FFP through the SD/MC Program ($14,802,000), as well as the General Fund match ($14,802,000).

III. REIMBURSEMENTS 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 1995-96 level. A schedule of the established SMAs reflecting all services for FY 1996-97 is enclosed (Enclosure A).

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 1996-97:

	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 enclosed for your information (Enclosure 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 realignment maintenance of effort (MOE) funds to the amount necessary to meet minimum federal MOE requirements. Chapter 6, Statutes of 1996 (SB 681) amended Section 17608.05(b) of the W&I Code to allow counties permanent MOE relief for mental health services up to $25,000,000, statewide, per fiscal year. A schedule which

indicates the realignment MOE funds for each county and city for FY 1996-97 will be forthcoming. The match relief provided by SB 681 will take effect on January 1, 1997.

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 4440-103-0001, 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 1996-97 allocation.

FISCAL YEAR 1996-97
SHORT-DOYLE/MEDI-CAL
MAXIMUM REIMBURSEMENT RATES

July 1, 1996 through June 30, 1997

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	$692.46
Hospital Administrative Day		19	Client Day	$214.90
Psychiatric Health Facility (PHF)		20-29	Client Day	$387.35
Adult Crisis Residential		40-49	Client Day	$218.42
Adult Residential		65-79	Client Day	$106.53
B. DAY SERVICES	**10:**			
Crisis Stabilization				
Emergency Room		20-24	Client Hour	$67.81
Urgent Care		25-29	Client Hour	$67.81
Day Treatment Intensive				
Half Day		81-84	Client 1/2 Day	$103.36
Full Day		85-89	Client Full Day	$145.18
Day Rehabilitation				
Half Day		91-94	Client 1/2 Day	$60.30
Full Day		95-99	Client Full Day	$94.12
C. OUTPATIENT SERVICES	**15:**			
Case Management, Brokerage		01-09	Staff Minute	$1.45
Mental Health Services		10-19 30-59	Staff Minute	$1.86
Medication Support		60-69	Staff Minute	$3.46
Crisis Intervention		70-79	Staff Minute	$2.79

ENCLOSURE B

COUNTY LISTING (POPULATION)

COUNTY/CITY 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)