

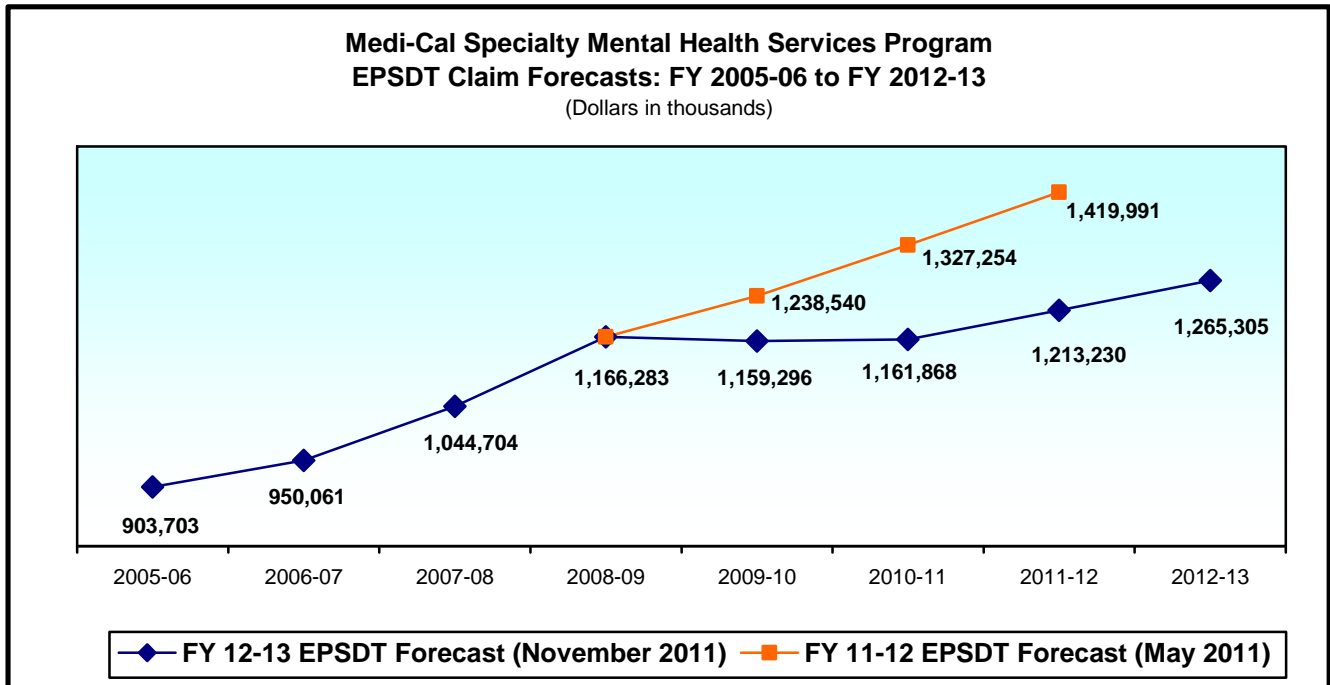
Department of Health Care Services Specialty Mental Health Services Program

Governor's 2012-13 Budget
January 2012

The Governor's State Budget for FY 2012-13 provides approximately \$1.446 billion in Medi-Cal Federal Financial Participation (FFP) Reimbursements for the Department of Health Care Services' (DHCS) Specialty Mental Health Services Program. By including all Realignment funding, the total budget for mental health services is approximately \$3.343 billion*.

- The Early and Periodic, Screening, Diagnosis, and Treatment (EPSDT) total program cost estimate is approximately \$1.462 billion (\$733.7 million in Medi-Cal FFP reimbursements) in FY 2012-13. The total program cost includes the EPSDT claims forecast (\$1.265 B), program estimate adjustments (\$28.22 M), and cost and audit settlements (\$168.6 M). Compared to FY 2011-12, the FY 2012-13 claim forecast of EPSDT costs has decreased by \$154.7 million. See Figure 1 for a comparison of the FY 2011-12 and FY 2012-13 EPSDT claim forecasts.
- Forty-three (43) percent of Specialty Mental Health Services funding is federal reimbursements for Medi-Cal services and the Healthy Families Program, thirty-five (35) percent are 1991 Realignment Funds (for Medi-Cal and non-Medi-Cal services), sixteen (16) percent are 2011 Realignment funds for EPSDT, and six (6) percent are 2011 Realignment funds for Mental Health Managed Care. See Figure 2.
- Forty-four (44) percent of expenditures for Specialty Mental Health Services are for EPSDT Medi-Cal services, thirty (30) percent is for adult Medi-Cal services (and children's Medi-Cal inpatient services), fourteen (14) percent is for non-Medi-Cal services, eleven (11) percent is for Managed Care Medi-Cal services (psychiatric inpatient and professional outpatient services), and one (1) percent is for Healthy Families Program services. See Figure 3.
- The Governor's Budget for FY 2012-13 includes some major program changes to the Mental Health Managed Care and the EPSDT programs. See the "Major Program Changes" section of this document on page 3.

FIGURE 1



*Note this total budget includes non-Medi-Cal Realignment and does not include Mental Health Services Act (MHSA) funding, Special Education Pupils (SEP) funding, or Substance Abuse and Mental Health Service Administration (SAMHSA) grant funding.

FIGURE 2

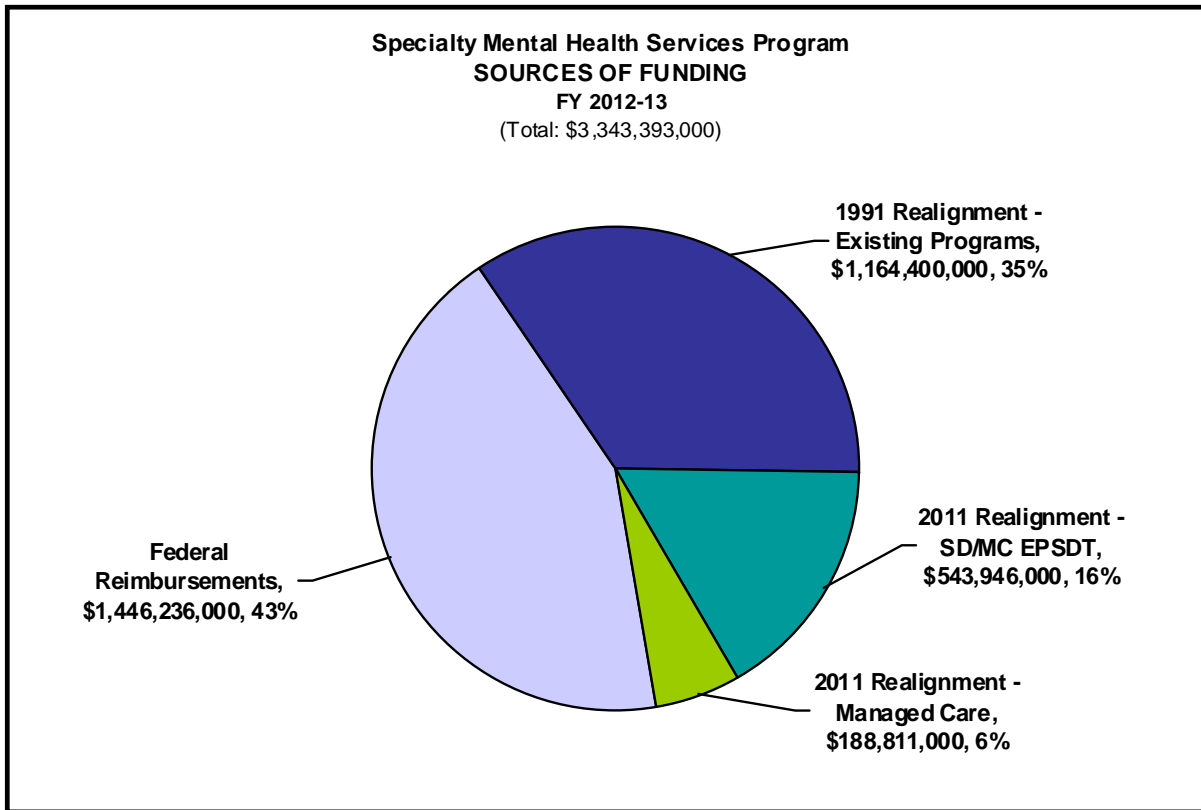
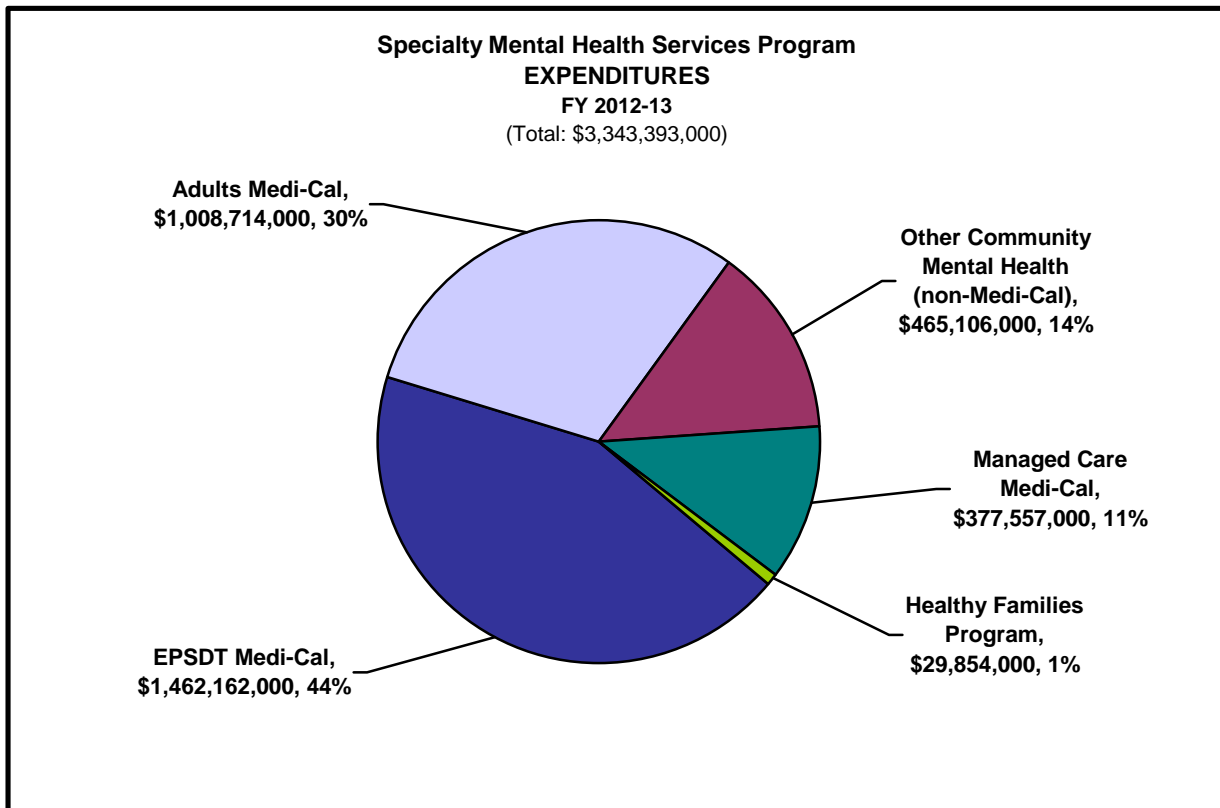


FIGURE 3



Specialty Mental Health Services Major Program Changes

1. Beginning in FY 2012-13 funding for EPSDT and Managed Care specialty mental health services is proposed to be fully “realigned” to the counties. The non-federal share of reimbursement for EPSDT specialty mental health services, currently funded in part by 1991 Realignment Funds, would be paid from the 2011 Local Revenue Fund.
 - 1.1. Under 2011 Realignment, the EPSDT Realignment funds are based on the EPSDT forecast plus program cost change estimates. Adjustments for budget balancing and cost settlement are not included in the estimate of EPSDT Realignment funding. The EPSDT portion of the 2011 Realignment is \$35.0 million less in FY 2012-13 compared to the EPSDT Mental Health Services Act (MHSA) funding in FY 2011-12.
 - 1.2. The Managed Care portion of the 2011 Realignment is \$5.07 million more in FY 2012-13 compared to Managed Care MHSA funding and State General Funds (SGF) in FY 2011-12 due to an increased estimate of Medi-Cal eligible clients.
2. There was a shift in the trajectory of the FY 2012-13 EPSDT forecast compared to the most recent forecasts. The decrease in actual dollars in FY 2009-10 resulted in a change in the trajectory of the forecast for future fiscal years through FY 2012-13. Specifically, the decrease in dollars for FY 2009-10 caused the FY 2010-11 forecast to remain flat, with growth resuming in FY 2011-12 and FY 2012-13. Compared to FY 2011-12, the FY 2012-13 claim forecast of EPSDT costs has decreased by \$155 million (total funds). The forecast will be updated for May Revise to confirm the change in claiming trends.
3. The Katie A. lawsuit settlement’s annual implementation cost for EPSDT services is estimated to be \$53,502,296 (total funds). The increase in EPSDT service utilization is anticipated to begin approximately January 1, 2013 as a pilot for at least one large, one medium and one small county. Based on estimated start-up year costs of 20% of the full implementation costs, the FY 2012-13 cost is estimated at \$10,604,000 total funds (\$5,302,000 in FFP and \$5,302,000 in 2011 Realignment Funds).
4. The Healthy Families Program (HFP) will transition to DHCS as part of the broader Medi-Cal program beginning in October 2012. In FY 12-13, this transition is estimated to increase costs in EPSDT by \$17,615,000 total funds (\$11,450,000 in FFP and \$6,165,000 in 2011 Realignment Funds). This estimate will be revised at the May Revision.
5. A state plan amendment (SPA) is in progress to provide the authority necessary to implement a supplemental payment program for the counties that allows Medi-Cal reimbursements up to the lower of published charges or actual costs. The State anticipates this SPA and the associated supplemental payment program methodology to be approved by CMS in FY 2011-12, with an effective date of January 1, 2009. The FY 2012-13 federal reimbursements are estimated to be \$44,150,000.