

2012-13 STATE BUDGET UPDATE

OVERVIEW OF GOVERNOR BROWN'S JANUARY BUDGET PROPOSAL



Outline



- The Big Picture
- Permanent 2011 Realignment Funding Structure
- Elimination of DMH and Other Transfers
- Mental Health Services Act (MHSA)
- Other Proposals of Interest
- Next Steps



The Big Picture

Budget Proposal Released Jan. 5

- \$9.2 billion structural deficit to address
 - ▣ \$4.2 billion (11/12) and \$5.1 billion (12/13)
- “Balanced” solution proposed
 - ▣ About half cuts (\$4.2 billion) and half revenues (\$4.6 billion), \$1.1 billion reserve.
- Assumes passage of Governor’s November ballot initiative
 - ▣ Temporary increase to income taxes on wealthiest and 0.5% increase to sales taxes to raise \$6.9 billion in 2012-13
 - ▣ Initiative includes Constitutional protections for 2011 Realignment

Trigger Cuts if the Initiative Fails

- If November tax increases are rejected by voters, trigger cuts would go into effect on January 1, 2013.
 - ▣ \$4.8 billion reduction to K-12, Community Colleges
 - ▣ \$200 million reduction to U.C. system
 - ▣ \$200 million reduction to C.S.U. system
 - ▣ \$125 million reduction to courts
 - ▣ Other reductions to parks, recreation, fish and game, etc.

Permanent 2011 Realignment Funding Structure

Governor proposes a permanent funding structure for programs included in 2011 Realignment.

Key Elements of Governor's Proposed Realignment 2011 Funding Structure

- 1) 1991 MH responsibilities separate, receive revenue based on 1991 formula.
- 2) Growth in revenues distributed proportionally.
 - Federally-required programs receive priority for caseload and cost needs.
 - Child welfare to receive \$200 million in growth funding over time.
- 3) 10% transferability between “Support Services” and “Behavioral Health” Subaccounts
- 4) Reserve account established when revenues exceed a certain threshold.

New Baseline Allocations for Realigned Mental Health Programs

- ❑ In total, reduced by \$34.9 M in new figures.
- ❑ Critical to determine adequacy of baseline figures.
- ❑ EPSDT impacted by Katie A. and Healthy Families proposal.

	2011-12		2012-13		2013-14		2014-15	
	Original Figures	New Figures	Original Figures	New Figures	Original Figures	New Figures	Original Figures	New Figures
Mental Health Managed Care	-	-	\$183.7	\$188.8	\$183.7	\$188.8	\$183.7	\$188.8
EPSDT	-	-	\$629	\$544	\$629	\$544	\$629	\$544
1991 MH Responsibilities	\$1,083.6	\$1,104.8	\$1,119.4	\$1,164.4	\$1,119.4	\$1,164.4	\$1,119.4	\$1,164.4

Elimination of Department of Mental Health (DMH) and Other Transfers

Governor proposes creation of Department of State Hospitals, and to transfer all community mental health functions to 6 other departments. Medi-Cal functions completely transitioned to DHCS in 2012-13.

DMH Functions Transferred to DHCS

MHSA-Specific Functions

- MHSA state level issue resolution
- Suicide prevention
- Stigma and discrimination
- Student Mental Health Initiative
- MHSA housing
- Training contracts

Other Functions

- Financial oversight
- County data collection, reporting
- Certification, compliance, quality improvement
- Co-occurring disorders
- Veterans mental health
- SAMHSA, PATH grants
- CA Health Interview Survey
- MH Planning Council

Other Proposed Transfers of Interest

□ **MHSOAC**

- DMH contracts that advance consumer voice, training, technical assistance, program evaluation

□ **Dept. of Public Health**

- DMH Office of Multicultural Services to new “Office of Health Equity
- ADP Narcotic Treatment Program (most other ADP programs to DHCS)

□ **OSHPD**

- DMH Workforce, education, training

□ **Dept. of Social Services**

- DMH licensing, certification, quality improvement

□ **Dept. of Education**

- DMH Early MH Initiative

□ **Dept. of Housing & Community Development**

- CalHFA (entire agency)



Mental Health Services Act (MHSA)

Mental Health Services Fund

- New estimates show significant growth in revenues when compared to May 2011 estimates.
 - ▣ 2010-11 \$1.01 billion
 - ▣ 2011-12 \$1.15 billion
 - ▣ 2012-13 \$1.46 billion
- Seeking clarification on Fund Condition Statement showing 2012-13 fund balance of \$423.7 million.
- Seeking clarification on proposed MHSA state administrative expenditures in DHCS budget.



Other Proposals of Interest

Additional Mental Health Proposals

- Save \$20 million GF by increasing counties' bed rates for civil commitments in state hospitals.
- Save \$3 million GF by treating IST defendants in county jails instead of state hospitals.
- Reduce 2011-12 local assistance reimbursements by \$87.4 million to reflect decreases in claims and costs:
 - Short-Doyle/Medi-Cal \$28.7 million
 - EPSDT \$47.1 million
 - Healthy Families \$11.6 million

Healthy Families Reductions

- Reduce managed care rates by 26%
- Eliminate MRMIB
- Transfer Healthy Families enrollees to Medi-Cal
 - 9-month phase-in starting October 2012
 - 875,000 enrollees
 - Assessing the impact on EPSDT caseload

Managed Care Expansion

- Over three-years, expand Dual Eligible pilots from 3 to 10 counties.
- Expand statewide in June 2013 beyond existing 30 counties with Medi-Cal managed care plans.
- Long-term care, IHSS, home and community based services, nursing home care become managed care benefits.
- “Behavioral health services will generally be provided by counties.”
- Address outstanding issues with counties and stakeholders, develop necessary legislation.

Additional IHSS Reductions

- Eliminate domestic and related services for certain recipients (those living with non-IHSS individual).
- 20% across-the-board reduction to service hours, if court injunction is lifted.

CalWORKs Reductions

- Reductions and complex program redesign to save \$1 billion GF.
- New programs: CalWORKs Basic, CalWORKs Plus, Child Maintenance
- Eliminate grants for parents who don't meet federal work requirements (30 hours) after 24 months, compared with 48 months now.
- If work requirements are met, possibility of higher benefits and higher income disregards, and ability to stay in the program up to 48 months.
- 324,000 families (instead of 597,000) projected to be served, as well as 296,000 Child Maintenance cases.

Next Steps

- Seek additional information and rationale
- Legislative Budget Committee Hearings
- Legislative Analyst Office Analysis
- Administration's Trailer Bill Language
- May Revise

CMHDA Position Development on Budget Proposals