THE FUTURE OF BEHAVIORAL HEALTH FUNDING

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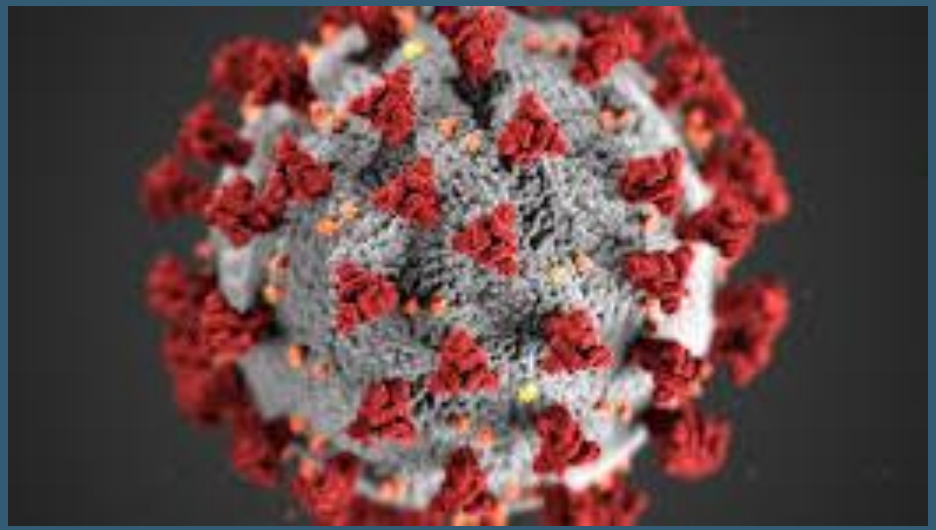
AGENDA

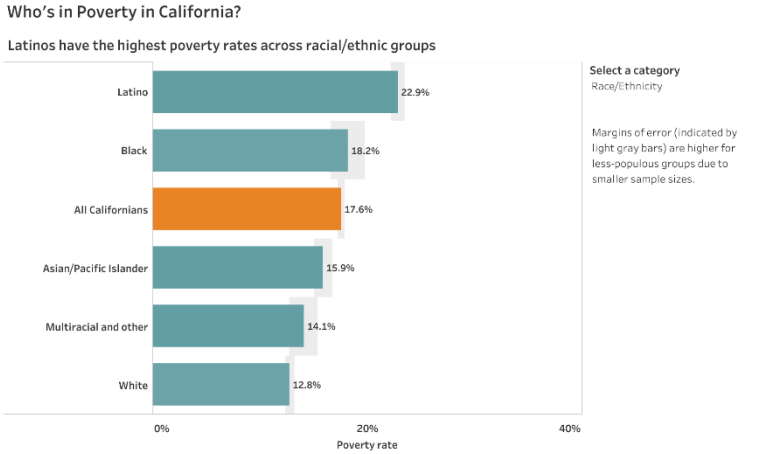
1. COVID-19 impacts on access to behavioral health services and funding
2. State policy landscape for behavioral health in California and bright spots for equity
3. Recommendations for California policymakers to address the looming budget crisis in behavioral health

COVID-19 IMPACTS ON COUNTY BEHAVIORAL HEALTH SAFETY NET



COVID-19 DISPROPORTIONALITY

- Reflects structural racism
- Seriously Mentally Ill also more likely to live in poverty
- BIPOC likely to be essential workers and face job loss
- COVID-19 Infection Rates: Latinos, Native Hawaiians and Pacific Islanders disproportionately higher rates
- COVID-19 Deaths: Latinos, African Americans, Native Hawaiians and Pacific Islanders are dying at disproportionately higher levels



COVID-19 BEHAVIORAL HEALTH IMPACTS

- According the Kaiser Family Foundation, data for July 2020:
  - 40.1% of adults in the U.S. reported symptoms of anxiety or depressive disorder, up from 11.0% in 2019 and 34.5% in May
- A federal emergency hotline for people in emotional distress registered > 1,000% increase in April compared with the same time last year.

COUNTY BEHAVIORAL HEALTH COVID-19 RESPONSE

System Goals:

- Client and workforce safety
- Continue to deliver timely and effective services to clients
- Remove regulatory barriers ton ensure access
- Shift majority of services to telehealth modalities
- Maintain critical in-person and field-based operations
- Keep contract providers open and afloat

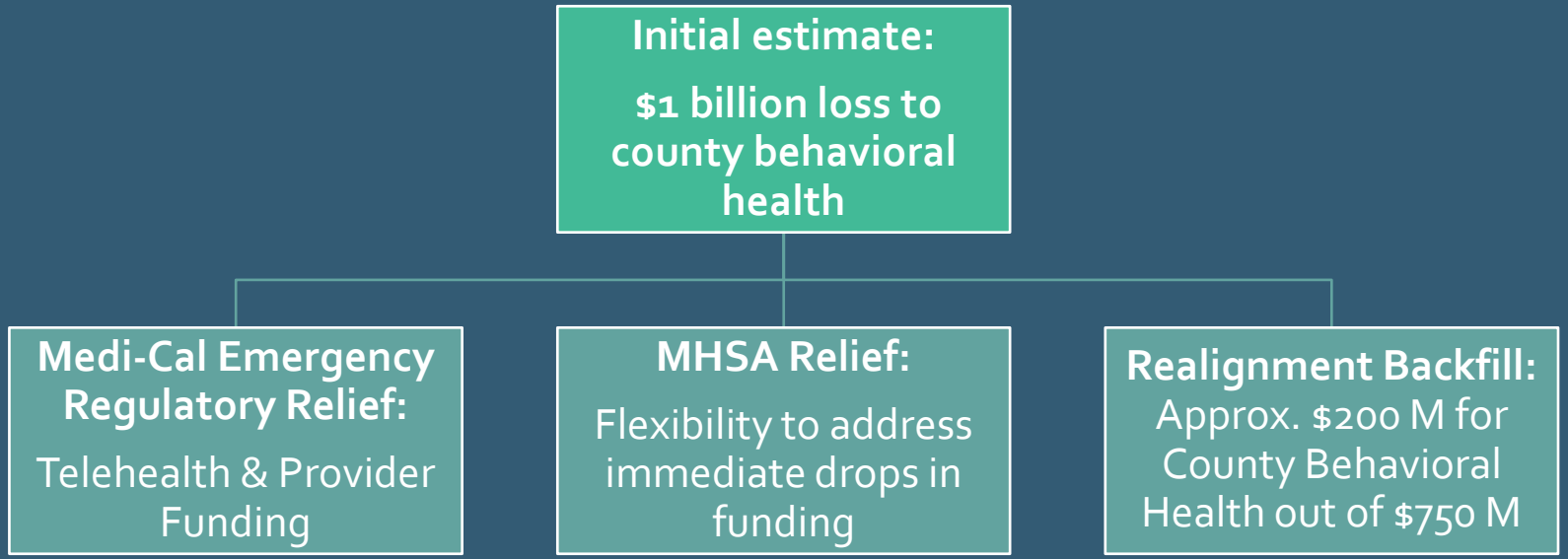
Support broader community needs:

- Relieve pressure on emergency departments
- Support frontline workers
- Broader community crisis counseling and prevention needs

INCREASED DEMANDS ON SAFETY NET

- State prison and county jail inmate release initiatives
- Homeless individuals placed in Hotels/Motels
- Children and Youth
- State Hospital populations
- Emergency Departments
- Infection control in congregate, residential, and inpatient

POST COVID POLICY PRIORITIES



COVID-19 IMPACTS: COUNTY BEHAVIORAL HEALTH

Varied experiences across the state:

- Two and threefold increase in youth experiencing mental health crisis
- *Intermittent* spikes in increased suicidality and deaths by suicide
- Increases in fentanyl related overdoses
- Some regions seeing higher rates of crisis among privately insured populations
- Questions remain about long-term effectiveness of telehealth across populations and in a sustained manner
- Layered trauma/impacts of wildfires

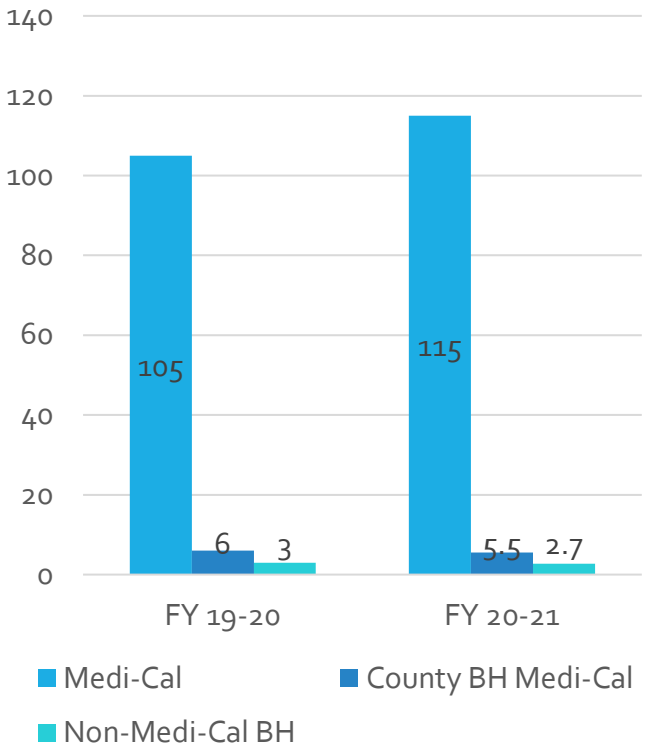
LESSONS LEARNED

Pro's	Con's

• County-based public systems can adapt quickly to significant structural change
• Higher levels of client engagement for some services
• Clinical practice is being continuously adapted as we go
• Initially, behavioral health needs did not spike
	• Immediate financial impacts to providers and counties due to financing structure
	• Digital divide is real *and ongoing*
	• Variable/unstable funding
	• Behavioral health is often left behind:
	  • Regulatory guidance
	  • Funding
	  • In crisis response overall

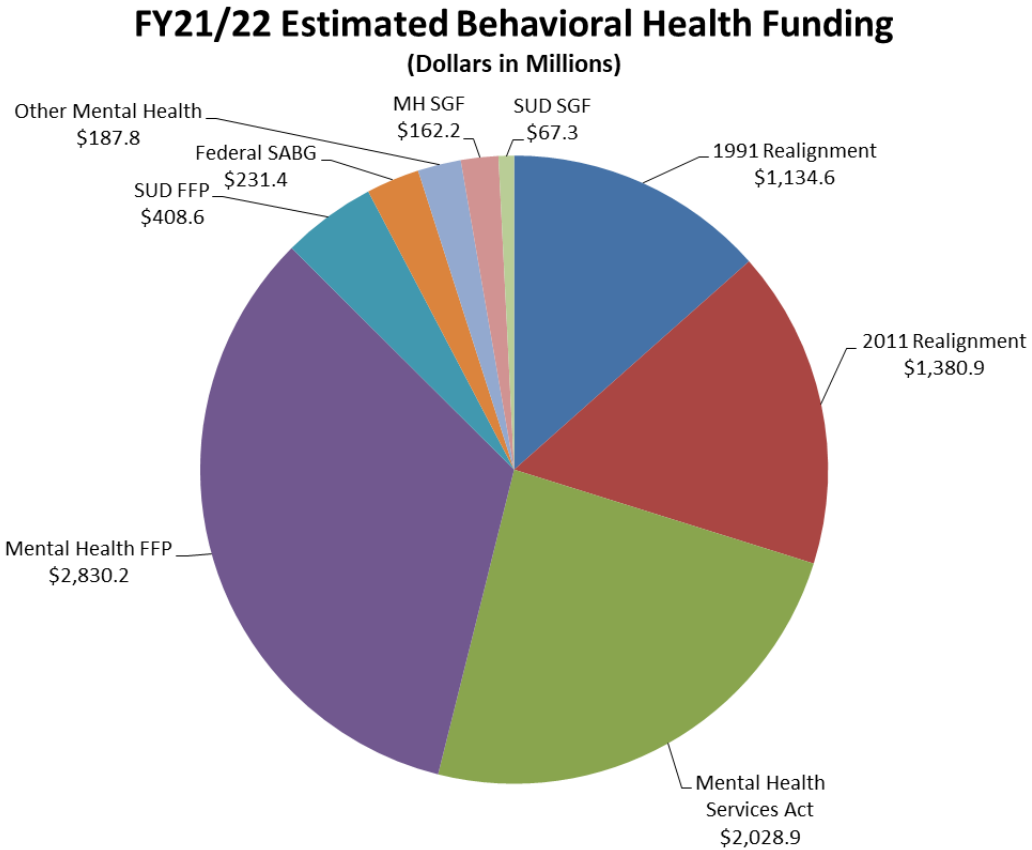
COVID-19 IMPACTS ON BEHAVIORAL HEALTH

STATE POLICY LANDSCAPE



MEDI-CAL SPENDING VS. COUNTY BEHAVIORAL HEALTH SAFETY NET

TOTAL PROJECTED FUNDING 21/22



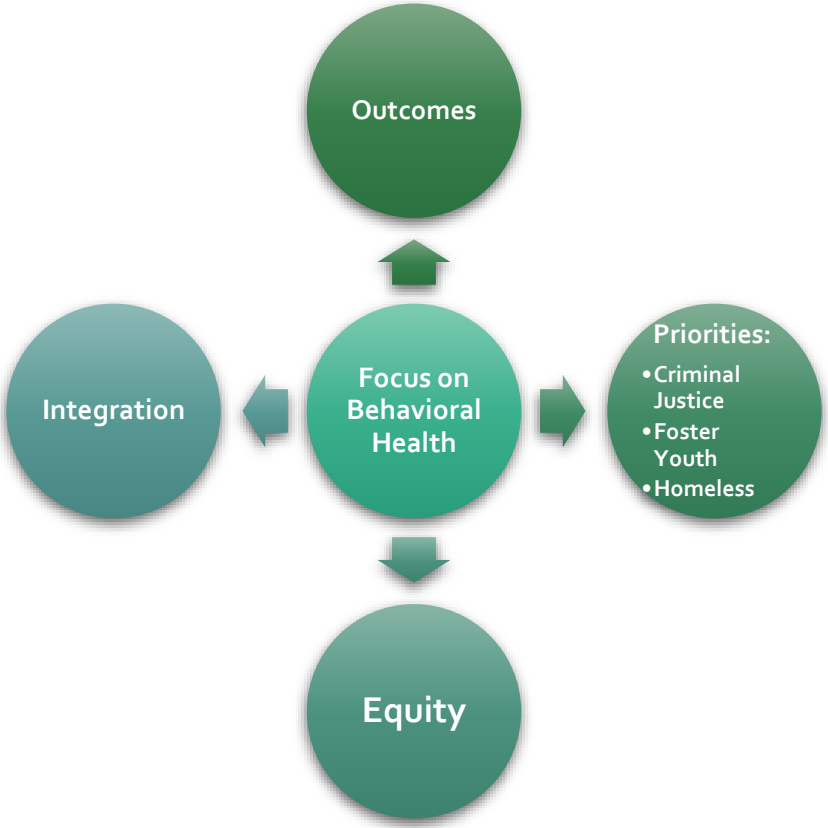
- 1991 Realignment mental health revenues for FY21-22 are less than in FY04-05 ($1,198.9 million)
- Projected decline of 20% to 30% in MHSA funds in FY22-23 due to COVID-19 impacts on economy

COUNTY BEHAVIORAL HEALTH FINANCING

- **Categorical, dedicated funding streams**
  - Each funding source is used for somewhat unique services and population groups
  - The funding sources increase at different rates which results in disparities among services and funded populations
- **Majority of funding driven by economic conditions, *not demand for services***
- **For Medi-Cal, funding is based on available *Certified Public Expenditures* incurred by the County**
  - Requires county to have sufficient revenues available for full expenditure prior to obtaining federal reimbursement
  - Final entitlement amounts are not known until after state audit and appeals; i.e. currently reconciled at least six years after provision of services
  - Requires counties to set aside reserves in case of audit recoupment (carry risk of tens to hundreds of millions of dollars)

BEYOND MEDI-CAL REIMBURSEMENT

NEWSOM ADMINISTRATION PRIORITIES



2021 CALAIM BEHAVIORAL HEALTH PROPOSALS

CalAIM

- Drug Medi-Cal Organized Delivery System (ODS) Waiver Renewal
- Payment Reform
- Mental Health & SUD Integration
- Enhanced Care Management/In Lieu of Services
- Foster Care Proposals
- **Redefined Medical Necessity**

CBHDA OVERARCHING PRIORITIES

Funding Adequacy and Stability

Prioritize ensuring that county behavioral health funding is flexible, transparent, stable, and sufficient to support County Behavioral Health Directors in fulfilling their entitlement and mandate responsibilities while supporting communities and clients in crisis, disaster response, prevention and long-term recovery.

Equity, Justice and Healing

Representing the public behavioral health safety net, lead locally and statewide in driving equity, justice and healing by building individual and organizational self-awareness and understanding of the ways that systemic racism and discrimination contribute to disparities among clients of county behavioral health, and developing concrete, actionable strategies to make sustained and measurable progress on reducing and eliminating racial, ethnic, and other disparities.

Values: Client and Community Centered and Quality, Consistent & Standardized

CalAIM

Drive system-wide transformation of county behavioral health through the development and implementation of core CalAIM behavioral health initiatives. These include the continuation and improvement of the Drug Medi-Cal Organized Delivery System, payment reform, modernizing Medical Necessity, integrating mental health and substance use disorder services, and CBHDA's vision for Foster Care.

Crisis Continuum

Lead in developing a robust continuum of behavioral health crisis services which serves to deinstitutionalize and decriminalize individuals with significant behavioral health needs and supports client-centered, long-term community-based recovery. Identify system gaps and opportunities, including, but not limited to, acute services for children, justice involved populations, subacute services, housing, peer support specialists.

Housing and Homelessness

Lead efforts locally and statewide to reduce the number of individuals with a serious mental illness and/or substance use disorder experiencing homelessness. A key component of this includes advocating for housing appropriate for our clients and housing paired with treatment slots.

Children, Youth, and School-Based Services

Expand services to children in alignment with the county behavioral health EPSDT entitlement and other responsibilities under the MHSA and Bronzan-McCorquodale Act. Identify opportunities with the Administration, Medi-Cal managed care plans, schools, and child welfare partners to improve outreach, early engagement, and accessible connections to services for children with behavioral health needs.

POLICY OPPORTUNITIES

- **Addressing structural racism**
  - Client and community defined, led and centered solutions
  - Unpacking bias/racism in Medi-Cal and county behavioral health systems
  - Population-based *behavioral health* initiatives, focused more on outcomes for clients and communities, not systems
  - Decriminalization and deinstitutionalization of individuals with behavioral health needs
- **Realigned but not forgotten**
  - Right-sized behavioral health funding
  - Transparency around full range of funding and services
  - Funds dedicated for COVID-19 related behavioral health safety net needs
  - Dedicated housing for behavioral health treatment slots
- **Behavioral Health System Transformation**
  - Implementation of SB 803 (Beall) Peer Support Specialists to support California's diverse populations
  - CalAIM Implementation with an eye toward equity

QUESTIONS?

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