Governor’s Proposal:
Mental Health Services Act (MHSA) Reform - SB 326
Purpose of this presentation

• Share information about the proposed MHSA reform.
• Share the anticipated local impacts to funding and programs.
• We are not taking a stance on the legislation nor encouraging any position on this proposed bill.
Governor’s Context for the Proposal*

• 1 in 20 (50% increase in the last decade) living with serious mental illness (SMI)
• 1 in 4 of homeless population are living with SMI and at higher risk for justice involvement
• 1 in 3 recently incarcerated homeless are living with SMI
• Marginalized communities are most impacted by homelessness
• Proposal will allocate $1 billion statewide for housing and care
• Recent State audits recommended a need to overhaul fiscal and outcome reporting requirements

* Source: https://www.chhs.ca.gov/behavioral-health-reform/
Local Context - Annual Unspent

• Challenges:
  • Statewide counties have large amounts of unspent funds often due to volatility of revenue.
  • State transparency tools do not account for obligated funds – locally 60% of unspent funds are obligated and counties typically spend their funds in 2 years (have 3-year reversions)
  • BHRS capacity: MHSA requirements and procurement often means new programs take over a year to launch, also have to account for reporting/evaluation, monitoring and continuous improvement.
  • Contractor capacity: limited agency capacity to implement expanded service requirements and new programs.

• Local strategies:
  • Three-Year Plan priority and increased allocations to workforce recruitment and retention strategies
  • 29 new permanent positions across BHRS
  • Investments in contractor infrastructure and increasing rates across programs when possible
Three Components

1. $4.7 billion general obligation bond
   • AB 531 (Irwin) – BH Infrastructure Bond Act of 2023

2. MHSA Reform
   • SB 326 (Eggman) – passed October 12, 2023
   • Prop 1 – Behavioral Health Services Act (BHSA) – March 2024 ballot

3. Statewide accountability and transparency
MHSA Current Funding Categories

- **Community Services & Supports (CSS)**
  - Direct treatment and recovery services for serious mental illness or serious emotional disturbance
  - 51% Full Service Partnerships

- **Prevention & Early Intervention (PEI)**
  - Interventions prior to the onset of mental illness and early onset of psychotic disorders

- **Innovation (INN)**
  - New approaches and community-driven best practices

- **Workforce Education and Training (WET)**
  - Education, training and workforce development to increase capacity and diversity of the mental health workforce

- **Capital Facilities and Technology Needs (CFTN)**
  - Buildings and technology used for the delivery of MHSA services to individuals and their families.

1% tax on personal income over $1M; San Mateo County: estimated $41.2M annual 5-year average through FY 22-23; MHSA is highly leveraged and makes up ~16% of the BHRS total budget
BHSA Proposed Funding Categories

**30%* Housing Interventions**
- Rental subsidies, operating subsidies, capital investments, shared and family housing, and nonfederal share of transitional rent, and housing supports (retention and maintenance).
- At least 15% for chronically homeless with focus on encampments

**35%* Full Service Partnerships (FSP)**

**35%* Behavioral Health Services and Supports (BHSS)**
- At least 15% Early Intervention and 51% of this allocation for youth ages 0-25
- Eliminated local population-based prevention

*Can transfer up to 7% per category, 14% max total*
Other Proposal Updates

• Name change to Behavioral Health Services Act (BHSA)
• Broaden target population to fund services for substance use disorders
• Additional 5% (total 10%) allocation to State for admin, workforce and prevention; $20M annually for Innovation
• Revenue Stability Workgroup – to recommend maximum reserve and address revenue volatility
• Up to 2% for local administration to implement expanded requirements
  • Broadened planning process to county/regional planning and include managed care plans, private insurance and other sectors
  • Increased oversight, outcome reporting and fiscal transparency
Overall Anticipated Impacts

• Limited local flexibility and control
• Some loss in Federal Financial Participation (FFP) drawn down for Medi-Cal eligible services
• No local operational reserves
• Program redesigns, ending programs
• Increased disparities for marginalized groups in treatment and early intervention due to selective evidence-based programming
• Limited funds and timelines for new housing developments
Impact to Local Allocations

- **Current Allocations ($63.4M)**
  - INN (4%)
  - Prevention & Early Intervention (18%)
  - Capital Facilities & Tech (CFTN) (1%)
  - Workforce, Education & Training (WET) (4%)
  - General System Development (GSD) (32%)
  - Full Service Partnership (FSP) + Housing (41%)

- **Proposed Allocations ($59.0M)**
  - BHSS: Early Intervention Ages 0-25 (9%)
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  - BHSS: WET (4%)
  - BHSS: GSD (13%)
  - FSP (35%)
  - Housing: Remaining (15%)
  - Housing: Chronically Homeless (15%)

**Percentage Breakdown**
- **45% Behavioral Health Services & Supports (BHSS)**
- **32% Full Service Partnership (FSP)**
- **23% Housing**
Impact to Local Programs*

• $7.7M (36%) redirection of funds from General System Development programs.
  • Examples: Older Adult System of Integrated Care (OASIS), Pathways, Pre-to-Three, Puente Clinic, Evidence-Based Treatment Services, School-Based Mental Health, Primary Care Interface, homeless outreach, peer workers, family partners, peer support services (California Clubhouse, Heart & Soul, Barbara A. Mouton Center)

• $4.6M (100%) redirection of funds from Prevention programs.
  • Examples: Office of Diversity & Equity – Suicide Prevention, Stigma Reduction, Mental Health Awareness, Substance Use Prevention, Outreach Collaboratives + combo programs (Pride Center, Cariño Project, Early Childhood Community Team)

• $2.6M (100%) redirection of funds from Innovation (INN) and technology projects.
  • Examples: Adult Residential In-home Support Element (ARISE), Recovery Connections, PIONEERS, Kapwa, Music Therapy, Client devices and apps.

*Current FY 2023-24 MHSA-funded programs
What is BHRS doing?

• Sharing information and encouraging all to stay informed.
• Working closely with California Behavioral Health Directors Association (CBHDA) and other counties to analyze, understand impacts and make recommendations.
  • Analyzing the local unique impacts, what will this mean for programs
  • Identifying what other new/ongoing revenue sources can be leveraged
  • Listening to community questions and concerns
Stay Informed!

California Health and Human Services

- Web Page
- Policy Brief
- Email for questions: BHReform@dhcs.ca.gov

You can also subscribe to San Mateo County’s MHSA website to stay connected:

www.smchealth.org/MHSA