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
Governor’s Proposal - Three Components

1. $6.38 billion general obligation bond
   • AB 531 (Irwin) – BH Infrastructure Bond Act of 2023
2. MHSA Reform
   • SB 326 (Eggman) – Behavioral Health Services Act (BHSA)
3. Statewide accountability and transparency
   Now Prop 1 — March 2024 ballot
<table>
<thead>
<tr>
<th>MHSA Current Funding Categories</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Community Services &amp; Supports (CSS)</strong></td>
</tr>
<tr>
<td><strong>Prevention &amp; Early Intervention (PEI)</strong></td>
</tr>
<tr>
<td><strong>Innovation (INN)</strong></td>
</tr>
<tr>
<td><strong>Workforce Education and Training (WET)</strong></td>
</tr>
<tr>
<td><strong>Capital Facilities and Technology Needs (CFTN)</strong></td>
</tr>
</tbody>
</table>

76% Community Services & Supports (CSS)
19% Prevention & Early Intervention (PEI)
5% Innovation (INN)
1% Workforce Education and Training (WET)

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 - updated

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%)
- BHSS: Early Intervention (9%)
- BHSS: WET (4%)
- BHSS: GSD (13%)
- FSP (35%)
- Housing: Remaining (15%)
- Housing: Chronically Homeless (15%)

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

• $8.0M (43%) 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)

• $4.3M (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)

• $2.8M (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