

Governor's Proposal: Mental Health Services Act (MHSA) Reform - SB 326



SAN MATEO COUNTY HEALTH
**BEHAVIORAL HEALTH
& RECOVERY SERVICES**

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/>



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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

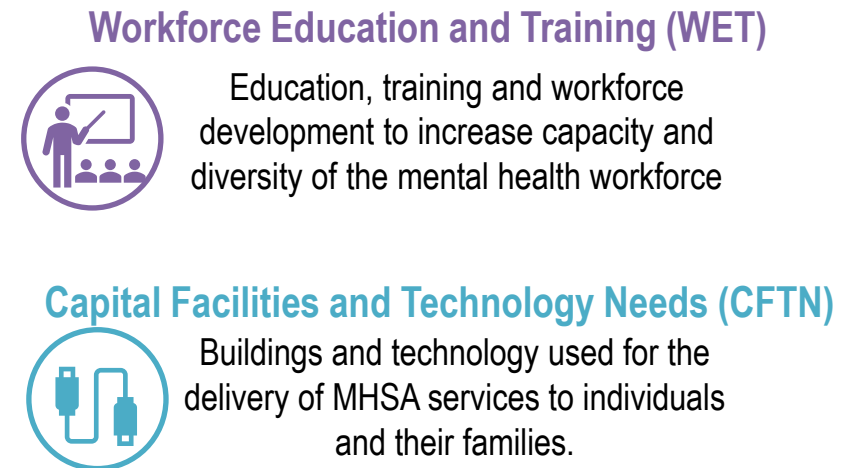
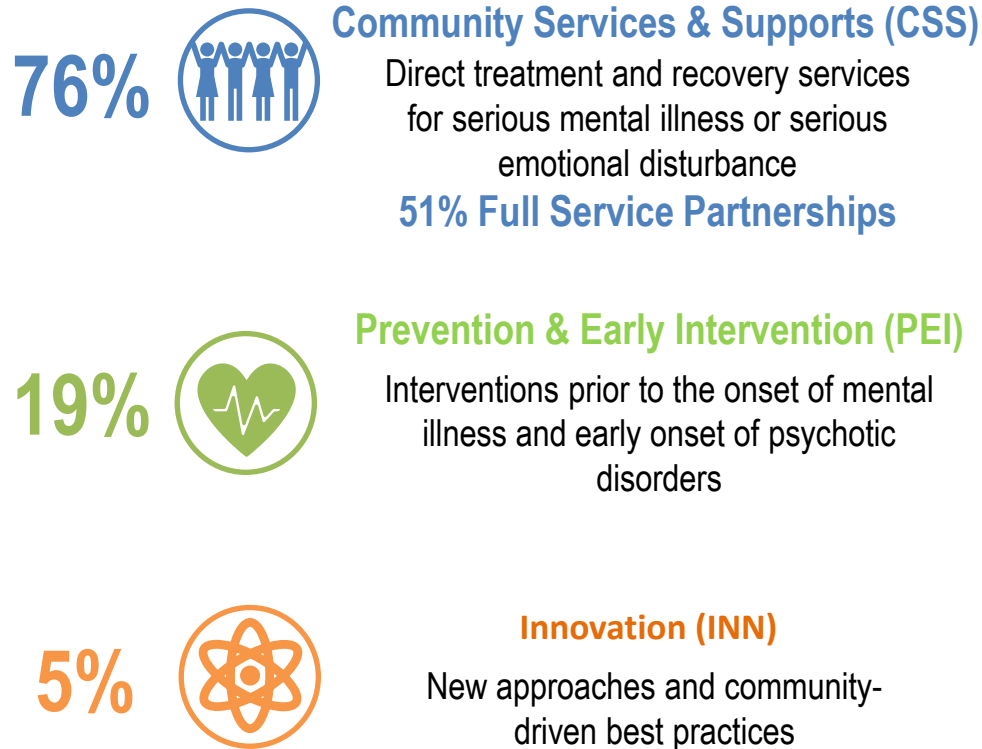
1. \$6.38 billion general obligation bond
 - AB 531 (Irwin) – BH Infrastructure Bond Act of 2023
2. MHSA Reform
 - SB 326 (Eggman) – Behavioral Health Services Act (BHSA)
3. Statewide accountability and transparency

Now Prop 1 — March 2024 ballot



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MHSA Current Funding Categories



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*



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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

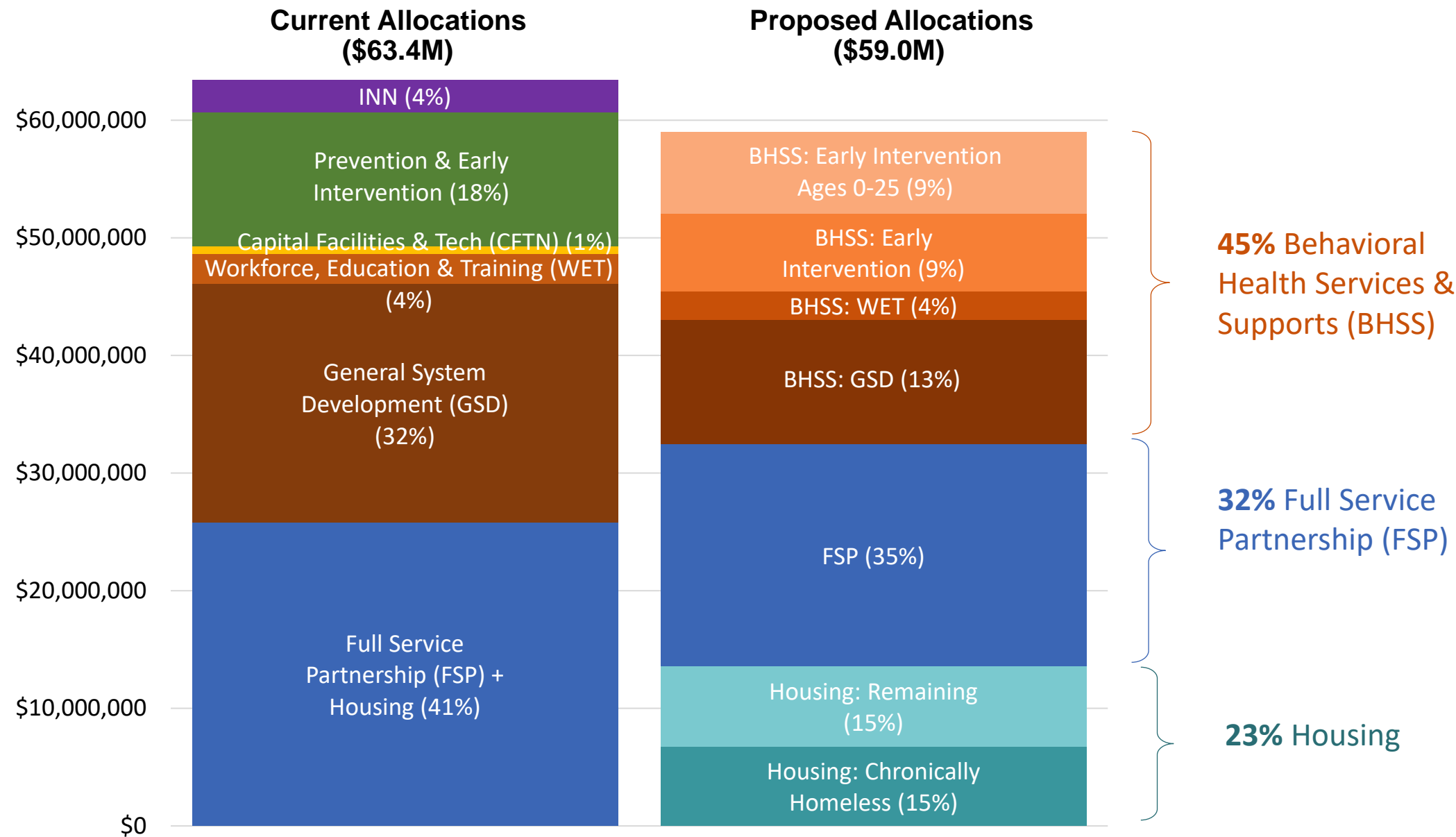


Overall Anticipated Impacts

- 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



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*



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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