



State of California—Health and Human Services Agency
Department of Health Care Services



EDMUND G. BROWN JR.
GOVERNOR

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MHSUDS INFORMATION NOTICE NO.: 17-041

TO: COUNTY BEHAVIORAL HEALTH DIRECTORS
COUNTY DRUG & ALCOHOL ADMINISTRATORS
COUNTY BEHAVIORAL HEALTH DIRECTORS ASSOCIATION OF CALIFORNIA
CALIFORNIA COUNCIL OF COMMUNITY BEHAVIORAL HEALTH AGENCIES
COALITION OF ALCOHOL AND DRUG ASSOCIATIONS
CALIFORNIA ASSOCIATION OF ALCOHOL & DRUG PROGRAM EXECUTIVES, INC.
CALIFORNIA ALLIANCE OF CHILD AND FAMILY SERVICES
CALIFORNIA OPIOID MAINTENANCE PROVIDERS

SUBJECT: MENTAL HEALTH SERVICES ACT (MHSA) Allocation and Methodology for FISCAL YEAR (FY) 2017-18

Welfare and Institutions Code (W&I) Section 5891(c) requires the Department of Health Care Services (DHCS) to provide the State Controller's Office (SCO) a schedule for the distribution of the Mental Health Services Fund to each local Mental Health Service Fund on a monthly basis. DHCS transmitted the FY 2017-18 schedule to SCO on August 4, 2017, for the purpose of distributing these funds. This Information Notice is to communicate the allocation schedule DHCS provided to SCO, describe the methodology used to determine those allocation schedules, and provide the amount of money the Governor's budget has estimated will be available in the Mental Health Services Fund.

Methodology for the Allocation Schedule

DHCS developed this allocation schedule using a methodology established in FY 2005-06 by the former Department of Mental Health, in consultation with the County Behavioral Health Directors Association of California (CBHDA). In FY 2015-16, DHCS amended the methodology by removing the uninsured population as a factor. The criteria and data sources used to establish the allocation schedule for FY 2017-18 remains the same as in prior years. However, the data have been updated.

The methodology for FY 2017-18 is applicable only to the funding above the FY 2012-13 level, as agreed upon by DHCS and CBHDA. To determine the growth funding available in FY 2017-18, the total amount deposited in FY 2012-13 is subtracted from FY 2017-18 MHSAs estimated distribution to the counties

For FY 2017-18, the estimated total MHSAs distribution to counties is as follows:

FY 2017-18 MHSAs Estimated Revenue (Millions)¹

Cash Transfers	\$1,599.5
Annual Adjustment (FY 2015-16)	\$ 446.0
Interest	\$ <u>1.9</u>
Total	\$2,047.4

FY 2017-18 MHSAs Estimated Administration and Other Local Assistance (Millions)

Estimated Administrative Cap (5%)	\$ 103.2
WET State Level Projects	\$ <u>12.7</u>
Total	\$ 115.9

FY 2017-18 MHSAs Estimated Distribution to Counties (Millions)

Total Estimated Revenue	\$2,047.4
Less Total Estimated Administration	\$ <u>115.9</u>
Total	\$1,931.5

Estimated Growth Funding Available

FY 2017-18 Estimated Distribution to Counties Total	\$1,931.5
Less FY 2012-13 Total Distribution to Counties	\$ <u>1,589.6</u>
Total	\$ 341.9

DHCS developed the FY 2017-18 allocation schedule in two phases. The first phase involved calculating a need for services for each county based on each county's share of the state population, population at poverty level and prevalence of mental illness in each county. The second phase involved adjusting the need for services, based on the cost of being self-sufficient in each county and other resources available to each county.

¹[Mental Health Services Act Expenditure Report -Governor's May Revise-Fiscal Year 2017-18](#)

Phase One – Need for Services (Enclosures 1, 2, and 3)

A County's need for services is based on three factors, which include a county's share of the total state population, a county's share of the population most likely to apply for services, and a county's share of the population most likely to access services. Because current data are not available for many of these factors, DHCS used the rate of change in the state's population to update the factors.

Enclosure 1 displays the data used to calculate the total need for services for each county.

Column A displays total population in each county and the state as of January 1, 2017. This information comes from the California Department of Finance, [E-1 Population Estimates for Cities, Counties and the State Population Estimates with Annual Percentage Change for January 1, 2016 and 2017](#).

Column B displays the county's share of the total state population. To determine each county's share of the total state population, each row of Column A is divided by the total of Column A.

Column C displays the county's share of the total state population weighted at 50%. This number is determined by multiplying each row of Column B by 50%.

The figures in Enclosure 1, Column D came from Enclosure 2, Column D. Enclosure 1, Column D, displays each county's share of the total population most likely to apply for services. The population most likely to apply for services is measured by the number of people with income below the federal poverty level. DHCS updated the number of people in poverty based on the change in the state population. The updated poverty percentage for each county is equal to the updated poverty population for each county divided by the total state poverty population. Poverty data was obtained from the [U.S. Census website](#). Enclosure 2 displays the data for the population most likely to apply for services.

Column E displays the population most likely to apply for services, weighted at 30%. This number is determined by multiplying Column D by 30%.

Column F displays each county's share of the total population most likely to access services, which is equal to the prevalence rate in each county. The population most likely to access services is updated using the state's population growth rate. Enclosure 3 displays how DHCS updated the prevalence rates. DHCS updated the prevalence for each county based on the change in the state population. The updated

prevalence is divided by the total prevalence, which gives each county's prevalence percentage. Enclosure 3 displays data for the population most likely to access services.

Column G displays the population most likely to access services, weighted at 20%. This number is determined by multiplying Column F by 20%.

Column H displays the Total Need for Services. This amount is equal to Column C plus Column E plus Column G.

Phase Two – Adjustments

Total Need was adjusted by two factors: Self-Sufficiency and Resources available in each county.

Self-Sufficiency (Enclosures 4 and 5)

DHCS adjusted the need for mental health services in each county based on the cost of being self-sufficient in each county. The Self-Sufficiency standard is a budget-based measure of the real cost of living and an alternative to the federal poverty measure. It determines the amount of income required for working families and adults to meet basic needs at a minimally adequate level. Self-sufficiency also takes into account family composition, ages of children, and geographic differences in costs.

Enclosure 4 displays the cost of being self-sufficient in each county relative to the statewide average as reported through [The Self-Sufficiency Standard for California 2014](#), a project of the National Economic Development and Law Center. A weighted average of households with one single childless adult (67%) and a single adult with two children (33%) was used to develop the adjustment.

Column A displays the cost of being self-sufficient for a single adult.

Column B displays the cost of being self-sufficient for a single adult with two children.

Column C displays the percentage of average cost of self-sufficiency for an adult. This amount is equal to each row of Column A divided by the total average of Column A.

Column D displays the percentage of average cost of self-sufficiency for an adult weighted at 67%. This amount is equal to Column C multiplied by 67%.

Column E displays the percentage of average cost of self-sufficiency for an adult with two children. This amount is equal to Column B divided by the average of Column B.

Column F displays the percentage of average cost of self-sufficiency for an adult with two children weighted at 33%. This amount is equal to Column E multiplied by 33%.

Column G displays the self-sufficiency median. This amount is the total of Column D plus Column F.

Enclosure 5 displays the data used to calculate the self-sufficiency adjustments to the need for services in each county.

Column A displays the Total Need for Services, as determined previously on Enclosure 1, Column H.

Column B displays the Self Sufficiency median, as determined previously on Enclosure 4, Column G.

Column C adjusts 40% of total need by self-sufficiency. This amount is the total of Column A multiplied by 40% multiplied by Column B.

Column D displays the portion of need not weighted by self-sufficiency (60%). This column is necessary to ensure that only 40% of the need is adjusted for self-sufficiency and the remaining 60% of the need remains. This percentage is calculated by multiplying Column A by 60%.

Column E displays total weighted need. This is equal to the sum of Column C and Column D.

Column F displays the revised need adjusted for self-sufficiency. Column F adjusts Column E's total to 100%. This is determined by dividing Column E by the total in Column E.

Resources (Enclosures 6 through 10)

DHCS adjusted each county's total need adjusted for self-sufficiency by available resources.

Enclosure 6 displays Mental Health Resources available to counties in FY 2015-16. DHCS obtained data from the State Controller's Office and used its own administrative data. These resources include 1991 Realignment, Behavioral Health Subaccount, Federal Substance Abuse and Mental Health Services Administration Mental Health Block Grants and federal Projects for Assistance in Transition from Homeless grants.

Medi-Cal federal financial participation is excluded. Behavioral Health Subaccount Growth data is not included because the FY 2015-16 data are not available.

Columns A through H display funding amounts by source.

Column I displays the amount of total resources in FY 2015-16. This amount is the sum of Columns A through H.

Column J displays each county's share of FY 2015-16 total resources. This percentage is determined by dividing each row of Column I by the total in Column I.

Adjustment to Resources

DHCS adjusted each county's total need adjusted for self-sufficiency by resources available to the county in FY 2015-16. The specific adjustment depended upon the category into which a county fell.

Option 1: Revised Need Greater than Resources (Enclosure 7)

If the total need adjusted for self-sufficiency (Column B) is greater than resources (Column C), 20% of the total need is adjusted by the ratio of need to resources. The detailed calculations are described below.

Column A displays the revised need as calculated previously on Enclosure 5, Column F.

Column B displays the FY 2015-16 resources as calculated previously on Enclosure 6, Column J.

Column C displays the revised need if it is greater than resources. This is determined by comparing Column A to Column B. If revised need is less than resources, Column C displays 0%.

Column D displays 20% of the revised need, if revised need is greater than resources. This is determined by multiplying Column C by 20%. This is the portion of revised need to be weighted by resources.

Column E displays 80% of the revised need. This is the total of Column C minus Column D. This is the unweighted portion of the revised need.

Column F displays the revised need divided by resources. This is equal to Column A divided by Column B. This is the weight applied to 20% to the revised need to adjust for resources.

Column G displays 20% of the revised need weighted by resources. This is equal to Column D multiplied by Column F.

Column H displays the revised need greater than resources, adjusted by resources. This is equal to Column E plus Column G.

Option 2: Resources Greater than Two Times Revised Need (Enclosure 8)

If the county's resources are two times greater than the revised need, DHCS reduces the county's revised need by 20%.

Column A displays the revised need as calculated previously on Enclosure 5, Column F.

Column B displays the FY 2015-16 resources as calculated previously on Enclosure 6, Column J.

Column C displays the county's resources if they are 2 times greater than the revised need. This is determined by comparing Column A to Column B. Column C displays 0% if the county's resources are less than 2 times their revised need.

Column D displays the portion of the revised need not to be reduced, which is 20%. This amount is determined by multiplying Column A by 20%.

Column E is the county's revised need adjusted for resources and is equal to 80% of the revised need. This is the total of Column A minus Column D.

Option 3: Resources between One and Two Times the Revised Need (Enclosure 9)

If a county's available resources were between one and two times the revised need, DHCS adjusted 20% of the county's revised need by 2 minus the ratio of revised need to resources.

Column A displays the revised need as calculated previously on Enclosure 5, Column F.

Column B displays the FY 2015-16 resources as calculated previously on Enclosure 6, Column J.

Column C displays the resources if they are between one and two times the revised need. This is determined by comparing Column A to Column B. Column C displays 0% if the resources are not between 1 and 2 times revised need.

Column D displays the resources divided by the revised need for those counties with resources that are between one and two times the revised need. This is determined by dividing Column C by Column A.

Column E displays the reduction ratio for the revised need that will be weighted by resources. This is equal to 200% minus column D.

Column F displays the revised portion of the county's need between 1 and 2 times its resources to be reduced. This is determined by multiplying Column A by 20%.

Column G displays 20% of the county's revised need between 1 and 2 times the resources adjusted by resources. This is equal to Column E multiplied by Column F.

Column H displays the revised need between 1 and 2 times the resources not adjusted by resources. This is the total of Column A multiplied by 80%.

Column I displays the revised need between 1 times and 2 times the resources adjusted by resources. This is the sum of Column G and Column H.

Revised Need Adjusted by Resources (Enclosure 10)

Enclosure 10 displays the revised need adjusted by resources, as determined in Enclosures 7, 8, and 9.

Column A displays the revised need adjusted by resources for those counties with a Revised Need greater than Resources (Enclosure 7).

Column B displays the revised need adjusted by resources for those counties with Resources Greater than Two Times Revised Need (Enclosure 8).

Column C displays the revised need adjusted by resources for those counties with Resources Between One and Two Times the Revised Need (Enclosure 9).

Column D displays the revised need adjusted by resources for all counties.

Column E displays the option used to adjust each counties revised need for resources.

Component Allocation Percentage (Enclosure 11)

Enclosure 11 explains the FY 2017-18 component allocation percentage for each county.

Column A displays the revised need adjusted by resources for each county, as displayed in Enclosure 10, Column D.

Column B displays the component allocation percentage from revised need based on resources. Column A adjusts Column B's total to 100%. This is determined by dividing each row of Column A by the total of Column A.

Column C displays the estimated component allocation amount based on growth funds. This is equal to Column B multiplied by \$341.9 million.

Column D displays the FY 2012-13 MHSA annual distribution.

Column E displays the estimated distribution for FY 2017-18. This is equal to the sum of Column C and Column D.

Column F displays the revised allocation percentages. This is equal to Column E divided by the total of Column E.

Minimum Funding for Small Counties

To provide a minimum level of funding for less populous counties, DHCS established a Minimum Component Allocation for each component based on recommendations from CBHDA. The Minimum Component Allocation represented the minimum amount of funding to be made available to each county should the formula described above result in a lower amount. Based on current funding levels, enough funding meets the current minimum requirements listed below.

1. Community Services and Supports: \$250,000 is the minimum amount available to each county with a population of less than 20,000; \$350,000 is the minimum amount available to all other counties.
2. Prevention and Early Intervention: \$100,000 is the minimum amount available to each county.
3. Innovation: No minimum amount. Component Allocations for Innovation were based on the relative share of total Community Services and Supports and

Prevention and Early Intervention Component Allocations provided to each county, in order to be consistent with W&I Section 5892(a)(6), in which funding utilized for innovative work plans is a proportion of CSS and PEI funding.

Tri-City and City of Berkeley

The allocations for the two city-operated programs (Tri-City and the City of Berkeley) were based solely on the percent of estimated statewide population in the area served by each city in 2017.

Allocation Schedule (Enclosure 12)

SCO distributes funding each month to counties based on an allocation schedule. Enclosure 12 displays the FY 2017-18 allocation percentage by county.

If you have any questions regarding the MHSA Allocation Methodology, please contact Donna Ures at (916) 324-0401 or donna.ures@dhcs.ca.gov.

Sincerely,

Original signed by

Karen Baylor, Ph.D., LMFT, Deputy Director
Mental Health & Substance Use Disorder Services

Enclosures (12)