

# REALIGNMENT FUNDING PRESENTATION

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HEALTH & HUMAN SERVICES AGENCY – OCTOBER 2021

# WHY ARE WE HERE?

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- Behavioral Health Budget Shortfall (FY 20/21 Mid-Year Budget)
  - \$1.3m projected...mitigated to \$1m
  - 10% Realignment Transfer Authority (May BOS approved) - \$1.57 million (PH - \$400k + SS - \$1.17m)
- Identified Concerns re FY 21/22
  - \$569k beginning fund balance
  - FY 21/22 Recommended Budget – 2<sup>nd</sup> 10% Transfer Authority (PH - \$459k + SS - \$1.17m)
  - CAO requested
    - long-term plan for all our SBDs
    - 5-year projection
    - plan presented prior to adopted budget

# WHY ARE WE REALLY HERE?

## “REALIGNMENT 101”

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- 1991 and 2011 – “In response to a budget shortfall...”
  - State legislature shifted fiscal & programmatic responsibility from state to counties...”Realignment”
    - 1991: IHSS, Child Welfare, CalWORKS, low-income health care and Mental Health
    - 2011: Substance Abuse Treatment, Adult Protective Services, Foster Care, & Adoptions
  - 1991 - State Constitution (in part) – state provides counties dedicated revenue to pay for their share of costs
- 2011 Realignment - Lessons learned from 1991 Realignment
  - Prop 30 – no cost increases to 2011 realigned programs w/o sufficient funding (1991- no protection)
  - Base Restoration - 2011 realignment first distributes revenue growth to restore any prior-year revenue shortfalls
  - Fund Transfers - 2011 realignment allows for transfers without BOS approval
  - Reserves - 2011 realignment created a reserve account for saving revenues in excess of projections

# INTENDED REALIGNMENT BENEFITS & PRINCIPALS

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- Intended long-term benefits to counties
  - Greater local flexibility for programs & services based on local needs
  - Incentives to encourage counties innovation to achieve greater outcomes
  - With a share of cost, counties have incentive to control program costs (admin)
    - Helps the State as greater outcomes could lead to reduction in costs
- Based on four principles
  - Counties' share of costs reflect their ability to control costs in the program
  - Revenues generally cover costs over time
  - Flexibility to respond to changing needs & requirements
  - Funding is transparent & understandable

# WHAT HAPPENED AFTER REALIGNMENT?

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- Federal rules and legal decisions
  - obligated the state & counties to provide services to anyone who meets eligibility rules for certain realigned programs
  - limits state's and counties' ability to control costs
- Policy decisions
  - ex. IHSS provider wages and federal labor rules
  - increasing caseloads have also made realignment more costly
- State did not increase realignment revenues or decrease counties' share of costs
  - redirected revenues when realignment costs went down (Affordable Care Act) to State



# CALIFORNIA LAO'S OFFICE REPORT (2018)

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- Changes in entitlement programs resulted in counties' share of costs exceeding their ability to control costs
- Realignment revenues may not be sufficient from year-to-year. Programs costs don't decline when revenues decline
- Social Services program costs now exceed realignment revenues
- Costs for health & mental health responsibilities are not in line with realignment revenues
- Despite changes to program requirements, use of revenue remains limited for counties
- Counties do not receive funding based on level of need among their populations for some programs
- Revenue structure is extremely complex, making it difficult to track the flow & use of funds

# STRUCTURAL BUDGET DEFICITS

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- I. Public Health
- II. Social Services
- III. Behavioral Health

# I. PUBLIC HEALTH PROGRAMS FUNDED BY REALIGNMENT

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- Program Administration
- Communicable Disease
- Vital Statistics
- Maternal Child and Adolescent Health (MCAH)
- California Children's Services (CCS)
- Nursing Administration
- Immunization Services
- Child Health Disability and Prevention Program (CHDP)
- Aids Block Grant Activities
- Laboratory Services
- Women, Infants and Children Program (WIC)
- Snap-Ed Get Fresh Nutrition Education
- Oral Health
- Tobacco Use Prevention Programs (TUPP)
- Emergency Preparedness Programs (Administered by the CAO)



# PUBLIC HEALTH REALIGNMENT HISTORY

PH Realignment	FY 17/18	FY 18/19	FY 19/20	FY 20/21	Difference
Revenue	\$4,237,204	\$4,300,995	\$4,199,276	\$4,483,241	6%
Usage	\$3,067,583	\$3,953,437	\$4,001,517	\$4,117,071*	<b>34%</b>
Difference	\$1,169,621	\$347,558	\$197,759	\$366,170	Add to Fund Balance

\* Includes the \$400k transfer to BH during FY 20/21

# PUBLIC HEALTH 5-YEAR PROJECTIONS

	FY 20/21	FY 21/22	FY 22/23	FY 23/24	FY 24/25
Beginning Fund Balance	\$8,465,483	\$8,831,754	\$8,606,448	\$8,308,015	\$7,513,391
Total Revenue	\$14,499,143	\$14,145,543	\$14,620,320	\$14,136,320	\$14,152,320
Total Expenditures	\$14,132,973	\$14,370,850	\$14,918,753	\$14,930,944	\$15,338,689
	10% Transfer	10% Transfer			
Net Rev-Exp	\$366,170	(\$225,307)	(\$298,433)	(\$794,624)	(\$1,186,369)

# STRATEGIES

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- Attained sustainable funding for Community HUBS
- Ceded the MSSP Program to the State
- Received Cares Act, ELC & other COVID-related funding
- Monthly meetings with Fiscal Division to review budget & expenses

# PUBLIC HEALTH WATCH POINTS

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- El Dorado Center
- Continued need for 10% Realignment Transfer Authority for BH & SS if the economy begins to decline
- Continued need for COVID response as vaccine efficacy & spread of COVID variants are monitored
- Regular Public Health program activities on hold for COVID response & could require increased Realignment use
- When ELC Grants end (projected FY 2022-23), staffing allocations that were added could be unfunded
  - State & federal focus to continue increased funding to Public Health, but amounts are not known at this time

## II. SOCIAL SERVICES PROGRAMS FUNDED BY REALIGNMENT

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- IHSS Maintenance of Effort (MOE) – Covers County Share of Cost for IHSS Providers
- Cash Assistance for CalWORKs, Foster Care and Adoptions Placements
- Program Administration for CalWORKs Eligibility, Employment Services and Housing, Child Welfare Programs, Adult Protective Services, IHSS, & Eligibility Determination for Medi-Cal, CalFresh and Foster Care Programs
- Supportive and Preventative Services for Child Welfare - Behavioral Health Services, SUDS, Drug Testing, Counseling, Parenting Classes, etc.
- California Children's Services
- Title IV-E Foster Care Services for Probation



# SOCIAL SERVICES REALIGNMENT HISTORY

SS Realignment	FY 17/18	FY 18/19	FY 19/20	FY 20/21	Difference
Revenue	\$17,266,947	\$18,819,218	\$19,698,174	\$20,786,253	20%
Usage	\$18,012,858	\$17,643,495	\$19,708,764	\$19,126,931*	6%
Difference	(\$745,911)	\$1,175,723	(\$10,590)	\$1,659,322	

\* Includes the \$1.17m transfer to BH during FY 20/21

# SOCIAL SERVICES 5-YEAR PROJECTIONS

	<b>FY 20/21</b>	<b>FY 21/22</b>	<b>FY 22/23</b>	<b>FY 23/24</b>	<b>FY 24/25</b>
Beginning Fund Balance	\$3,425,520	\$5,084,842	\$4,002,011	\$2,890,883	\$1,250,511
Total Revenue	\$58,633,282	\$59,667,815	\$61,786,918	\$62,759,747	\$63,756,898
Total Expenditures	\$56,973,960	\$60,750,646	\$62,898,046	\$64,400,119	\$65,936,163
	10% Transfer	10% Transfer			
Net Rev-Exp	\$1,659,322	(\$1,082,831)	(\$1,111,128)	(\$1,640,372)	(\$2,179,265)

# STRATEGIES

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- Social Services legislatively receives caseload growth for Realignment funded costs
  - Two years after the cost increase occurs + only if the economy is healthy & Realignment collections are sufficient enough to first meet base.
    - \$1.8m during FY 21/22
- In FY 19/20 CWS staff implemented a Family Preservation policy
  - Focus on reducing foster care placements by keeping families in tact with services for family
  - Results: less foster care placements & \$1m reduction to expenses each year
- Monthly meetings with Fiscal Division to review budget & expenses

# SOCIAL SERVICES MAJOR CHALLENGES

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- IHSS MOE cost has caught up with redirected Realignment revenues
  - Subject to annual 4% inflation factor regardless of Realignment growth
- Cost of underfunded mandated services is rising
  - Extended Foster Care - \$1.4m annually
- California's minimum wage increases = fewer FC cases eligible for federal reimbursement
  - Foster Care Assistance Program & Children's Program Administration use more Realignment
- Special needs foster care placement - \$50K per month (FY 2021-22)

### III. BEHAVIORAL HEALTH PROGRAMS FUNDED BY REALIGNMENT

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- Adult Placements in Institutes of Mental Disease (IMD)
- Psychiatric Health Facility (PHF)
- Substance Use Disorder Treatment (SUDS)
- Traditional Adult Behavioral Health Programs
- Children's Traditional Contracted Behavioral Health Programs



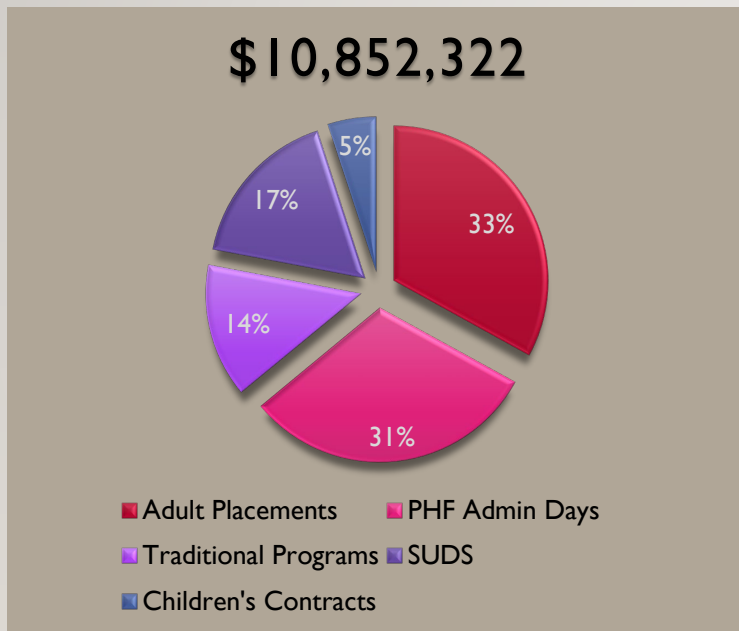
# BEHAVIORAL HEALTH REALIGNMENT HISTORY

BH Realignment	FY 17/18	FY 18/19	FY 19/20	FY 20/21	Difference
Revenue	\$7,021,878	\$7,217,207	\$7,314,484	\$6,581,481*	<b>(6%)</b>
Usage	\$7,551,065	\$7,859,965	\$8,499,782	\$10,852,322	<b>44%</b>
Difference	<b>(\$529,187)</b>	<b>(\$642,758)</b>	<b>(\$1,185,298)</b>	<b>(\$4,270,841)</b>	

\* Includes one-time loss of \$400k SABG funding

# FY 20/21 BEHAVIORAL HEALTH REALIGNMENT

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- \$3.6m Adult Placements
- \$3.4m Psychiatric Health Facility (PHF - Admin Days)
- \$1.9m Substance Use Disorder Treatment (SUDS)
- \$1.5m Traditional Programs
- \$509k Children's Contracted Services

# CHILDREN'S CONTRACTS HISTORY

	<b>FY 18/19</b>	<b>FY 19/20</b>	<b>FY 20/21</b>	<b>Difference</b>
Total Costs	\$1,963,211	\$1,178,788	\$1,270,545	(35%)
Other Revenue	\$1,265,330	\$629,562	\$761,136	(40%)
Realignment	\$697,881	\$549,226	\$509,409	(27%)

# TRADITIONAL PROGRAMS (MANDATED)

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- **Outpatient Services** - screening & assessments, referrals, medical evaluation, co-occurring assessment & treatment groups, individual, group, family and case management services
- **Quality Assurance & Utilization Review** - monitoring the Mental Health Plan effectiveness, oversight & review of clinics, organizations, & clinicians providing services to our consumers & evaluating the medical necessity and appropriateness of proposed care
- **Psychiatric Emergency Services** – provides the public with 24/7 access to crisis staff, completes crisis assessments, ERs at Marshall & Barton

# TRADITIONAL PROGRAM HISTORY

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	<b>FY 18/19</b>	<b>FY 19/20</b>	<b>FY 20/21</b>	<b>Difference</b>
Total Costs	\$3,025,419	\$2,651,675	\$2,642,291	(13%)
Other Revenue	\$1,303,589	\$1,121,212	\$1,142,038	(12%)
Realignment	\$1,721,830	\$1,530,463	\$1,500,253	(13%)



# SUBSTANCE USE DISORDER TREATMENT (SUDS) HISTORY

	FY 18/19	FY 19/20	FY 20/21	Difference
Total Costs	\$3,396,679	\$4,146,425	\$4,906,808	44%
Other Revenue	\$2,103,305	\$2,641,912	\$3,026,884*	44%
Realignment	\$1,293,374	\$1,504,513	\$1,879,924**	45%

\*One-time loss of \$400k SABG funding

\*\*Increase of \$400k in realignment to cover SABG loss

## ADULT PLACEMENTS (IMD) HISTORY

	FY 18/19	FY 19/20	FY 20/21	Difference
Total Costs	\$2,858,520	\$3,169,166	\$3,768,497	32%
Other Revenue	\$116,779	\$164,323	\$201,691	\$85k (min)
Realignment	\$2,741,741	\$3,044,843	\$3,566,806	30%

## PHF (ADMIN DAYS) HISTORY

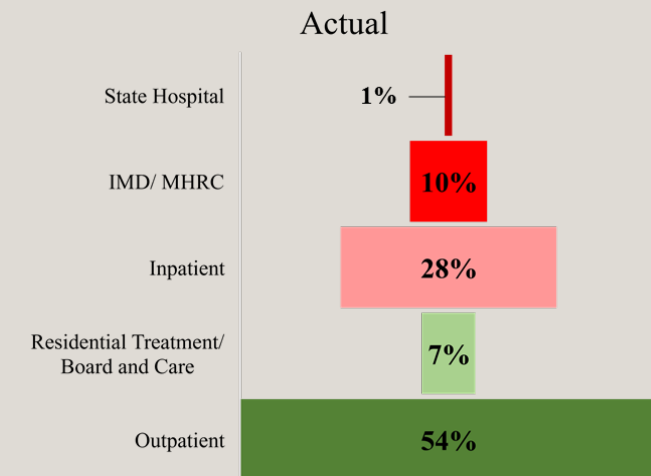
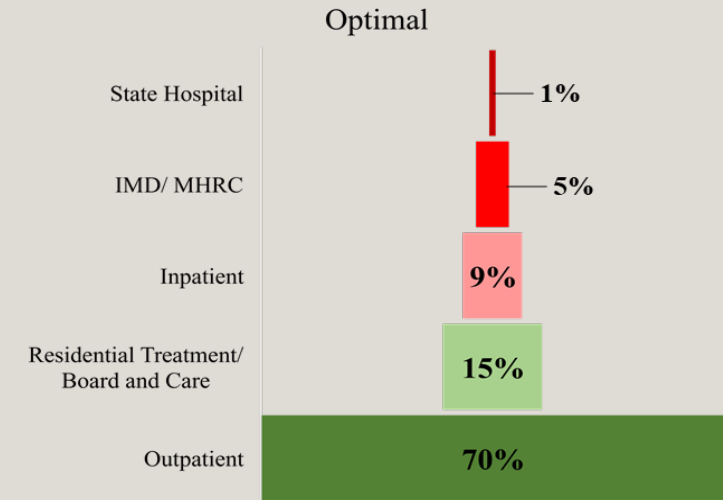
	FFY 18/19	FY 19/20	FY 20/21	Difference
Total Costs	\$4,714,234	\$4,621,571	\$4,845,662	3%
Other Revenue	\$2,503,160	\$2,035,861	\$1,449,732	<b>(42%)</b>
Realignment	\$2,211,074	\$2,585,710	\$3,395,930	<b>54%</b>

# BEHAVIORAL HEALTH 5-YEAR PROJECTIONS

	FY 20/21	FY 21/22	FY 22/23	FY 23/24	FY 24/25
Beginning Fund Balance	\$1,240,439	\$569,170	\$648,183	(\$1,842,489)	(\$4,336,166)
Total Revenue	\$16,868,763	\$18,042,110	\$15,691,087	\$16,042,630	\$16,387,166
Total Expenditures	\$17,540,032	\$17,963,097	\$18,181,759	\$18,536,307	\$18,897,604
	10% Transfer	10% Transfer			
Net Rev-Exp	(\$671,269)	\$79,013	(\$2,490,672)	(\$2,493,677)	(\$2,510,438)

# MAJOR CONSIDERATIONS

- 64% of \$10.8m - Adult Placements & PHF (Admin Days)
  - (IDEA) - too many in Crisis – Optimal – 15% vs EDC - 39%
  - (IDEA) - # of Conservatees – Nevada County (6) vs EDC (30)
  - (IDEA) – mandated services...must build lower levels of care
- Delicate Balance...IDEA Assessment & Recommendations
- 36% of \$10.8m – SUDS, Traditional Programs & Children's Services
  - \$1.9m SUDS (contracted service providers & BH staff)
  - \$1.5m Traditional Programs (BH staff)
  - \$509k Children's Services (contracted service providers)





# SYSTEMS OF CARE COMPARISON

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## OPTIMAL BH SYSTEM OF CARE

State Hospitals

Psychiatric Health Facility (PHF)

Acute Inpatient Facilities – IMD's/MHRC's

Inpatient Crisis Residential Facilities

\*Crisis Respite Facilities

\*Adult Residential Facilities (ARF)

Board & Care Facilities

Transitional Housing

Robust Outpatient System

## EL DORADO COUNTY SYSTEM

State Hospitals

Psychiatric Health Facility (PHF)

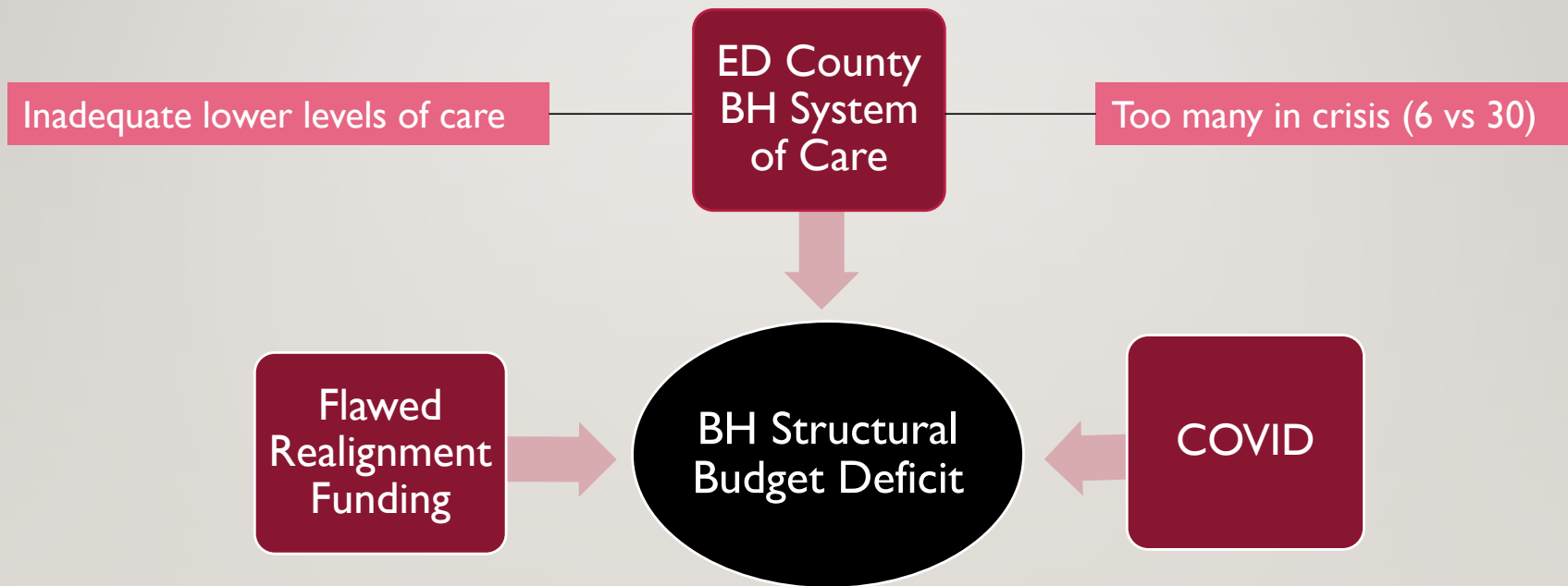
Acute Inpatient Facilities – IMD's/MHRC's

\*Adult Residential Facilities (6 beds)

Transitional Housing - 4

# THE PROBLEM WE ARE SOLVING FOR

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# THE PLAN FOR BEHAVIORAL HEALTH

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- Three Options or Combinations
  - Reduce Service Levels (mandated programs)
  - Mitigation Strategies
  - Increase Funding to BH
    - Medi-Cal Reimbursement
    - General Fund
    - ARPA Funding
    - Other

# OPTION I - REDUCTION IN SERVICE LEVELS

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- \$3.6m Adult Placements - mandated & unable to reduce
- \$509k Children's Contracted Services – mandated & unable to reduce
- \$1.9m SUDS (DMC-ODS) - mandated or not???
- \$1.5m Traditional Programs – mandated programs but NOT service level
- \$3.4m PHF (Admin Days) – NOT mandated

# \$1.9M SUDS - MANDATED OR NOT???

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- SUDS mandated but not DMC-ODS?
- June 2019 opted into Drug Medi-Cal Organized Delivery System (DMC-ODS)
- Program offering California counties the opportunity to expand access to high-quality care for Medi-Cal enrollees with substance use disorders (SUD).
- Goal - to demonstrate how organized SUD care improves beneficiary health outcomes, while decreasing system-wide health care costs.
- On State Plan prior to June 2019



# ADVANTAGES OF DMC-ODS

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- Improve access to quality care by:
  - Expanding local networks of high quality providers through selective provider contracting
  - Requiring the use of evidence-based practices in SUD treatment
  - Increasing coordination with other systems of care, including physical and mental health
  - Increasing local control and accountability with greater administrative oversight
  - Creating quality assurance and utilization controls to promote efficient and effective use of resources

# DMC-ODS & CAL-AIM

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- CalAIM coming in 2022...”whole person services”
- DHCS may not allow El Dorado County to opt out
  - Working to move remaining counties towards DMC-ODS
- State plan = lower Medi-Cal reimbursement rate
  - Would likely cost more in realignment
- DMC-ODS technically costing \$200k/yr more than state plan

# \$1.5M TRADITIONAL PROGRAMS

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- Mandated Services...not level of service
- Outpatient Services...(IDEA)...need to build up over time
- Quality Assurance & Utilization Review...(IDEA)....need greater focus
- Psychiatric Emergency Services
  - Provides the public with 24/7 access to crisis staff
  - Complete crisis assessments
  - Emergency Departments at Marshall & Barton

## \$3.4M PHF (ADMIN DAYS) - NOT MANDATED

<b>FY</b>	<b>Total Cost of PHF</b>	<b>% Medi-Cal Reimb</b>	<b>% Realignment</b>
18/19	\$4,714,234	53%	47%
19/20	\$4,621,571	44%	56%
20/21	\$4,845,662	30%	70%

<b>Calendar Year</b>	<b>% of PHF Admin Days</b>
2018	10.6%
2019	21.9%
2020	45.8% (COVID)
2021 (Aug extrapolated)	37.2%

## OPTION 2 - MITIGATION STRATEGIES

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- 10% Transfer Budgeted for FY 21/22
- SUDS Program
  - Deleted 5 SUDS positions
  - (IDEA) - Switched from a Health Educator Coordinator to a MH Clinician in SLT
  - (IDEA) - Increased outreach in SLT – resulted in increased services monthly since Jan '21
  - Doubled Medi-Cal billing – (16% Jan '21 to 31% July '21)
  - (IDEA) - Identified ways to increase DMC & Medi-Cal funding for Access activities
- Organizational Structure
  - (IDEA) - Moving a Program Coordinator position to MHSA to create dedicated QA Team
  - (IDEA) - Joined Crisis Team, & Access Team under a Program Manager



# OPTION 2 - MITIGATION STRATEGIES

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- Children's Contracted Services
  - FY 21/22 shift funding in 4 youth service contracts to maximize MHSA funding
  - (IDEA) - QA staff review of children's cases for appropriate level of care (IDEA)
  - (IDEA) - QA staff monitor youth service providers for appropriate MHSA funding use
- PHF (Admin Days) & Adult Placements
  - (IDEA) - Bi-weekly case reviews of LPS conservatees
  - (IDEA) - BH finalizing an RFP for an Adult Residential Facility (ARF)

## OPTION 3 - INCREASE FUNDING TO BH (BUILD LOWER LEVELS OF CARE)

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- (IDEA) - Pursue State grant to create Crisis Residential Treatment Center (Old JH)
  - 75% State match
  - Up to 90 days Medi-Cal reimbursement
  - Ideal for conservatees (Nevada County – 3 vs ED County – 30)
  - Builds lower level of care
  - Reduces Adult IMD Placement costs
  - Decreases PHF Admin Days
- (IDEA) - Actively manage flow of clients from PHF to CRT & IMD's

## OPTION 3 - INCREASE FUNDING TO BH (BUILD LOWER LEVELS OF CARE)

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- (IDEA) - Respite care facility (community member donation)?
- ARPA “Bridge” Funding
  - COVID impacts to residents / reduced placement options
  - PHF (Admin Days) bridge funding
  - Adult Placement bridge funding
- What is it for?
  - (IDEA) - Purchase/lease sites for lower levels of care
  - (IDEA) - Crisis Residential Facility, Transitional Housing, and Board and Cares/Temp Housing
- Benefits: meets any unanticipated needs of the community, one-time opportunity to build lower levels of care while reducing likelihood of additional 10% transfers