



EL DORADO COUNTY MENTAL HEALTH DEPAR
Treatment Works, People Recover
El tratamiento es efectivo, las personas se recuperan

John Bachman, PhD
Director

Submitted by John Bachman
 at Board Hearing of 9-17-08
Budget Hearing.

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STAFF REPORT

TO: Members of the El Dorado County Board of Supervisors

CC: Gayle Erbe-Hamlin, CAO; Joe Harn, Auditor-Controller

FROM: John Bachman, PhD, Mental Health Department Director

DATE: September 17, 2008

SUBJECT: **Analysis of FY2007-08 Budget Performance, FY 2008-09 Budget Addendum and Additional Budget Related Issues**

The following staff report analyzes the Mental Health Department's FY2007-08 budget performance, presents its proposed FY2008-09 budget addendum and discusses related budgetary items including the Placerville Behavioral Health Court and mandated mental health services provided to special education children and in the juvenile detention facilities.

Analysis of FY2007-08 Budget Performance

At the end of FY2006-07, there was a positive \$1.31M balance in the "traditional" (i.e., non-MHSA) Mental Health Special Revenue Fund. At the end of FY2007-08, the Department had a negative fund balance of <\$1.39M>. The major cause of the Department's FY2007-08 fund balance depletion is the overestimation of revenues. In FY2007-08, the Department's actual revenue was 84% of the Board approved estimated revenue. Actual expenditures were 101% of the Board's approved appropriations.

FY2007-08 Revenues-

Table 1 summarizes the discrepancy between the Department's projected FY2007-08 revenues and those actually received by the Department.

Table 1: Summary of FY 2007-08 Budgeted and Actual Revenues

| Revenue Source | Budgeted FY 07/08 Revenues | Actual FY 07/08 Revenues | Difference Between Actual and Budget | FY 08/09 Budget |
|--------------------------------|----------------------------|--------------------------|--------------------------------------|----------------------|
| FY 07/08 Medi-Cal/EPSDT | \$ 5,700,000 | \$ 4,138,000 | \$ (1,562,000) | \$ 5,594,000 |
| Utilization Review/MAA | \$ 460,000 | \$ - | \$ (460,000) | \$ 400,000 |
| Interest Earned | \$ 85,000 | \$ (129,000) | \$ (214,000) | \$ - |
| Insurance/Private Payers | \$ 181,000 | \$ 35,000 | \$ (146,000) | \$ 180,000 |
| Realignment | \$ 3,830,348 | \$ 3,745,348 | \$ (85,000) | \$ 3,812,000 |
| Realignment Fund Balance Usage | \$ 927,652 | \$ 927,652 | \$ - | \$ - |
| MHSA Revenues | \$ 3,652,000 | \$ 3,775,972 | \$ 123,972 | \$ 5,074,000 |
| Other Revenues | \$ 3,912,000 | \$ 4,208,028 | \$ 296,028 | \$ 3,837,425 |
| Totals | \$ 18,748,000 | \$ 16,701,000 | \$ (2,047,000) | \$ 18,897,425 |

The most significant shortfall in FY2007-08 was MediCal/EPSDT revenue. Table 2, below, shows how the FY2007-08 MediCal/EPSDT revenue budget was calculated.

Table 2: FY 2007-08 MediCal/EPSDT Revenue Calculation

| Description | Estimated Amount Billed to MediCal | Estimated FFP Revenue (50%) of Total Amount | Estimated EPSDT Revenue (Estimated as 29% of FFP) | Estimated MediCal Admin Revenue (15% of FFP) | Estimated Revenue |
|--|------------------------------------|---|---|--|-------------------|
| FY 2006-07 Estimated Year-End MediCal Billings | \$ 5,000,000 | \$ 2,500,000 | \$ 725,000 | \$ 375,000 | \$ 3,600,000 |
| Add: 20% for Increased Provisional Rates | \$ 1,000,000 | \$ 500,000 | \$ 145,000 | \$ 75,000 | \$ 720,000 |
| Add: 15% for Increased Staff Productivity | \$ 900,000 | \$ 450,000 | \$ 130,500 | \$ 67,500 | \$ 648,000 |
| Add: Billings for New Clinical Staff | \$ 750,000 | \$ 375,000 | \$ 108,750 | \$ 56,250 | \$ 540,000 |
| Add: Billings for Unbundling Day Rehab - No Associated EPSDT | \$ 350,000 | \$ 175,000 | \$ - | \$ 26,250 | \$ 201,250 |
| Estimated Totals | \$ 8,000,000 | \$ 4,000,000 | \$ 1,109,250 | \$ 600,000 | \$ 5,709,250 |
| Budgeted Amount | | \$ 4,000,000 | \$ 1,100,000 | \$ 600,000 | \$ 5,700,000 |

Although the Department did enact the provisional rate increase, it did not realize the additional revenues associated with increased staff productivity, additional billings for new staff and additional billings due to the unbundling of the day rehab program. This was due to 1) difficulties encountered recruiting and retaining psychiatric and clinical staff (about a \$250K loss); 2) inadequate staff training that resulted in failure to properly document "unbundled" day rehabilitation services within required MediCal standards (about a \$150K loss); 3) failure to increase clinician productivity due to the type of services delivered (about a \$250K loss; see recommendation #4 below); and 4) difficulties collecting MediCal revenue (about a \$912K loss). The latter category includes \$350K uncollected for February and March 2007 and \$562K in EPSDT and other underpayments. Activities to collect these funds continue aggressively.

Other factors that influenced overall FY2007-08 revenue projections included:

- \$360K was budgeted for Utilization Review revenue and \$100K was budgeted for MAA revenue; but the Department did not submit these claims in FY2007-08 due to inadequate claims data from the new billing system; (however, both the FY2007-08 and the current fiscal year's claims will be submitted in FY2008-09); the absence of these claims produced a negative \$460K shift between budgeted and actual receipts
- Department budgeted \$85K in earned interest and wound up paying the County \$129K for a <\$214K> swing
- \$181K in private insurance payments was budgeted; due to the billing system conversion, insurance claims were delayed which resulted in the Department only receiving \$35K for a <\$146K> loss
- Department budgeted \$4.758M in realignment usage and received \$4.673M for a <\$85K> shortfall (due to decrease in State sales tax)

Expenditures-

- \$197K over budget in Intrafund transfers/abatements
- \$130K over budget in other charges, mostly IMD costs and phone upgrades made during moves
- \$15K over budget in services and supplies
- \$81K under budget in salaries
- \$28K under budget in fixed assets

Expenditures were \$233K above Board approved appropriations (1% over)

Overall, the difference between budgeted and actual revenue and expenditure amounts in FY2007-08 resulted in \$2.706M fund balance usage.

Several factors enter into this miscalculation and include human error, inadequate data analysis tools and a lengthy billing software conversion. Revenue forecasts calculated in the third quarter were based on minimal billing data because the software conversion delayed MediCal claims submissions and payments for seven months into the fiscal year. There simply were insufficient data from which to make revenue (and cost) projections and corresponding adjustments.

The restoration of the Department's fund balance begins with the FY2008-09 Budget.

FY2008-09 Budget Addendum

The Mental Health Department herewith submits an addendum to its FY2008-09 budget that 1) adjusts revenues and appropriations based on prior year actuals, 2) eliminates MIOCR grant funding and 3) reflects cost reductions and revenue generation resulting from six specific recommendations.

The following tables summarize the balanced FY2008-09 budget approved by the Board in June 2008; the changes between the approved FY 2008-09 budget and the addendum; and the FY2008-09 budget addendum. A narrative explanation follows the tables.

Table 3: FY2008-09 Budget Approved by the Board in June 2008

| Program | PHF | PES | Community MH Services | AB 3632 | MHSA Programs | Admin | Totals |
|-----------------------------------|--------------|------------|--------------------------|-------------|------------------|--------------|--------------|
| Total Expenses | \$ 1,838,871 | \$ 473,217 | \$7,966,484 | \$1,378,730 | \$ 5,456,196 | \$ 2,483,073 | \$19,596,571 |
| MediCal/EPSDT | \$ 510,187 | \$ 130,000 | \$3,740,810 | \$ 482,555 | \$ 366,522 | \$ 1,008,744 | \$ 6,238,818 |
| MHSA | \$ - | \$ - | \$ 285,037 | \$ - | \$ 4,924,061 | \$ - | \$ 5,209,098 |
| Grants | \$ - | \$ - | \$ 789,144 | \$ - | \$ - | \$ - | \$ 789,144 |
| State Allocations | \$ 426,731 | \$ - | \$ 379,319 | \$ 289,338 | \$ - | \$ - | \$ 1,095,388 |
| Private Payers | \$ 772,000 | \$ 75,000 | \$ 225,000 | | \$ - | \$ 10,000 | \$ 1,082,000 |
| Misc Revenues | \$ 5,000 | \$ - | \$ 118,729 | | \$ 165,613 | \$ 76,710 | \$ 366,052 |
| Realignment | \$ 124,953 | \$ 268,217 | \$1,484,281 | \$ 606,837 | \$ - | \$ 1,387,619 | \$ 3,871,907 |
| One-time Revenues | | | \$ 944,164 | | | | \$ 944,164 |
| Total Revenues | \$ 1,838,871 | \$ 473,217 | \$7,966,484 | \$1,378,730 | \$ 5,456,196 | \$ 2,483,073 | \$19,596,571 |
| Effect on Fund Balance | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |

Table 4: Changes Between the Approved FY 2008-09 Budget and the Addendum

| Program | PHF | PES | Community MH Services | AB 3632 | MHSA Programs | Admin | Totals |
|-----------------------------------|-------------|-------------|--------------------------|---------|------------------|--------------|----------------|
| Total Expenses | \$ 25,631 | \$ (16,747) | \$ (1,099,592) | \$ - | \$ 114,887 | \$ (51,590) | \$ (1,027,411) |
| MediCal/EPSDT | \$ (15,390) | \$ (3,800) | \$ (892,276) | \$ - | \$ (62,670) | \$ 729,343 | \$ (244,793) |
| MHSA | \$ - | \$ - | \$ (285,037) | \$ - | \$ 150,056 | \$ - | \$ (134,981) |
| Grants | \$ - | \$ - | \$ (444,279) | \$ - | \$ 27,501 | \$ - | \$ (416,778) |
| State Allocations | \$ (7,068) | \$ - | \$ 27,469 | \$ - | \$ - | \$ - | \$ 20,401 |
| Private Payers | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Misc Revenues | \$ - | \$ - | \$ 105,915 | \$ - | \$ - | \$ 31,090 | \$ 137,005 |
| Realignment | \$ 48,089 | \$ (12,947) | \$ 388,616 | \$ - | \$ - | \$ (483,758) | \$ (60,000) |
| One-time Revenues | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Total Revenues | \$ 25,631 | \$ (16,747) | \$ (1,099,592) | \$ - | \$ 114,887 | \$ 276,675 | \$ (699,146) |
| Effect on Fund Balance | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 328,265 | \$ 328,265 |

Table 5: FY2008-09 Budget Addendum

| Program | PHF | PES | Community MH Services | AB 3632 | MHSA Programs | Admin | Totals |
|-----------------------------------|--------------|------------|--------------------------|--------------|------------------|--------------|--------------|
| Total Expenses | \$ 1,864,502 | \$ 456,470 | \$ 6,866,892 | \$ 1,378,730 | \$ 5,571,083 | \$ 2,431,483 | \$18,569,160 |
| MediCal/EPSDT | \$ 494,797 | \$ 126,200 | \$ 2,848,534 | \$ 482,555 | \$ 303,852 | \$ 1,738,087 | \$ 5,994,025 |
| MHSA | \$ - | \$ - | \$ - | \$ - | \$ 5,074,117 | \$ - | \$ 5,074,117 |
| Grants | \$ - | \$ - | \$ 344,865 | \$ - | \$ 27,501 | \$ - | \$ 372,366 |
| State Allocations | \$ 419,663 | \$ - | \$ 406,788 | \$ 289,338 | \$ - | \$ - | \$ 1,115,789 |
| Private Payers | \$ 772,000 | \$ 75,000 | \$ 225,000 | | \$ - | \$ 10,000 | \$ 1,082,000 |
| Misc Revenues | \$ 5,000 | \$ - | \$ 224,644 | | \$ 165,613 | \$ 107,800 | \$ 503,057 |
| Realignment | \$ 173,042 | \$ 255,270 | \$ 1,872,897 | \$ 606,837 | \$ - | \$ 903,861 | \$ 3,811,907 |
| One-time Revenues | | | \$ 944,164 | | | | \$ 944,164 |
| Total Revenues | \$ 1,864,502 | \$ 456,470 | \$ 6,866,892 | \$ 1,378,730 | \$ 5,571,083 | \$ 2,759,748 | \$18,897,425 |
| Effect on Fund Balance | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 328,265 | \$ 328,265 |

Table 6 shows the derivation of the FY2008-09 MediCal/EPSDT budgeted revenue.

Table 6: FY 2008-09 MediCal/EPSDT Revenue Calculation

| Description | Estimated Amount Billed to MediCal | Estimated FFP Revenue (50% of Total Amount) | Estimated EPSDT Revenue (Estimated as 24.5% of FFP) | Estimated MediCal Admin Revenue (15% of FFP) | Estimated Revenue |
|--|------------------------------------|---|---|--|---------------------|
| FY 2007-08 Estimated Year-End MediCal Billings | \$ 6,734,282 | \$ 3,367,141 | \$ 824,950 | \$ 505,071 | \$ 4,697,162 |
| Add: 2% for Increased Provisional Rates | \$ 78,846 | \$ 39,423 | \$ 9,659 | \$ 5,913 | \$ 54,995 |
| Add: Billings for Clinical Staff Hired in Late FY 07-08 | \$ 922,650 | \$ 461,325 | \$ 113,025 | \$ 69,199 | \$ 643,548 |
| Less: 8% Denial/Disallowance Rate | \$ (630,862) | \$ (315,431) | \$ (77,281) | \$ (47,315) | \$ (440,026) |
| Add: 10% for Increased Staff Productivity | \$ 460,072 | \$ 230,036 | \$ 56,359 | \$ 34,506 | \$ 320,901 |
| Add: Additional M/C for Clients at the New CRF - No Associated EPSDT Revenue | \$ 114,000 | \$ 57,000 | \$ - | \$ 8,550 | \$ 65,550 |
| Add: Additional M/C Billings Due to Shifting of Adult Services From Uninsured Clients to M/C Clients - No Associated EPSDT Revenue | \$ 441,054 | \$ 220,527 | \$ - | \$ 33,079 | \$ 253,606 |
| Estimated Totals | \$ 8,120,042 | \$ 4,060,021 | \$ 926,711 | \$ 609,004 | \$ 5,595,736 |
| Budgeted Amount | | \$ 4,060,021 | \$ 925,000 | \$ 609,004 | \$ 5,594,025 |

The FY2008-09 budget approved by the Board in June 2008 (Table 3) includes the recommendations approved by the Board of Supervisors on May 20, 2008. They were 1) reductions in the costs of long-term institutional care, 2) reductions in the costs of providing services to uninsured individuals, 3) reductions in the costs associated with PHF staffing and 4) construction of a crisis residential facility to reduce net losses at the PHF.

The proposed FY2008-09 budget addendum (Table 5) reflects cost reductions and revenue generation resulting from recommendations that include 1) deletion of personnel allocations, 2) reductions in overtime pay, offsite training and overnight travel, 3) more efficient management of service utilization, 4) increased clinician productivity, 5) amending the Department's MHSA plan to transform the current system of care and 6) compensation for mandated services to special education children.

The Department notes the use of \$944,164 "one-time" revenues in the addended FY2008-09 budget. These funds derive from an anticipated FY2006-07 cost report settlement, an anticipated FY2007-08 UR charge and from the final of three EPSDT deficiency payments. Without these "one-time" revenues, the FY2008-09 budget would be short by roughly \$616,000. However, the FY2009-10 budget will reflect a full-year of savings of roughly \$632,000 (\$450K from May's actions; \$157K from salaries; \$25K from OT/training) and will eliminate dependency on one-time revenues. Nevertheless, the Department suggests including recommendation 6 below.

Recommendation 1: Deletion of Personnel Allocations

The Department recommends that the Board of Supervisors approve the deletion of 11.65 FTE personnel allocations, as shown below. With the exceptions noted, all of these positions are funded but vacant. This action will result in FY2008-09 savings of \$621,536 and future year's savings of \$778,613.

2.00 FTE Manager of Mental Health Programs (1 is filled until January 2009)
1.00 FTE Program Manager
1.00 FTE Mental Health Program Coordinator
1.50 FTE Psychiatric Technician
5.75 FTE Mental Health Clinician
0.20 FTE Sr. Medical Office Assistant (unfunded)
0.20 FTE Medical Office Assistant (unfunded)

A legitimate concern that emerges from this position deletion recommendation involves the possibility of lost revenue. The four deleted management-level allocations are non-revenue generating positions. Potential revenue generated from the deleted clinician allocations will be compensated for through increased clinician productivity (# 4 below) and retention of new cases in-house rather than referring them out to vendors.

Recommendation 2: Reductions in Overtime Pay, Offsite Training and Overnight Travel

With the exception of overtime related to crisis response capability and PHF staffing, the Department has suspended these costs as of September 1st. Estimated FY2008-09 savings is \$64,919 and \$90,212 in future years. Continuing education for clinicians is necessary for their licensure as well as for the quality of care delivered by the Department. The MHSA-WET plan includes funding for an online e-learning component through which all Department staff will be able to access accredited continuing education classes. This will allow licensure renewal requirements to be obtained at no cost to staff clinicians and will offset any potential loss from eliminating training opportunities. The budget addendum reflects these reductions.

Recommendation 3: Manage Service Utilization More Efficiently

As the contracted "mental health plan" for El Dorado County, the Department assumes the responsibility and is compensated for managing the mental healthcare provided to eligible MediCal beneficiaries. It is critical to authorize services only for "medically necessary" reasons and to monitor treatment outcomes closely to avoid providing unneeded and unreimbursed care. The Department continues to implement assessment and outcomes measurement and utilization review procedures to control service consumption. It is difficult to assign a dollar value to these attempts, but it is imperative to better align clinical care with business practices to assure maximum cost-effectiveness of services. The Department will closely monitor the fiscal impact of these actions.

Recommendation 4: Increase and Monitor Clinician Productivity

The FY2008-09 budget addendum assumes a 10% clinician billing productivity increase over the prior fiscal year. The Department has implemented the following ways and means to accomplish the goal:

- Clinician Productivity Expectations
 - Establish a target of 80% time devoted to providing billable services
 - Set clear guidelines and deadlines for daily billing and documentation
 - Train clinical and administrative staff on the correct use of billing codes
- Productivity Monitoring
 - Program coordinators reconcile billing sheets and time cards daily
 - Program coordinators review billing activity weekly and provide feedback to staff
 - Program managers review billing activity reports monthly

As indicated above, one reason for failing to increase clinician productivity in FY2007-08 involved the type of services delivered. Providing traditional, one-on-one, 50-minute psychotherapy to severely mentally ill individuals is very labor-intensive and limits clinicians' available time to provide and bill for other services. Nor does it produce the most favorable outcomes for this population. In conjunction with recommendation #5, clinicians will broaden the scope of services delivered and reimbursed and, hence, achieve increased productivity.

Recommendation 5: Amend the Department's MHSA Plan

MHSA funding is intended to transform ...

- a severely under-funded public mental health system that is increasingly unable to keep up with the rising costs of specialty mental healthcare
- by reorganizing service delivery away from treating psychopathology to building resilience

MHSA does not allow funds to be used for...

- previously funded programs (prior to 11/04)
- involuntary services ("5150" hospitalizations, IMDs)
- activities outside of an approved MHSA program, plan and contract with the State

MHSA does promote strategies that integrate MHSA funding into the existing System of Care by allowing...

- amendments to MHSA plans
- counties to expand existing programs to serve current and new clients who were previously underserved or un-served

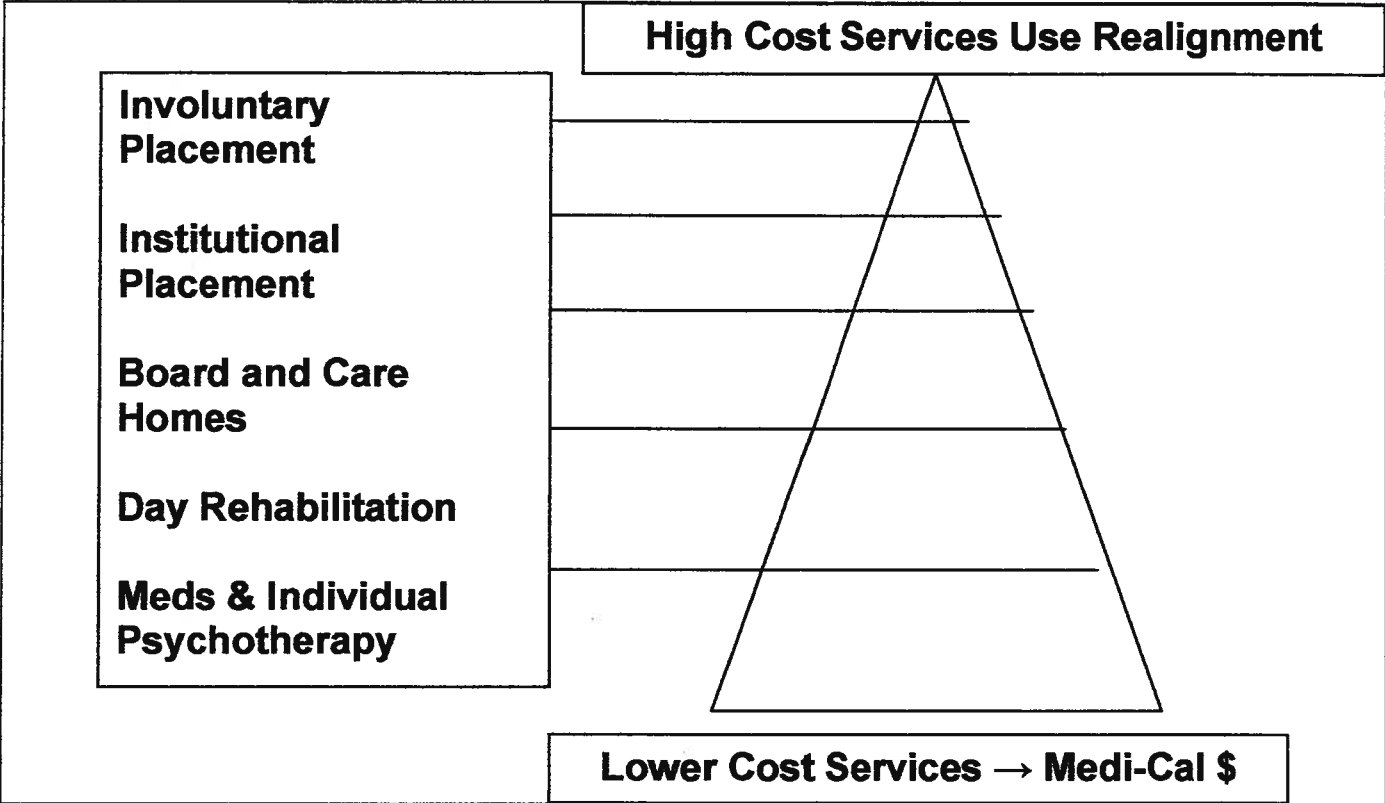
Therefore, the Department recommends strategically and appropriately amending its current plan to use MHSA funds to transform the existing system of care into one that

- facilitates a mentally ill individual's recovery of positive relationships, social functioning and hope
- prevents mental illness through early intervention programs
- promotes the community's mental health by strengthening assets and resilience

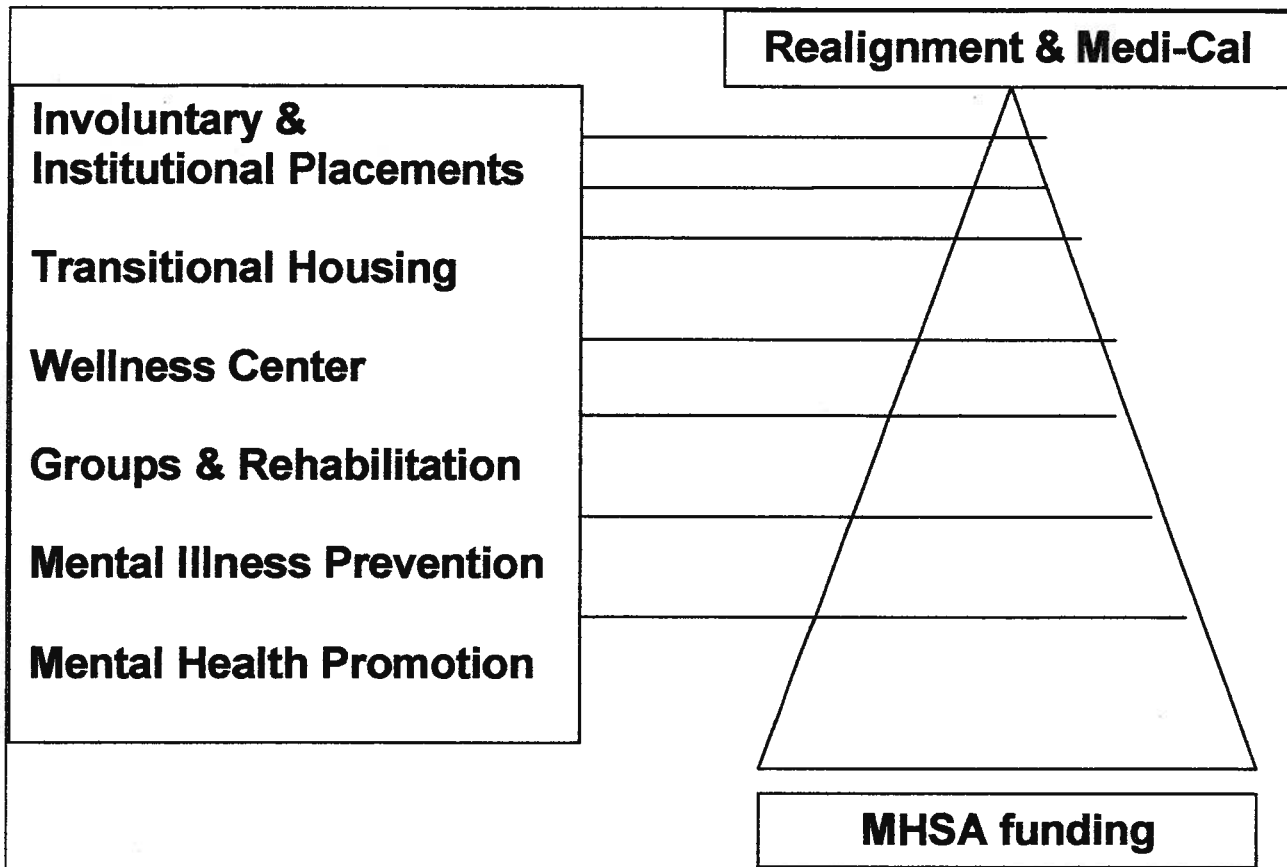
How does transformation work fiscally?

- Programmatic costs are shifted from funding predominantly labor-intensive, expensive placements and interventions to funding predominantly community-based, cost-effective services that reduce the need for acute inpatient and long-term institutional care
- Staffing costs are shifted from traditional mental health programs that rely on MediCal and realignment funding to MHSA programs by (re)assigning staff to provide outreach and engagement services or to serve MHSA full service partners
- Managed care practices use screening tools to provide the appropriate levels of care which result in cost-effective use of resources and quality outcomes
- Business practices establish guidelines for the appropriate use of MHSA dollars and the related criteria for obtaining MediCal revenue

What does the System of Care look like BEFORE TRANSFORMATION?



What does the System of Care look like AFTER TRANSFORMATION?



Recommendation 6: Compensation for Mandated Services to Children

- In 1975, the U.S. Congress passed the Individuals with Disabilities Education Act (IDEA) to assure that “all children with disabilities have available to them a free, appropriate public education that emphasizes special education and related services designed to meet their unique educational needs...”. “ Related services” include occupational and physical therapy, mental health services and residential placement
- Every student who receives special education has an individualized education plan (IEP) agreed to by parents, teachers, school administrators and other members of the IEP team. The IEP spells out which services the child needs
- In 1984, the California Legislature enacted AB 3632, which assigned responsibility to state agencies and counties for meeting the goals of an IEP. Basically, this legislation assigned schools the responsibility to educate, the state Department of Mental Health the responsibility to provide mental health services and the state Department of Social Services the responsibility of providing out-of-home care
- In the State’s FY2002-03 budget, all categorical funding for AB 3632 services was eliminated, and counties were told that they would be reimbursed for their additional costs through the SB 90 state mandate reimbursement process. (Passed in 1972, SB 90 requires the state to reimburse local governments for the costs of new programs or increased levels of service mandated by the state.) However, the FY2002-03 State budget also suspended SB 90 mandate reimbursements for local governments. As a result, after July 1, 2002, California counties did not receive any funding to pay for AB 3632 services until May 2004

Table 7 summarizes the costs and revenues for AB 3632 services provided by the Mental Health Department and the unreimbursed SB 90 claim amounts.

Table 7: AB 3632 Program Costs, Offsetting Revenues and SB 90 Claims

| | Actual Claims | | | | | Estimated Claims | |
|-------------------------------|---------------|------------|------------|-------------|-------------|------------------|-------------|
| | 2002-03 | 2003-04 | 2004-05 | 2005-06 | 2006-07 | 2007-08 | 2008-09 |
| Total Program Costs | \$ 938,366 | \$ 949,956 | \$ 817,989 | \$1,138,832 | \$1,175,388 | \$1,351,696 | \$1,378,730 |
| Total Offsetting Revenues* | \$ 405,321 | \$ 423,786 | \$ 364,893 | \$ 552,553 | \$ 812,903 | \$ 556,432 | \$ 771,893 |
| Net Cost (SB 90 Claim Amount) | \$ 533,045 | \$ 526,170 | \$ 453,096 | \$ 586,279 | \$ 362,485 | \$ 795,264 | \$ 606,837 |
| *Offsetting Revenues | | | | | | | |
| MediCal and EPSDT | \$ 405,321 | \$ 344,196 | \$ 286,505 | \$ 474,215 | \$ 416,731 | \$ 473,094 | \$ 482,555 |
| IDEA Allocation | | \$ 79,590 | \$ 78,388 | \$ 78,338 | \$ 78,338 | \$ 78,338 | \$ 78,338 |
| AB 3632 Allocation | | | | | \$ 317,834 | \$ 5,000 | \$ 211,000 |
| Total Offsetting Revenues | \$ 405,321 | \$ 423,786 | \$ 364,893 | \$ 552,553 | \$ 812,903 | \$ 556,432 | \$ 771,893 |

In FY2006-07, the State Department of Mental Health established the AB 3632 allocation to help counties more quickly offset their cost of providing mandated mental health services to AB3632-eligible children. The allocation is advanced to counties on a monthly basis, whereas the SB 90 claim reimbursements are not paid by the State for a year or more after the end of the prior fiscal year. The AB 3632 allocation amount for a county is approximately 60% of that county’s prior year SB 90 claim amount. The remaining un-reimbursed cost of providing these services is claimed via the SB 90 process. The FY2007-08 AB 3632 allocation is so low compared to FY2006-07 and FY2008-09 because only the small Seriously Emotionally Disturbed Pupils: Out of State Mental Health Services claim was filed before the State Department of Mental Health calculated the FY2007-08 AB 3632 allocation amounts for each county. Since counties ultimately receive full reimbursement through the SB 90 claiming process, the State was unwilling to adjust the AB 3632 allocation once the larger Handicapped and Disabled Students claim was filed.

Since FY2004-05, the County has received \$1,163,962 in SB 90 payments for Handicapped and Disabled Students and for Seriously Emotionally Disturbed Pupils: Out of State Mental Health Services. Although the Mental Health Department provided the mandated AB 3632 services and received the offsetting revenues shown in Table 7, to date no SB 90 payments have been transferred to the Department's special revenue fund.

The Department recommends that the Board of Supervisors 1) acknowledge the Department for providing mandated mental health services to special education students and 2) recognize the associated unreimbursed costs. Going forward, the Department recommends the Board provide an annual general fund contribution equal to the most recent actual SB 90 claim amount. By so doing, realignment usage is minimized for these mandated costs and restoration of the Department's Special Revenue Fund balance is accelerated.

Additional Budget Related Issues:

(1) Placerville Behavioral Health Court-

The Mentally Ill Offender Crime Reduction (MIOCR) grant's term is scheduled to end on September 30, 2008, which allows the program to continue fully-funded only through the first quarter of FY2008-09. However, in conversations with the heads of the participating County agencies, a unanimous consensus emerged to continue the Behavioral Health Court (BHC) in Placerville, despite the loss of MIOCR funding. The Probation Department will not be able to fund a dedicated Probation Officer, but will continue to participate by assigning BHC clients to a probation officer's regular caseload. The Mental Health Department will continue providing services to a decreased number of clients (specifically, from 20 down to 10) funded through the approved MHSA BHC plan. Some BHC clients are homeless and can be enrolled concurrently in the Prospect Place program. In this way, the Mental Health Department will be able to continue providing limited housing support, as resources permit, to some of these clients.

The MIOCR grant-funded services began in January 2007, after the MHSA was enacted in November 2004. Thus, use of MHSA monies to fund the Placerville BHC is not supplanting pre-existing funds utilized to provide mental health services.

The BHC in Placerville is budgeted at \$133K for FY2008-09. Of this amount, \$132K is budgeted to fund staff who had been working with the MIOCR clients in FY2007-08. See Table 8 below.

Table 8: Funding for the Placerville Behavioral Health Court

| Revenue | Program | | | Total |
|------------------------------|---------------------|----------------------|----------------------|----------------------|
| | MIOCR | BHC-West | Prospect Place | |
| MIOCR | \$ 98,789.46 | \$ - | \$ - | \$ 98,789.46 |
| M/C | \$ - | \$ 31,675.00 | \$ 72,896.00 | \$ 104,571.00 |
| MHSA | \$ - | \$ 101,575.00 | \$ 655,091.00 | \$ 756,666.00 |
| Miscellaneous* | \$ - | \$ - | \$ 15,000.00 | \$ 15,000.00 |
| Total Revenue | \$ 98,789.46 | \$ 133,250.00 | \$ 742,987.00 | \$ 975,026.46 |
| Expenses | | | | |
| Salary & Benefits | \$ 12,000.00 | \$ 132,250.00 | \$ 421,058.00 | \$ 565,308.00 |
| Services & Supplies | \$ 48,792.46 | \$ - | \$ 234,747.00 | \$ 283,539.46 |
| Interfund Transfers | \$ 37,997.00 | \$ 1,000.00 | \$ 87,182.00 | \$ 126,179.00 |
| Total Expenses | \$ 98,789.46 | \$ 133,250.00 | \$ 742,987.00 | \$ 975,026.46 |
| Revenue Less Expenses | \$ - | \$ - | \$ - | \$ - |

*Client Reimbursements

(2) Mental Health Services in Juvenile Halls-

Title 15, sec 1437 mandates that mental health services are provided to wards in juvenile halls. The Department's unfunded cost to deliver these services is \$220,000 per year with 2.0 FTEs. The \$35,000 annual allocation from the Probation Department is eliminated for FY2008-09. In analyzing the current need for mental health services at the SLT Juvenile Treatment Center, the Chief Probation Officer and the Mental Health Director concur that these services can be delivered in compliance with mandated service levels by a half-time mental health clinician. The Department therefore recommends that, as per the agreement with Probation, it continue providing services at both juvenile facilities, but reduce staffing to 1.5 FTEs. If and when circumstances require additional service levels, the Departments will return to the Board with additional recommendations.