



# County of Los Angeles CHIEF EXECUTIVE OFFICE

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July 28, 2010

To: Supervisor Gloria Molina, Chair  
Supervisor Mark Ridley-Thomas  
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Supervisor Don Knabe  
Supervisor Michael D. Antonovich

From: William T Fujioka  
Chief Executive Officer

## SACRAMENTO UPDATE

This memorandum contains a pursuit of County position on legislation to expedite and streamline the allocation of mental health services and Mental Health Services Act funds to counties.

### Pursuit of County Position on Legislation

**SB 1392 (Steinberg)**, which as amended on June 17, 2010, would expedite and streamline the allocation of mental health services and Mental Health Services Act funds to counties.

Current law requires counties to provide specialty mental health services for Medi-Cal recipients. Costs for these services are funded at a rate of 50 percent State and 50 percent Federal. State funding is allocated to counties in 12 monthly installments with five percent withheld until the end of the fiscal year. Counties are required to submit a claim to the California Department of Mental Health (CDMH) certifying that the county incurred expenditures eligible for Federal reimbursement. If the enactment of the State Budget is delayed beyond the start of the fiscal year, Federal reimbursements for Medi-Cal managed mental health care are suspended until the State Budget is signed by the Governor. In recent years, this delay has resulted in significant cash flow shortages to counties. SB 1392 would establish the Specialty Mental Health Federal Trust Fund which would provide counties with a continuous appropriation of Federal

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funds for Medi-Cal managed mental health services without regard to fiscal year or timely enactment of the State Budget. The bill also would provide 100 percent of the State funding allocation for these mental health services.

In November 2004, voters approved Proposition 63, the Mental Health Services Act (MHSA), which imposed a one percent State income tax surcharge on persons with incomes exceeding \$1 million per year. Proceeds from the income tax are deposited into the Mental Health Services Fund and allocated to counties for mental health services programs. Currently, CDMH allocates 75 percent of MHSA funds upon approval of the county's MSHA Plan. The remaining 25 percent is held until the county submits revenue and expenditure reports documenting how MHSA funds were spent. SB 1392 would eliminate the 75/25 formula and appropriate 100 percent of the funds on a continuous monthly basis upon approval of the county's MHSA Plan.

The Department of Mental Health Services indicates that the State's ongoing budget crisis and the current funding allocation processes have resulted in significant payment delays to the County. SB 1392 would provide timely reimbursement for mental health services and strengthen the County's cash flow.

The Department of Mental Health Services and this office support SB 1392. Therefore, consistent with existing Board policy to support proposals to adequately fund county-operated Medi-Cal managed mental health care and funding formulae, which ensure equitable allocation of State funding, **the Sacramento advocates will support SB 1392.**

SB 1392 is supported by the California Council of Community Mental Health Agencies, California Mental Health Directors Association, California State Association of Counties, Sacramento County Board of Supervisors, San Bernardino County Board of Supervisors, and the Urban Counties Caucus. There is no opposition on file.

SB 1392 is awaiting a hearing in the Assembly Appropriations Committee.

We will continue to keep you advised.

WTF:RA  
MR:VE:sb

c: All Department Heads  
Legislative Strategist