

RECOMMENDED BUDGET

The Health and Human Services Agency (HHS) Behavioral Health Division budget is recommended at \$67,385,720, which is a decrease of \$13,083,979 (16.3%) when compared to the FY 2023-24 Adopted Budget. The General Fund provides \$16,510 for the Department's Maintenance of Effort (MOE) as directed by the State Department of Health Care Services.

Traditional Behavioral Health Programs

The Recommended Budget for the Traditional Behavioral Health Programs is \$19,656,961, which is a decrease of \$17,878,944 (48%) when compared to the FY 2023-24 Adopted Budget. The decrease can be attributed to projected decreases in overall Realignment Fund Balance available from FY 2023-24 for use in FY 2024-25, due to slowing revenue growth and use of Realignment in FY 2023-24, and due to an accounting change where funding is not transferred from the Realignment Special Revenue Fund until the expense is incurred, and the majority of Realignment Fund Balance is budgeted as Contingency in the Realignment Special Revenue Fund.

The FY 2024-25 Recommended Budget includes the 10% transfer of 1991 Realignment revenue from Public Health and 2011 Social Services revenue into Behavioral Health. This transfer adds up to an additional \$1,042,438 in revenue into Traditional Behavioral Health Programs. As improvements to the Behavioral Health continuum of care are implemented, it is anticipated that this comprehensive system of care will reduce the structural deficits in Realignment funding for Behavioral Health and the 10% transfer will not be needed in future years.

The Traditional programs are primarily funded by federal revenues, Realignment/state revenues, and charges for services to other counties and private payers.

Mental Health Services Act (MHSA) Program

The Recommended Budget for the MHSA Program is \$37,705,414, which is an increase of \$4,064,567 (12%) when compared to the FY 2023-24 Adopted Budget. The increase in the budget is primarily due to increases in Medi-Cal revenue in the program to fund MHSA activities, which include a new Wellness Center and contracted Crisis Residential Treatment Facility.

The FY 2024-25 Recommended Budget will use \$3,749,361 of fund balance for MHSA programming, representing 49.6% of the total MHSA fund balance. This will leave \$3,806,646 of fund balance by the end of the year. The MHSA Plan was presented to the Board in April and will be brought to the Board for approval in June after the budget hearing. Staff continue to determine how the passing of Proposition 1 and the change of MHSA to Behavioral Health Services Act will impact El Dorado County Programs. The Recommended Budget reflects MHSA spending guidelines and plans.

Substance Use Disorder Services (SUDS) Programs

The Recommended Budget for Substance Use Disorder Programs, including Opioid Settlement funding is \$10,023,345, which is an increase of \$730,398 (7.8%) when compared to the FY 2023-24 Adopted Budget. The increase is primarily due to Opioid Settlement Funding and increased Medi-Cal funding for Substance Use Disorder Programming.

SUDS Programs are funded primarily by federal and state revenue and Realignment funds.

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DEPARTMENT BUDGET SUMMARY

Description	FY 2022-23 Actual	Current Year Adopted	CAO Recommended	Difference from Adopted
Fines & Penalties	1,789,794	42,500	1,142,500	1,100,000
Rev Use Money/Prop	299,298	55,510	175,930	120,420
IG Rev - State	8,872,750	19,582,981	18,960,702	(622,279)
IG Rev - Federal	11,768,599	21,759,632	25,626,636	3,867,004
Service Charges	762,976	480,600	473,200	(7,400)
Miscellaneous Rev	386,804	133,705	90,000	(43,705)
Other Fin Sources	11,249,514	22,870,123	11,769,379	(11,100,744)
Fund Balance	0	15,544,648	9,147,373	(6,397,275)
Total Revenue	35,129,736	80,469,699	67,385,720	(13,083,979)
Salaries & Benefits	11,318,166	14,856,259	16,732,724	1,876,465
Services & Supplies	1,708,040	12,804,691	11,353,270	(1,451,421)
Other Charges	23,842,160	34,515,189	35,178,247	663,058
Fixed Assets	0	923,920	40,000	(883,920)
Other Fin Uses	40,281	135,000	424,833	289,833
Intrafund Transfers	5,255,786	5,991,514	6,312,764	321,250
Intrafund Abatement	(5,255,786)	(5,991,514)	(6,762,764)	(771,250)
Contingency	0	17,234,640	4,106,646	(13,127,994)
Total Appropriations	36,908,647	80,469,699	67,385,720	(13,083,979)
FUND 1110 MENTAL HEALTH TOTAL	1,778,912	0	0	0

MAJOR BUDGET CHANGES

Revenues

Fines & Penalties

\$1,100,000 Increase in Opioid Settlement Funding, which in the prior year was budgeted as State revenue.

Use of Money/Property

\$120,420 Increase in Interest Revenue to align budget with projected revenue.

State Intergovernmental

(\$600,000) Decrease in State Opioid Settlement revenue which is now budgeted as Opioid Settlement Court Fine revenue in Fines & Penalties.

(\$22,279) Decrease in State Revenue across multiple programs to align budget with projected revenue.

Federal Intergovernmental

\$3,867,004 Increase in Federal Revenue primarily due to the addition of 8.0 FTE program staff that will provide billable Medi-Cal services, and the alignment of the budget to actual experience claiming under the new CalAIM rules and rates.

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Services Charges

(\$7,400) Decrease in Mental Health Service Charges to align budget with projected revenue.

Miscellaneous Revenue

(\$43,705) Decrease in Miscellaneous Revenue primarily due to cost report settlement reimbursement revenue that was included in the FY 2023-24 Budget and not continued into FY 2024-25.

Other Financing Sources

(\$9,576,381) Decrease in Operating Transfers In of 1991 & 2011 Realignment Revenue primarily due decreased Realignment Fund Balance available for use in FY 2024-25 and a change in accounting practice where the majority of Realignment Fund Balance is budgeted as Contingency in the Realignment Special Revenue Fund not the Mental Health Fund.

(\$1,524,363) Decrease in Operating Transfers In primarily due to American Rescue Plan Act support for pandemic impacts to the Behavioral Health system of care that are not continuing into FY 2024-25.

Fund Balance

(\$6,560,064) Decrease in Realignment Fund Balance in fund balance primarily due to the accounting change mentioned above where Realignment funding is left in the Realignment Fund and transferred to the Mental Health Fund only when expended.

\$559,483 Increase in estimated fund balance available at the beginning of the year in the MHSA subfund.

(\$396,694) Decrease in estimated fund balance available at the beginning of the year from Opioid Settlement funding.

Appropriations

Salaries and Benefits

\$5,134 Increase in Salaries and Benefit costs due to the addition of 0.1 FTE Medical Records Technician allocation to bring a current allocation to 1.0 FTE.

(\$87,763) Decrease in Salaries and Benefit costs due to the deletion of a limited term Mental Health Worker allocation that was funded with General Fund for fire recovery activities.

\$1,480,226 Increase due to FY 2023-24 Board-approved additions of 5.0 FTE Administrative Analyst allocations, 1.0 FTE Fiscal Technician allocation, 3.0 FTE Mental Health Clinician allocations, and 5.0 FTE Mental Health Worker allocations.

\$363,243 Increase in Salaries and Benefits expenses primarily due to Health Insurance cost increases, employee step increases, and changes to benefit elections.

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\$191,135 Increase in CalPERS employer's contribution due to an increase to the County's unfunded accrued liability payment.

(\$146,175) Decrease in Retiree Health Program charges due to a rate holiday to conserve General Fund costs.

\$70,665 Increase in Workers' Compensation premium charge.

Services and Supplies

\$480,705 Increase in Professional Services related primarily to the implementation of the Nature Therapy for Youth MHSA Project.

(\$1,434,511) Decrease in Special Projects and expenses primarily due to an updated plan for the implementation of an Adult Crisis Residential Treatment Facility as part of the Behavioral Health Continuum Infrastructure Program Grant.

(\$767,138) Decrease in Prior Year Revenue Refund for a Mental Health Cost Report Settlements and State Audits that was included in FY 2023-24 Budget and not needed in FY 2024-25.

\$110,000 Increase in Other Government Agencies expenses for the CalMHSA Behavioral Health Workforce Program.

\$159,523 Increase in Services and Supplies due to adjustments in multiple objects to align with actual costs.

Other Charges

\$382,000 Increase in projected Institute for Mental Disease expenses to align budget with projected costs.

(\$243,749) Decrease in Health and Ancillary Services to align contract spending with estimated MHSA Fund Balance availability.

\$563,000 Increase in Housing due to the implementation of the Behavioral Health Bridge Housing grant

(38,193) Decrease in Interfund Transfers primarily due to an A-87 cost reduction of \$114,617 and increase to the HHSA Administration and Finance Indirect Cost Rate and Executive Staff Cost Allocation charges that recover the appropriate share of those costs from the programs, which is decreasing for the Traditional Programs.

Fixed Assets

\$40,000 Increase in Fixed Assets for kitchen equipment and improvements to the Psychiatric Health Facility.

(\$923,920) Decrease in Fixed Assets as vehicles for the Crisis Care Mobile Unit included in the FY 2023-24 Adopted Budget are not included in the Recommended Budget.

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Other Financial Uses

\$289,833 Increase in Operating Transfers Out due primarily to the allocation of Opioid Settlement funding to the Sheriff's Office and Probation.

Intrafund Transfers

\$321,250 Increase in Intrafund Transfers across the Behavioral Health programs primarily to recover Behavioral Health administration costs across the various programs.

Intrafund Abatements

(\$771,250) Increase in Intrafund Abatements, shown as a negative expense, primarily due to a transfer of funding from Public Health for a Suicide Prevention Program.

Contingency

(\$16,934,640) Decrease in Realignment Contingency due to the accounting change mentioned above where Realignment funding is left in the Realignment Fund and transferred to the Mental Health Fund only when expended.

\$3,806,646 Increase in MHSA Contingency due projected MHSA funding that will be unspent in FY 2024-25 and available for use in future years.

MISSION

The HHS Behavioral Health Division strives to alleviate the impact of mental illness or significant emotional disturbance by providing recovery-oriented, client-centered, culturally competent treatment services in collaboration with clients, families and community partners. The Division seeks to eliminate disparities in service access and to reduce the stigma associated with mental illness while offering the highest quality behavioral health care to improve the community's health and safety, strengthen individuals' resilience, and promote the restoration of healthy families. The Division also provides substance use disorder services to address alcohol and other drug-related issues affecting the community.

PROGRAM SUMMARIES

Traditional Behavioral Health Programs

The Behavioral Health Division's (BHD) traditional programs include mandated and/or core programs that existed prior to the passage of the Mental Health Services Act (MHSA) in November 2004. The County General Fund contribution represents the minimum required General Fund cash match to support mandated services. The majority of services provided are Medi-Cal-eligible services provided to predominantly Medi-Cal-eligible clients. Primary traditional programs in order of relative magnitude include:

Outpatient Mental Health Services for Children

These programs are primarily provided through contracted resources that provide a variety of therapeutic interventions for severely emotionally disturbed children, including assessments, and in consultation with schools, other community partners, and families.

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Outpatient Mental Health Services for Adults

Provides initial mental health assessments for new clients, as well as specialty mental health services for a limited number of severely mentally ill adults who are not enrolled in MHSA-funded programs.

Psychiatric Health Facility (PHF)

El Dorado County contracts with the Telecare Corporation to operate the PHF, which is located in Placerville and is a licensed, 16-bed, 24-hour, acute, non-medical facility providing adult inpatient services for persons requiring intensive psychiatric care, many of whom are involuntarily hospitalized. Although the County of El Dorado's residents receive priority for required admissions, the Department contracts with several other counties to provide their residents with inpatient care on an as-needed, as-available, basis.

Institutional and Residential Care

Involves appropriate placement and care of seriously mentally ill adults and seriously emotionally disturbed children when required based on the level of severity of their illness/disturbance.

Psychiatric Emergency Services (PES)

Ensures 24/7/365 on-call services are provided predominantly at hospitals on both slopes of the County to respond to psychiatric crises, provide referrals for follow-up services, and, when necessary, detain and admit individuals to a psychiatric hospital.

Utilization Review/Quality Improvement

Ensures timely and appropriate access to services and compliance with Federal and State regulations, as well as quality improvement efforts, staff development programs, and clinical program evaluation.

Extra-help staff and overtime are used in support of traditional programs primarily to ensure the availability of after-hours and on-call psychiatric emergency services. Extra-help staff are sometimes used as a more cost-effective way to provide other intermittent mental health services, often when after-hours or weekend work is necessary.

MHSA Programs

In November 2004, California voters passed Proposition 63, known as the Mental Health Services Act (MHSA). The MHSA is funded by a one percent tax on personal income in excess of \$1,000,000 for California residents. The Department's MHSA programs are designed to reduce disparity in service access and to promote mental health wellness and recovery by providing effective mental health interventions and critical supportive services to seriously mentally ill individuals and seriously emotionally disturbed children, often to those client populations that were previously underserved or unserved. MHSA programs are designed to engage clients, and sometimes other supportive individuals, in playing a significant role in formulating client recovery plans. Community participation is also a key element in creating and monitoring our MHSA programs. MHSA funds cannot be used to supplant other funds, including Realignment, for programs that were in existence in 2004 when the Act was passed; however, MHSA funds can be used for the expansion of traditional programs beyond the base 2004 service level.

MHSA is composed of the following five components:

- Community Services and Supports (CSS)
- Workforce Education and Training (WET)
- Prevention and Early Intervention (PEI)
- Innovation
- Capital Facilities and Technological Needs (CFTN)

The Behavioral Health Division currently has approved plans for all components. Funding for each of these components is provided through county allocations from the State. The funding for each component must be expended within a certain period of time or the funding reverts to the State for redistribution to other counties. The CSS, PEI, and Innovations components have a five-year reversion policy and continue to receive allocations on an annual basis; CFTN and WET have a 10-year reversion policy and are operating from fund balances and transfers from CSS, as these components are no longer allocated MHSA funds from the State.

Proposition 1 on the March 2024 ballot, when combined with the recently signed SB 326 and AB 531, form what is known as MHSA Reform. Although the majority of the reform will not be implemented until July 1, 2026, planning for the changes is already taking place within the BHD. Key changes brought on by MHSA Reform include the integration of SUDS, thereby necessitating a name change from MHSA to BHSA, the addition of a new Housing component that will receive 30% of BHSA funds, and the elimination of the Innovation, Workforce Education, and Capital Facilities and Technology Needs components. No changes have been made to the increased responsibilities for County Behavioral Health services, for which MHSA has become a core funding mechanism, which could result insignificant financial shortfalls with no reduction in obligations.

Substance Use Disorder Services (SUDS) Programs

These programs implement strategies designed to address alcohol and other drug-related issues affecting communities, criminal justice, child welfare systems, and schools. Activities include education, raising public awareness of issues, promoting drug-free alternatives for youth and adults, drug-free workplace programs, activities to reunite families, where appropriate, and related services. Also included are drug court activities. Revenues in these programs include State and Federal funding, Local Realignment, miscellaneous revenues, and court fines. The Local realignment is used for Drug Medi-Cal services.

Beginning June 1, 2019, Behavioral Health opted into participating in the Organized Delivery System (ODS) Waiver Program for a more comprehensive substance abuse treatment approach. The waiver is a California pilot program that enables more local control and accountability, provides greater administrative oversight, creates utilization controls to improve care and efficient use of resources, implements evidence-based practices in substance abuse treatment, and coordinates with other systems of care. Participating counties can offer an expanded range of SUDS treatment modalities for Medi-Cal beneficiaries, including a Narcotic Treatment Program, non-perinatal residential substance abuse treatment, withdrawal management, and recovery services.

FUTURE/PENDING ISSUES AND POLICY CONSIDERATIONS

Adult Behavioral Health System of Care Changes

Traditional Behavioral Health program funding continues to present a challenge to the County since the majority of traditional Realignment funds are spent on a relatively small number of out-of-county placements and placements in the Psychiatric Health Facility (PHF). Just a few clients placed at high-cost facilities can have a significant effect on the use of Realignment funds. In addition, with a shortage of

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residential beds available statewide, conserved clients, who no longer meet the medical necessity requirements of acute PHF placement, continue to remain at the PHF until a residential bed in a lower level of care is available. Offsetting Medi-Cal revenue cannot be claimed for the days waiting for an appropriate placement, which further exacerbates this funding issue.

Behavioral Health has received Behavioral Health Continuum Infrastructure Program (BH-CIP) funds for a Crisis Care Mobile Unit (CCMU) and a Crisis Residential Treatment (CRT) facility. The BHD has been able to increase its Realignment fund balance over the past few years with a combination of County ARPA funding, Realignment growth, and the exercising of the 10% transfer authority from both Public Health and Social Services. Nearly all of the ARPA funding has been exhausted, and with the potential of an economic downturn, Realignment funding may decline. This would not only reduce Realignment funds sent directly to the BHD, but reduce, or eliminate the ability to exercise the 10% transfer authority. Staff will continue to monitor revenue and legislation, implement improvements to the system of care, and maximize other revenue sources during the fiscal year.

CalAIM Initiative

CalAIM has had significant impacts on Behavioral Health with CalAIM Medi-Cal payment reform going into effect on July 1, 2023. CalAIM eliminates cost report and settlement requirements and instead implements a county-specific fee-for-services rate. Staff continue to closely monitor revenue and adapt all County processes to the new requirements. The Recommended Budget reflects lessons learned from the first year of CalAIM implementation, but it is anticipated that further budget and contract updates may be needed in FY 2024-25 as the implementation of CalAIM continues.

Community Assistance, Recovery and Empowerment (CARE) Court legislation (SB 1338)

Senate Bill 1338 was signed into law in 2022 and requires all counties to establish CARE Courts no later than December 1, 2024. The aim of CARE Courts is to connect people in crisis with a court-ordered Care Plan for up to 12 months, with the possibility to extend for an additional 12 months. The framework provides individuals with a clinically appropriate, community-based set of services and supports including court-ordered stabilization medications, wellness and recovery supports, and connection to social services and a housing plan. The State provided some planning funds, but it is unlikely that they will provide additional funding for this program as the position of Department of Health Care Services is this program is fully funded through existing Medi-Cal obligations despite the expanded service, reporting, and court related functions. CARE Court will be implemented in FY 2024-25 and estimated costs for the program are included in the Recommended Budget, but these are estimates that may need to be adjusted after the program is implemented.

BUDGET SUMMARY BY PROGRAM

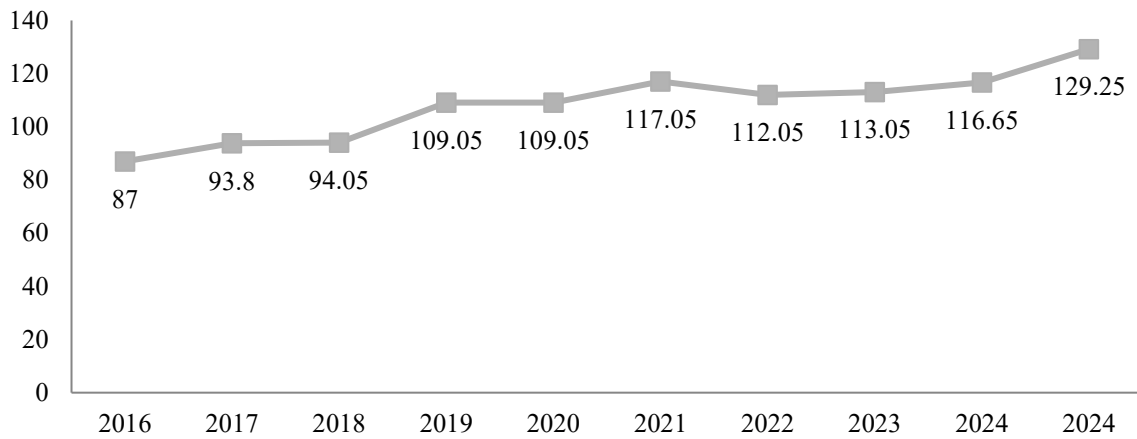
	Appropriations	Revenues	Net County Cost GF Contribution	Staffing
Substance Use Disorders Programs	\$ 10,023,345	\$ 10,023,345	-	21.35
MHSA Programs	\$ 37,705,414	\$ 37,705,414	-	77.69
Traditional Programs	\$ 19,656,961	\$ 19,640,451	\$ 16,510	30.21
TOTAL	\$ 67,385,720	\$ 67,369,210	\$ 16,510	129.25

STAFFING TREND

The staff allocation for FY 2024-25 is recommended at 129.25 FTEs, which is a net increase of 12.6 FTE when compared to the FY 2023-24 Adopted Budget. After the adoption of the FY 2023-24 Budget, the Board approved the addition of 4.0 FTE Administrative Analyst I/II, 1.0 FTE Fiscal Technician, 5.0 FTE Mental Health Worker I/II, 3.0 FTE Mental Health Clinician IA/IB/II, and 0.5 FTE Office Assistant I/II on April 23, 2024 (Legistar #24-0463).

The Recommended Budget includes the deletion of a vacant 1.0 FTE limited-term Mental Health Worker allocation that was added to assist with fire recovery activities. The Recommended Budget also includes the addition of 0.1 FTE Medical Records Technician allocation to bring a current allocation to 1.0 FTE and support the digitization of records in the BHD.

During FY 2023-24, 2.0 FTE vacant Mental Health Clinician IA/IB/II allocations were alternately filled with 2.0 FTE Health Educator allocations due to changing programmatic needs. The Recommended Budget revises the allocation to match the current classification of the allocations.



SOURCES AND USES OF FUNDS

The Behavioral Health Department is funded primarily by MHSAs revenue, which is derived from a one-percent tax on personal income in excess of \$1 million for California residents, state Realignment revenue, and federal Medi-Cal funding to support the Mental Health and Drug Medi-Cal-ODS Waiver program.

The Behavioral Health Fund Balance is budgeted as follows:

Program	FY 2024-25 Est Beginning Fund Balance	Budgeted Fund Balance Use	FY 2024-25 Est Ending Fund Balance
Realignment Funded Programs	\$ 13,496,689	\$ (467,600)	\$ 13,964,289
MHSA Programs	\$ 7,556,007	\$ 3,749,361	\$ 3,806,646
Opioid Settlement	\$ 1,291,366	\$ 1,291,366	\$ -
TOTAL	\$ 22,344,062	\$ 4,573,127	\$ 17,770,935

