Transformation of California's Behavioral Health System

SB 326 and AB 531
Amendment Update

September 2023

DHCS
CALIFORNIA DEPARTMENT OF
HEALTH CARE SERVICES

CalHHS
California Health & Human Services Agency

Presenters

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Legislative Findings

- 1 in 20 adults in California is living with a serious mental illness (SMI).
- 1 in 13 children in California has a serious emotional disturbance (SED) and 30 percent of youth 12 to 24 years of age experience serious psychological distress.
- 1 in 10 Californians meet the criteria for a substance use disorder.
- Veterans have a higher rate of suicide than the general population and experience higher rates of mental illness or substance abuse disorder.
- California's behavioral health care system must serve the state's diversity of people, families, and communities and reduce gaps in access and outcomes for all—including gaps due to geography, age, gender, race, ethnicity, or other factors identified by data.

Legislative Findings

- Recent research from the University of California, San Francisco found that the majority of homeless Californians (82%) reported a period in their life where they experienced a serious mental health condition.
- More than one quarter (27%) had been hospitalized for a mental health condition. Nearly two-thirds (65%) reported having had a period in their life in which they regularly used illicit drugs.
- In 2020, there were over 10,000 Californian veterans experiencing homelessness.
- The limited availability of community-based care facilities to support rehabilitation and recovery contributes to the growing crisis of homelessness and incarceration among those living with a mental health disorder.

Legislative Intent – SB 326

- "The time has come to modernize the MHSA to focus funds where they are most needed: expanding services to include treatment for those with substance use disorders and prioritizing care for those with the most serious mental illness, including the disproportionate number experiencing unsheltered homelessness."
- "Reforms will provide guaranteed, ongoing resources for housing for those needing behavioral health services and continuing support for prevention and early intervention. This includes taking a whole person approach that is streamlined and seamless in service delivery, and supports the individual's recovery and well-being."
- "Reforms will require strict accountability measures to ensure funds are focused on outcomes for all California families and communities and provide transparency for the public, utilizing all available behavioral health fund sources that local governments have at their disposal. Strong oversight will ensure investments."

Legislative Intent – SB 326 (cont.)

- "Reforms will provide funding for a robust behavioral health workforce, including thousands of counselors and psychologists. The state will lead efforts to recruit, train, and create pathways to high-quality jobs that can meet the growing and changing behavioral health care needs of Californians."
- "Reforms will provide ongoing funding to build and sustain the necessary treatment centers and professional workforce to treat people with mental illness to avoid incarceration."
- "Reforms will include bond funding that is intended to build more than 10,000 new treatment beds and supportive housing. Over 100,000 people per year with behavioral health conditions will get treatment, including those experiencing homelessness, veterans, and youth."
- "The bond will dedicate funding for veterans experiencing challenges with mental health or substance abuse and homelessness."
- "Overall, this measure strengthens the continuum of care for all Californians and especially the most vulnerable. It provides substantial state investment, improves statewide accountability."

Vision for Behavioral Health: Whole-Person Prevention & Care for All

- **Services** for those most in need – including serious mental illness and substance use disorders – and continued investments in prevention, early intervention, and innovation
- **Accountability** for all behavioral health funding
- **Care/Treatment Facilities and Housing** including thousands of new treatment beds and supportive housing, as well as outpatient centers, to deliver increased community-based settings
- **Workforce** to meet demand and reflect California's diversity
- **Advance Equity and Reduce** racial, ethnic, age, gender, and other demographic disparities

Update Since August

- In June, the Governor's proposal to redesign California's Behavioral Health System was presented as SB 326 (Eggman) MHSA Modernization and AB 531 (Irwin) Behavioral Health Infrastructure Bond Act of 2023
- Since then, the Administration has received dozens of letters and comments, met with implementation partners, stakeholders and subject matter experts, engaged with the Legislature and the Mental Health Services Oversight and Accountability Commission (MHSOAC).
- We have updated this proposal to reflect feedback received.
- **Today's webinar is solely focused on amendments after August 15th to SB 326 and AB 531(these will be denoted in ORANGE)**

Review of Overall Approach to MHSA Reform

- Broaden the target population to include those with substance use disorders (moderate and severe).
- Update local funding categories for services and supports to meet current needs – namely, care for those with significant needs across the lifespan, including the need for residential care and/or housing.
- Focus on the most vulnerable of all ages, including children and youth.
- Outcomes (both overall and to address disparities), needs analysis, service plans, and fiscal accountability, with updates to county spending and revised county processes, for all county spending (not only MHSA).
- Will require March 2024 Ballot initiative.
- Multi-year implementation starting in 2024.
- Rename to Behavioral Health Services Act.

Three Themes in Amendments: Services

- Outreach and Engagement to Services and Supports to reach key target populations.
- Preserves and enhances the ability to prevent and address emerging behavioral health conditions for all, with a focus on people 25 and younger.
- Provides flexibility for county specific needs across funding buckets within parameters, including the unique needs of small counties. (Now 14% maximum with 7% from any one bucket, on-going).
- Advances equity – Community Defined Evidence Practices.
- Outpatient behavioral health services, either clinic or field based, necessary for the on-going evaluation and stabilization of an enrolled individual.
- On-going engagement services necessary to maintain enrolled individuals in their treatment plan inclusive of clinical and non-clinical services, including services to support maintaining housing.

Three Themes in Amendments: Accountability

An independent Oversight and Accountability Commission (BHSOAC); leveraging its capacity and expertise will help achieve the overarching goals of behavioral health transformation.

- Additional community voices on the Commission, especially from people with lived experience with mental health conditions and substance use disorders, transition age youth, and older and disabled adults.
- Strengthen evaluation and data collection authority, shore up gaps.
  - Integrated plan/annual update aligns with statewide behavioral health goals and outcome measures, including those to reduce identified disparities. Programs and services specified shall include descriptions of efforts to reduce identified disparities.
  - Stratify data will identify behavioral health disparities and consider approaches to eliminate disparities, including, but not limited to, promising practices, models of care, community-defined evidence practices, workforce diversity, and cultural responsiveness in preparing each integrated plan/annual update.
- Requires the State Auditor to issue a report on the progress and effectiveness of BHSA.

Three Themes in Amendments: Key Clarifications and Additions

- Clarifies collaboration with BHSOAC.
- Clarifies counties responsibilities and role in developing policy guidance.
- Establishes a Behavioral Health Services Act Revenue Stability Workgroup.

Services

BHSA Allocations: Local Services Categories

Section 5892

- Housing Interventions – 30%
- Full Services Partnerships (FSP) – 35%
- Behavioral Health Services and Supports (BHSS) –35%
  - Adds “outreach and engagement” as allowable service
  - At least 51% of BHSS shall be used for Early Intervention

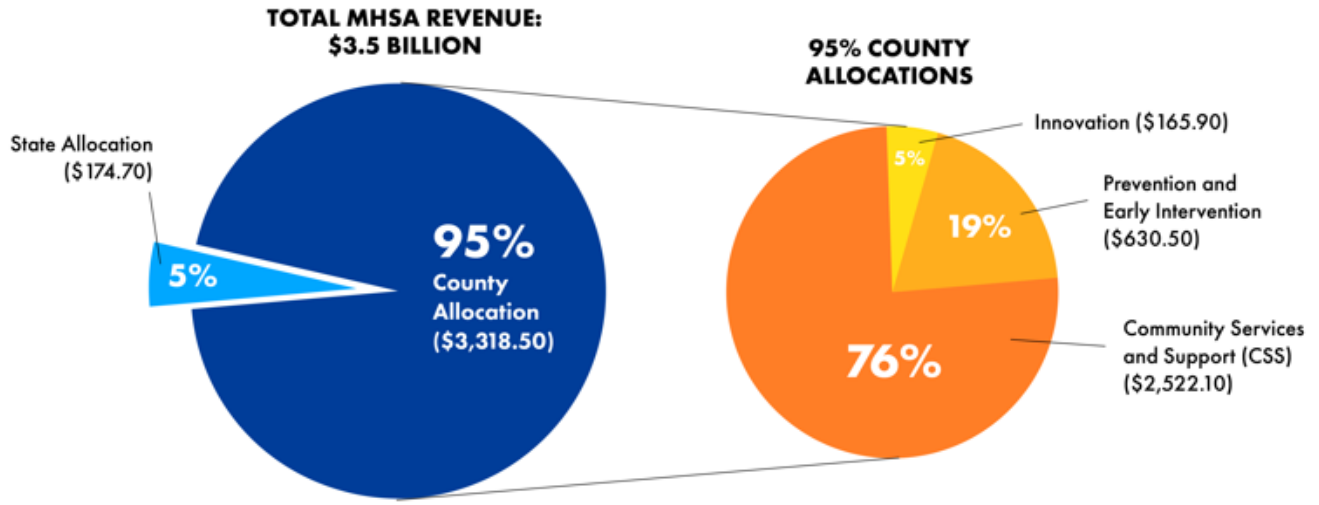
    At least 51% of Early Intervention shall be used to serve individuals who are 25 years of age or younger.

BHSA Allocations: State Directed Funding Amounts

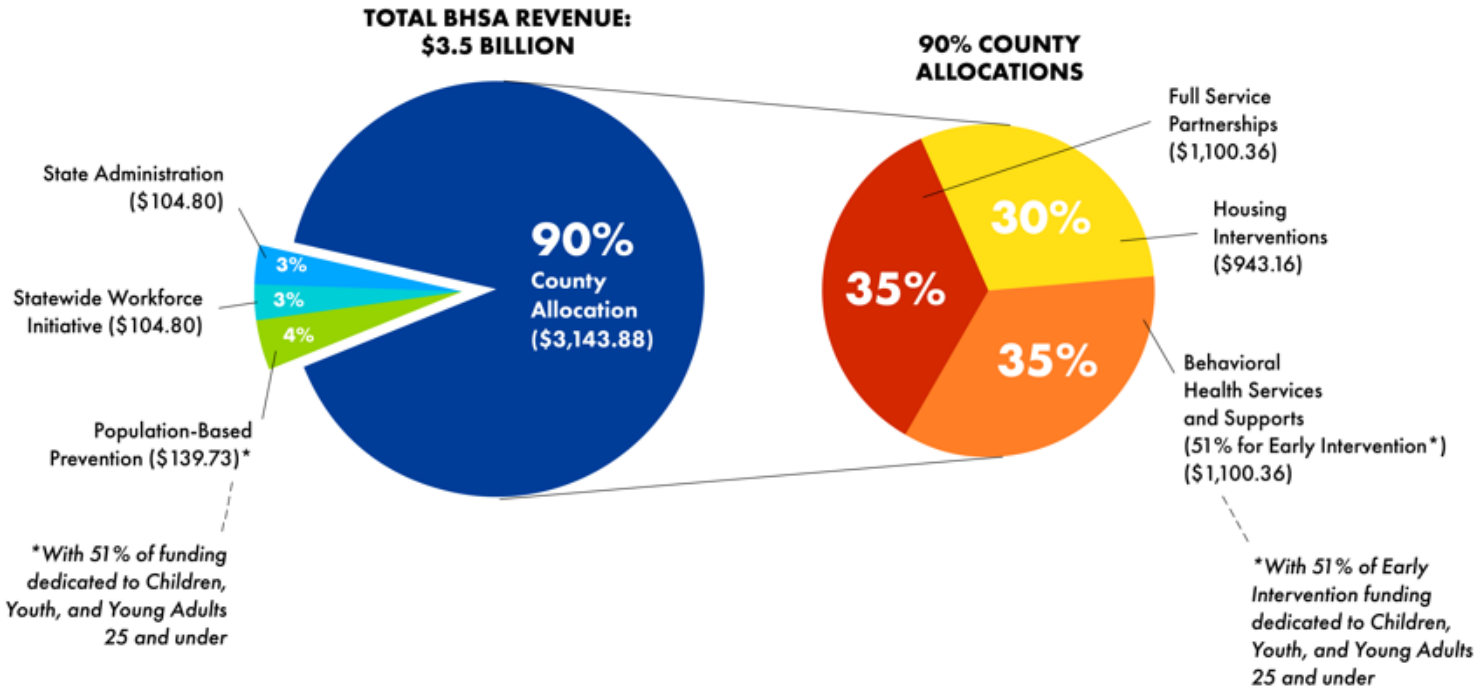
Section 5892

- 10% of Total Funds
  - 4% for Population-Based Prevention (CDPH)
  - 3% for Statewide Workforce (HCAI)
  - 3% for State Administration (reduced from 5%)
    - $20 million annually (FY 2026–27 to 2030–31) for the Behavioral Health Services Act Innovation Partnership Fund (BHSOAC).

Current Allocation:



Proposed Allocation:



Local Service: Full Service Partnerships – 35% ctd

- FSPs shall have an established standard of care with levels based on an individual's acuity and criteria for step-down into the least intensive level of care. DHCS may develop and revise documentation standards for service planning to be consistent with the standards developed. Documentation of the service planning process in the client's clinical record may fulfill the documentation requirements for both the Medi-Cal program and this section.
- Outpatient behavioral health services, either clinic or field based, necessary for the on-going evaluation and stabilization of an enrolled individual.
- On-going engagement services necessary to maintain enrolled individuals in their treatment plan inclusive of clinical and non-clinical services, including services to support maintaining housing.
- Emphasis on employing community-defined evidence practices (CDEP).

Local Service: Full Service Partnerships – 35%

Section 5887

- Individual Placement and Support model of Supported Employment, High-Fidelity Wraparound and provides authority to DHCS to identify other evidence-based services and treatment models.
- Includes assertive field-based initiation for substance use disorder treatment services, including the provision of medications for addiction treatment, as specified by DHCS.
- Language addresses concerns that small/rural counties may not be able to implement to fidelity certain evidence-based practice (EBP) models like Assertive Community Treatment/ Forensic Assertive. Community Treatment.
  - Counties with a population of less than 200,000 may request an exemption from these requirements. Exemption requests shall be subject to approval by DHCS. DHCS shall collaborate with CSAC and CBHDA on reasonable criteria for those requests and a timely and efficient exemption process.
- Supported employment and psychosocial rehabilitation as part of the definition of "supportive services."

Local Service: Housing Interventions – 30%

- **Funding could be used for rental subsidies, operating subsidies (including for BH settings built through the general obligation bond), shared and family housing, capital and non-federal share for transitional rent.**
  - 50% is prioritized for housing interventions for the chronically homeless, with a focus on encampments.
  - Up to 25% may be used for capital development.
  - Allows small county exemption process beginning with 2026-29 planning cycle.
  - Provides flexibility for the remaining counties commencing with the 2032-2035 planning cycle on the 30% requirement based on DHCS criteria for exemptions.
  - DHCS shall work with the California State Association of Counties (CSAC) and the County Behavioral Health Directors Association (CBHDA) on exemption process.
  - Removes the requirement that capital funds be spent in the same fiscal year as allocated; requires the funds to be spent within a reasonable time frame, as specified by DHCS.

Local Service: Housing Interventions– 30% ctd

Section 5830

- Adds clarifying language for housing supports, defined by DHCS, including, but not limited to, the community supports policy guide.
- Clarifies that a county can use BHSA for housing supports for non-Medi-Cal and where plans have not elected to cover housing.
- Housing interventions shall not be limited to persons in Full Service Partnerships or individuals enrolled in Medi-Cal.
- Updates definition of chronically homeless throughout language to say as defined by DHCS.
- Housing interventions shall not discriminate against or deny access to housing for individuals who are using medications for addiction treatment or other authorized medications.
- Housing interventions shall comply with the core components of Housing First, and may include recovery housing, as defined by the federal Department of Housing and Urban Development, and permanent supportive housing as defined in HSC 50675.14 in Section 5831.

Local Service: Behavioral Health Services & Supports –35%

- **BHSS funds Early Intervention, Workforce Education and Training, Capital Facilities and Technology Needs, Innovative Behavioral Health Pilots and Projects, & Prudent Reserve.**
  - Outreach and Engagement Services: activities to reach, identify, and engage individuals and communities in the behavioral health system, including peers and families, and to reduce disparities. Counties may include evidence-based practices and community-defined evidence practices in the provision of activities.
  - 51 percent is required to go to Early Intervention.
    - Directs at least 51% of EI funds to people 25 years and younger.

Changes to Early Intervention (EI)

Section 5840

- Identifies that the biennial list of evidence-based practices and community-defined evidence practices, may include practices identified pursuant to the Children and Youth Behavioral Health Initiative (CYBHI).
- EI programs must emphasize the reduction of:
  - Suicide and self harm, incarceration, school - including early childhood 0-5 age, inclusive, TK-12, and higher education - suspension/expulsion/referrals/failure to complete, unemployment, prolonged suffering, homelessness, removal of children from homes, overdose, and mental illness in children and youth from social, emotional, developmental, and behavioral needs in early childhood.
- Must include outreach to education, including early care and learning and TK-12.
- Shall reduce disparities in behavioral health.
- Shall include mental health and SUD services that meet the cultural and linguistic needs of diverse communities.

Changes to Early Intervention (EI) ctd

- Mental health and SUD services may be provided to:
  - Individual children and youth at high risk for a behavioral health disorder due to experiencing trauma, as evidenced by scoring in the high-risk range under a trauma screening tool such as an adverse childhood experiences (ACEs) screening tool, involvement in the child welfare system or juvenile justice system, or experiencing homelessness.
  - Individual children and youth in populations with identified disparities in behavioral health outcomes.
- DHCS must work with BHSOAC to create priorities for EI funds.
  - Includes outreach and engagement strategies targeting 0-5, out of school youth, and secondary school youth.
- Community-defined evidence practices, in addition to evidence-based practices, must be established and utilized.

Flexibility for Local Services

Section 5892

- A county may transfer funds into the prudent reserve from all 3 categorical buckets - Housing Interventions, Full-Service Partnerships (FSP) and Behavioral Health Services and Supports (BHSS).
- Adds flexibility to allow a county to transfer up to 14% of its total funds between one or more service categories and cannot decrease the allocation for a given service category by more than 7%.
- Funding changes shall be approved by DHCS (must collaborate with CSAC and CBHDA).
  - DHCS shall respond definitively to requests for transfers within 30 days. If DHCS does not respond, a county's request is de facto approved.
  - Funding changes can only be made during the 3-year plan cycle.

State Directed: Population-Based Prevention 4%

Section 5892

- Shifts population-based prevention to state directed administration.
- The California Department of Public Health will be lead in consultation with DHCS and BHSOAC.
- No less than 4% of the BHSA total funds will be dedicated to these efforts
  - 51% must be dedicated to individuals 25 years of age and younger.
- Adds population-based prevention programs may be community led, trauma informed, and include cultural affirming strategies.
- Provides school-based prevention supports and programs may include:
  - School-based health/student health/student wellbeing centers, activities such as group coaching and consultation, school-based programs designed to reduce stigma, student mental health first aid programs designed to identify and prevent suicide or overdose, integrated training and systems of support for teachers and school administrators.
- Population-based prevention programs shall be provided on a schoolwide or classroom basis and may be provided by a community-based organization off campus or on school grounds.
- Early childhood population-based prevention programs for 0-5 shall be provided in a range of settings.

State Directed: Workforce 3%

Section 5892

- CalHHS, in collaboration with HCAI, will implement a behavioral health workforce initiative to expand a culturally-competent and well-trained behavioral health workforce.
- Assist in drawing down an estimated $2.4 billion in federal monies over the next five years through the Medi-Cal BH-CONNECT demonstration project to help build the BH workforce in California.
- A portion of the workforce initiative may focus on providing technical assistance and support to county and contracted providers to maximize the use of peer support specialists.

State Directed: State Administration 3%

- Used to develop statewide outcomes, conduct oversight of county outcomes, train and provide technical assistance, research and evaluate, and administer programs.
- $20 million annually (FY 2026–27 to 2030–31) from the 3 percent state administration funds for the Behavioral Health Services Act Innovation Partnership Fund (BHSOAC).

Accountability for Results

Behavioral Health Planning and Reporting

- New County Integrated Plan for Behavioral Health Services and Outcomes
- Clarifies the relevant data counties must consider includes local data.
- Adds a requirement for counties to describe the system it has in place to facilitate transitions of care between County Mental Health Plans (MHPs) and Medi-Cal Managed Care Plans (MCPs).
- Requires counties to include a budget that includes all funding sources in the Integrated Plan and adds language that expenditures must align with the Integrated Plan.
- Adds language to the expenditure enforcement requirements to account for funding volatility prior to enforcement action if counties' expenditures are off from their 3-year plan by a small percentage.
- Aligns due process with CARE Court and requires funds withheld to remain with the county.

Behavioral Health Planning and Reporting

- Permits a county to provide supports, such as training and technical assistance, to ensure stakeholders have enough information and data to participate in the development of integrated plans and annual updates.
- Establishes an annual County Behavioral Health Outcomes, Accountability, and Transparency Report.
  - **Section 5963.04**:
  - Other data and information, which shall include, but is not limited to, information on spending on children and youth.
  - This shall include data through the lens of health equity to identify racial, ethnic, age, gender, and other demographic disparities and inform disparity reduction efforts. Other data and information may include the number of people who are eligible adults and older adults, as defined in Section 5892, who are incarcerated, experiencing homelessness, inclusive of the availability of housing, the number of eligible children and youth, as defined in Section 5892.
  - The metrics shall be used to identify demographic and geographic disparities in the quality and efficacy of behavioral health services and programs listed in paragraph (1) of subdivision (c) of Section 5963.02.

State Auditor Report

Section 5963.06

» The State Auditor shall issue a comprehensive report on the progress and effectiveness of implementation of BHSA by December 31, 2029 and every 3 years thereafter until 2035.

- Shall be available to the public
- Shall make every effort to provide affected entities with an opportunity to reply to any facts, findings, issues, or conclusions in their reports with which the department may disagree.

State Auditor Report ctd

Report shall include an assessment of:

- Impact of the policy changes of the BHSA on the overall delivery of behavioral health services in California.
- Timeliness and thoroughness of guidance issued and training and technical assistance provided to impacted entities.
- Implementation of the BHSA by each of the primary entities involved in the transition and implementation.
- How counties demonstrate progress towards meeting the statewide behavioral health goals and outcome measures
- Fiscal and programmatic aspects of the BHSA.
- Revised BHSA allocations pursuant, gaps in service, and trends in unmet needs.

State Auditor Report ctd (cont.)

- Degree to which the inclusion of SUD, SUD treatment services, and SUD personnel into the BHSA has impacted the system of behavioral health care and the degree to which inclusion in the BHSA has been initially successful.
- Effectiveness and outcomes achieved through the population-based prevention programs.
- Effectiveness and compliance by the counties with the revised reporting requirements under the act.
- Department's oversight of the revised Integrated Plan for Behavioral Health Services and Outcomes and County Behavioral Health Outcomes, Accountability, and Transparency Report.
- Coordination and collaboration occurring throughout the transition period and an identification of areas of improvement if warranted.
- Recommendations on any changes or improvements indicated by the audit pursuant to this section.

Behavioral Health Services Oversight and Accountability Commission (BHSOAC)

- DHCS will consult with BHSOAC on:
  - Develop biennial list of Early Intervention evidence-based practices
  - Build FSP levels of care
  - Develop statewide outcome metrics
  - Determine statewide BH goals and outcome measures
- Clarifies BHSOAC Purpose (Section 5845):
  - The Behavioral Health Services Oversight and Accountability Commission is hereby established to promote transformational change in California's behavioral health system through research, evaluation and tracking outcomes, and other strategies to assess and report progress.
  - The commission shall use this information and analyses to inform the commission's grant making, identify key policy issues and emerging best practices, provide technical assistance and training, promote high-quality programs implemented, and advise the Governor and the Legislature, pursuant to the Behavioral Health Services Act and related components of California's behavioral health system.
  - For this purpose, the commission shall collaborate with the California Health and Human Services Agency, its departments and other state entities.

Behavioral Health Services Oversight and Accountability Commission (BHSOAC) ctd

- Shall receive the data necessary to fulfill its obligations.
- Increases voting members to 27 (Section 5845):
  - Aligns number of peers and family members, with one additional seat for a Transition Age Youth (TAY) behavioral health peer.
  - Adds a seat for a disability/ aging perspective.
  - Adds a seat for each of the following: a person with knowledge and experience in community defined practices, a representative of a children and youth organization, and a veteran or a representative of a veteran's organization
- Establish technical advisory committees, such as a committee of consumers and family members, and a reducing disparities committee focusing on demographic, geographic, and other communities.
- Commission selects their own Executive Director.
- Provides technical assistance to support quality change management including implementation planning, training, and capacity-building investments.
- Provides technical assistance on innovation, compile list of innovative approaches across each of the program buckets.

Behavioral Health Services Oversight and Accountability Commission (BHSOAC) ctd (cont.)

- BHSOAC will administer the Behavioral Services Act Innovation Partnership Fund to award grants to private, public, and nonprofit partners to promote development of innovative mental health and SUD programs and practices (Section 5845.1). Innovative programs are designed to improve BH programs and practices for the following groups:
  - Underserved populations
  - Low-income populations
  - Communities impacted by other behavioral health disparities
  - Other populations, as determined by BHSOAC
- A maximum of $20 million shall be deposited unto the fund annually for FYs 2026-27 to 2030-31 inclusive. Then funding shall be determined via the annual budget act (Section 5892).
  - At its discretion, the commission may utilize funding received in support of the Mental Health Wellness Act to support this section.

Key Clarifications and Additions

Funding and Mandates

- Clarify that counties are not obligated to spend 1991 realignment funds or other funds - other than those from the Behavioral Health Services Fund (BHSF) for BHSA purposes.
- Clarify the intent is to maximize the use of other available funding sources, but not require counties to exhaust other available funding prior to utilizing BHSA funding.
- Changed “shall” to “may” for counties to provide SUD services based on stakeholder process and data to inform three-year plan. Counties must use the data to appropriately allocate funding between mental health and substance use treatment services as well as identify strategies to address disparities in their integrated plan.
- DHCS shall consult with CSAC and CBHDA no later than March 15, 2024 to assess new administrative costs to implement certain changes that exceed existing county obligations and are in excess of the funds for inclusion in the Governor's 2024-25 May Revision (Section 5892).

Behavioral Health Services Act Revenue Stability Workgroup

Section 5892.3

- Creates a Behavioral Health Services Act Revenue Stability Workgroup to assess year-over-year fluctuations in tax revenues generated by the BHSA.
- Shall develop and recommend solutions to reduce BHSA revenue volatility and to propose appropriate prudent reserve levels.
- CalHHS and DHCS shall jointly convene the workgroup and shall include representatives from:
  - BHSOAC
  - Legislative Analyst's Office
  - CBHDA
  - CSAC, including both urban and rural county reps
- CalHHS and DHCS shall submit a report that includes its recommendations on or before June 30, 2025.

AB 531

Behavioral Health Infrastructure Bond Act

- Places a **$6.38 billion general obligation bond** on the March 2024 ballot.
- Bond Funding would be used to construct, acquire, and rehabilitate more than 10,000 new treatment beds including 4,000 housing units, and new care settings will help serve more than 100,000 people annually.
- Build thousands of new community behavioral health beds in residential settings for Californians with mental illness and SUD.
- Build permanent supportive housing for people experiencing or at risk of homelessness who have behavioral health conditions.
- Build housing for veterans experiencing or at risk of homelessness who have behavioral health conditions.

Funding for Community Behavioral Health Beds – AB 531

- **$4.4 Billion** for grants for behavioral health treatment and residential settings building on the success of the Behavioral Health Continuum Infrastructure Program (BHCIP).
  - **Of this, $1.5 billion** to be awarded to counties, cities and tribal entities for grants for behavioral health treatment and residential settings eligible under BHCIP. ($30M set aside for tribes)
- **What is BHCIP?**
  - Funding to construct, acquire, and rehabilitate real estate assets or to invest in needed infrastructure to expand the continuum of behavioral health treatment resources to build new capacity or expand existing capacity for short-term crisis stabilization, acute and subacute care, crisis residential, community-based mental health residential, substance use disorder residential, peer respite, community and outpatient behavioral health services, and other clinically enriched longer term treatment and rehabilitation options for persons with behavioral health disorders in the least restrictive and least costly setting.

Funding for Permanent Supportive Housing – AB 531

» **Supportive Housing for Veterans**

- Upwards of 50 percent or more of homeless veterans suffer from mental health issues and upwards of 70 percent or more are affected by SUD.
- **$1.065 billion** worth of housing investments for veterans who are at risk of homelessness, experiencing homelessness, or experiencing chronic homelessness who have behavioral health needs or a substance use disorder.
- Funding targets veterans who are extremely low income (30% AMI or less).

Funding for Permanent Supportive Housing – AB 531 ctd

» **Supportive Housing for Californians**

- **$922 million** worth of investments for Californians (not specifically for veterans) who are at risk of homelessness, experiencing homelessness, or experiencing chronic homelessness who have behavioral health needs or a substance use disorder.
- Funding is also targeted to Californians who are extremely low income (30% AMI or less)

Eligible Uses of Program Funds for Housing– AB 531

» **Grants or loans will be provided to eligible sponsors to:**

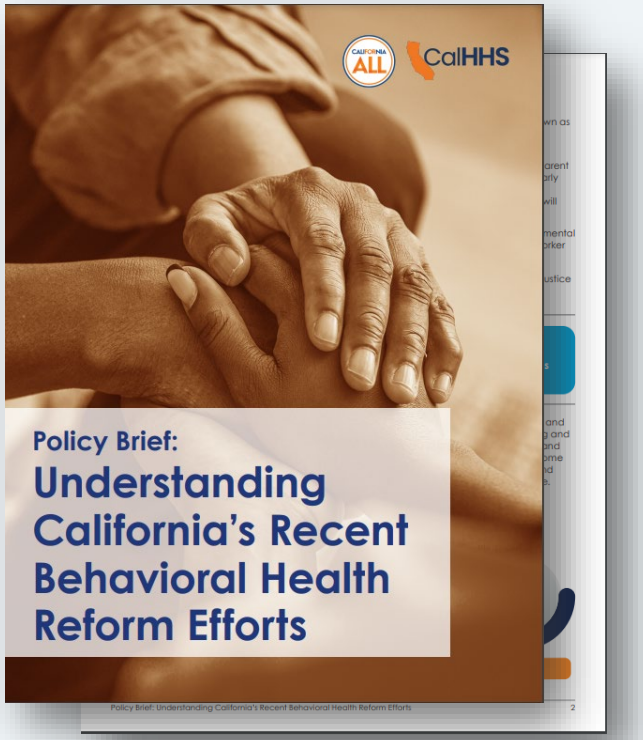
- Acq/rehab of motels, hotels, hostels, or other sites and assets that could be converted to permanent housing.
- Master leasing of properties for non-congregate housing.
- Conversion of units from nonresidential to residential.
- New construction of dwelling units.
- The purchase of affordability covenants and restrictions for units.
- Relocation costs for individuals who are being displaced as a result of rehabilitation of existing units.
- Capitalized operating subsidies reserves

Next Steps

- SB 326 and AB 531 have passed out of the Legislature and heading to Governor Newsom
- If signed, will be on the March 2024 ballot as “Proposition 1”

For more information about SB 326 and AB 531: CalHHS Website

Policy Brief: Link to Report



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