



State of California—Health and Human Services Agency  
Department of Health Care Services



GAVIN NEWSOM  
GOVERNOR

DATE: July 22, 2021

Behavioral Health Information Notice No: 21-040

TO: California Alliance of Child and Family Services  
California Association for Alcohol/Drug Educators  
California Association of Alcohol & Drug Program Executives, Inc.  
California Association of DUI Treatment Programs  
California Association of Social Rehabilitation Agencies  
California Consortium of Addiction Programs and Professionals  
California Council of Community Behavioral Health Agencies  
California Hospital Association  
California Opioid Maintenance Providers  
California State Association of Counties  
Coalition of Alcohol and Drug Associations  
County Behavioral Health Directors  
County Behavioral Health Directors Association of California  
County Drug & Alcohol Administrators

SUBJECT: Extended MHSA-related COVID-19 Flexibilities

PURPOSE: Provide counties with guidance on statutory changes of Mental Health Services Act (MHSA) funds to address continuing needs during the Coronavirus disease 2019 (COVID-19) Public Health Emergency (PHE).

REFERENCE: Behavioral Health Information Notice 20-040, Welfare & Institutions (W&I) Code section 5847(h), W&I Code section 5847(i), W&I Code section 5892(b)(3)

**BACKGROUND:**

On June 29, 2020, AB 81 was chaptered enacting the following MHSA requirements, until July 1, 2021, in order to allow counties more flexibility in the use of MHSA funds and to accommodate social distancing and gatherings prohibitions:

- A. W&I Code section 5847(h)
- B. W&I Code section 5847(i),
- C. W&I Code section 5892(b)(3)

On July 16, 2021, AB 134 was chaptered to amend W&I Code section 5847(h), W&I Code 5847(i), and W&I Code section 5892(b)(3), extending most of the FY 2020-21 flexibilities to July 1, 2022.

POLICY:

A. W&I Code section 5847(h) Extension

Under W&I Code section 5847(h), a county that is unable to complete and submit a three-year program and expenditure plan (Plan) or annual update (Update) for fiscal years (FYs) 2020-21 and 2021-22 due to the COVID-19 PHE may extend the effective timeframe of its currently approved Plan or Update to include FY 2020-21 and 2021-22 and submit a Plan or Update to the Mental Health Services Oversight and Accountability Commission and the State Department of Health Care Services (DHCS) by July 1, 2022. Each county seeking to extend the timeframe of its currently approved Plan or Update must complete the enclosed MHSA Three-year Program and Expenditure Plan or Annual Update Extension FY 2021-22 Form 5510 and submit the form to DHCS. The Form must include a brief narrative describing why the COVID-19 PHE prevented the county from completing and submitting the Plan or Update prior to July 1, 2021. Forms must be submitted to [MHSA@dhcs.ca.gov](mailto:MHSA@dhcs.ca.gov) by August 31, 2021.

B. W&I Code section 5847(i) Prudent Reserve

Under W&I Code section 5847(i), for FYs 2020-21 and 2021-22, counties may transfer Prudent Reserve funding into their Community Services and Supports (CSS) and Prevention and Early Intervention (PEI) components to meet local needs. The transfer must be reported in the next Plan or Annual Update and must also be reflected in the FY 2020-21 MHSA Annual Revenue and Expenditure Report. Counties must notify DHCS at [MHSA@dhcs.ca.gov](mailto:MHSA@dhcs.ca.gov) of their intent to access the Prudent Reserve, the amount of Prudent Reserve funds expected to be transferred, and the component to which the funds will be transferred, within 10 business days of the decision to transfer funds under this section.

C. W&I Code section 5892(b)(3) CSS Allocations

Currently, regulations require a county to allocate the majority of its CSS component funds to Full Service Partnership programs. W&I Code section 5892(b)(3) authorizes DHCS to allow counties to determine the allocation percentages for CSS component programs for FYs 2020-21 and 2021-22. In order to allow counties more flexibility in allocating CSS funding according to its needs, DHCS will allow counties flexibility in

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allocating funding across the CSS service categories, that include Full Service Partnership, General System Development, and Outreach and Engagement, as set forth in W&I Code section 5892(b)(3). Counties that allocate CSS funding under this section must report the allocations in the next Plan and/or Annual Update. Counties must notify DHCS at [MHSA@dhcs.ca.gov](mailto:MHSA@dhcs.ca.gov) of the decision to allocate funds under this section and provide the proposed allocation percentages for each CSS service category, within 10 business days of the decision to allocate funds under this flexibility.

Any questions you have regarding this Information Notice should be sent to [MHSA@dhcs.ca.gov](mailto:MHSA@dhcs.ca.gov).

Sincerely,

***Original signed by***

Marlies Perez, Chief  
Community Services Division

Enclosure