



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



EDMUND G. BROWN JR.
GOVERNOR

DATE: April 21, 2014

MHSUDS INFORMATION NOTICE NO.: 14-011

TO: COUNTY ALCOHOL AND DRUG PROGRAM ADMINISTRATORS
COUNTY MENTAL HEALTH DIRECTORS
DIRECTOR'S ADVISORY COUNCIL
STRATEGIC LOCAL GOVERNMENT SERVICES, LLC

SUBJECT: STATE FISCAL YEAR 2013-14 BUDGET ACT ALLOCATION, v2.0

PURPOSE

This notice transmits funding information for alcohol and other drug services for State Fiscal Year (FY) 2013-14. This notice communicates Parolee Services Network (PSN) funding and for Drug Medi-Cal (DMC) services, State General Funds (SGF) that will be paid by the Department of Health Care Services (DHCS) in place of county funds when certain populations receive the expanded part of the Intensive Outpatient Treatment service after January 1, 2014. This notice also communicates the Substance Abuse Prevention and Treatment Block Grant (SAPT BG) allocations. This notice includes seven exhibits:

- (A) Overview of Programs, Funding, and Allocation Methodologies – Exhibit A describes the allocation methodologies and how the Parolee Services Network (PSN) funds and SAPT BG funds administered by DHCS, Substance Use Disorders-Prevention, Treatment, and Recovery Services Division may be used.
- (B) Statewide Allocation Summary of DMC SGF, PSN and SAPT BG Funds – Exhibit B displays each county's DMC SGF, PSN and SAPT BG allocations as well as the total statewide allocations from DHCS for prevention and substance use disorder services programs.
- (C) SAPT BG Exchange Program – Exhibit C provides historical program information; explains the methodology for exchanging SAPT Perinatal, and SAPT Adolescent and Youth Treatment funds for SAPT Discretionary funds; and displays the amounts exchanged.
- (D) Funding Periods for SAPT BG – Exhibit D illustrates the overlapping spending periods for Federal Fiscal Year (FFY) 2014 SAPT BG allocations covered by this information notice and for the prior FFY.
- (E) Individual County Allocation Summary – Exhibit E summarizes the individual funding allocations to each county for both PSN and SAPT BG funds.

- (F) Estimated County Share of SAPT BG Statewide Maintenance of Effort (MOE) Requirement – Exhibit F displays estimates of each county's spending requirements to assist the State in meeting its BG MOE requirement.
- (G) County Share of SAPT BG Women Services Expenditure Requirement – Exhibit G identifies each county's share of the SAPT BG Women Services Expenditure requirement.

DISCUSSION

Highlights of the FY 2013-14 Budget Act Allocation

Prevention, Treatment and Recovery Services Transferred to DHCS

Assembly Bill 75 (Statutes of 2013), transferred the administration of substance use disorders, prevention, treatment, and recovery services from the former Department of Alcohol and Drug Programs to DHCS, effective July 1, 2013.

SGF for Certain DMC Services

This information notice also includes a preliminary allocation of SGF dollars by county for those services that have expanded eligibility as a condition of the Affordable Care Act (ACA). The SGF will be in addition to the funds disbursed into each county's Local Revenue Fund, Behavioral Health Subaccount to provide DMC services to existing beneficiaries.

The ACA requires that newly eligible Medicaid beneficiaries receive coverage of essential health benefits that are equal or greater to the State-selected benchmark plan authorized by the California Legislature. This coverage standard is referred to as a Medicaid Alternative Benefit Plan (ABP). Due to the fact that beneficiaries may circulate between different categories of eligibility, the State conformed DMC services to reflect the ABP standard for all enrollees. Consistent with Article XIII, Section 36(c)(4)(D) of the California Constitution, the State is using General Fund dollars to provide support for the increased costs of this programmatic expansion of DMC services.

These additional SGF dollars exclusively support the new Intensive Outpatient Treatment service for the existing, pre-expansion Medi-Cal population that was eligible to receive DMC services. Once federal approval is obtained, this service will be reimbursable for any Medi-Cal beneficiary with a medically-determined need for the services. The Intensive Outpatient Treatment replaces the State's Day Care Rehabilitative service which was previously restricted to Early and Periodic Screening, Diagnosis, and Treatment eligible youth and pregnant and post-partum women.

DHCS has submitted to the federal government State Plan Amendments (SPAs) 09-022, 13-035, and 13-038 to make the change effective January 1, 2014. The Department is awaiting approval of these SPAs.

DHCS estimated a certain percentage of the current DMC beneficiaries would receive the expanded part of the Intensive Outpatient Treatment service starting January 1, 2014. Also, there was a certain population that was eligible for Medi-Cal before January 1, 2014, but was not enrolled. DHCS estimated a certain percentage of this population would enroll and receive the expanded part of this service starting January 1, 2014.

SAPT BG

The SAPT BG award provides funding for both Local Assistance and State Support of alcohol and other drug (AOD) services and their administration. Local Assistance monies are assigned to counties to provide or procure AOD treatment services, as well as support local administration of those services. State Support funds oversight of these locally-administered AOD services.

DHCS intends to absorb any current year SAPT reduction through State Support to restore maximum funding levels to counties.

The Department's practice is to decrease or increase the allocations for both the Prevention Set-Aside and HIV Set-Aside as the award decreases or increases. This is because the allocations for these set-asides are proportions of the grant award. The Department is required to spend at least 20 percent of the award on primary prevention programs, and is required to spend no more and no less than five percent of the award on HIV early intervention services. To compensate for the formula-driven decreases to these two set-aside allocations, DHCS increased the allocation for each county's Discretionary allocation to shield them from a net reduction in FFY 2014 SAPT BG funding.

Estimated SAPT BG Statewide MOE Requirement

The SAPT BG MOE requirement is contained in Title 42, U.S.C. Section 300x-30. The principle state agency for substance use disorder services is required to maintain expenditures for authorized activities at a level that is no less than the average maintained for the two-year period prior to the year for which the State is applying for the SAPT BG. Starting July 1, 2013, DHCS is the principle state agency; before July 1, 2013, the Department of Alcohol and Drug Programs was that agency.

The purpose of the SAPT BG MOE is to ensure that federal SAPT BG funds are used to supplement, not supplant, state funding. One requirement for receiving SAPT funds is that states also provide state funding for substance use disorder services. The SAPT

BG MOE is not a cost sharing or matching requirement. The SAPT BG statutes and regulations do not require the grant program to be matched proportionately with non-federal funds.

Senate Bill (SB) 1014, Chapter 36, Statutes of 2012, amended California Health and Safety Code Section 11814 to require DHCS to notify counties of their estimated share of the SAPT BG statewide MOE requirement and SAPT BG Women Services Expenditure requirement.

Exhibit F communicates the estimated county share of the statewide MOE. The counties' share of the statewide MOE remains at the prior-year estimate of \$183,573,000. The FFY 2014 SAPT reduction causes no change to the county share of the SAPT MOE requirement; therefore, the county share of the statewide MOE remains the same as for FY 2012-13.

The determination of whether the State met its SAPT BG statewide MOE is computed and reported annually to the Substance Abuse and Mental Health Services Administration (SAMHSA) in December. The computation includes expenditures of non-federal funds, which are the county Behavioral Health Subaccount funds. The county share of the SAPT statewide MOE is tied to this annual computation, and is not tied to the SAPT FFY 2014 award reduction.

The December 2013 SAPT MOE computation identified that the State continues to meet its SAPT BG MOE requirement; however, the expenditure amount by which the State exceeds meeting that requirement appears to be diminishing each year. Therefore, DHCS did not change the county share of the MOE.

SAPT BG Women Services Expenditure Requirement

The SAPT BG Women Services spending requirement is contained in Title 42, U.S.C. Section 300x-22(b). Exhibit G communicates the county share of the Women Services spending requirement. The Women Services spending requirement of \$26,349,134 is fixed at the FFY 1994 spending level. Similar to the statewide MOE requirement, the Women Services spending requirement is computed and reported to SAMHSA annually.

Exhibit G was revised for FY 2013-14 due to Imperial County's decision to no longer receive a SAPT Perinatal Set-Aside allocation. The county's former Perinatal Set-Aside allocation was reallocated to other counties receiving the Perinatal Set-Aside allocations, using the standard allocation methodology.

MHSD INFORMATION NOTICE NO.: 14-011

April 21, 2014

Page 5

Reporting

Counties must report SAPT expenditures by FFY award and program fund and submit Quarterly Federal Financial Management Reports (QFFMRs) no later than 60 days after the end of each quarter. The QFFMRs provide a critical source of current expenditure data.

Reporting of SAPT BG expenditures is a federal requirement contained in 42 U.S.C. Section 300x-22(b)(1)(C) and 45 C.F.R. Section 96.124(c) and (e) and is also required by the County-State contract as Exhibit C, Article V, Item (A)(2).

Parolee Services Network (PSN) Funding

For FY 2013-14, this notice allocates PSN funding at the historic level of \$11.5 million.

REFERENCES

Assembly Bill 110 (Blumenfield, Statutes of 2013) FY 2013-14 Budget
Assembly Bill 75, Committee on Budget, Alcohol and Drug Programs (Statutes of 2013)

Questions concerning this notice and its exhibits should be directed to:

Anthony Ortiz, Supervisor
Substance Use Disorder Prevention, Treatment, and Recovery Services Division
Department of Health Care Services
1700 K Street, MS 2628
P.O. Box 997413
Sacramento, CA 95899-7413
(916) 324-3348
Anthony.Ortiz@dhcs.ca.gov

Additional copies of this notice and its exhibits may be downloaded from the DHCS website at: <http://www.dhcs.ca.gov/formsandpubs/Pages/ADPBulletinsLtrs.aspx>

Sincerely,

Originally signed by

Karen Baylor, Ph.D., LMFT, Deputy Director
Mental Health & Substance Use Disorder Services

Enclosures