

Exhibit A

**FISCAL YEAR 2013-14
BUDGET ACT ALLOCATION
OVERVIEW OF PROGRAMS, FUNDING, AND ALLOCATION METHODOLOGIES**

This exhibit describes the funds and allocation methodologies for prevention and substance use disorder services contained in the Fiscal Year (FY) 2013-14 allocation. For complete information on the terms and conditions of all funds and programs, please refer to the County-State contract for substance use disorder services.

REIMBURSEMENTS

Parolee Services Network - \$11.5 million

The California Department of Corrections and Rehabilitation (CDCR) provides this funding for residential and non-residential substance use disorder treatment and recovery services for men and women paroled to the community from State prisons. These services are available in the counties of Alameda, Contra Costa, Fresno, Kern, Los Angeles, Marin, Napa, Orange, Riverside, Sacramento, San Bernardino, San Diego, San Francisco, San Mateo, Santa Clara, Solano, and Sonoma.

The Department of Health Care Services (DHCS) allocated the funds at the historical level of \$11.5 million.

The individual county allocations are a historical, collaborative effort implemented by CDCR and DHCS. In agreement with the CDCR, FY 2013-14 is the final year of funding for these services.

STATE GENERAL FUNDS FOR CERTAIN DRUG MEDI-CAL SERVICES

State General Funds (SGF) for Certain Drug Medi-Cal (DMC) Services (\$7.3 million)

This information notice provides the SGF dollars by county for those counties that DHCS expects will implement the expanded part of the Intensive Outpatient Treatment service starting January 1, 2014.

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, or ABP. Due to the fact that beneficiaries may circulate between different categories of eligibility, the State conformed DMC services to

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reflect the ABP standard for all enrollees. Consistent with Article XIII, Sec. 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 expanded part of the 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 available for any Medi-Cal beneficiary with a medically-determined need for the service. The Intensive Outpatient Treatment replaces the State's Day Care Rehabilitative (DCR) service which was previously restricted to Early and Periodic Screening, Diagnosis, and Treatment (EPSDT) 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 these changes 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. 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.

The SGF budget authority was determined from the November 2013 Medi-Cal Estimates process. The total budget authority was \$7.8 million. DHCS withheld a reserve of \$500,000 from the budget authority to cover unexpected changes through June 30, 2014, then allocated the \$7.3 million remainder to counties. Using the July 2011 Medi-Cal enrollment data by county, DHCS allocated the \$7.3 million SGF budget authority based on each county's proportion of Medi-Cal enrollees to total statewide Medi-Cal enrollees.

FEDERAL TRUST FUNDS

The U.S. Department of Health and Human Services SAMHSA provides the Federal Substance Abuse Prevention and Treatment Block Grant (SAPT BG) funds. This BG is program number 93.959 in the Catalog of Federal Domestic Assistance. The FY 2013-14 Budget Act Allocation includes funds from the expected Federal Fiscal Year (FFY) 2014 SAPT BG Award. The BG Award number for the FFY 2013 award is 2B08TI010005-13. The FFY 2014 BG Award number is 2B08TI010062-14.

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Substance Abuse Prevention and Treatment Block Grant Award

California's FFY 2014, SAPT BG base award is \$249,086,920. This is only \$342,036 less than the \$249,428,956 FFY 2012 allocated award level. SAMHSA advised that the FFY 2014 award is a base award change only and is not due to any sequester reduction. DHCS absorbed the whole \$342,036 reduction. Therefore, there is no net reduction applied to county allocations.

The Prevention Set-Aside and HIV Set-Aside allocations are determined as a percentage of the award amount. Due to the \$342,036 reduction, those two allocations were reduced slightly but an equal amount was added to the SAPT Discretionary allocation to effect no net reduction to counties. Counties must obligate and spend these funds by June 30, 2015. On February 8, 2014 SAMHSA provided to DHCS its first installment of \$58.9 million for the FFY 2014 award.

Categorical SAPT funds allocated to counties for specific programs are to be spent on those specific programs and cannot be used for other programs, unless specified. For example, HIV funds must be spent on HIV services.

SAPT Discretionary FFY 2014 Award - \$141.1 million

SAPT Discretionary funds provide for needed substance use disorder treatment, prevention, and recovery services, including services to specific populations. Those populations include youth and pregnant and parenting women. The State/County contract contains the terms and conditions for use of the SAPT BG funds.

The funds were allocated at the FY 2011-12 (FFY 2012) allocated level plus an additional \$85,509. The additional amount was to balance the slight allocation reductions to the Prevention Set-Aside and HIV Set-Aside allocations since those are determined as a percentage of the award amount. The \$85,509 amount was allocated to counties using the standard allocation methodology. DHCS continues the SAPT BG Exchange Program that allows counties with populations less than 40,000 to exchange SAPT Perinatal Set-Aside, and SAPT Adolescent and Youth Treatment funds for SAPT Discretionary funds. The program helps ensure that all funds are expended. For further information on how the Exchange Program affects a specific county's Discretionary allocation, please refer to Exhibit C.

Prevention Set-Aside FFY 2014 Award - \$47.2 million

Title 42, U.S.C. Section 300x-22(a) requires the State to spend a minimum of twenty percent of the total SAPT BG Award to California on primary prevention services. Primary prevention is defined as strategies, programs and services directed at individuals who have not been determined to require treatment for a substance use disorder. A county's spending of the Prevention funds that DHCS allocates is integral to meeting federal SAPT spending requirements.

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For the SAPT Primary Prevention Set-Aside, counties conduct a local needs assessment to determine priority issues. Strategies are selected, based on evidence where applicable, that will best address the issues and populations being served. Strategies may consist of both individual- and population-based services that fall into one of the six strategies identified by the federal Center for Substance Abuse Prevention: 1) information dissemination, 2) education, 3) alternatives, 4) problem identification and referral, 5) community-based process and 6) environmental).

The Prevention Set-Aside allocation is determined as a percent of the award amount. Due to the \$342,036 reduction to the FFY 2014 award compared to the FY 2011-12 (FFY 2012) award allocated level, the Prevention Set-Aside funding level is \$68,407 less than the FFY 2012 award funding level. That reduction was applied using the standard reduction methodology. DHCS added an equal amount of funding to the SAPT Discretionary allocation to achieve no net reduction to county allocations.

The FFY 2012 Prevention Set-Aside base allocation to counties was \$47,231,183, and the \$68,407 reduction was less than five percent of that base allocation. Therefore, only the non-MBA counties received that reduction through the standard reduction methodology.

Friday Night Live/Club Live FFY 2014 Award - \$1.1 million

The Friday Night Live (FNL) program is a youth development program, aimed at high-school youth, designed to prevent alcohol and other drug use. As an extension of FNL, Club Live (CL) aims at middle school-aged students. FNL and CL are primary prevention programs. These funds can only be used for FNL or CL program services. The FNL and CL funds were combined into a single allocation beginning in FY 2010-11. Counties have discretion to fund each program as necessary to meet local needs.

In FY 2013-14 DHCS allocated \$1,062,000 in combined funding for these programs. The individual county allocations were based on the FY 2011-12 (FFY 2012) historical allocation levels for FNL and CL. Seven counties have elected not to participate in this program: Alpine, Imperial, Inyo, Madera, Modoc, Mono, and Siskiyou.

HIV Set-Aside – FFY 2014 Award - \$12.3 million

The HIV Set-Aside funds programs that provide HIV early intervention services (EIS). For clients participating in substance use disorder treatment programs, examples of permissible uses of these funds are: appropriate pre- and post-test counseling; testing for HIV and other infectious diseases such as Hepatitis C; HIV/AIDS education; and screening to determine the appropriate therapeutic measures for preventing and treating the deterioration of the immune system as a result of an HIV infection. For clients who are not currently participating in substance use disorder treatment programs, in March 2012 allowable activities were expanded to include infectious disease testing (such as for Hepatitis C) and outreach services for injection drug users.

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Title 42, U.S.C. Section 300x-24(b)(4) requires that a minimum and maximum set-aside of five percent of the total SAPT BG Award be spent on HIV EIS for substance use disorder clients in treatment programs. A county’s spending of the HIV funds allocated by DHCS is integral to meeting federal spending requirements. For complete information on HIV Set-Aside expenditure and reporting requirements, please refer to bulletins numbered 04-12, 12-01, 12-05, and 13-03 located on the DHCS website at <http://www.dhcs.ca.gov/provgovpart/Pages/SUD-ProvPartners.aspx> under the item titled “Bulletins and Letters”.

The HIV Set-Aside allocation is determined as a percent of the award amount. Due to the \$342,036 reduction to the FFY 2014 award compared to the FY 2011-12 (FFY 2012) award allocated level, the HIV Set-Aside funding level is \$17,102 less than the FFY 2012 award funding level. DHCS allocated the reduced funding level using the HIV EIS allocation methodology shown below. DHCS added an equal amount of funding to the SAPT Discretionary allocation to achieve no net reduction to county allocations.

Weighting	Needs-Based Data Factors
75.0%	People Living with HIV and AIDS, excluding prison cases, reported by the Office of AIDS through May 2013
15.0%	African American population (2010 U.S. Census)
5.0%	Hispanic population (2010 U.S. Census)
5.0%	People living below federal poverty level (2010 US Census)
100.0%	Total

The California Department of Public Health, Office of AIDS provided this updated methodology.

To provide the smallest counties with sufficient funding to operate a viable program, each participating county will receive a minimum allocation of \$7,500 in HIV funds. These funds are not included in the SAPT BG Exchange Program.

Six counties have declined the HIV funds: Alpine, Calaveras, Colusa, Mariposa, Sierra, and Trinity.

Perinatal Set-Aside FFY 2014 Award - \$17.1 million

Perinatal Set-Aside funds are used for women-specific services for treatment and recovery from alcohol and other substance use disorders, along with diverse supportive services for California women and their children.

Perinatal programs, as part of the Perinatal Services Network, must meet the requirements set forth in the Perinatal Services Network Guidelines 2014. Counties must use these funds to increase or maintain existing perinatal treatment capacity and programs. Counties may also use these funds to add new perinatal services or

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programs or change existing programs. The guidelines are accessible on the website at <http://www.dhcs.ca.gov/individuals/Documents/PSNG2014Final21214.pdf>

SAPT Perinatal is a component of the SAPT BG Exchange Program. DHCS initially allocated the Perinatal funds at the FY 2011-12 (FFY 2012) historical level. Imperial County ceased its perinatal services program and opted out of receiving its historical \$41,100 Perinatal Set-Aside allocation. DHCS reallocated this county's former allocation to other counties receiving the Perinatal Set-Aside allocations, using the standard allocation methodology. The allocations were then adjusted through the Exchange Program. For further information on how the Exchange Program affects a specific county's Perinatal Set-Aside allocation, please refer to Exhibit C.

Female Offender Treatment Program Services FFY 2014 Award - \$637,190

This program provides six months of community residential substance use disorder treatment for paroled women who complete the Forever Free program at the California Institution for Women. The four participating counties are Los Angeles, Orange, Riverside, and San Bernardino. Other women on parole who did not complete the Forever Free Program may participate on a case-by-case basis if the Female Offender Treatment Program underutilizes the funding.

DHCS allocated the funds at the FY 2011-12 (FFY 2012) historical level. The county funding levels were originally determined by CDCR.

Adolescent and Youth Treatment Program FFY 2014 Award - \$7.3 million

SAPT Adolescent and Youth Treatment funds provide comprehensive, age-appropriate, substance use disorder services to youth. The Youth Treatment Guidelines, revised in August 2002, are designed for counties to use in developing and implementing youth treatment programs funded by this allocation. The Guidelines are available on the website at:

<http://www.adp.ca.gov/NNA/pdf/Document%20V%20-%20Youth%20Treatment%20Guidelines.pdf>.

Youth Treatment funding is a component of the SAPT BG Exchange Program. DHCS initially allocated the Adolescent and Youth Treatment funds at the FY 2011-12 (FFY 2012) historical level. The allocation was then adjusted through the Exchange Program. For more information on how the Exchange Program affects a specific county's Adolescent and Youth Treatment funds allocation, please refer to Exhibit C.