

**FISCAL YEAR 2014-15**  
**Governor's Budget (Preliminary) Allocation**  
**Overview of Programs, Funding, and Allocation Methodologies**

Exhibit A

This informational overview provides funding amounts, describes allocation methodologies, and describes programs and their terms and conditions. This Exhibit is provided for informational and planning purposes only. For complete information on the terms and conditions of all funds and programs, please refer to the state/county contract for substance use disorder services.

**REIMBURSEMENTS**

**Parolee Services Network**

This program was terminated for FY 2014-15, and funding is no longer available. It was previously funded through reimbursement from the California Department of Corrections and Rehabilitation.

**State General Funds (SGF) for Drug Medi-Cal (DMC) Intensive Outpatient Treatment Service (\$18.1 million)**

This information notice provides the preliminary allocation of SGF dollars by county for those counties that DHCS expects will implement the expanded part of the Intensive Outpatient Treatment service. That service will 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. Newly eligible are those who became eligible for Medi-Cal after January 1, 2014, when the eligibility criteria changed. 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, 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 will exclusively support the expanded part of the Intensive Outpatient Treatment service for the existing Medi-Cal population, and for the population that has been eligible Medi-Cal, has not been enrolled, but that is expected to enroll and start receiving this service. The expanded part of this service will be made available to beneficiaries other than Early and Periodic Screening, Diagnosis, and Treatment (EPSDT)-eligible youth, pregnant, or postpartum, after January 1 2014. 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 Day Care Rehabilitative (DCR) service which was previously restricted to EPSDT-eligible youth, and pregnant or postpartum women.

**FISCAL YEAR 2014-15**  
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Exhibit A

DHCS has submitted to the federal government, State Plan Amendment (SPA) 13-038, to make the change effective January 1, 2014. The Department is awaiting approval of the SPA 13-038.

DHCS estimated the percentage of the current DMC beneficiaries who would receive the expanded part of the Intensive Outpatient Treatment service starting January 1, 2014. Also, there was a population that was eligible for Medi-Cal before January 1, 2014, but was not enrolled. DHCS estimated the percentage of this population that 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 \$18.6 million. DHCS will reserve \$500,000 to cover unexpected changes that occur during the year, then will allocate the \$18.1 million remainder to counties. Using the July 2011 Medi-Cal enrollment data by county, DHCS will allocate the funds based on each county's proportion of Medi-Cal enrollees aged 19 and older to the total statewide Medi-Cal enrollees aged 19 and older.

**FEDERAL TRUST FUNDS**

The U.S. Department of Health and Human Services, Substance Abuse and Mental Health Services Administration (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. SAMHSA has not released the Federal Fiscal Year (FFY) 2015 BG Award number.

**Substance Abuse Prevention and Treatment Block Grant Award**

The FY 2014-15 Governor's Proposed Budget (Preliminary) Allocation includes funds from the FFY 2015 SAPT BG Award. SAPT funds from the FFY 2015 award become available on October 1, 2015, and must be obligated and spent by June 30, 2016.

The Preliminary Allocation presumes the FFY 2015 SAPT BG will continue to be funded at the same level as the FFY 2014 SAPT BG 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 2015 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. In accordance with

**FISCAL YEAR 2014-15**  
**Governor's Budget (Preliminary) Allocation**  
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Exhibit A

United States Code, Title 42, Section 300x-21, the SAPT Discretionary funds may be spent on planning, carrying out, and evaluating activities to prevent and treat substance use disorders.

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. FY 2014-15 funds will initially be allocated at the FY 2013-14 (FFY 2014) allocated level. The allocation will then be adjusted through the Exchange Program. For further information on how the Exchange Program affects a specific county's Discretionary allocation, please refer to Exhibit C.

**Prevention Set-Aside FFY 2015 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 primary prevention funds that DHCS allocates is integral to meeting federal SAPT spending requirements.

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 FY 2014-15 funds will be allocated at the FY 2013-14 level.

**Friday Night Live/Club Live FFY 2015 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 that use SAPT Primary Prevention Set-Aside funds. The FNL/CL funds are combined into a single allocation, and counties use discretion on whether to spend on FNL and/or CL program services.

DHCS will allocate \$1,062,000 in combined funding for these programs. The individual county allocations were based on the FY 2013-14 allocation level. Seven counties have elected not to participate in this program: Alpine, Imperial, Inyo, Madera, Modoc, Mono, and Siskiyou.

**FISCAL YEAR 2014-15**  
**Governor’s Budget (Preliminary) Allocation**  
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Exhibit A

**HIV Set-Aside – FFY 2015 Award - \$12.4 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.

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 methodology below will be used to allocate funds.

<b>Weighting</b>	<b>Needs-Based Data Factors</b>
75.0%	People Living with HIV and AIDS, excluding prison cases, reported by the Office of AIDS as of December 2012, reported through January 2014
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. Six counties have declined the HIV funds: Alpine, Calaveras, Colusa, Mariposa, Sierra, and Trinity.

**Perinatal Set-Aside FFY 2015 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.

**FISCAL YEAR 2014-15**  
**Governor's Budget (Preliminary) Allocation**  
**Overview of Programs, Funding, and Allocation Methodologies**

Exhibit A

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 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 will initially allocate the Perinatal funds at the FY 2013-14 level. The allocation will then be 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 2015 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 will allocate the funds at the FY 2013-14 level. The county funding levels were originally determined by California Department of Corrections and Rehabilitation.

**Adolescent and Youth Treatment Program FFY 2015 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%201V%20-%20Youth%20Treatment%20Guidelines.pdf>.

Youth Treatment funding is a component of the SAPT BG Exchange Program. DHCS will initially allocate the Adolescent and Youth Treatment funds at the FY 2013-14 level. The allocation will then be 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.