

**THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS  
BOARD ACTION SUMMARY**

DEPT: Behavioral Health & Recovery Services

BOARD AGENDA: 5.B.3  
AGENDA DATE: June 5, 2018

**SUBJECT:**

Approval to Adopt the Mental Health Services Act Plan to Spend Reverted/Reallocated Innovation Funds by July 1, 2020

**BOARD ACTION AS FOLLOWS:**

**RESOLUTION NO. 2018-0255**

On motion of Supervisor Chiesa, Seconded by Supervisor Olsen  
and approved by the following vote,

Ayes: Supervisors: Olsen, Chiesa, Withrow, Monteith, and Chairman DeMartini

Noes: Supervisors: None

Excused or Absent: Supervisors: None

Abstaining: Supervisor: None

- 1)  Approved as recommended
- 2)  Denied
- 3)  Approved as amended
- 4)  Other:

**MOTION:**

  
\_\_\_\_\_

ATTEST: **PAM VILLARREAL, Assistant Clerk of the Board of Supervisors**

File No.

**THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS  
AGENDA ITEM**

DEPT: Behavioral Health & Recovery Services

BOARD AGENDA:5.B.3  
AGENDA DATE: June 5, 2018

CONSENT:

CEO CONCURRENCE: YES

4/5 Vote Required: No

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**SUBJECT:**

Approval to Adopt the Mental Health Services Act Plan to Spend Reverted/Reallocated Innovation Funds by July 1, 2020

**STAFF RECOMMENDATION:**

1. Adopt the Mental Health Services Act Plan to spend the Reverted/Reallocated Innovation Funds by July 1, 2020.
2. Authorize the Behavioral Health Director to sign and submit the Mental Health Services Act Plan to the Department of Health Care Services and Mental Health Services Oversight and Accountability Commission.
3. Authorize the Auditor-Controller or designee to sign the Mental Health Services Plan certifying that the fiscal requirements on the certification form have been met.

**DISCUSSION:**

In November 2004, residents of California passed Proposition 63, the Mental Health Services Act (MHSA). Enacted into law on January 1, 2005, the measure provides funding to counties to transform the public mental health system in the following areas:

- Community Services and Supports (CSS) to provide services to children, transition age youth, adults, and seniors
- Prevention and Early Intervention (PEI)
- Workforce Education and Training (WET)
- Capital Facilities and Technological Needs (CF/TN)
- Innovation (INN)

Under this law, MHSA funds distributed to California's 59 local mental health agencies must be spent within these specific categories and within a defined period of time. In order to incentivize local mental health agencies to make full use of these allocations, the law requires that any funds left in those statutory timeframes must be returned to the State for reallocation to local mental health agencies. This expenditure incentive is known as the fiscal reversion policy. Counties have three years from the allocation period in which to spend MHSA funds for their primary MHSA programs. The Department of Health Care Services (DHCS) and the Mental Health Services Oversight and Accountability Commission (MHSOAC) are state agencies which provide oversight on local MHSA programs and funding.

Stanislaus County was the first county in California to implement the Community Services and Supports (CSS) component in 2006. Since that time, all remaining MHSA components have been implemented and every effort has been made to spend allocated funds for primary MHSA components and programs within the fiscal reversion policy timeframes.

Mental health advocates have raised concerns that counties have retained MHSA revenues rather than dedicating those resources to unmet needs in their communities, and that DHCS has not required unspent funds held beyond their statutory time frames to revert. In response to these concerns, Assembly Bill (AB) 114 became effective July 10, 2017. The bill amended certain Welfare and Institutions Code (WIC) Sections related to the reversion of MHSA funds. AB 114 implemented provisions concerning funds that became subject to reversion as of July 1, 2017. Funds subject to reversion as of July 1, 2017, were deemed to have been reverted and reallocated to the county of origin for the purposes for which they were originally allocated. Funds that could be subject to reversion as of July 1, 2017, were distributed to counties from Fiscal Year 2005-2006 through Fiscal Year 2014-2015.

Consequently, DHCS issued Information Notice (IN) 17-059 on December 28, 2017. The purpose of this information notice was to inform counties of the following:

- The process the DHCS will use to determine the amount of unspent Mental Health Services Act (MHSA) funds subject to reversion as of July 1, 2017;
- The appeal process available to a county regarding that determination; and
- The requirement that by July 1, 2018, counties have a plan to expend the reverted funds by July 1, 2020.

The information notice specified the following instructions for counties to plan to spend the funds:

- Every county must develop a plan to spend its reallocated funds and post it to the county's website;
- The county must submit a link to the plan to DHCS via email at [MHSA@dhcs.ca.gov](mailto:MHSA@dhcs.ca.gov) by July 1, 2018;
- Each county's Board of Supervisors (BOS) must adopt a final plan within 90 days of the county posting the plan to the county's website;
- Each county must submit its final plan to spend to DHCS and the MHSOAC within 30 days of adoption by the county's BOS;
- A county may not spend funds that are deemed reverted and reallocated to the county until the county's BOS has adopted a plan to spend those funds;
- The expenditure plan must account for the total amount of reverted and reallocated funds for all impacted fiscal years, as indicated in the applicable notice of unspent funds subject to reversion or in the final determination on an appeal;
- The county must include the plan to spend in the County's Three-Year Program and Expenditure Plan or Annual Update, or as a separate plan update to the County's Three-Year Program and Expenditure Plan, and comply with WIC

Section 5847(a);

- Reallocated funds must be expended on the component for which they were originally allocated to the county.

In the case of Stanislaus County, the only funds identified by DHCS as unspent and subject to reversion requirements outlined in IN 17-059 are for the Innovation category in the amount of \$1,682,916, which were part of allocation of Fiscal Years 2008-2009, 2009-2010 and 2010-2011, when this category was starting to take shape. For subsequent allocation years through Fiscal Year 2014-2015, no funds were identified for reversion. As it initially took considerable amount of time to obtain DHCS and MHSOAC approvals and implement the Innovation programs, the expenditure of allocated funds was delayed resulting in the unspent funds. Furthermore, a prior DHCS information notice which is now rescinded with the issuance of IN-17-059 provided a different reversion calculation methodology under which Stanislaus County had no funds subject to reversion.

According to the provisions of AB114, the unspent funds are deemed to have been reverted and reallocated to Stanislaus County Behavioral Health and Recovery Services (BHRS) for the purposes for which they were originally allocated, and therefore requires a formal plan of expenditure of these funds to be submitted to DHCS by July 1, 2018. The BHRS plan to spend the MHSA reallocated funds is attached to this board report. In the interest of meeting the DHCS timeframes, BHRS elected to provide this plan as a separate plan update rather than in the County's routine Annual Update to the Three-Year Program and Expenditure Plan.

The reallocated funds will be used to support two currently approved and existing Innovation Projects, the Suicide Prevention Innovation Project and the Full Service Partnership Co-Occurring Disorders Project. In addition to funding these two projects, a small portion of the reverted funds will be used for planning and administration costs for existing and new innovation projects. Suicide Prevention Innovation Project is a demonstration project designed to test the Collective Impact Model as a framework to learn about and address suicides in Stanislaus County. The Full Service Partnership Co-Occurring Disorders Project focuses on adults who have both mental illness and co-occurring substance use disorder, and is designed to ensure treatment/primary care is provided to address potential risks to reduce homelessness, criminal justice involvement, acute psychiatric hospitalizations, and institutionalization.

#### **POLICY ISSUE:**

The MHSA Plan to Spend the Reverted/Reallocated Innovation funds requires adoption by the Board of Supervisors. It meets all requirements outlined in the Department of Health Care Services Information Notice 17-059. The plan will protect the identified funds from reversion and ensures the Department's ability to expend the amount on current innovation projects within the timeframe set forth in IN 17-059. The plan was presented to the MHSA Representative Stakeholder Steering Committee on March 23, 2018 for discussion. On April 3, 2018, the draft plan was posted on the County website and made available for 30-day public review and comment. To date, there have been no comments.

**FISCAL IMPACT:**

The services described in this plan are funded with MHSA funds. Estimated revenue and appropriations in the amount of \$1,682,916 were included in the Behavioral Health and Recovery Services Proposed Budget for Fiscal Year 2018-2019. There is no impact to the County General Fund.

**BOARD OF SUPERVISORS' PRIORITY:**

The recommended actions are consistent with the Boards' priority of *Supporting Community Health* by providing continued and improved access to appropriate behavioral health services.

**STAFFING IMPACT:**

Existing BHRS staff is available to monitor and support the programs and actions included in the MHSA Plan to Spend Reverted/Reallocated Innovations Funds. There is no additional staffing impact associated with the approval of this item.

**CONTACT PERSON:**

Rick DeGette, MA, MFT Behavioral Health Director 209-525-6205

**ATTACHMENT(S):**

1. MHSA Plan Update FY1718 Innovation Funds
2. MHSA County Fiscal Accountability Certification



**Stanislaus County  
Behavioral Health and Recovery Services**

**Mental Health Services Act**

**Plan Update FY17-18  
Plan To Spend Reverted/Reallocated Innovation Funds**

**April 2018**



WELLNESS • RECOVERY • RESILIENCE

# Reverted - Reallocated INN funds plan - 2018

## Introduction and Overview

On December 28, 2017 Stanislaus County BHRS received Information Notice (IN) 17-059 from California Department of Health Care Services (DHCS) Mental Health & Substance Use Disorders Services (MHSUDS).

**The purpose of Information Notice 17-059 was to inform counties of the following:**

- The process the Department of Health Care Services (DHCS) will use to determine the amount of unspent Mental Health Services Act (MHSA) funds subject to reversion as of July 1, 2017;
- The appeal process available to a county regarding that determination; and
- The requirement that by July 1, 2018, counties have a plan to expend the reverted funds by July 1, 2020.

## Background and Local Impact for IN 17-059:

Assembly Bill (AB) 114 (Chapter 38, Statutes of 2017) became effective July 10, 2017. The bill amended certain Welfare and Institutions Code (WIC) Sections related to the reversion of MHSA funds. AB 114 implemented provisions concerning funds subject to reversion as of July 1, 2017. Funds subject to reversion as of July 1, 2017, were deemed to have been reverted and reallocated to the county of origin for the purposes for which they were originally allocated (WIC Section 5892.1 (a)). Funds that could be subject to reversion as of July 1, 2017, were distributed to counties from Fiscal Year (FY) 2005-06 through FY 2014-15.

**In Stanislaus this includes \$1,682,916 of Innovation funds as follows:**

Fiscal year affected	Amount of reverted/ reallocated funds
FY 08-09	\$580,518
FY09-10	\$373,565
FY10-11	\$728,833
FY11-12	no funds identified
FY12-13	no funds identified
FY13-14	no funds identified
FY14-15	no funds identified
<b>Total:</b>	<b>\$1,682,916</b>

**No Community Services & Supports (CSS) funds or Prevention Early Intervention (PEI) funds are included in this calculation or at risk for reversion.**

By July 1, 2018, DHCS is required to prepare a report to the Legislature identifying the amounts of funds subject to reversion by county. Prior to releasing the report, DHCS is required to provide each county with the amount of funds they have determined are subject to reversion and a process for counties to appeal that determination (WIC Section 5892.1 (b)).

# Reverted - Reallocated INN funds plan - 2018

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Additionally, by July 1, 2018, counties are required to have a plan to spend those funds by July 1, 2020 (WIC Section 5892.1 (c)). Pursuant to WIC Section 5892.1, subdivision (e), 1 DHCS provided counties with IN 17-059 to implement those requirements. Additionally, IN 17-059 supersedes all other reversion policies contained in past Information Notices developed by the former Department of Mental Health and DHCS.

## **Information Notice 17-059 specified the following instructions for counties to plan to spend the funds:**

- Every county must develop a plan to spend its reallocated funds and post it to the county's website; *(This document constitutes the required Plan to Spend for Stanislaus)*
- The county must submit a link to the plan to DHCS via email at [MHSA@dhcs.ca.gov](mailto:MHSA@dhcs.ca.gov) by July 1, 2018;
- Each county's Board of Supervisors (BOS) must adopt a final plan within 90 days of the county posting the plan to the county's website; *(BHRS anticipates this will occur by June 2018)*
- Each county must submit its final Plan to Spend to DHCS and the MHSOAC within 30 days of adoption by the county's BOS; *(Anticipated to occur before June 30, 2018)*
- A county may not spend funds that are deemed reverted and reallocated to the county until the county's BOS has adopted a plan to spend those funds;
- The expenditure plan must account for the total amount of reverted and reallocated funds for all impacted FYs, as indicated in the applicable notice of unspent funds subject to reversion or in the final determination on an appeal;
- The county must include the Plan to Spend in the County's Three-Year Program and Expenditure Plan or Annual Update, or as a separate plan update to the County's Three-Year Program and Expenditure Plan, and comply with WIC Section 5847(a); *(This document meets the requirement as a separate plan update)*
- Reallocated funds must be expended on the component for which they were originally allocated to the county. *(This only affects Innovation fund in Stanislaus County)*

## **Summary and Recommendation:**

- 12/5/11 Department of Mental Health (now DHCS) issued Information Notice 11-15 clarifying how funds subject to reversion should be calculated by counties. Using this calculation, Stanislaus County had no funds subject to reversion.
- 6/23/16 DHCS issued IN 16-026 rescinding IN 11-15, thereby making unspent funds from fiscal years 2008-2009 through 2015-2016 subject to reversion if not spent within three fiscal years from 7/1/16.
- 7/10/17 Assembly Bill (AB) 114 (Chapter 38, Statutes of 2017) became effective and amended Welfare and Institutions Code (W&IC) sections related to the reversion of MHSA funds making funds subject to reversion as of 7/1/17 deemed reverted and reallocated to the county of origin for the purposes for which they were initially allocated, and that such funds be spent by 7/1/20. AB 114 required that each County with unspent funds prepare a plan to expend funds by 7/1/18.



# Reverted - Reallocated INN funds plan - 2018

- 12/28/17 DHCS issued IN 17-059 providing the methodology used to calculate funds subject to reversion as of 7/1/17. IN 17-059 also provides guidance on the appeals process, the plan to spend the funds, and the consequences for failure to spend the funds. Stanislaus County agrees with the States calculations and \$1,682,916 of Innovations funding from fiscal years 2008-2009, 2009-2010, and 2010-2011 are reallocated.

**BHRS recommends the following plan to spend reverted/reallocated Innovation funds:**

Expenditure item*	Years to be spent	Amount to be spent	From Fiscal Year
Co-Occurring Disorders Full Service Partnership Innovations Project	FY 2018-2019	\$1,682,916	<b>FY08-09 FY09-10 FY10-11</b>
Suicide Prevention Innovations Project	FY 2018-2019 & 2019-2020		
Planning and administration costs for existing & new Innovation Projects	FY 2018-2019 & 2019-2020		
<b><i>*Total amounts for items are already approved and there is no expansion in this plan to spend</i></b>			

**Future of Innovation funding in Stanislaus:**

**Following these new instructions from DHCS accomplishes the following steps:**

- Reconciles with DHCS the amount of funds that were reverted / reallocated to Stanislaus.
- Brings Stanislaus in compliance with IN 17-059 by developing a plan to spend identified reverted/reallocated funds prior to June 30, 2020.
- Identifies guidelines for future expenditures of Innovation (INN) funds.
- Clarifies funds available for future planning processes utilizing funds from FY 2017-2018 forward. *(Stanislaus’ allocation for INN is approximately \$1M per year)*

**Local Review Process:**

MHSA Plan to Spend Reverted/Reallocated Funds FY17-18 (MHSA Plan to Spend) was discussed with the Representative Stakeholder Steering Committee on March 23, 2018 for clarification and input.

The MHSA Plan to spend is available for 30-day public review and comment April 3, 2018 – May 2, 2018. Notification of the public review dates and access to copies of the document is made available through the following methods:

- An electronic copy is posted on the County’s MHSA website: [www.stanislausmhsa.com](http://www.stanislausmhsa.com).
- Paper copies of the MHSA Plan to Spend were distributed to Stanislaus County Public Libraries throughout the county where the Plan to Spend is available at the resource desks.
- Electronic notification was sent to all BHRS service sites with a link to [www.stanislausmhsa.com](http://www.stanislausmhsa.com), announcing the posting of this document.

## Reverted - Reallocated INN funds plan - 2018

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- Representative Stakeholder Steering Committee, Behavioral Health Board members, as well as other community Stakeholders were sent an email informing them of the start of the 30-day review, and how to obtain a copy of the MHSA Plan to Spend.
- Public Notices were posted in nine newspapers throughout Stanislaus County including a newspaper serving the Spanish speaking community. The Public Notice included access to the MHSA Plan to Spend, on-line at [www.stanislausmhsa.com](http://www.stanislausmhsa.com) and a phone number to request a copy of the document.
- A notice was published in the April issue of the BHRS Cultural Competency Newsletter.

### **Public Comment:**

To be added following the 30 day public review and comment period.

# MHSA COUNTY FISCAL ACCOUNTABILITY CERTIFICATION<sup>1</sup>

County/City: STANISLAUS

- Three Year Program and Expenditure Plan - Plan Update  
 Annual Update  
 Annual Revenue and Expenditure Report

<b>Local Mental Health Director</b>	<b>County Auditor-Controller / City Financial Officer</b>
Name: Rick DeGette	Name: Lauren Klein, CPA
Telephone Number: (209) 525-6225	Telephone Number: (209) 525-5673
E-mail: rdegette@stanbhhs.org	E-mail: kleinl@stancounty.com
Local Mental Health Mailing Address:	
800 Scenic Drive Modesto, CA 95350	

I hereby certify that the Three-Year Program and Expenditure Plan, Annual Update or Annual Revenue and Expenditure Report is true and correct and that the County has complied with all fiscal accountability requirements as required by law or as directed by the State Department of Health Care Services and the Mental Health Services Oversight and Accountability Commission, and that all expenditures are consistent with the requirements of the Mental Health Services Act (MHSA), including Welfare and Institutions Code (WIC) sections 5813.5, 5830, 5840, 5847, 5891, and 5892; and Title 9 of the California Code of Regulations sections 3400 and 3410. I further certify that all expenditures are consistent with an approved plan or update and that MHSA funds will only be used for programs specified in the Mental Health Services Act. Other than funds placed in a reserve in accordance with an approved plan, any funds allocated to a county which are not spent for their authorized purpose within the time period specified in WIC section 5892(h), shall revert to the state to be deposited into the fund and available for other counties in future years.

I declare under penalty of perjury under the laws of this state that the foregoing and the attached update/report is true and correct to the best of my knowledge.

Rick DeGette  
Local Mental Health Director (PRINT)

\_\_\_\_\_  
Signature Date

I hereby certify that for the fiscal year ended June 30, 2017, the County/City has maintained an interest-bearing local Mental Health Services (MHS) Fund (WIC 5892(f)); and that the County's/City's financial statements are audited annually by an independent auditor and the most recent audit report is dated December 15, 2017, for the fiscal year ended June 30, 2017. I further certify that for the fiscal year ended June 30, 2017, the State MHSA distributions were recorded as revenues in the local MHS Fund; that County/City MHSA expenditures and transfers out were appropriated by the Board of Supervisors and recorded in compliance with such appropriations; and that the County/City has complied with WIC section 5891(a), in that local MHS funds may not be loaned to a county general fund or any other county fund.

I declare under penalty of perjury under the laws of this state that the foregoing and the attached report is true and correct to the best of my knowledge.

Lauren Klein, CPA  
County Auditor Controller / City Financial Officer (PRINT)

\_\_\_\_\_  
Signature Date

<sup>1</sup> Welfare and Institutions Code Sections 5847(b)(9) and 5899(a)  
Three-Year Program and Expenditure Plan, Annual Update, and RER Certification (02/14/2013)