



Behavioral Health Modernization

Proposition 1 and the Impacts on the
Mental Health Services Act

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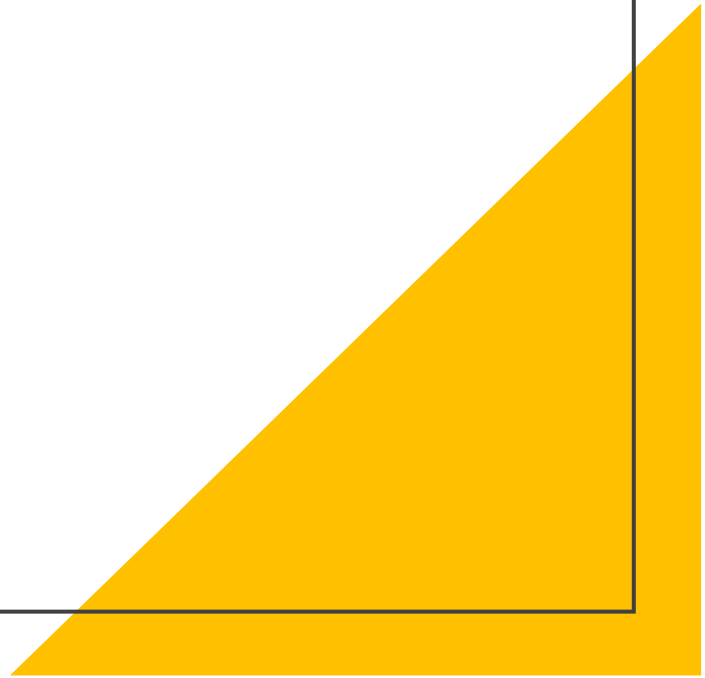
04/27/2024

Introduction

Governor Newsom and Legislative leaders proposed a general obligation bond and modernization of the Mental Health Services Act (MHSA) on the March 5, 2024, ballot as Proposition 1.

Two bills relate to Proposition 1: Senate Bill 326 and Assembly Bill 531, focused on **four strategies** to transform California's behavioral health system through housing with accountability and MHSA reform:

- **Services for the most in need**
- **Accountability**
- **Behavioral health housing**
- **Workforce**



Senate Bill 326

- **Reform**
 - Reform MHSa funding to prioritize services to those living with the most serious mental illnesses and substance use disorders.
- **Expand**
 - Expand the behavioral health workforce through a state initiative to reflect and connect with California's diverse populations through a state implemented program.
- **Outcomes, Accountability, and Parity**
 - Focus on outcomes, accountability, and parity. Require Behavioral Health Integrated Plans that reflect all public BH programs and funds.



Assembly Bill 531

AB 531 placed a \$6.4 billion General Obligation Bond on the March 2024 ballot for construction of locked and unlocked community based behavioral health treatment and residential care settings.

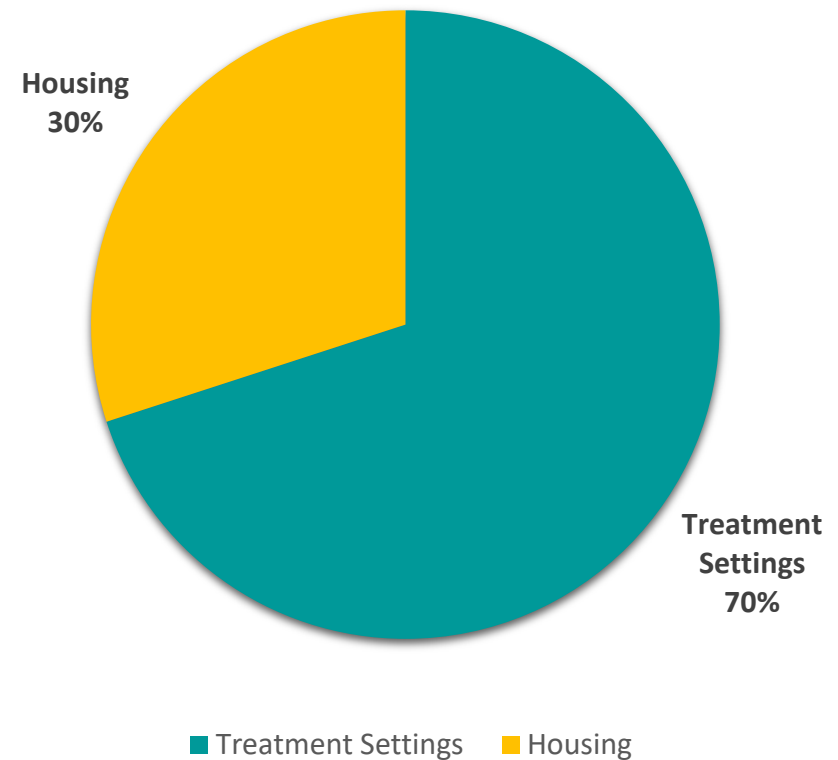
\$4.4 Billion (70%) for grants to public or private entities for Behavioral Health treatment and residential settings.

- \$1.5 billion for local governments
- \$30 million tribal entities

\$2.0 Billion (30%) permanent supportive housing units for veterans and persons experiencing or at risk of homelessness living with serious behavioral health challenges.

- \$1.065 billion set aside for veterans' housing
- \$922 million set aside for other persons

Use of Bond Funds



Proposition 1

SB 326

Changes MHSA to BHSA (Behavioral Health Services Act) to include treatment for people with substance use disorders. BHSA Plan will include **ALL Behavioral Health** programs and funds.

Will change how counties can provide services. Counties will have to redirect MHSA funds from 5 components into 3 major “buckets”:

- Behavioral Health Services and Support (35%)
- Full-Service Partnerships (35%)
- Housing Interventions (30%)

Will direct more money to the State (10% vs. 5%) and less to Counties (90% vs. 95%). Will result in increased costs to counties to continue current programs. Eliminates Prevention and redirects funding away from treatment to pay for housing subsidies.

AB 531

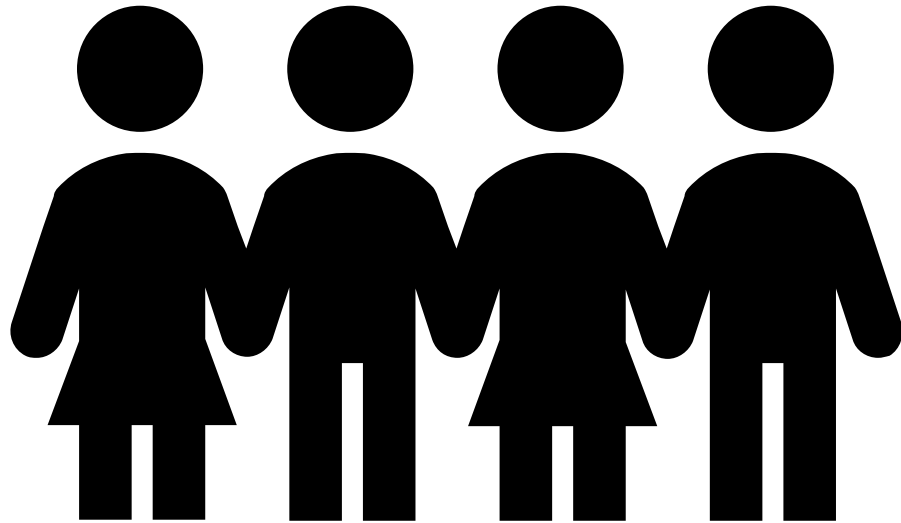
Also known as the Behavioral Health Infrastructure Bond Act of 2024, which directs funding to build treatment bed and housing.

Proposes a \$6.4 billion bond to build:

- 6,800 new beds for people to receive mental health care or drug or alcohol treatment at any one time.
- 4,350 housing units for homeless individuals of which 2,350 are set aside for veterans experiencing homelessness.

The bond would provide housing to approximately 20% of veterans experiencing homelessness across the state.

Re-Focused Priorities



- **Change allowable use**
 - Use MHSA to provide Substance Use Disorder (SUD) treatment in addition to services for individuals living with Serious Mental Illness (SMI)
- **Priority Populations**
 - Adults with SMI or SUD who are or at risk of/are experiencing homelessness or are at risk of/are justice-involved; Adults with SMI at-risk of conservatorship
 - Children and youth with SED or SUD, who are experiencing homelessness, are involved or at risk of being justice-involved, or are in/transiting out of the child welfare system

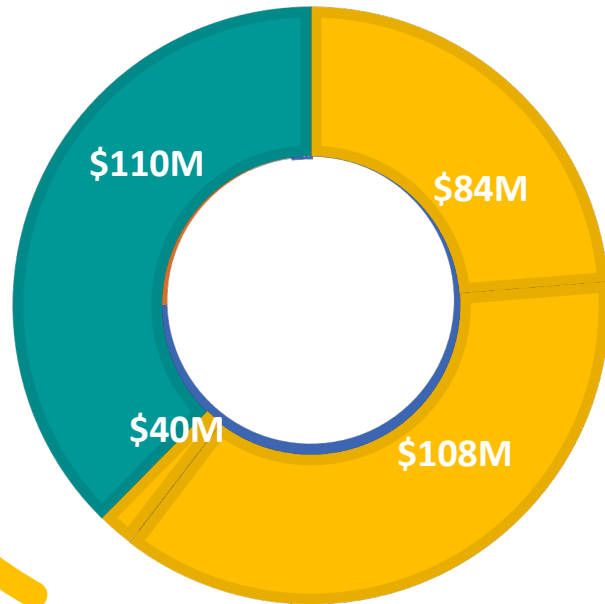
MHSA Modernization Summary

Modified from 5 Categorical uses to 3 Categories:

Revenue Breakup: Anticipated BHSA Revenue for FY 26/27 \$173,860,000

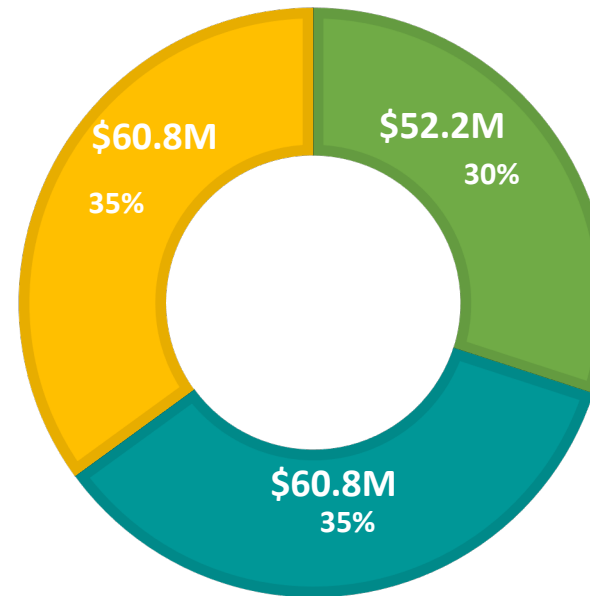
MHSA - CURRENT MODEL

■ PEI/INN ■ GSD ■ WET/CFTN ■ FSP



■ CSS
■ PEI
■ INN
■ WET
■ CFTN

BHSA - PROPOSED MODEL



■ Housing Interventions
■ Full Service Partnerships
■ BH Svcs Supports

Modernization of MHSA

The new **Behavioral Health Services Act (BHSA)** is modified from 5 Categorical uses to 3 Categories:

1

30% for housing interventions for individuals with serious mental illness/serious emotional disturbance (SED) and/or substance use disorder and experiencing chronic homelessness, homelessness, or at-risk of homelessness

2

35% for Full Service Partnerships

3

35% for Other Behavioral Health Supports

Note: 7% to 14% of funding can be adjusted between components. No more than 7% can be removed from one component.



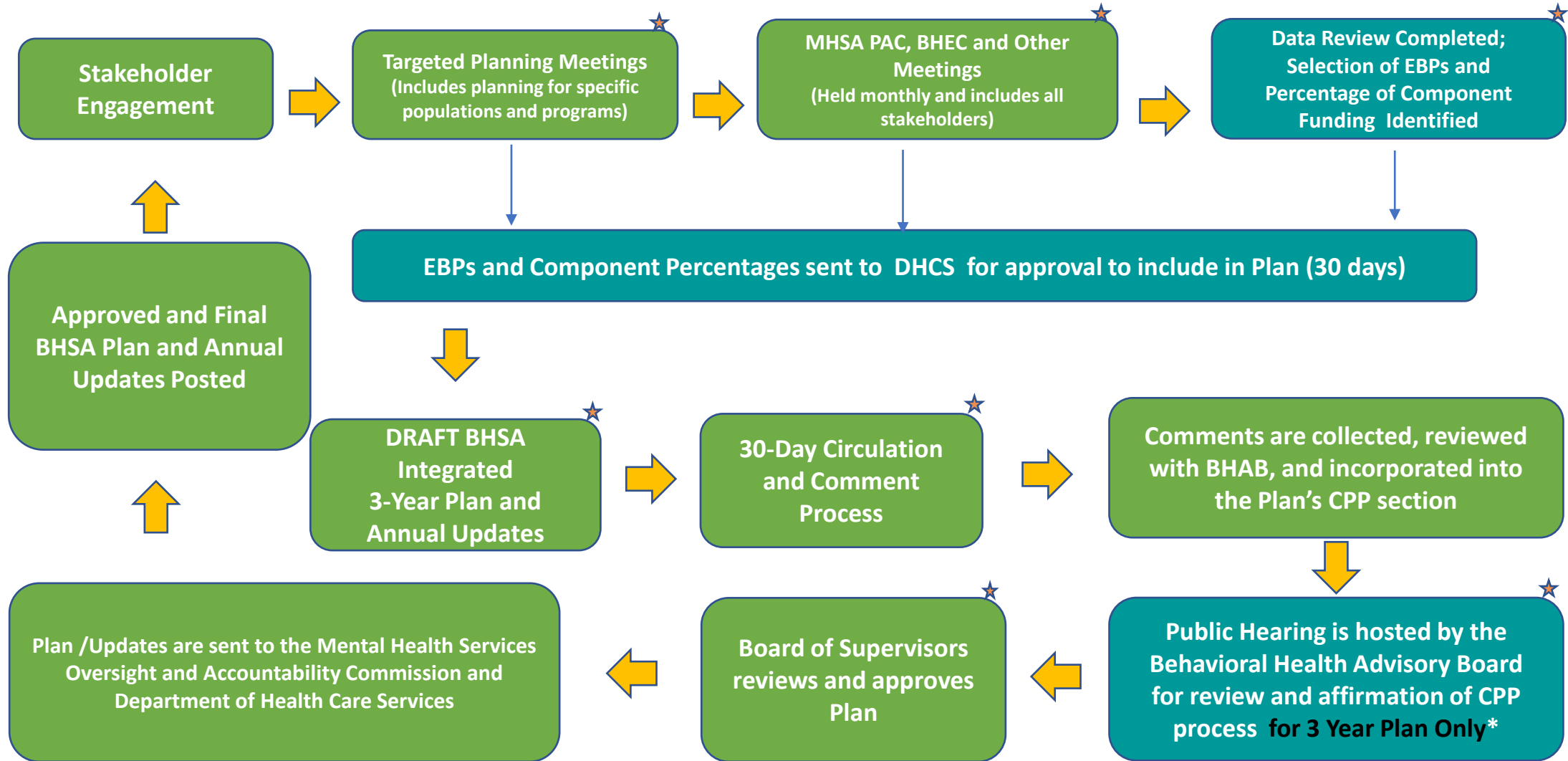
Revise Community Planning Process

- Expand requirements for Three-Year Program and Expenditure Plans (Integrated Plan):
 - Include **ALL** Behavioral Health programs and services
 - Provide county behavioral health agencies with more flexibility to adjust spending through modified CPP for amendments and annual updates.
 - Transform the MHSA planning process into a broader county/region behavioral health planning process that includes additional stakeholders.
 - Require plans be approved by boards of supervisors by June 30.
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Who are the MHSA/BHSA Stakeholders?

- Adults and older adults with serious mental illness or in recovery from a **substance use disorder**
 - Families of children, adults, and older adults with serious mental illness or with a **substance use disorder**
 - Youths or youth mental health or **substance use disorder** organizations
 - Providers of mental health services and **substance use disorder treatment** services
 - Public safety partners
 - Education agencies: Higher education partners
 - **Early childhood organizations**
 - Local health jurisdictions
 - County social services and child welfare agencies
 - **Labor representative organizations**
 - Veterans
 - Representatives from Veterans organizations
 - Health care organizations
 - **Health care service plans, including Medi-Cal managed care plans**
 - **Disability insurers**
 - **Tribal and Indian Health Program designees established for Medi-Cal Tribal consultation purposes**
 - **The five most populous cities in counties with a population greater than 200,000**
 - Area agencies on aging
 - Independent living centers
 - Continuums of care (homeless services)
 - Regional centers
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The BHSA Integrated Plan and Annual Update Process



★ Indicates opportunities for stakeholder input and feedback.



Accountability

- Require counties to bill Medi-Cal for all reimbursable services in accordance with Medicaid State Plan and applicable waivers, to further stretch scarce dollars and leverage BHSA to maximize federal funding for services.
 - Requires submission of a state designed Behavioral Health Outcomes, Accountability, and Transparency report (2028).
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Local Impact: Preliminary Analysis

Estimated Impact Summary of Financial Information: Comparison of MHSA 3-Year Plan Budget to Proposed Allocations			
Categories	BHSA FY 2026/27 Projected Allocation	FY 2025/26 Projected Budget in Plan (MHSA only, excluding projected growth/decreases)	Difference (+/-)
Housing Interventions 30%	\$52,200,000	\$24,569,427	+27,630,573
Full Service Partnerships 35%	\$60,830,000	\$99,179,814	-\$35,549,814
Behavioral Health Services and Supports 35%	\$60,830,000	\$217,228,006	-\$156,398,006
Total	\$173,860,000	\$340,977,247	-\$164,317,247

Note: This model does not include Medi-Cal, other revenue, or administration

Questions and Discussion





Next Steps

- Provider and Community Education
 - Review of Impact
 - Administrative Adjustments and Actions
 - Establishing Community Program Planning Framework
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Thank you for your participation

For questions or to request a meeting, please contact

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or call (714) 834-3104

For MHSA information

please call (714) 834-3104 or email mhsa@ochca.com

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