Biggest Highlights for This Year Are the Things That Didn't Happen: "Repeal and Replace" And AB 1250. Those Threats Remain For 2018

2017 has been a year of positive stock market gains in a healthy California economy. The national economy is also doing well. Normally, in good economic times, our focus is on the opportunities created by unanticipated tax revenues from which we hope to get a portion dedicated to help improve behavioral health care services and facilities.

State Budget and Legislative Successes

Mental Health Service Act (MHSA) revenues are estimated to be up by $200 million which should provide growth in county programs. We had success in the earmarking of the growth in state administrative fund MHSA dollars, which are 5% of the total. Most went to a youth crisis care system which should see grant opportunities for counties and providers released from the California Health Facilities Financing Authority in the next few months. We also supported the Community College Mental Health Pilot Program, recognizing this is a key population for Prevention and Early Intervention with a large percentage being Medi-Cal recipients at many campuses, and others now obtaining insurance through the affordable care act or their parents- neither of which used to be possible.

In addition, nearly all bills that we supported passed and were signed. (See bill status report) the most significant could be AB 1315 which creates a new state entity that can receive private contributions to be used as matching funds for new county MHSA innovation proposals involving partnerships with technology. The Steinberg Institute reports they are optimistic about receiving tens of millions of dollars each year for the next several years for this program, which could be a major game changer.

In most years, these would be the things we would be talking about as we look back on what was accomplished. But not this year.

"Repeal and Replace" And Draconian Medi-Cal Cuts Defeated for Now, But Certain To Come Back

From the moment of the surprise presidential election in November, we knew our highest priority would be to prevent the repeal of the Affordable Care Act (ACA). But we didn't know the Congress would go much further and actually pass a bill in the House that cut Medicaid by tens of billions more in California than what we would lose under the repeal of the ACA alone.

Despite our best efforts, all 14 California House Republicans voted for this measure. Fortunately, none of the several attempts in the Senate were successful this year. The defeats were very narrow so we know congressional leaders will come back to this issue in 2018. So our work is not done and it is still essential and timely to continue to educate each member of Congress about what is at stake in their district.

AB 1250 - Which Makes Contracting Out for County Behavioral Health Almost Impossible

Similarly, but not anticipated at the start of the year, the California Assembly passed AB 1250 (Jones – Sawyer), a labor sponsored measure which would make it virtually impossible for counties to continue to contract out for behavioral health services.

That passage took us and counties by surprise and we were part of a mobilization effort of more than 500 organizations to oppose this legislation in the Senate. We pointed out the evidence that in most circumstances private providers have a track record of providing the best possible services and at significantly lower cost than would be the case if counties had to provide all services utilizing their own civil service employees.

We were disappointed when the legislation narrowly passed the Senate Governance and Finance Committee. Committee Chair and former county supervisor Mike McGuire did not vote for the measure. Senator Jim Beall, another former county supervisor, only voted for it after it was amended to exempt the Santa Clara County health care system which includes behavioral health.

Our efforts paid off in the Senate Appropriations Committee, where Senator Beall was joined by two other Democrats who are also former county supervisors; Senators Hill and Weiner, in expressing concerns about the bill and urging further negotiations with counties to develop a more reasonable and scaled-back measure.

To facilitate those discussions, the Committee did not approve the bill for passage to the full Senate but instead referred it to the Senate Rules Committee. It was reported there was a meeting between county and union officials but nothing was resolved. There were rumors the bill was going to be amended and advanced to the Senate floor but that did not happen either.

As a result, the bill remains in the Rules Committee. So it is still very much alive as the Rules committee could advance it to the Senate floor any time in 2018.

The fact this did not happen in the final weeks of the 2017 session most likely means there were at least eight Senate Democrats who had sufficient concerns about the bill they did not want to vote for it.

But again, our work is not done. If we had the votes to block its passage, it was by the narrowest of margins. I believe we still have a lot of work to do to educate all Senate Democrats about the disastrous impacts this bill would have. From the communications I received, it appears as though our best strategy is to get as many nonprofit agencies involved as possible. Senators are particularly concerned about adverse financial impacts to community-based organizations within their own districts. This not only includes most county behavioral health contractors, but also many other health and human services organizations. We hope everyone will do their part to make sure all of these nonprofit organizations are aware of this bill, and taking steps to educate their Senate and Assembly members about it. The legislature is out of session from now until January, so there is plenty of time for everyone to do their part. CCCBHA staff are able to help member agencies and other nonprofits in making the contacts with their legislators and drafting appropriate letters.

In my 30+ years of advocacy on behalf of behavioral health providers, I have never seen a bill this potentially devastating, as it could put most of our agencies out of business. It came close to passage which is frightening. I am most pleased about the dozens of agencies who successfully educated their legislators were able to report back positive responses. However, there are hundreds more nonprofit agencies who still haven't done their part and I'm hoping that by January everyone will have done so in that county officials will have made sure all of their contract providers know about this bill and what it could mean.

IHSS Realignment Will Cost Mental Health Almost $200 Million Annually Within Five Years
While this is all good news, it still is a bad year because of the IHSS funding restructuring which diverts realignment dollars that would otherwise go to mental health. For 2017 – 2018, the loss will be

approximately $36 million in growth funds we otherwise would've received. Estimates are the losses will grow to about $200 million annually over the next five years.

Our efforts to stop this proposal from the governor were unsuccessful mainly because counties and unions both supported it fearing the alternatives would've been worse for them, even though they would've been much better for mental health.

Mitigate These Losses with Behavioral Health Integration

We developed a proposal to mitigate these losses in a win-win behavioral health integration concept which had already been adopted for the dual eligible Medi-Cal Medicare population. When the Coordinated Care Initiative to move people into Medicare managed care was started, there was broad acknowledgment the people for whom it could save the most money were those currently being served by the county behavioral health system. These are people known to have five times the rate of chronic physical health problems as compared to other Medi-Cal recipients.

The key to integration for this population is co-location of primary care at the behavioral health service provider. Health plans never made the effort to implement this part of the coordinated care initiative.

We think it will now take our help, from community behavioral health providers and county behavioral health directors to partner with the Department of Health Care Services (DHCS) and health plans to implement this. It should be implemented not just for the dual eligibles but for all Medi-Cal recipients.

As our letter from June indicated, we would ask the DHCS to create a shared savings proposal that compensates primary care and behavioral health providers for their added costs which are likely to generate significant savings for the state and physical health care plans. In light of the IHSS funding proposal, the bulk of those savings should be transferred to county mental health to mitigate the losses from that realignment.

We hope counties and other mental health stakeholders will join us in promoting this proposal in the next few months.