CCCBHA General Blog

US Senate possibly close to taking action on AHCA variation on repeal replace that could include drastic Medicaid cuts

I am writing this from Washington, DC, where I have been in meetings with the National Council for Behavioral Health and their Public Policy Committee these past few days. People here are more worried than ever that the U.S. Senate might be close to passing the bill that includes most of what was in the House measure.

Until this week, there was a belief that we could count on opposition to such a proposal from several Republican senators from states which had expanded Medicaid benefits in the same way California had.

But this week there are rumblings that some or all may now be prepared to vote to impose these cuts and create a block grant system similar to what the House approved. It could be a longer period of time before it takes effect and could have an inflation clause which is more generous, but it still would mean massive cuts which would result in loss of coverage for millions of people. There is also talk of creating a special pot of funding for medication assisted treatment to address the opioid epidemic.

At the meeting we received this financial analysis showing that California would be the hardest hit state with losses of more than 20% of current federal funding for Medi-Cal. The current position of our state is still to simply fight the proposal and not to develop strategies for what we might do if it were to pass. Senate Republican leadership hopes to bring it to a vote the week of June 26th. Whatever is approved in the Senate will undoubtedly be different enough from what the House approved that it will have to go back to the House for reconciliation and another vote.

We in California need to continue to flood California Republican House members with calls, emails and letters reminding them of the impact this will have. The issue that seems to resonate most strongly is the opioid crisis and the fact that people who lose their employment and employer-provided health insurance must depend upon Medi-Cal for treatment for this addiction and other healthcare. Even people who work full-time at minimum wage level jobs need Medi-Cal for health insurance. Providers are urged to point out the value of their services in helping people recover and move into the workforce.

State budget on its way to the Governor - mixed results for our issues

The State Legislature will meet its constitutional deadline to pass a budget by June 15. Sadly, that budget includes a major cut to mental health funds as part of a complex shift of funds overall to cover funding for the state IHSS (In-Home Support Services) program. Mental health funds that are part of the prior realignment process are being diverted to IHSS. Anticipated growth in MHSA funds will have to be used to cover the loss of state funds. This means that these MHSA funds cannot go towards new programs and services which is the original intent of the MHSA funds. CCCBHA, while understanding the need for funding of critical IHSS services, has **strongly opposed this move as the legislative action cuts funding to mental health services by $126 million annually after being phased in over five years.**

The first year of cuts is estimated at $36 million. These are the cuts from mental health's share of growth from vehicle license fee revenues as part of 1991 realignment. The original law allowed sales tax growth to be diverted to IHSS when there was a county financial responsibility. For the past five years, mental health received that growth because IHSS was part of state funded Medi-Cal. By shifting it back

to the counties the old law automatically goes into effect which will mean additional permanent losses of mental health funds depending upon the amount of sales tax growth in future years. For the current year sales tax growth is under $1 million so there is only a negligible loss. The Department of Finance indicates that of future growth, mental health could lose up to $25 million annually, and would be cumulative so that each loss reflects a lower base for future years. These losses are in addition to the loss of $126 million by this new legislative action.

The 1991 realignment funding mainly affects adult mental health services. Substance use disorder funding and children's funding for EPSDT are part of the 2011 realignment program which is not impacted.

Counties had hoped that this proposal would only be in effect for two years as the funds that compensate County general funds for their losses are only reasonably adequate for that period.

They were unable to get even the relief that they should have, unless it was part of a package that was ongoing beyond the two years. There is an agreement to "reopen the discussion" in two years, when there will be a new governor, but any hopes of relief will likely depend upon both a healthy state economy and no significant loss of federal support.

Beyond this issue there is actually a lot of very good news and support for our other budget priorities. These include:

- $16.7 million to restore full funding for children's mental health crisis services. This has been a priority for CCCBHA during this legislative season. The funds did not come out of the General Fund as we had advocated and instead has been pulled from MHSA funds, but the outcome ensures that work can begin on building a continuum of care for children's mental health services.
- $6.2 million to fund a longstanding state mandate requiring the Department of Health Care Services to collect data on outcomes for children and youth up to age 21 who are receiving mental health services through Medi-Cal.
- $4.3 million to expand services at the National Suicide Prevention Lifeline hotline, including development of best practices, and the provision of services in multiple languages.
- $4.5 million to support student mental health services at California community colleges.
- Development of a policy regarding funds that counties have been awarded from the Mental Health Services Act (MHSA), but where they have failed to spend in a time frame laid out by statute. Since the state had not held counties accountable in the past for these funds the trailer bill offers one-time forgiveness for past unspent funds if counties commit to spending the funds on specified programs in a timely manner. It also sets in place a policy for how unspent funds will be redistributed going forward, which allocates them by formula to other counties for their original purpose, with each county required to have an approved innovations plan in order to receive its share.

Not in controversy or legislative debate is the substance use disorder funding for counties implementing organized delivery systems, the federal funding for new medication assisted treatment for opioid addiction, and the new federal funds that are part of Whole Person Care Pilot programs providing supportive services for Medi-Cal high utilizers, most of whom have mental illnesses and/or substance use disorders.

The governor is virtually certain to sign this budget together with implementing legislation, known as budget trailer bills, within the next several days or weeks. When put together it is clear that there is broad legislative support for most of our priority issues, especially the development of nonhospital crisis care systems that also divert people from jails.

The cuts to mental health funding as it relates to the IHSS package was presented as a “done deal” negotiated between state Department of Finance, county officials and public employee unions. The cuts to mental health came about not as a direct intention on anyone’s part to cut mental health funding as it relates to the 1991 realignment law. That was originally viewed as the stabilization of mental health funding and was intended to allow for growth. We were literally just in the wrong place in the state budget structure at the wrong time when the IHSS program grew dramatically starting about 15 years ago, so we were unintended victims.

We have presented state officials with ideas to provide better physical healthcare to people with severe mental illness, which could generate significant state general fund Medi-Cal savings. Depending upon what happens in Washington, DC, I see hope for this to be developed more fully and to be implemented in a way which could return funding to county mental health programs compensating for the losses from the IHSS diversion.

With the passage of the state budget, legislative attention turns to bills which have been approved by their house of origin and are now pending in the policy committees of the other house.