

*Better Health for All  
System*



*County of Santa Clara Health*

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DATE: June 22, 2021

TO: Honorable Members of the Board of Supervisors  
Jeffrey V. Smith, M.D., J.D., County Executive

FROM: René G. Santiago, Deputy County Executive/Director, County of Santa Clara <sup>DS</sup> RS  
Health System (Health System)  
Sherri Terao, Director of Behavioral Health Services Department (BHSD) <sup>DS</sup> ST

**SUBJECT: Assisted Outpatient Treatment (AOT) and Funding Resources**

During the Board of Supervisors Meeting on May 25, 2021 (Item No. 26), Supervisor Lee requested that the BHSD provide an off-agenda report on the funding resources to implement AOT. Specifically, Supervisor Lee requested a breakdown on how Medi-Cal funding could be leveraged and how Mental Health Services Act (MHSA) funding could be leveraged, including descriptions of each of the five (5) MHSA funding components, and current levels of funding for each MHSA component.

### **Funding Resources**

Medi-Cal reimbursement, County General Fund (CGF) and Mental Health Services Act (MHSA) are funding resources that support most of the BHSD's programs and services. To utilize Medi-Cal and MHSA funding, services shall be available to adults and older adults with severe illnesses who meet medical necessity and meet the eligibility criteria in subdivisions (b) and (c) of Section 5600.3 of the Welfare and Institutions Code. Services also aim to reach and increase access to the unserved and underserved populations most severely affected by or at risk of serious mental illness. Medical necessity and eligibility criteria are determined through the clinical assessment. Individuals who may meet the criteria for AOT services may have different insurance coverage such as Medi-Cal, Medicare, private/commercial insurance or be uninsured.

Under Assembly Bill (AB) 1976, counties are prohibited from reducing existing voluntary mental health programs serving adults and children to implement AOT. For successful implementation of AOT, adequate funding is necessary.

### **Medi-Cal Funding for AOT**

The BHSD provides behavioral health services through a managed care delivery system serving Medi-Cal beneficiaries. The BHSD serves a significantly larger proportion of its Medi-Cal beneficiaries (6.2%) compared to the cohort of other large counties who serve an average of 4.4% and the overall statewide benchmark of 4.9%. In general, treatment services which include case management, mental health services, medication support and crisis intervention are reimbursable under Medi-Cal, but activities related to triaging calls and referrals and those that

support the court process (i.e., court hearing/settlement agreements, and follow-up contacts with clients and additional court reviews) are not reimbursable. Activities that proposed County staff would provide, such as outreach and engagement contract monitoring and data collection, analysis, and reporting, could be claimed under Medi-Cal Administrative Activities (MAA). Medi-Cal could also be leveraged to help partially fund the following County positions – Psychiatrist, Rehabilitation Counselor (except any activities to support the court process), Licensed Psychiatric Social Worker II (for assessment activities), and Licensed Psychiatric Technicians. Medi-Cal and MAA would likely reimburse no more than 50% of the budgeted cost for the positions performing the tasks described. BHSD estimates that the cost to establish a fully functioning behavioral health team to implement AOT would cost about \$3,756,044 annually. This total may be higher depending on whether the service is reimbursable by Medi-Cal or not. Activities performed by providers for services to non-Medi-Cal beneficiaries are not reimbursable.

While BHSD will link clients and families to services under existing programs where appropriate, AOT requires a staffing ratio of 10:1 for those clients under an AOT order. Increased staffing in existing treatment programs will accommodate the increased number of individuals who will be engaged through the AOT process, many of whom will need high intensity level of services. The following AOT treatment services are reimbursable by Medi-Cal.

- a) Case Management, Brokerage: Assisting in accessing medical, educational, social, prevocational, vocational, rehabilitative, or other community services. The service provided may include, but are not limited to, communication, coordination, and referral; monitoring service delivery to ensure beneficiary access to service and the service delivery system; monitoring of the beneficiary's progress; placement services; and plan development. (CCR, Title 9, Section 1810.249).
- b) Mental Health Services: Providing individual or group therapies and interventions that are designed to provide reduction of mental disability and restoration, improvement or maintenance of functioning consistent with the goals of learning, development, independent living and enhanced self-sufficiency and that are not provided as a component of adult residential services, crisis residential treatment services, crisis intervention, crisis stabilization, day rehabilitation, or day treatment intensive. Service activities may include but are not limited to assessment, plan development, therapy, rehabilitation, and collateral. (CCR, Title 9, Section 1810.227)
- c) Medication Support: Providing services that include prescribing, administering, dispensing, and monitoring of psychiatric medications or biologicals that are necessary to alleviate the symptoms of mental illness. Service activities may include but are not limited to evaluation of the need for medication; evaluation of clinical effectiveness and side effects; the obtaining of informed consent; instruction in the use, risks, and benefits of, and alternative for medication; and collateral and plan development related to the

delivery of the service and/or assessment of the beneficiary. (CCR, Title 9, Section 1810.225)

- d) **Crisis Intervention:** Offering 24-hour access to crisis services to or on behalf of a beneficiary for a condition that requires more timely response than a regularly scheduled visit. Service activities include, but are not limited to, one or more of the following: assessment, collateral, and therapy. Crisis intervention is distinguished from crisis stabilization by being delivered by providers who do not meet the crisis stabilization contact, site. (CCR, Title 9, Section 1810.209)

### **Estimated Annual Costs of AOT and Medi-Cal Reimbursements**

BHSD estimates that the total cost of implementing AOT in Santa Clara County is approximately \$12,292,180 per fiscal year, with an estimated cost of \$10,344,513 after Medi-Cal reimbursement.

Estimated Annual Costs for County AOT Program

#### ***Estimated Costs for Internal County Infrastructure***

Behavioral Health AOT Team and Internal Infrastructure	\$4,023,506
County Counsel and Paralegal	\$201,000
Public Defender	\$122,406
Superior Court	\$274,000
<b><i>Estimated Total</i></b>	<b><i>\$4,620,912</i></b>
<b><i>Estimated Medi-Cal Reimbursement</i></b>	<b><i>\$ 268,360</i></b>
<b><i>Total AOT Cost to the County</i></b>	<b><i>\$4,352,552</i></b>

#### ***Estimated Costs for AOT Treatment***

Community Provider Treatment (50 slots in Assertive Community Treatment (ACT)/Forensic Assertive Community Treatment (FACT))	\$2,154,550
Crisis Residential (25 slots estimated for stabilization)	\$4,198,268
ACT/FACT Housing (50 beds)	\$1,318,450
<b><i>Estimated Total</i></b>	<b><i>\$7,671,268</i></b>
<b><i>Estimated Medi-Cal Reimbursement</i></b>	<b><i>\$1,679,307</i></b>
<b><i>Total AOT Treatment Cost to County</i></b>	<b><i>\$5,991,961</i></b>

### **Five (5) Components of MHSA**

The MHSA is comprised of the following five (5) required components.

- **Community Services & Supports (CSS)** provides funding for outreach and direct services for children, TAY, adults, and older adults with Severely Emotionally Disturbed (SED)/Seriously Mentally Ill (SMI). CSS focuses on community collaboration, cultural competence, client and family driven services and systems, wellness, recovery, resilience, integrated services as well as serving the unserved and underserved.



- ***Prevention & Early Intervention (PEI)*** provides funding for prevention services to prevent the development of mental health problems. Early intervention services to screen and intervene with early signs of mental health issues. Promotes wellness, fosters health, and prevents the suffering that can result from untreated mental illness. This component requires collaboration with consumer and family members.
- ***Capital Facilities & Technological Needs (CFTN)*** provides funding for infrastructure to implement an Electronic Health Record and support facilities where MHSA funded services will operate.
- ***Workforce Education & Training (WET)*** provides funding to support the building, retaining, and training a linguistically and culturally competent public behavioral health workforce.
- ***Innovation (INN)*** provides funding to test new approaches that may improve access, collaboration, and/or service outcomes for un-, under-, and inappropriately served populations. The goal is to increase access to underserved groups, increase quality of services, promote interagency collaboration and increase access to services.

### **MHSA Funding: Fiscal Year 2021 and Future Years**

Current levels of MHSA funding received in Fiscal Year (FY) 2021 was \$128.0 million. MHSA funding is projected to be \$117.8 million in FY 2022 and \$98.9 million in FY 2023. CSS makes up 75-80%, PEI 15-20%, and INN 0-10% of the total MHSA funding.

### **Projected MHSA Revenue Distribution/Funding**

By component, FY 2022 funding in CSS is projected at \$89.5 million, PEI is \$22.4 million, and INN is \$5.9 million, a total of \$117.8 million. By component, FY 2023 funding in CSS is projected at \$75.2 million, PEI is \$18.8 million, and INN is \$4.9 million, a total of \$98.9 million. Activities in WET and CFTN are funded through CSS.

### **Projected MHSA Annual Expenditure for FY 2022 and FY 2023**

Annual MHSA expenditures for FY 2022 and FY 2023 will exceed projected MHSA revenue distributions from the state.. Expenditures are projected to be \$128.3 million in FY 2022 and \$129.1 million in FY 2023 and will be funded by projected annual revenue distributions from the state in addition to current unspent balances.

Due to the volatility of MHSA revenue, a certain level of unspent balance is maintained to ensure the sustainability of services for the system of care. The decline in unspent balances could result in a deficit in FY 2025. The use of MHSA funds during the County's current approved 3-Year MHSA Expenditure Plan is under review. The FY 2023 annual MHSA update process, which will commence in July 2021, will incorporate a review of utilization of services, appropriate adjustments to maximize funding and provide capacity, and address new programming needs such as AOT. All updates and changes to MHSA expenditure must go through the required MHSA stakeholder community planning process, which includes a 30-day

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public posing of the MHSA plan, a public hearing with the County's Behavioral Health Board, and lastly, approval by the Board of Supervisors.

**AOT Funding in Other CA Counties**

Santa Clara County interviewed 17 counties that have implemented AOT programs and found that most counties utilize County General Funds. Some previously used a combination of MHSA funding, including INN as some counties agreed to implement AOT as a pilot project prior to the effective date of Assembly Bill (AB) 1976, as well as matching Medi-Cal funding, which provides robust reimbursement for community-based services for individuals participating in AOT programs. The full cost of AOT in Santa Clara County is not expected to be fully expended in FY 2022, but rather over time, as the program requires time to ramp up and hire staffing.

cc: Miguel Marquez, Chief Operating Officer  
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Chief Board Aides  
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