



Mental Health Services Act Funding Reduction Scenarios Follow Up

Yolo County Board of Supervisors
October 21, 2025

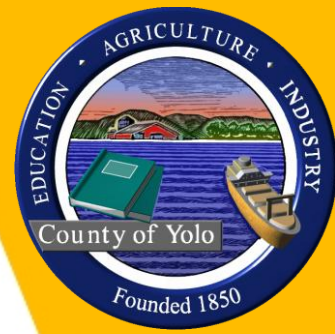
Mónica Morales, HHSa Director
Evis Morales, HHSa Assistant Director, Administration
Tony Kildare, Behavioral Health Director



Current Situation

- Transition from MHSA to BHSA
 - 30% of revenue shift to housing
 - Modifications to prevention, early intervention, and innovation activities
- MHSA facing structural deficit
 - FY 2025/26 = approx. \$4 million dollars
 - FY2026/27 = over \$5 million dollars*
 - The structural deficit can be addressed by reducing contracts with community organizations, HHSA services, and/or using fund balances
- Board directed HHSA **not to exhaust** the fund balances to account for future needs.

*Assumes same allocation for fiscal years 25/26 and 26/27.

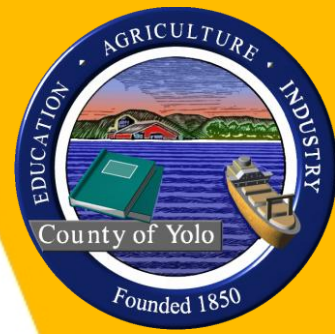


MHSA Deficit

- At Recommended Budget, staff was projecting \$15.54 million in revenue and \$26.99 million in expenses anticipating a structural deficit of \$11.4 million.
- For Adopted budget a series of changes took place that reduced the structural deficit to approximately \$4.0 million. Major changes included the following:

	*Adopted Budget Structural Deficit	4,066,026
	Recommended Budget Structural Deficit	<u>11,462,016</u>
	Difference	(7,395,990)
<u>Reduction Details</u>		
(5,950,560)	Hope Cooperative Contract Reduction (FSP Program)	
1,125,953	Net Internal FSP Program Staffing Costs(FSP Programming)	
770,827	Revised Medi-Cal/State General Fund Revenue Increase	
(840,762)	Crisis Program Cost Reduction	
(1,000,000)	Other Contract Reductions (Inpatient/Safe Harbor)	
(506,988)	Increase in Other Revenue Sources to Support Programs (Realignment/ARPA)	
(835,963)	Removed the Innovation Category Reversion to State	
<u>(158,497)</u>	Overhead/Admin/Evaluation/Planning Decreases	
(7,395,990)		

*Includes Innovation Funds Category/Excluding Innovation Funds: \$4.7 million as shown in Forecast Scenarios



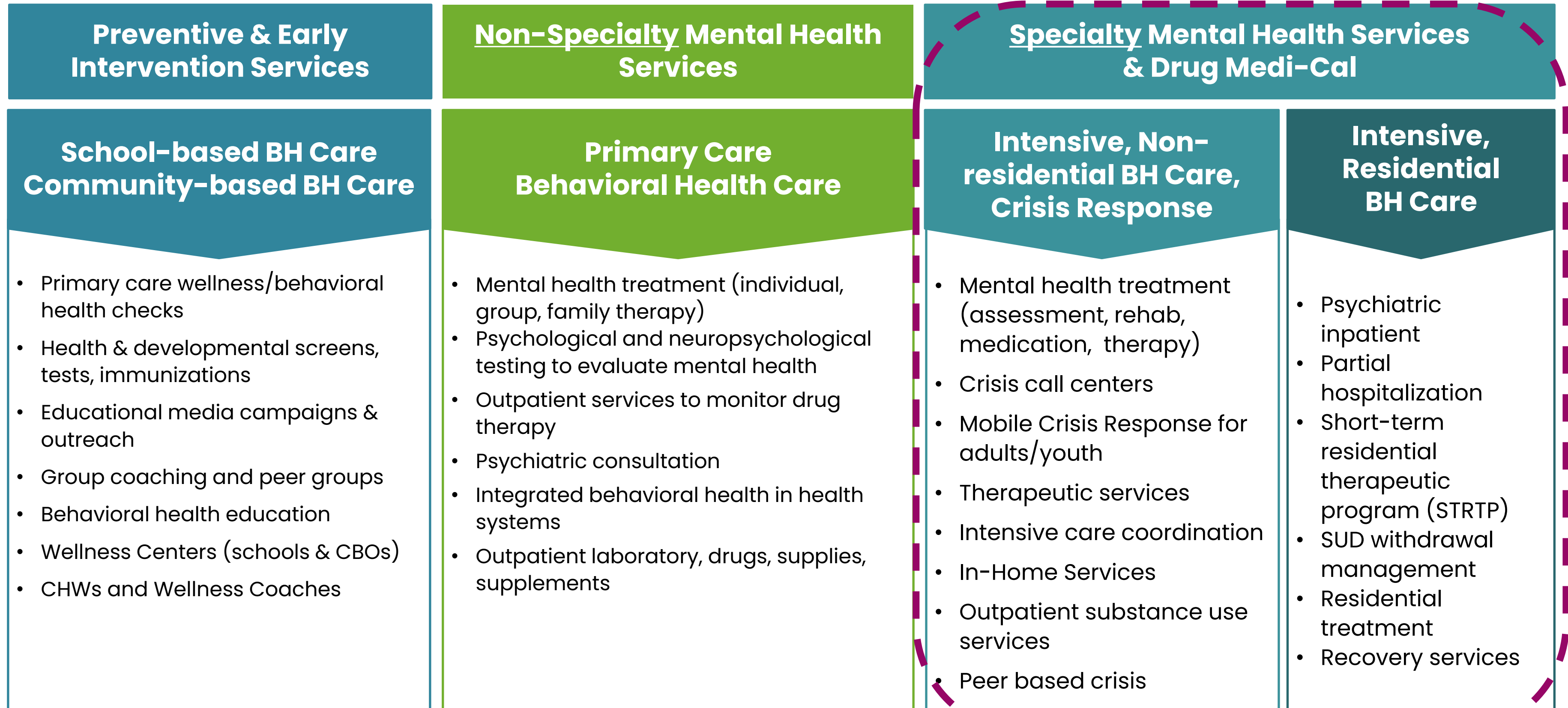
MHSA Transition– Prop 1 Priorities

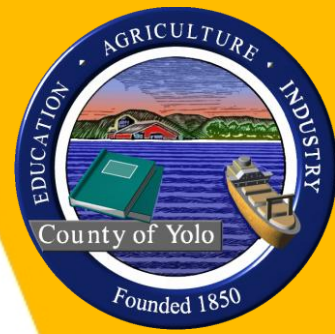
BH Services Act (MHSA Reform to BHSA)

- . Redistributes our County MHSA tax distribution of **\$14.8 million**
 - Removes local prevention dollars 5% to state: ~**\$750,000**
 - Allocates 30% to Homeless and Housing: **\$4.4 million**
- Focuses on Full-Service Partnership clients & Services and Supports (WIC § 5887): ~**\$9.6 million**
 - An FSP is a recovery-focused, community-based mental health program designed to support individuals with **severe mental illness**.



Continuum of Care: Medi-Cal Behavioral Health Care System





County Behavioral Health Responsibility

- County Behavioral Health Departments administer the Specialty Mental Health Plan (MHP) and Drug Medi-Cal Plan (DMC-ODS) for Medi-Cal beneficiaries residing in the County; responsible for
 - provision and payment of services,
 - network adequacy,
 - clinical and quality care standards,
 - data gathering and reporting
- County Behavioral Health provides services directly to beneficiaries, and also through a network of contracted providers.
- **County Behavioral Health provides entitlement services**

County Behavioral Health Access to Care Data

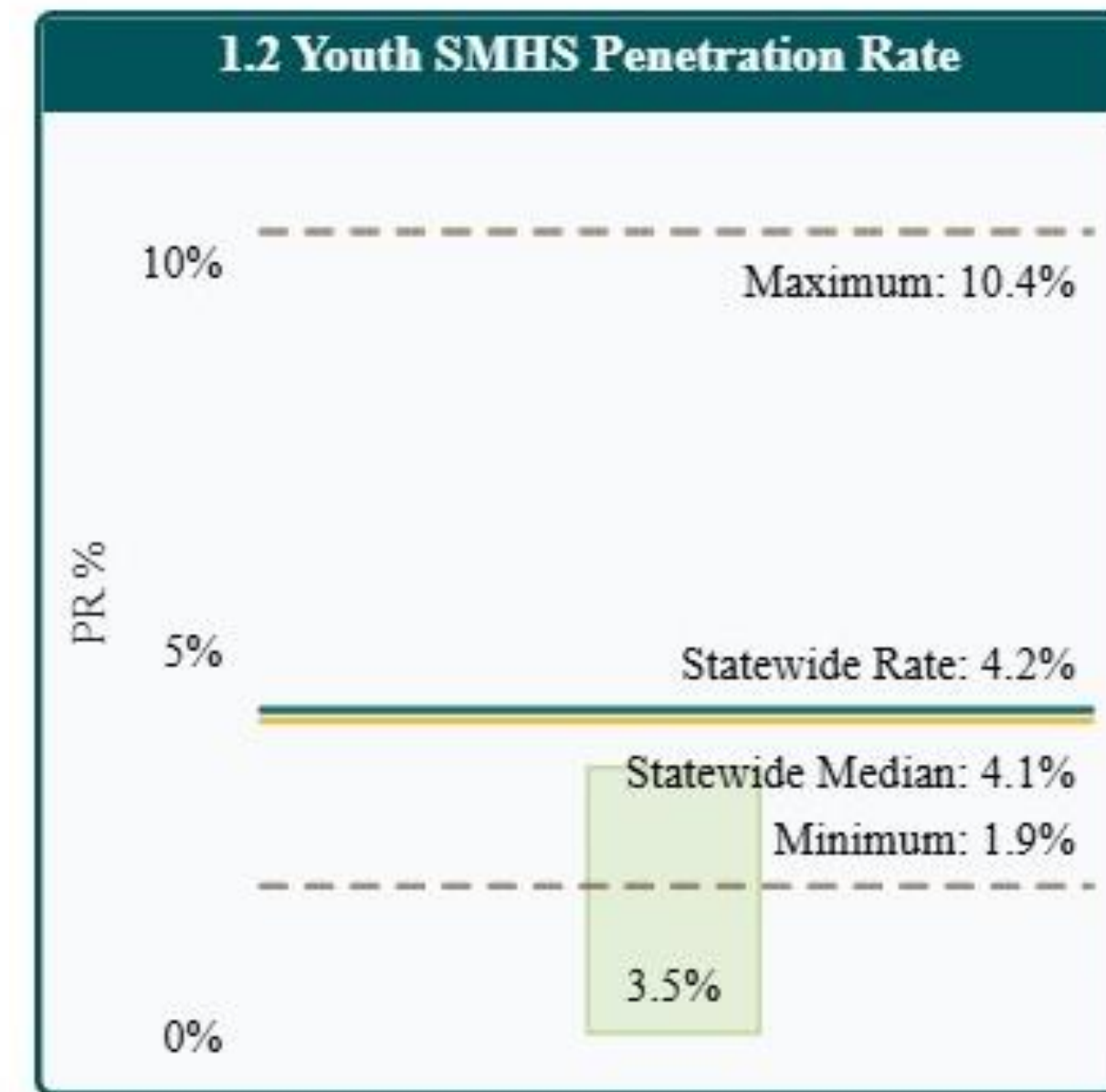
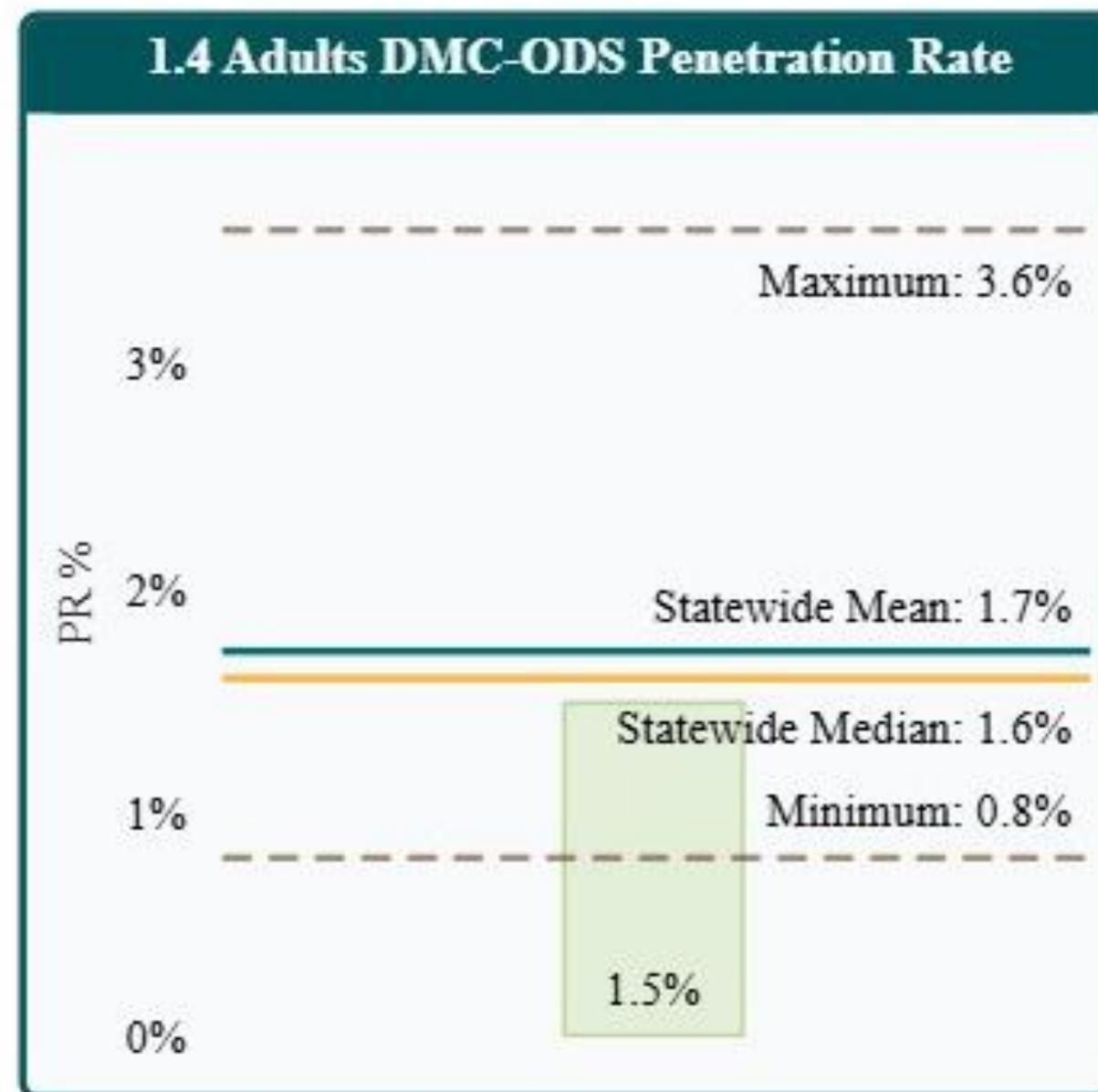
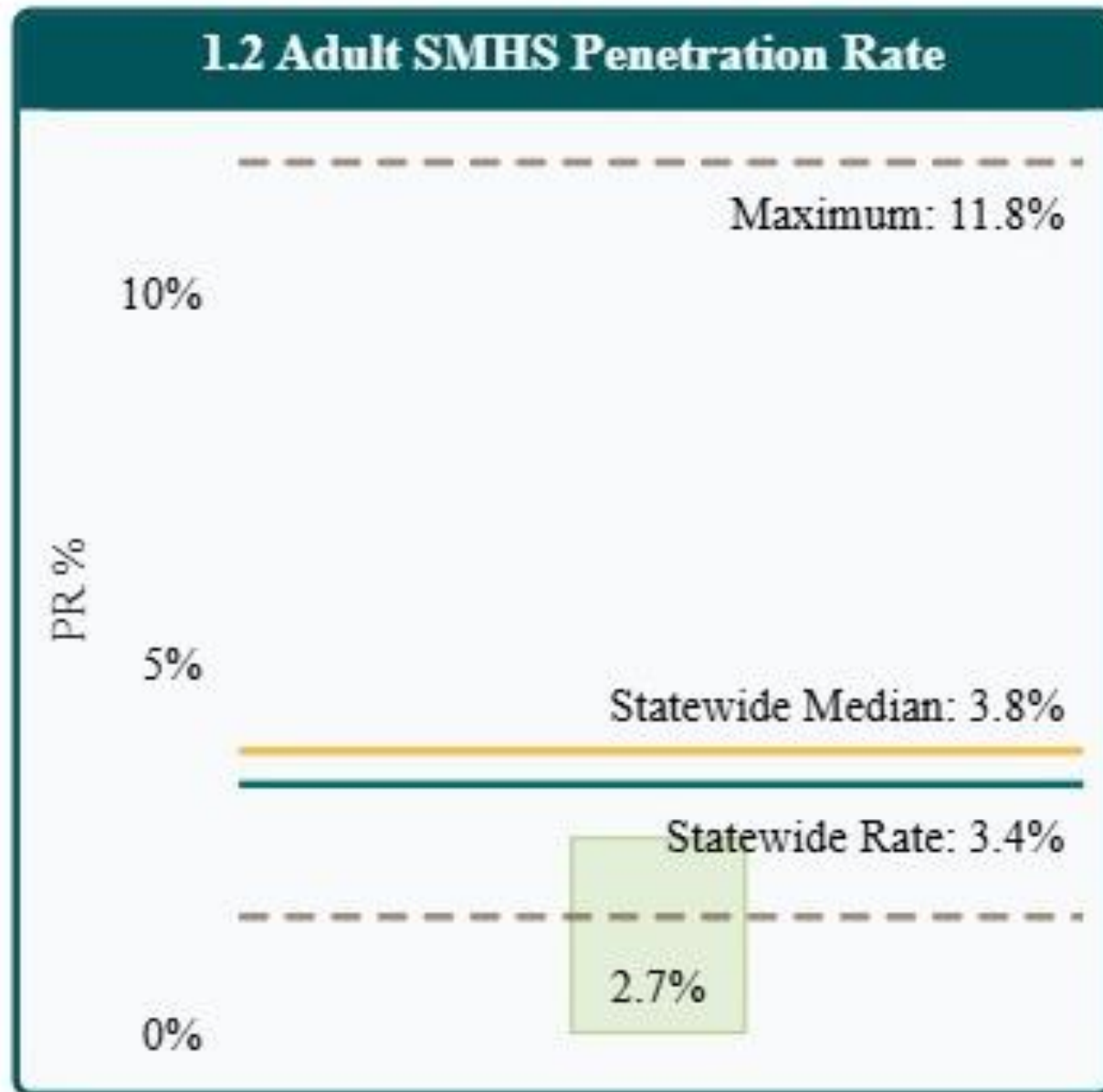


Yolo County's Access to Care Data Overview

This tab provides an overview of each measure per county. County-specific rates are shown on the barplots below with the statewide mean, median, minimum and maximum displayed as horizontal constant lines. The DMC barplots for Adults and Youth will update to reflect either DMC State Plan or DMC-ODS rates dependent on county selection. If a bar does not appear in a plot below, data was not available for that rate for the selected county.

Please select a county:

Yolo



Youth DMC ODS (substance use) data not available for Yolo County.

Source: <https://www.calmhsa.org/data-explainer-series/>

High Level Overview of SB 326 (Eggman)

Restructured the Funding Categories

Created a **New** Housing Category

Eliminated County-Based Prevention Funding

Eliminated Requirement for Separate Innovation Plans & Created a **New** Innovation Fund Overseen by the BHSOAC

Established BHSA as a **New** Source of Funding for Substance Use Disorder (SUD) Services

Doubled the State's Allocation of the Tax from 5% to 10% to Fund **New** Workforce & Population-Based Prevention Initiatives

Created **New** Priority Populations

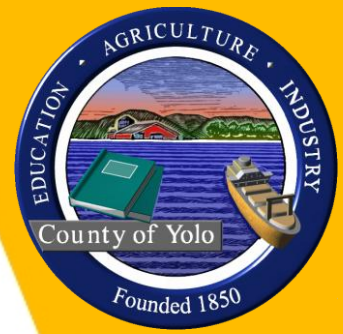
Changes to the Community Program Planning (CPP) Process & Expanded Stakeholders

Created **New** Structure for Planning, Data Gathering, Reporting, & Accountability Across **ALL** County Behavioral Health Funding Streams

Increased Focus on Maximizing Medi-Cal Billing

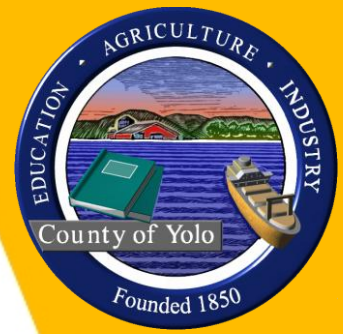
Changed Role & Responsibilities of State Partners

BHSA Category	HOUSING 30%		TREATMENT 70%			
	<i>Up to 25% on Capital Projects (DHCS approval) 2% for NEW Administrative Costs</i>		Full-Service Partnership (FSP) 35%	Behavioral Health Services and Supports (BHSS) 35%		
Sub-Catetory	Chronically Homeless 50%	Housing Interventions for FSP Consumers 50%		Early Intervention 51%	Other 49%	
Program Requirements:	<ul style="list-style-type: none"> -Focus on Encampments -Rental Subsidies -Operating Subsidies -Shared Housing -Family housing for eligible children & youth -Nonfederal share for transitional rent -Other housing supports, as defined by DHCS, including by -Capital development projects, including affordable housing -Project-based housing assistance, including master leasing of project-based housing. 		<ul style="list-style-type: none"> -Requires Evidence Based Practices including: <ul style="list-style-type: none"> - ACT & FACT to fidelity -IPS Supported Employment -High-fidelity wraparound -Outpatient and engagement services added in final language for 'persons enrolled' 	<ul style="list-style-type: none"> -Must be dedicated to Children/Youth under age 25. -Strategies focused on children and youth: <ul style="list-style-type: none"> • experiencing homelessness. •Justice-involved •Child welfare-involved children •With SUDs •LGBTQ 	<ul style="list-style-type: none"> -Children's System of Care services -Adult System of Care services -Outreach Services -Innovation Projects 	



Behavioral Health Resources & Opportunities

- **CDPH: Prevention**
 - [Transforming Behavioral Health](#)
- **Commission for Behavioral Health: Innovation**
 - [Behavioral Health Services Oversight & Accountability Commission \(BHSOAC\) - State of California](#)
- **School Fee Schedule: Early Intervention & Mild to Moderate**
 - [Fee-Schedule](#)
- **CYBHI Initiatives: Early Intervention & Mild to Moderate**
 - [CYBHI](#)
- **CalAIM: Medi-Cal billing**
 - [Medi-Cal Transformation](#)
 - Enhance Care Management & Community Supports



Board Directive

The scenarios outlined are based on the [priorities established by the Board in June and August 2025 meetings:](#)

August

- Additional data on impact and outcomes
- Provide runway for fiscal year 2025-2026 to community organizations
- Allocation of \$96,000 in Board directed project funds & \$40,000 cannabis funds

June

- Focus on funding mandated levels of service.
- Prioritize Medi-Cal beneficiaries.
- Maximize Medi-Cal reimbursement.
- Reduce spending on discretionary programs.

Reductions to County MHSA Programing

Program Description	Current MHSA Allocation	Total Contract	25/26 % Reduction	Reduction in 25/26	26/27 % MHSA Reduction	Reduction in 26/27
Cultural Competence	\$459,306	\$459,306	100%	\$459,306	NA	NA
Early Signs Training and Assistance	\$422,227	\$422,227	100%	\$422,227	NA	NA
Adult Wellness Services	\$6,780,087	\$8,254,934	15%	\$1,017,013	40%	\$1,695,022
Children's Mental Health Services	\$419,225	\$718,233	15%	\$62,884	25%	\$41,923
Pathways to Independence- TAY	\$187,771	\$267,100	15%	\$28,166	25%	\$18,777
Older Adult Outreach and Assessment Program	\$77,253	\$103,967	15%	\$11,588	50%	\$7,725
Tele-Mental Health Services	\$1,971,129	\$2,781,233	15%	\$295,669	25%	\$689,895
Community-Based Drop-In Navigation Center	\$448,095	\$601,353	15%	\$67,214	100%	\$380,881
Mental Health Crisis Services	\$1,269,250	\$5,039,100	15%	\$190,388	60%	\$571,163
Co-Occurring Disorder Assessment and Intake	\$562,232	\$761,713	15%	\$84,335	25%	\$56,223
Totals	\$12,596,575	\$19,409,166		\$2,638,789		\$3,461,608

Previous Example of Reductions to Community Organizations



Program Description	Current MHSA Allocation	Total Contract	25/26 % Reduction	Reduction in 25/26	26/27 % MHSA Reduction	Reduction in 26/27
Inpatient Hospitalization	\$413,280	\$900,291	50%	\$206,640	100%	206,640
Crisis Residential Services	\$14,908	\$191,836	50%	\$7,454	100%	7,454
K-12 School Partnerships (funding Tier services for non-FSP)	\$1,708,610	\$3,809,030	45%	\$768,875	100%	\$939,736
WCC College Partnership (funding non FSP services)	\$225,000	\$315,000	45%	\$101,250	100%	123,750
Help Me Grow	\$650,000	\$650,000	45%	\$292,500	100%	\$357,500
Peer and Family-Led Support (NAMI)	\$197,720	\$197,720	45%	\$88,974	100%	\$108,746
Totals	\$3,209,518	\$6,063,877		<u>\$1,465,693</u>		<u>\$1,743,820</u>

***Based on partial data submitted for the annual MHSA report.**

Updated Reduction Scenarios



	<u>Scenario 1</u> (0% Cut to Providers)*	<u>Scenario 2</u> (25% Cut to Providers)	<u>Scenario 3</u> (45% cut to Providers)
100% Reduction to Inpatient hospitalization (-\$413,280) & Residential services (-\$14,908)	\$428,188	\$428,188	\$428,188
Funding Allocation: Board Directed Project Funding (\$96,000) & Cannabis (\$50,000)	\$146,000	\$146,000	\$146,000
MHSA funding reduction to Community Organizations: NAMI, F5, K-12, and WCC	\$0	\$695,333	\$1,251,599
MHSA cut to County Behavioral Health	\$2,638,789	\$2,638,789	\$2,638,789
Fund Balance Support to Community Organizations/County Programs	\$1,565,140	\$869,807	\$313,542

*Scenarios 1 provide a full year run-way for contractors in FY 25/26

Scenario 2: Reduction Impact to Providers



Program Description	Current MHSA Allocation	Total Contract	25/26 % Reduction	Reduction in 25/26	26/27 % Reduction	Reduction in 26/27
Inpatient Hospitalization	\$413,280	\$900,291	100%	\$413,280	100%	n/a
Crisis Residential Services	\$14,908	\$191,836	100%	\$14,908	100%	n/a
K-12 School Partnerships (funding Tier services for non-FSP)	\$1,708,610	\$3,809,030	25%	\$427,153	100%	\$1,281,458
WCC College Partnership (funding non FSP services)	\$225,000	\$315,000	25%	\$56,250	100%	\$168,750
Help Me Grow	\$650,000	\$650,000	25%	\$162,500	100%	\$487,500
Peer and Family-Led Support (NAMI)	\$197,720	\$197,720	25%	\$49,430	100%	\$148,290
Totals	\$3,209,518	\$6,063,877		<u>\$1,123,521</u>		<u>\$1,743,820</u>

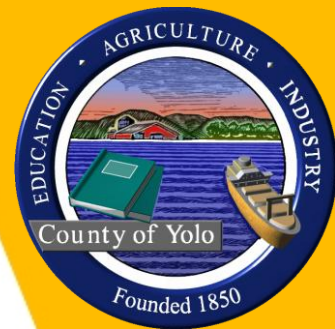


Recommendations:

To address MHSA deficit in fiscal year 25/26 (4 million) and fiscal year 26/27 (5 million), staff recommends a budget approach that reduces funding to community organizations, county behavioral health programming, and allocates MHSA fund balance and additional funding sources.

As such, staff recommends funding scenario 2:

- Allocation of **\$146,000** of cannabis revenue and Board directed project funds
- 25% MHSA cut to providers totaling **\$695,333**
- Reduction of County behavioral health programming of **\$2,638,789**
- Use of Fund balance of **\$869,807**



Recommended Next Steps

- **October 31, 2025 – November 29, 2025**
 - Annual plan update for 30-day public comment period
- **By November 30, 2025**
 - Amend and reduce contracts with providers
- **December 9, 2025**
 - Final MHSA annual update to Board for approval
- **January 13, 2026**
 - BHSA Plan Update to Board
- **March 31, 2026**
 - BHSA Plan due to DHCS
- **June 2026 – Recommended Budget**
 - Board approves additional reductions
 - County transitions to BHSA effective July 1, 2026



Questions or Comments