



COUNTY OF HUMBOLDT

For the meeting of: 1/28/2025

File #: 25-123

To: Board of Supervisors

From: DHHS: Behavioral Health

Agenda Section: Consent

Vote Requirement: 4/5th

SUBJECT:

Fiscal Year 2024-25 Supplemental Budget for Department of Health and Human Services - Behavioral Health Budget Units 1170-424 and 1170-496 in the Amount of \$7,781,774 (4/5 Vote Required)

RECOMMENDATION(S):

That the Board of Supervisors:

1. Approve the attached Fiscal Year 2024-25 supplemental budget in the amount of \$7,781,774 for Department of Health and Human Services - Behavioral Health budget units 1170-424 and 1170-496 (4/5 Vote Required); and
2. Direct the Clerk of the Board to provide the Department of Health and Human Services - Behavioral Health with one (1) fully executed certified copy of the Board order related to this item.

STRATEGIC PLAN:

The recommended actions support the following areas of the Board of Supervisors' Strategic Plan:

Area of Focus: Safe & Healthy Communities

Strategic Plan Category: 1002- Remove barriers to quality healthcare

DISCUSSION:

On June 22, 2023, the California Department of Health Care Services ("DHCS") issued Behavioral Health Information Notice No. 23-026 for the purpose of notifying Mental Health Plans, Drug Medi-Cal Organized Delivery System counties and Drug Medi-Cal counties of changes to DHCS policies and procedures related to behavioral health intergovernmental transfers. Specifically, the Information Notice discussed DHCS' responsibilities for implementing behavioral health payment reform related to the California Advancing and Innovating Medi-Cal ("CalAIM") initiative. In accordance with CalAIM, DHCS designed, and has implemented, intergovernmental transfer-based payment methodology, which became effective on July 1, 2023. DHCS has made available two (2) methods for transferring funds, including: routine manual transfers made using a check or Electronic Funds Transfer; or withholding a fixed percentage of funding allocated to the Humboldt County Department of Health and Human Services - Behavioral Health ("DHHS - Behavioral Health") from one (1) or more of the following three (3) state funds: 1991 Realignment; 2011 Behavioral Health Realignment and/or Mental Health Services Act.

On October 17, 2023, the Humboldt County Board of Supervisors ("Board") approved the execution of intergovernmental agreements with DHCS regarding the transfer of certain public funds for the period of July 1, 2023 through December 31, 2026, and approved the use of the second method of transfer involving automatic withholdings each month. This method has been recommended as it is more efficient when it comes to minimizing administrative burden and procedural complexity. However, as set forth in the agreements, counties may modify withholding percentages, make additional manual transfers, or change between the transfer methods during the contract year through an amendment. As such, DHHS - Behavioral Health will have the ability to adapt to unforeseen circumstances should any arise.

It is important that counties transfer an amount of money to DHCS that is sufficient to cover the county share of all approved service payments as those service claims are approved, to avoid delays. Thus, DHCS recommends that each county maintain a balance within each County Fund Account set up by DHCS that is greater than or equal to three hundred percent (300%) of the average monthly county share of all service payments from the prior state fiscal year.

In November 2024, DHHS - Behavioral Health received a low balance warning for the County of Humboldt’s Intergovernmental Transfer County Fund Account (“IGT-CFA”). Per the agreement with DHCS regarding the IGT-CFA withhold policy, DHCS will stop withholding when the IGT-CFA balance exceeds five (5) times the monthly average county share of Medi-Cal claims. Since DHCS suspended payment of county claims pending passage of the state budget during the period May through August, the County of Humboldt reached that threshold in August 2024. During the period from August to November 2024, DHCS resumed issuance of payments on the significant backlog of claims for the County of Humboldt. This resulted in a diminishment of IGT-CFA fund balance with a considerable number of claims still to be paid and a need to replenish the IGT-CFA via payment from the County of Humboldt to DHCS, or payments would cease to flow. Under normal circumstances, the average IGT-CFA withholds are greater than the average monthly claims returned to the County of Humboldt. In a regular claiming/payment cycle, the County of Humboldt would have sufficient balances in the IGT-CFA.

DHHS - Behavioral Health calculated a matching funds deficiency in the IGT-CFA in the amount of \$7,781,774.00. Timely payment was issued from available appropriations. As the payment from the county was recorded as an expenditure and not a reduction in revenue as with a CFA withhold, a supplemental budget is required.

SOURCE OF FUNDING:

Behavioral Health Fund (1170-424); (1170-496)

FINANCIAL IMPACT:

Expenditures (1170-424; 1170-496)	FY24-25
Additional Appropriation Requested	\$7,781,774.00
Total Expenditures	\$7,781,774.00
Funding Sources (1170-424)	FY24-25
State/Federal Funds	\$7,781,774.00
Total Funding Sources	\$7,781,774.00

Due to the matching funds requirement for specialty mental health services, projections include a recommendation for supplemental budget to increase appropriation of Support and Care of Persons in the total amount of \$7,781,774.00 for DHHS - Behavioral Health Administration budget unit 1170-424 and DHHS - Adult Services budget unit 1170-496 in the amount \$2,931,774.00 and \$4,850,000.00 respectively.

STAFFING IMPACT:

Approval of the attached supplemental budget will not impact current staffing levels.

OTHER AGENCY INVOLVEMENT:

None

ALTERNATIVES TO STAFF RECOMMENDATIONS:

The Board may choose not to approve the attached supplemental budget. However, this alternative is not recommended as it would impact DHHS - Behavioral Health’s ability to fully claim reimbursement for the provision of specialty mental health services to Medi-Cal beneficiaries residing in Humboldt County.

ATTACHMENTS:

- 1. Fiscal Year 2024-2025 Supplemental Budget for Department of Health and Human Services - Behavioral Health Budget Units 1170-424 and 1170-496

File #: 25-123

PREVIOUS ACTION/REFERRAL:

Meeting of: 10/17/2023

File No.: 23-1300