

# CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY (“Authority”)

## Investment in Mental Health Wellness Grant Program For Children and Youth (“CY Program”)

November 10, 2016

### BACKGROUND

The 2016-17 Budget appropriated \$27 million for an expansion to the Investment in Mental Health Wellness Grant Program (“IMHWG Program”) to specifically address a continuum of crisis services for children and youth 21 years of age and under, including crisis residential treatment, crisis stabilization, mobile crisis support teams, and family respite care. Family respite care is a program to help families and sustain caregiver health and well-being. The appropriated funds must be awarded by June 30, 2019.

Eligible programs and respective amounts as determined by the Senate Budget Committee are shown below:

Program	Amount Allocated
Crisis Residential Treatment (“CRT”)	\$ 5,899,000
Crisis Stabilization (“CS”)	8,851,000
Mobile Crisis Support Team (“MCST”)	8,850,000
Family Respite Care (“FRC”)	2,950,000
Authority Administrative Costs	450,000*
<b>Total</b>	<b>\$ 27,000,000</b>

\* This allocated fund is a fixed amount appropriated by the Senate Budget Committee for program administration.

The statewide objectives for the CY Program are to create at least 200 mobile crisis support teams and at least 120 crisis stabilization and crisis residential treatment beds.

Additional goals of the CY Program include:

- Reducing unnecessary hospitalizations and inpatient days by appropriately utilizing community-based services.
- Reducing recidivism and mitigate unnecessary expenditures of local law enforcement.
- Providing local communities with increased financial resources to improve networks of care for children and youth with mental health disorders.

Additional funding for the CY Program may be made available in the future. The 2016-17 Budget appropriates balances of returned/forfeited IMHWG Program awards not utilized by the counties (e.g. projects completed under budget) to the CY Program (confirmed by the Department of Finance). To date, the exact amount to be re-appropriated is not known.

Many of the counties' projects are still in progress and have Authority resolution expiration dates (deadlines for disbursement of grant funds) at which point the forfeited amounts can be determined. The Authority resolution expiration dates that remain are December 31, 2016, June 30, 2017 and December 31, 2017.

The CY Program regulations, to the extent possible, will be modeled after the IMHWG Program regulations to allow for easy application, disbursement, and reporting/administrative processes already familiar to the counties. Modifications on the evaluation criteria will be made to tailor the programs to children and youth and to appropriately evaluate family respite care proposals, a new program concept for the Authority.

## **REGULATIONS DEVELOPMENT**

Authority staff met with the following stakeholders:

- California Alliance of Children and Family Services;
- California Children's Hospital Association;
- California Counsel of Community Behavioral Health Agencies;
- California Hospital Association;
- County Behavioral Health Directors Association;
- Senate Budget Sub-Committee staff; and
- Steinberg Institute.

Topics discussed with stakeholders for the development of CY Program include:

- Definition of children and youth;
- Family respite care;
- Maximum grant amounts;
- Licensing for crisis residential treatment;
- Limitation of 3-month start-up costs;
- Allocation of IMHWG Program forfeited funds;
- Project readiness and county collaboration; and
- Letters of support.

Authority staff is developing regulations and will share the draft regulations with these stakeholders and others for input prior to seeking Authority approval to initiate the rulemaking process.

## **DISCUSSION TOPICS**

Below is a summary of items that Authority staff has discussed with stakeholders and the proposed approach to address them in the CY Program regulations.

### **1. DEFINITION OF CHILDREN AND YOUTH**

The statute (Welfare and Institutions Code section 5848.5) describes children and youth as those individuals 21 years of age and under. The draft regulations define “Children/Youth Project” instead of defining children and youth, to allow the necessary flexibility for counties to develop, design and operate a program that targets the age group(s) most in need in those counties and comply with appropriate licensing requirements.

### **2. FAMILY RESPITE CARE**

The 2016-17 Budget appropriated approximately \$2.5 million in grant funding for the family respite care program, a new program to “help families and sustain caregiver health and wellbeing.” (Welfare and Institutions Code section 5848.5.) To the extent possible, the evaluation criteria for the family respite care program will be modeled after the IMHWG regulations. The evaluation criteria in the draft regulations will not lay out program-specific requirements but may provide direction to the counties when describing its program in order to allow flexibility for the individual counties to develop its programs based on local need. Authority staff is still in the process of researching the new program concept.

### **3. MAXIMUM GRANT AMOUNTS**

The IMHWG Program regulations set maximum grant awards by region and county for each mental health program. Unlike the IMHWG Program, which had a total of \$142.5 million in available grant funding, the CY Program has a \$27 million appropriation (less \$450,000 for Authority administrative costs). Setting maximum awards by region, would award too little funding to develop robust CY Program project proposals. For example, if maximum grant awards are based on IMHWG Program regulations, the entire “Superior Region” (a region consisting of 16 counties in Northern California) would only be eligible for approximately \$1.2 million in grant funding for all crisis residential treatment, crisis stabilization, mobile crisis support team and family respite care proposed projects. More specifically, a proposed crisis stabilization project in the Superior Region would only be eligible for a maximum award of \$403,730 (see Table 1), assuming that it is the only project awarded in the region.

For this reason, Authority staff recommends not including regional maximums in the CY Program. However, Authority staff is exploring the possibility of imposing county grant maximums based on population projects, as these maximums were in place for the IMHWG Program.

**Table 1**

Region	Percent	Regional Maximum	CRT Maximum	CS Maximum	MCST Maximum	FRC Maximum
Bay Area Region	18.25%	\$ 4,844,211	\$ 1,076,309	\$ 1,614,919	\$ 1,614,737	\$ 538,246
Central Region	17.54%	\$ 4,657,895	\$ 1,034,912	\$ 1,552,807	\$ 1,552,632	\$ 517,544
Los Angeles Region	28.07%	\$ 7,452,632	\$ 1,655,860	\$ 2,484,491	\$ 2,484,211	\$ 828,070
Southern Region	31.58%	\$ 8,384,211	\$ 1,862,842	\$ 2,795,053	\$ 2,794,737	\$ 931,579
Superior Region	4.56%	\$ 1,211,053	\$ 269,077	\$ 403,730	\$ 403,684	\$ 134,561

#### 4. LICENSING FOR CRISIS RESIDENTIAL TREATMENT

In 2015, AB 403 (Stone) created a new licensure category, which will permit facilities to provide crisis residential treatment services to children after January 1, 2017, which was structurally and statutorily not feasible in the IMHWG Program. The regulations governing this licensing category are currently being developed by the Department of Social Services and are essential for counties to be able to develop project proposals for the crisis residential treatment program. Authority staff proposes limiting the first funding round of the CY Program to mobile crisis support teams and family respite care to allow enough time for counties to utilize the new licensing regulations. The second funding round would be expanded to include crisis residential treatment and crisis stabilization facilities.

#### 5. LIMITATION OF 3-MONTH START-UP COSTS

The IMHWG Program regulations allow up to three months of program startup or expansion costs for lease payments, utilities, repairs/maintenance of facilities, personnel costs, moving expenses, cleaning supplies and/or supplies for kitchen, offices, and bathrooms. Unlike the IMHWG Program, the CY Program has significantly less funding available for grant awards. For this reason, the Authority proposes to limit 3-month startup and expansion to personnel costs, which have a direct impact on the quality of services delivered to children and youth.

#### 6. ALLOCATION OF IMHWG PROGRAM FORFEITED FUNDS

In addition to appropriating the remaining balance in the IMHWG Program to the CY Program, the 2016-17 Budget appropriates any IMHWG Program forfeited funds to the CY Program. Authority staff proposes that forfeited funds would not be allocated to a specific mental health program but would be available to fund meritorious applications for any program short of funds. The Authority proposes using additional funds only after the second funding round, which would occur when all four mental health programs are open for applications (see “Licensing for Crisis Residential Treatment Centers”). In this way, the Authority would have the flexibility to strategically use the funds to meet the statewide goals of 200 mobile crisis support teams and 120 crisis stabilization and crisis residential treatment beds as specified in the statute.

## 7. PROJECT READINESS AND COUNTY COLLABORATION

The IMHWG Program evaluation criteria requires that a project is “feasible, sustainable, and ready or will be feasible, sustainable and ready within nine months of the Final Allocation.” Authority staff learned during the IMHWG Program funding rounds that counties have experienced difficulty in determining what “ready” means for purposes of project readiness. Authority staff proposes clarifying and expanding this criteria requirement to establish varying timelines dependent on the project proposal. For example, Authority staff would like to expand the timeline for construction preparation including land acquisition, architectural drawings, and board of supervisors’ approvals to 12 months for all programs, with the exception of the mobile crisis support team program, which will remain at 9 months. Additionally, the Authority would propose to expand the evaluation criteria to include an explanation of the applicant’s procurement/solicitation process and an explanation of how the applicant will collaborate with other agencies within the county (e.g. public works, real estate, general services, legal counsel) to ensure the county has developed the required relationships to complete the project within the designated timeframe.

## 8. LETTERS OF SUPPORT

Authority staff proposes to add a regulatory requirement that counties provide letters of support from educational institutions, medical providers (particularly those providing services to children), social services, law enforcement and/or juvenile detention centers addressing the need for the mental health program in the applicant’s county and how the program may benefit the community and more specifically, the specific institution.

## NEXT STEPS

After seeking stakeholder input on draft regulations, the regulations will be presented to the Authority for consideration and approval prior to initiating the rulemaking process, as required in the Administrative Procedures Act. Authority staff anticipates filing these regulations as “emergency” as permitted in statute in order to expedite the implementation of the CY Program and open the first funding round in **Spring of 2017**.