

CSB STRUCTURE, FINANCING, AND GOVERNANCE

Findings and Discussion Topics for VALHSO

Expert Panel on System Structure and Financing

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Introduction

- Thanks in large part to the efforts of SJ 47, the Commonwealth has made great strides toward transforming the publicly funded behavioral health system.
- Major transformation efforts are in motion:
 - STEP-VA;
 - Implementing performance and outcome measurement through SPQM;
 - Realigning costs of state hospitalization;
 - Healthcare integration;
 - Medicaid expansion.
- Each initiative is in an early stage.

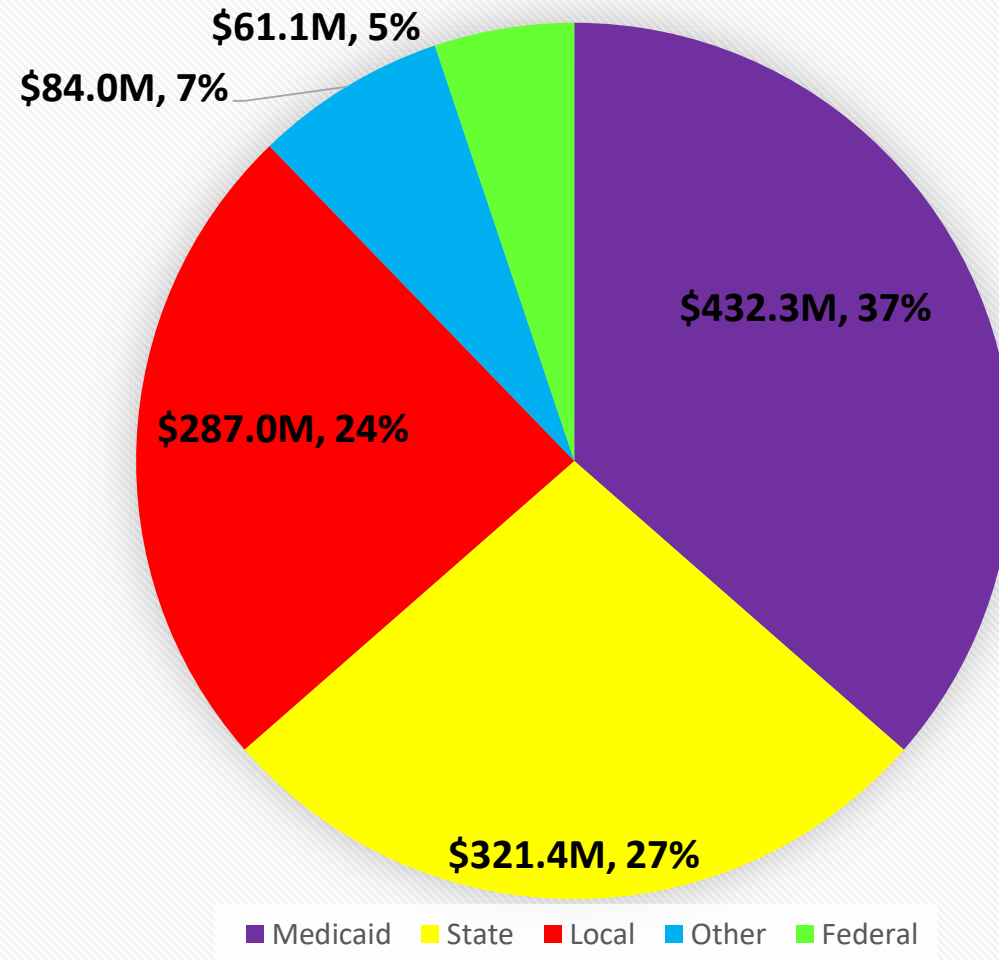
Introduction

- At the outset of SJ 47's work, legislators expressed interest in rethinking the system's structure, which -- as you know -- is marked by significant variations in funding, level of service and level of local engagement.
- But SJ 47's current thinking indicates that we will almost certainly keep the basic structure, and that any changes we recommend must not detract from the strengths of the current system or disrupt the ongoing transitions in service and financing.

Findings Relating to Local Government

- Level of service provided, sources of funding, and level of local financial support vary widely.
- Political structure of CSBs strongly affects level of funding and political support.
- 90% of all local funds invested in behavioral health is concentrated in 11 of the 40 CSBs.
- CSBs that are not local government departments (i.e. “Operating” CSBs) face greater challenges compared to their counterparts (i.e. “Administrative Policy” CSBs); in general, they have:
 - Less local funding;
 - Less robust local engagement.

CSB Funding by Source – FY2017



Findings Relating to Local Government

- Many Operating CSBs, especially small rural CSBs, face substantial fiscal vulnerability.
 - Exacerbated by changes to the Medicaid system.
- As presently administered, the local match requirement may be an inefficient and outdated device for increasing local mental health funding.
- CSB Board members vary significantly in level of involvement.
- The DBHDS formula for allocating state general funds to CSBs requires review.

Questions for Discussion/Possible Policy Initiatives

- Should the General Assembly ask JLARC, SJ 47 or another third party, to:
 - Study the formula currently used by DBHDS to allocate state general funds for mental health services among CSBs?
 - Assess alternative approaches for allocating state general funds and for leveraging state general funds to assure adequate access to services in the underserved areas of the Commonwealth?

Funding Formula Alternatives

- Virginia Department of Education SOQ Formula
- Ohio Millage System
- Others being investigated

VDOE SOQ Funding Formula

- School funding is apportioned based on a funding formula.
- The formula takes into account local ability-to-pay and requires 55% of funds to come from the state, and 45% to come from localities.
 - i.e. the 45% share represents the sum total of all local contributions.

VDOE SOQ Funding Formula

- Local ability-to-pay is determined by the “Composite Index of Local Ability-to-pay” formula.
- The composite index is used to determine each division’s state and local shares of cost for the Standards of Quality (SOQ).
- The formula uses three indicators to estimate ability-to-pay for each locality:
 - true value of real property in the locality (weighted 50%);
 - Va. adjusted gross income in the locality (weighted 40%);
 - taxable retail sales in the locality (weighted 10%).
- The ability-to-pay index is also adjusted for population and average daily membership (ADM), or number of students enrolled in local schools.
- Each individual locality’s ability-to-pay index adds up to 45% of the State’s Basic Aid line item.

Ohio Millage System

- Localities can supplement state and Medicaid funding by raising revenue through property taxes.
- Millage rates must be approved by voters.
- Multiply the total current assessed property value by the “mill” then divide by 1,000.
- According to a 2015 SAMHSA report, approximately 20% of Ohio’s behavioral health budget comes from local sources.

Questions for Discussion/Possible Policy Initiatives

- Should the General Assembly direct DBHDS (or the Secretary of HHR), in consultation with stakeholders, including local government, consumer groups, and VACSB to study the feasibility of consolidating the smallest CSBs with larger adjacent CSBs, and to assess the possible the advantages and disadvantages of doing so?
- Are there other ways to strengthen local government engagement?

Questions for Discussion/Possible Policy Initiatives

- Are there ways for DBHDS to deepen relationships with local governments? Or with CSBs?

