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# Mental Health in California: Understanding Prevalence, System Connections, Service Delivery, and Funding

MARCH 2020

# California Budget & Policy Center

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The Budget Center was established in 1995 to provide Californians with a source of timely, objective, and accessible expertise on state fiscal and economic policy issues. The Budget Center engages in independent fiscal and policy analysis and public education with the goal of improving public policies affecting the economic and social well-being of Californians with low and middle incomes. Support for the Budget Center's work on behavioral health is provided by the California Health Care Foundation. Please visit our website at [calbudgetcenter.org](https://calbudgetcenter.org).

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# Many Californians Experience Mental Health Conditions, Ranging From Mild to Serious



# Mental Health Conditions Are Common Among Californians

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- In California, nearly 1 in 13 children and youth experience a serious emotional disturbance. Moreover, about 1 in 6 adults experience mental illness and 1 in 25 experience a serious mental illness. (For definitions of these terms, see page 74.) This means that millions of Californians are affected by mental health conditions – and rely on our state’s public mental health system for the treatment they need to improve their mental health.
- Mental illness and substance use disorders are known collectively as behavioral health conditions. While this guide focuses on a range of issues related to mental health, the term “behavioral health” is used from time to time.



# Serious Emotional Disturbance Impacts Many Children and Youth in California

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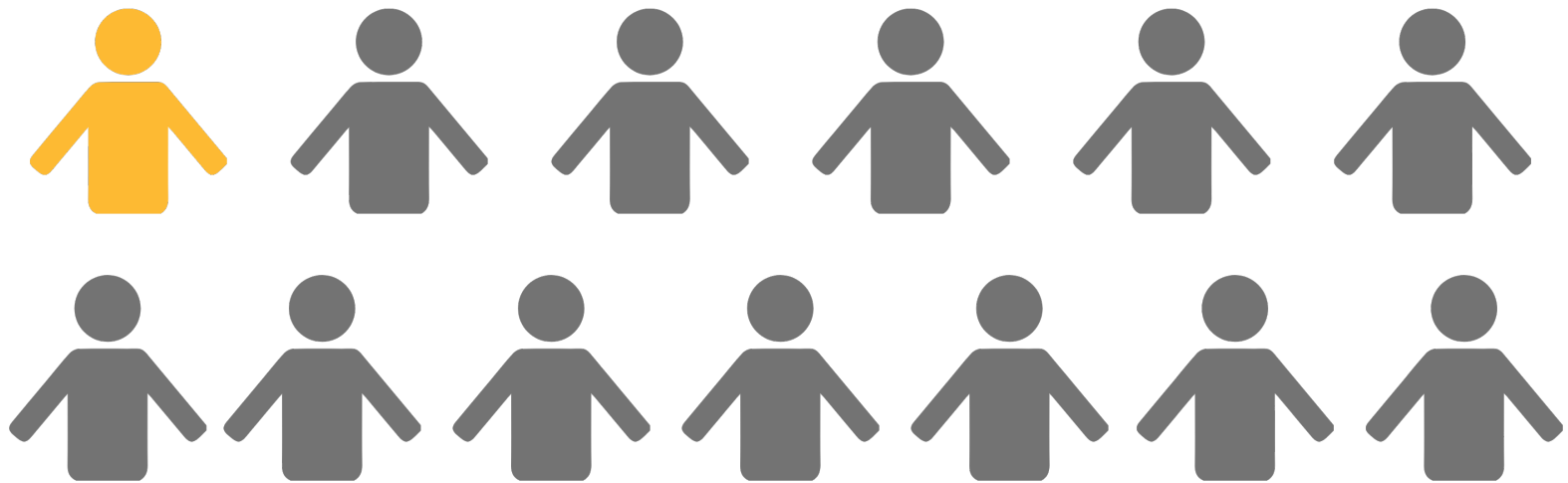
- In California, nearly 1 in 13 children and youth experienced a serious emotional disturbance in 2015.
- In 2015, an estimated 1 in 10 children and youth in families living below the federal poverty line experienced a serious emotional disturbance. The 2015 poverty line was \$12,331 for a single person and \$24,036 for a family of four.
- Black, Latinx, Native American, and Pacific Islander children and youth experienced the highest rates of serious emotional disturbance.



# Nearly 1 in 13 Children and Youth in California Experience a Serious Emotional Disturbance

Estimated Prevalence of Serious Emotional Disturbance, 2015

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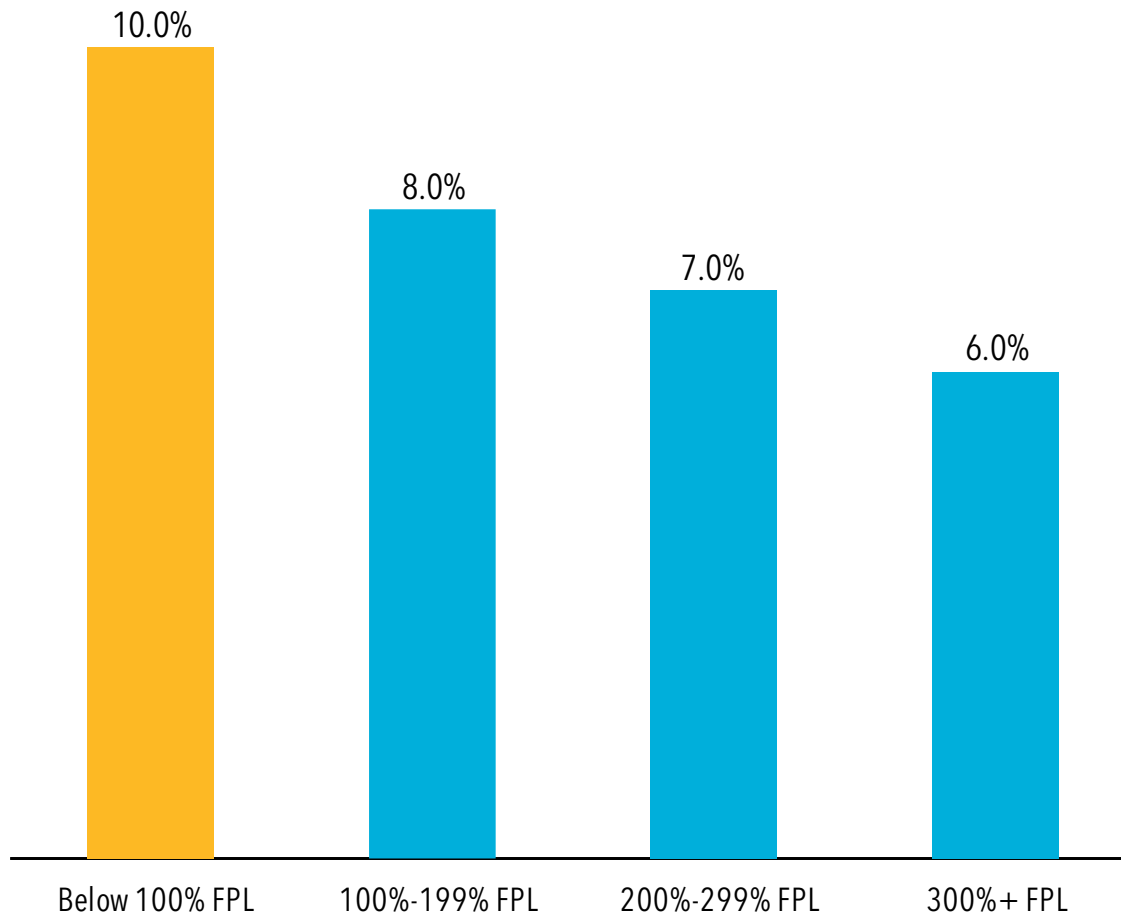


Source: Data provided by Charles Holzer and Hoang Nguyen



# Serious Emotional Disturbance Is Most Common Among Children and Youth in Families Living in Poverty

Serious Emotional Disturbance Among Californians Under Age 18 by Income, 2015



FPL = Federal Poverty Line

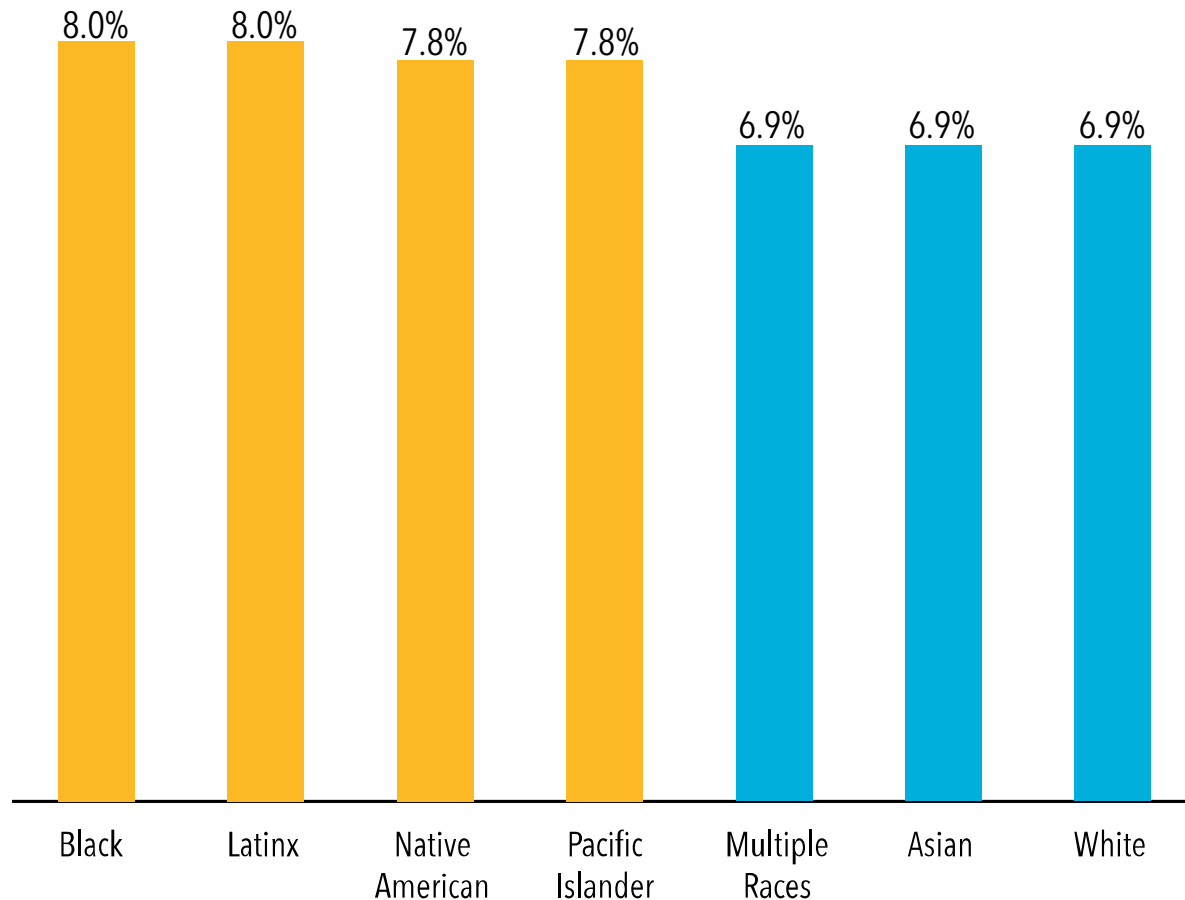
Source: Data provided by Charles Holzer and Hoang Nguyen





# Serious Emotional Disturbance Is Highest for Black, Latinx, Native American, and Pacific Islander Children

Serious Emotional Disturbance Among Californians Under Age 18 by Race/Ethnicity, 2015



Source: Data provided by Charles Holzer and Hoang Nguyen



# Rates of Mental Illness for California Children and Youth Are on the Rise

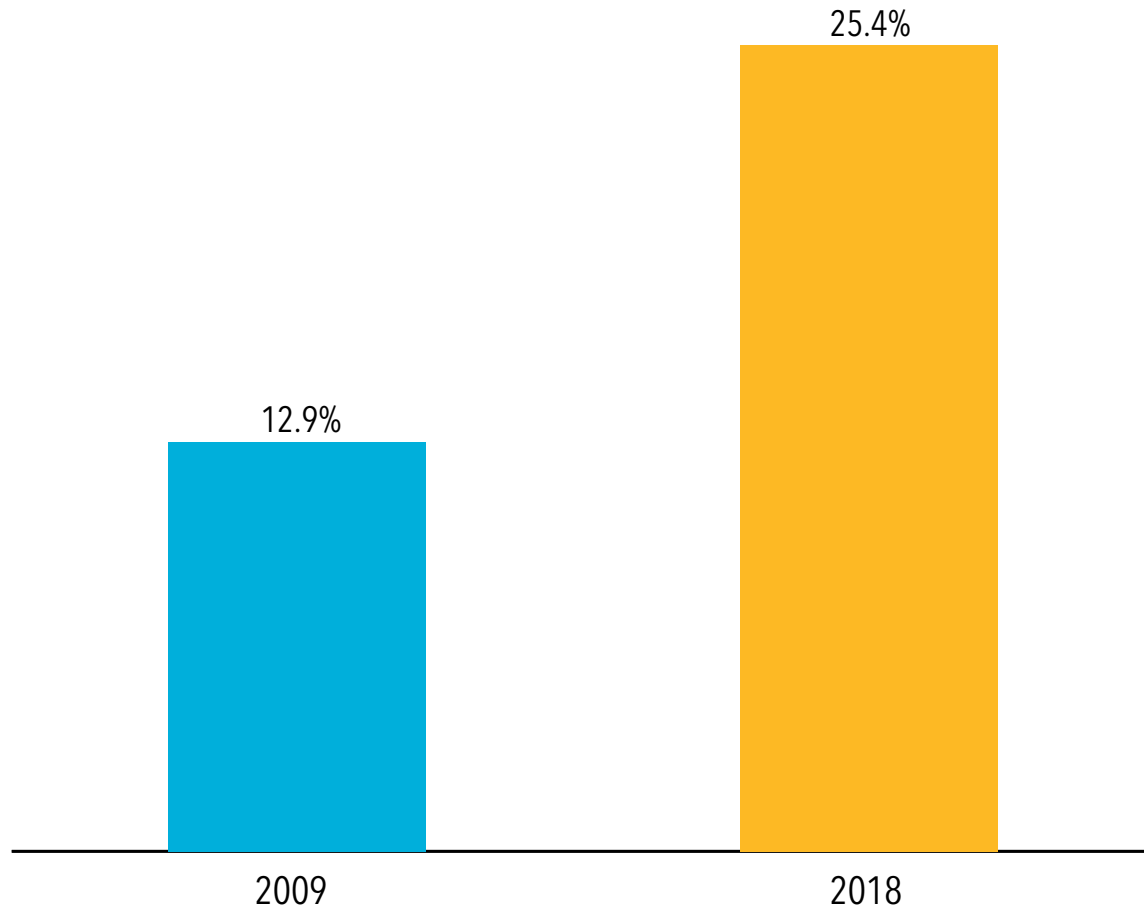
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- 1 in 4 youth ages 12 to 17 (25%) needed help for emotional or mental health conditions (such as feeling sad, anxious, or nervous) in 2018, up from 13% in 2009 (UCLA Center for Health Policy Research, 2009 and 2018).
- The statewide rate of youth mental health hospitalization was 5.2 per 1,000 in 2018, up from 3.4 per 1,000 in 2007 (Lucile Packard Foundation for Children's Health, 2018).
- Almost a third of 11<sup>th</sup> grade students (32.3%) reported chronic sad or hopeless feelings, with Native Hawaiian, Pacific Islander, Native American, and Alaska Native students reporting the highest rates (Austin et al., 2018).



# The Number of Youth Ages 12 to 17 Who Report Needing Emotional or Mental Health Support Has Nearly Doubled

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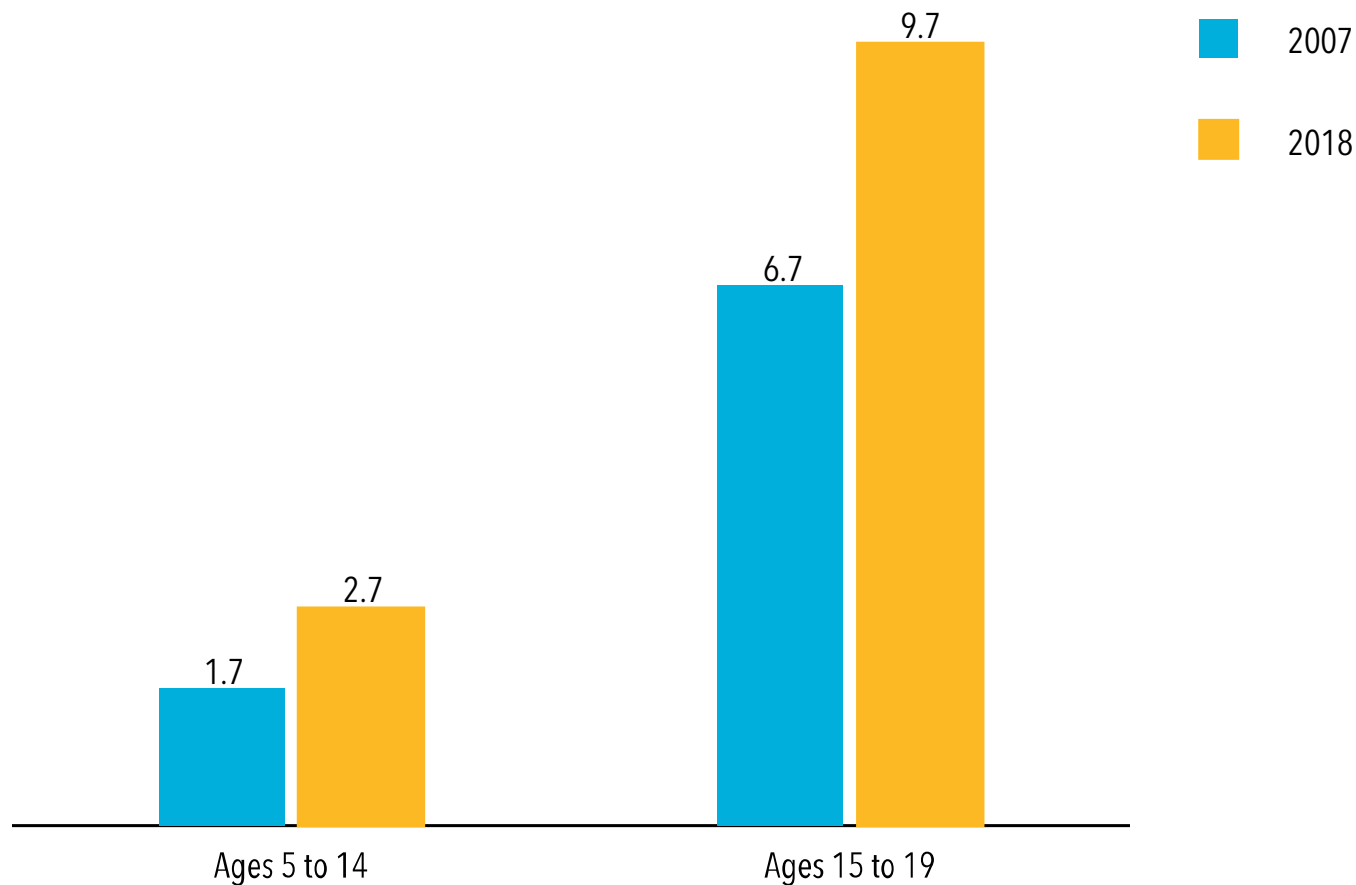


Source: UCLA Center for Health Policy Research, California Health Interview Survey



# The Rates of Mental Health Hospitalization for California Children and Youth Have Increased Since 2007

Hospital Discharges for Mental Health Conditions per 1,000 Children and Youth

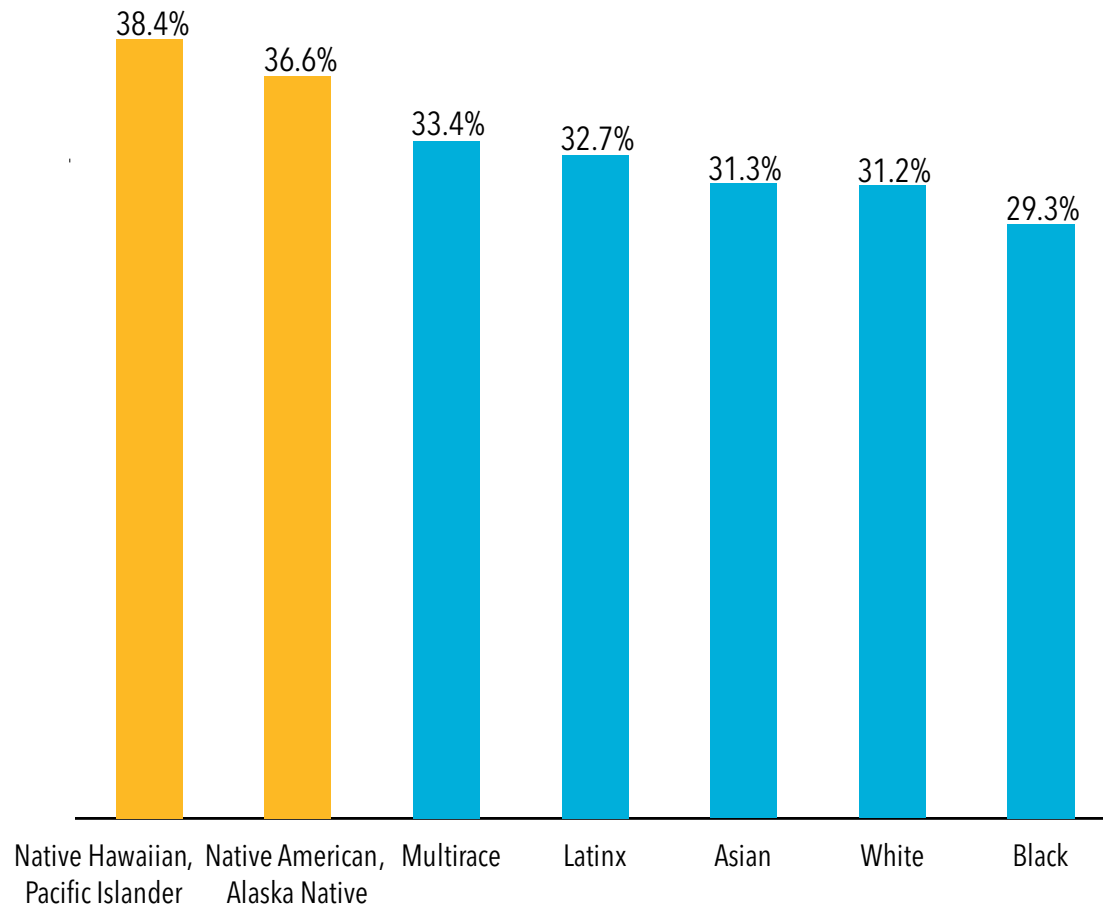


Source: Lucile Packard Foundation for Children's Health, kidsdata.org



# Native Hawaiian, Pacific Islander, Native American, and Alaska Native Students Are More Likely to Feel Sad or Hopeless

11<sup>th</sup> Graders in California Who Reported Chronic Sad or Hopeless Feelings, 2015-2017



Note: Data reflect students who reported feeling sad or hopeless almost everyday for two weeks or more in the past year.

Source: WestEd, California Healthy Kids Survey



# Mental Illness Affects Many Adults in California

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- In California, nearly 1 in 6 adults experienced mental illness and 1 in 25 experienced a serious mental illness in 2015.
- Serious mental illness is more common among Californians with the lowest incomes. In 2015, about 1 in 11 adults living in poverty had a serious mental illness.
- Native American adults experienced the highest rates of serious mental illness in 2015, followed by Black, multiracial, and Latinx adults.



# Nearly 1 in 6 Adults in California Experience Mental Illness

Estimated Prevalence of Any Mental Illness, 2015

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Source: Data provided by Charles Holzer and Hoang Nguyen



# 1 in 25 California Adults Experience a Serious Mental Illness

Estimated Prevalence of Serious Mental Illness, 2015

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Source: Data provided by Charles Holzer and Hoang Nguyen

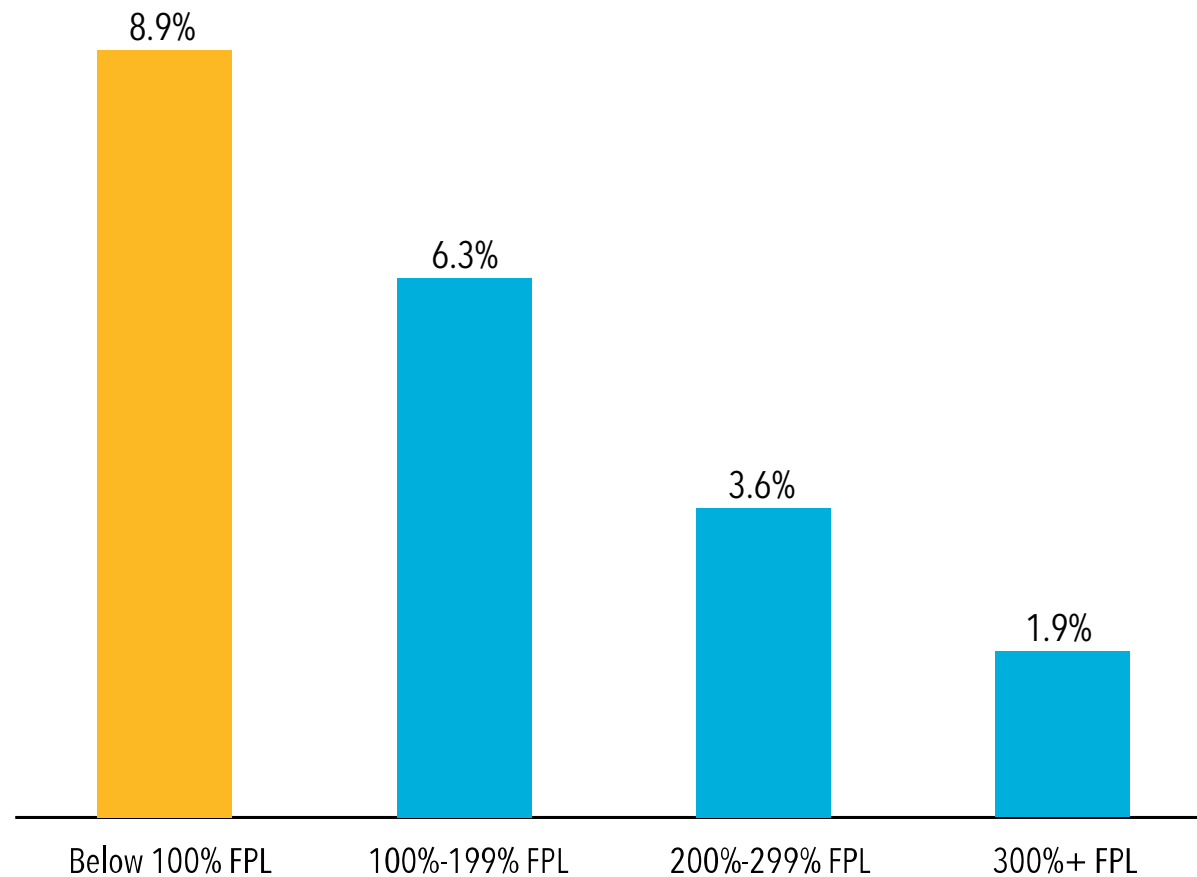




# Serious Mental Illness Is More Common Among Adults Living in Poverty

Serious Mental Illness Among Californians Age 18 and Older by Income, 2015

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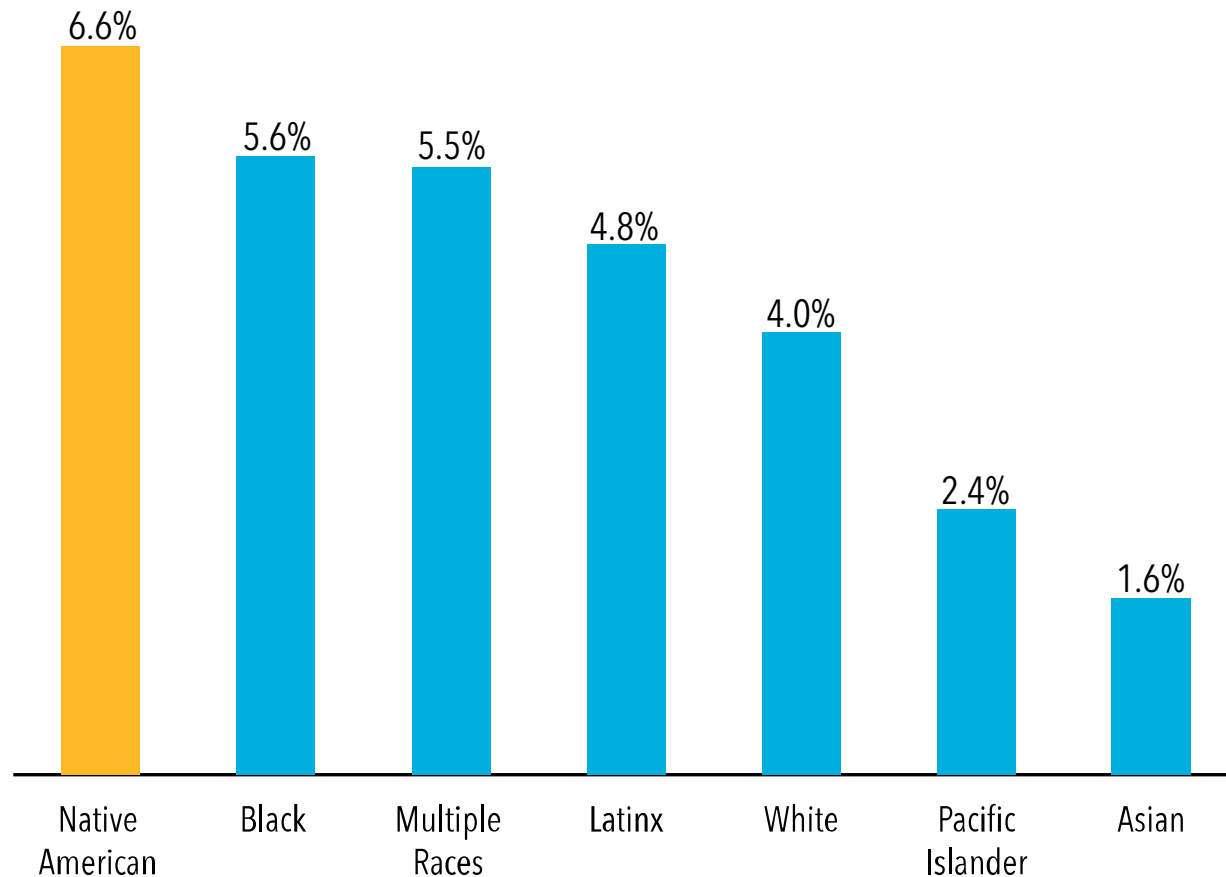
FPL = Federal Poverty Line

Source: Data provided by Charles Holzer and Hoang Nguyen



# Serious Mental Illness Among Adults Is Highest Among Native Americans

Serious Mental Illness Among Californians Age 18 and Older by Race/Ethnicity, 2015



Source: Data provided by Charles Holzer and Hoang Nguyen



# Experiencing a Mental Health Condition Is One Major Risk Factor for Suicide

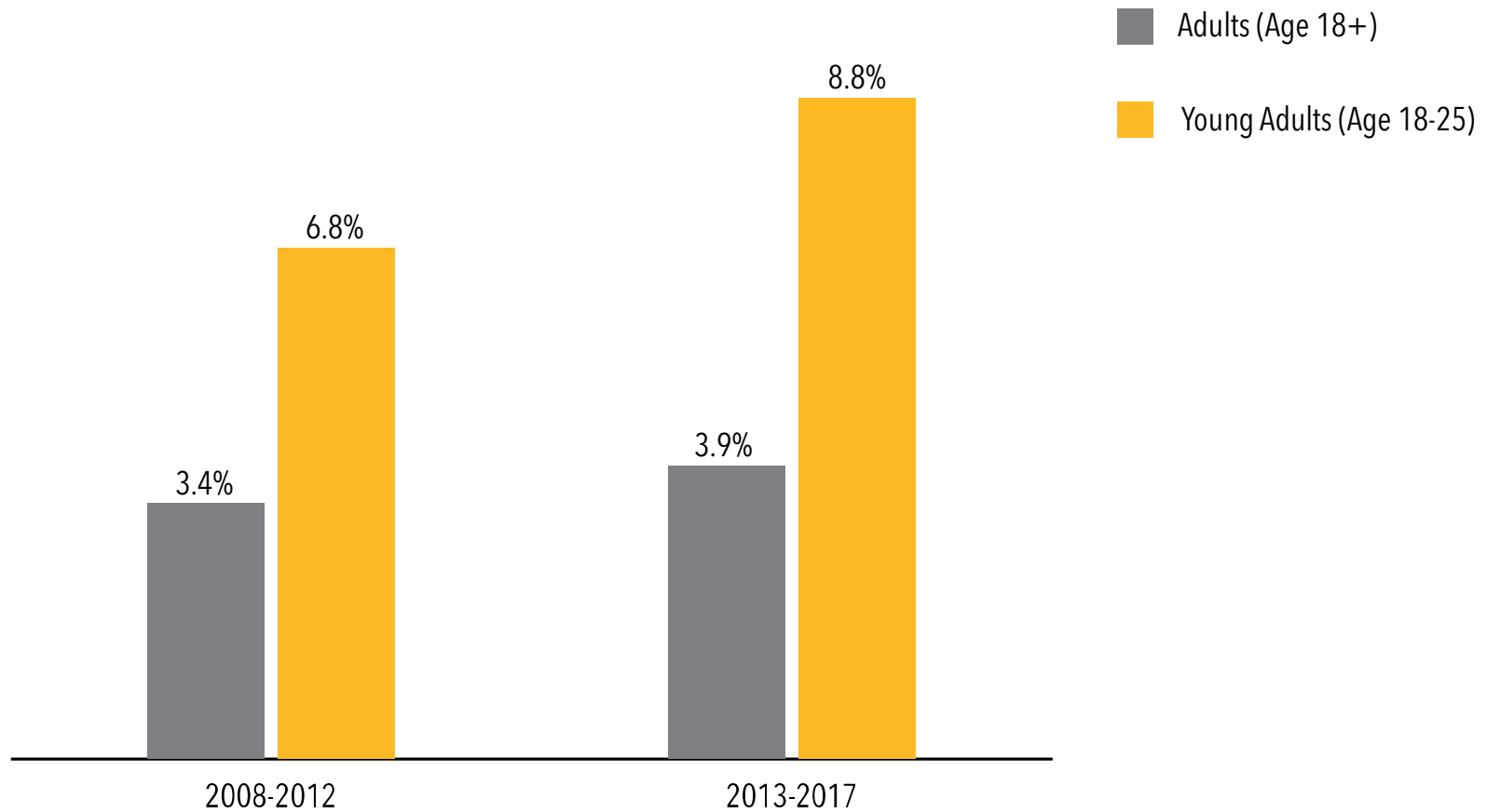
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- Experiencing a mental health condition is a major risk factor for suicide. Individuals are likely to think about suicide before attempting it. However, committing suicide is less common than considering or attempting suicide.
- Certain groups are at a higher risk for suicide, including young adults, certain racial/ethnic groups, and men. Lesbian, Gay, Bisexual, Transgender, Queer, and Questioning (LGBTQQ) youth are also at a higher risk for suicidal thoughts and behaviors.
- Californians ages 85+ have the highest suicide rate: 21 out of every 100,000. In contrast, the state suicide rate is 10.7 out of every 100,000.



# Serious Thoughts of Suicide Are Consistently Higher for Young Adults Compared to Adults Overall

Past-Year Serious Thoughts of Suicide Among Adults in California, 2008-2012 and 2013-2017

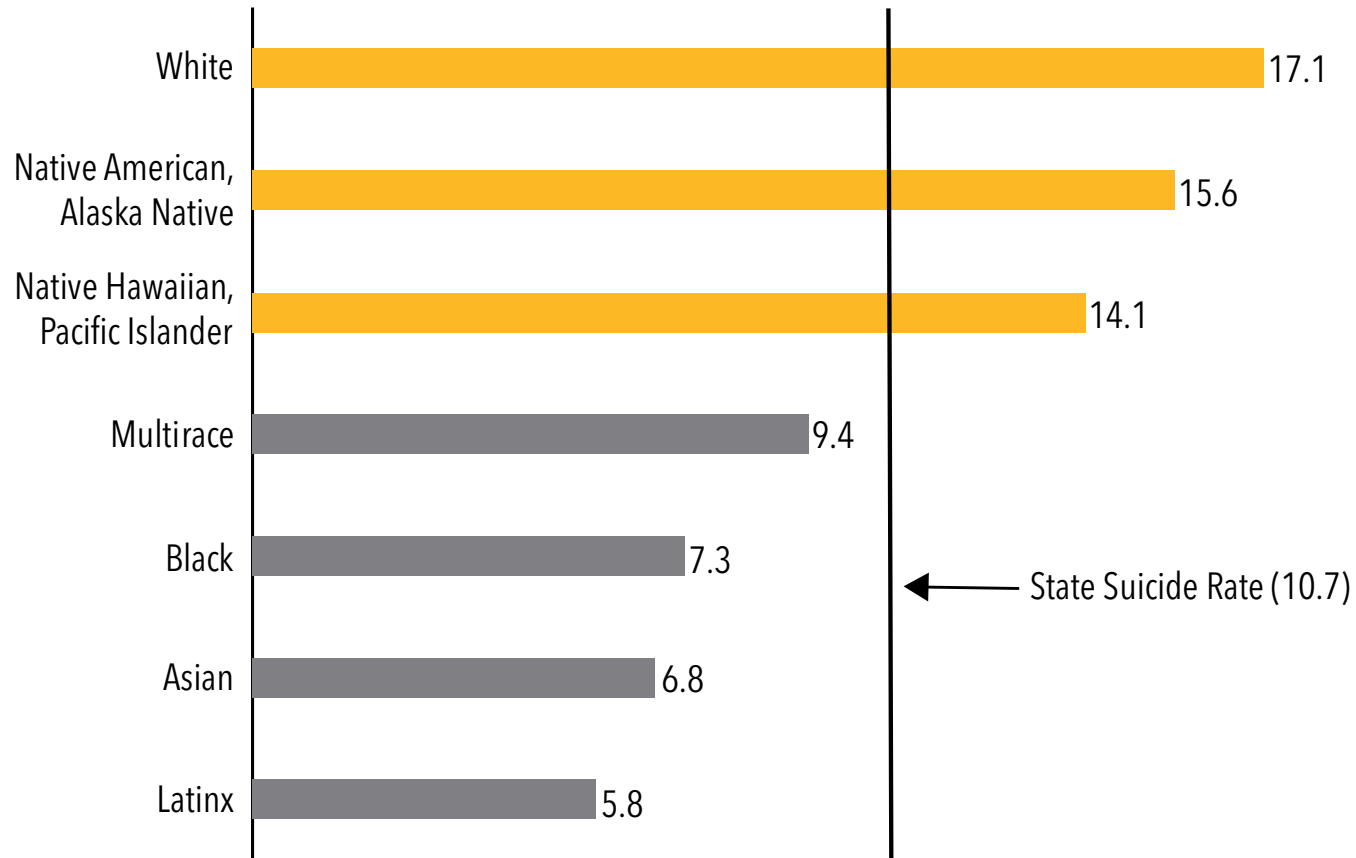


Note: Estimates are annual averages.  
Source: US Department of Health and Human Services



# Suicide Rates Are Higher for Whites, Native Americans, Alaska Natives, Native Hawaiians, and Pacific Islanders

Suicide Rates Per 100,000 Californians in Each Racial/Ethnic Group, 2017



Note: Rates are adjusted for age.

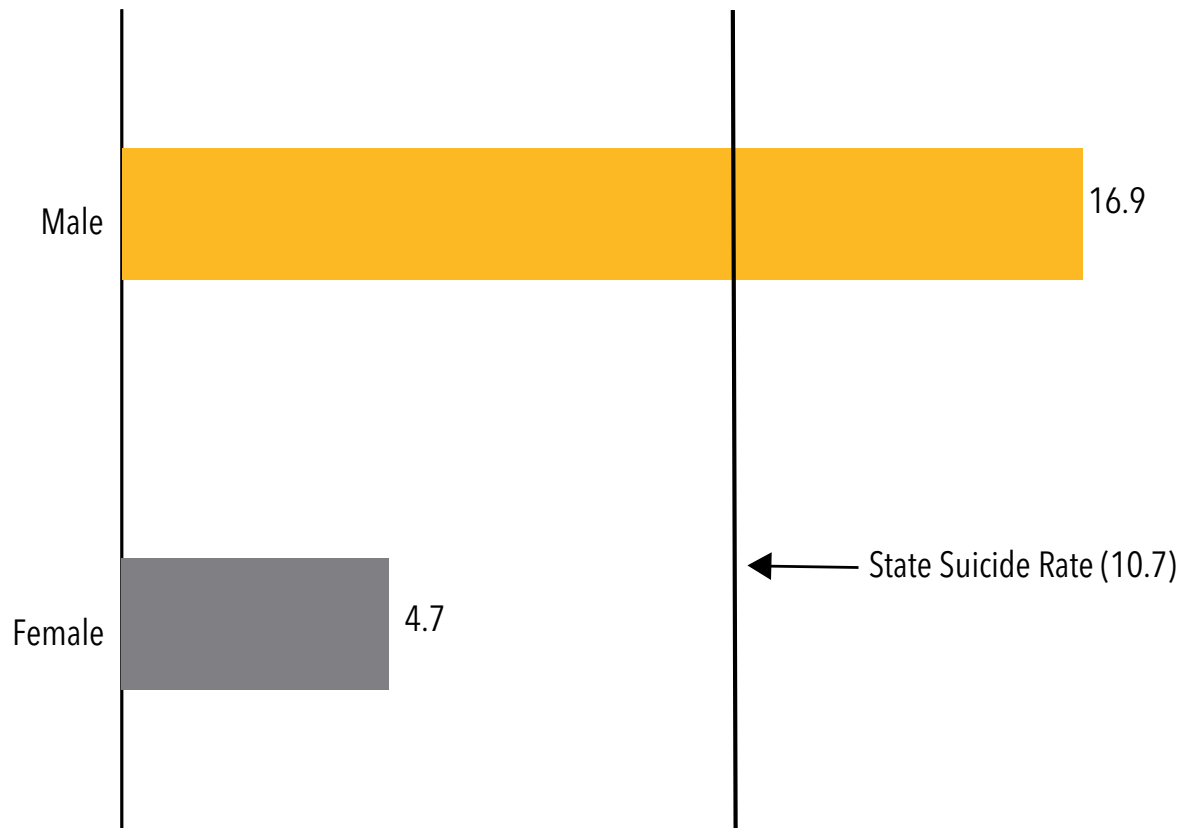
Source: California Department of Public Health



# The Suicide Rate for Males Is More Than Three Times the Rate for Females

Suicide Rates Per 100,000 Californians, 2017

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Note: Rates are adjusted for age.  
Source: California Department of Public Health



# **Mental Health Is Connected to Child Welfare, Juvenile Justice, Homelessness, and Criminal Justice**



# Experiencing Traumatic Events During Childhood Can Impact Mental Health

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- Most children in the child welfare system – the major system through which California’s counties intervene in cases of child abuse and neglect – have been exposed to harmful circumstances or traumatic events (US Department of Health and Human Services, 2019). Left unaddressed, trauma can affect a child’s development and lead to mental health conditions.
- When children and youth cannot live with their families, they are placed in foster care. Those placed in foster care often face additional challenges associated with out-of-home placement and experience a higher rate of mental health conditions compared to their counterparts (Turney and Wildeman, 2016).





# Children in Child Welfare Have Suffered at Least One Adverse Childhood Experience

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- Adverse childhood experiences (ACEs) are traumatic events that occur before age 18. ACEs include all types of abuse and neglect as well as aspects of a child's environment that can undermine their sense of safety, stability, and bonding, such as parental mental illness, substance use, divorce, incarceration, and domestic violence (Centers for Disease Control and Prevention, 2019).
- By definition, children placed in the child welfare system have suffered at least one ACE (US Department of Health and Human Services, n.d.).
- ACEs are linked to behavioral health conditions in adulthood.



# Children in California's Child Welfare System Often Need Mental Health Care

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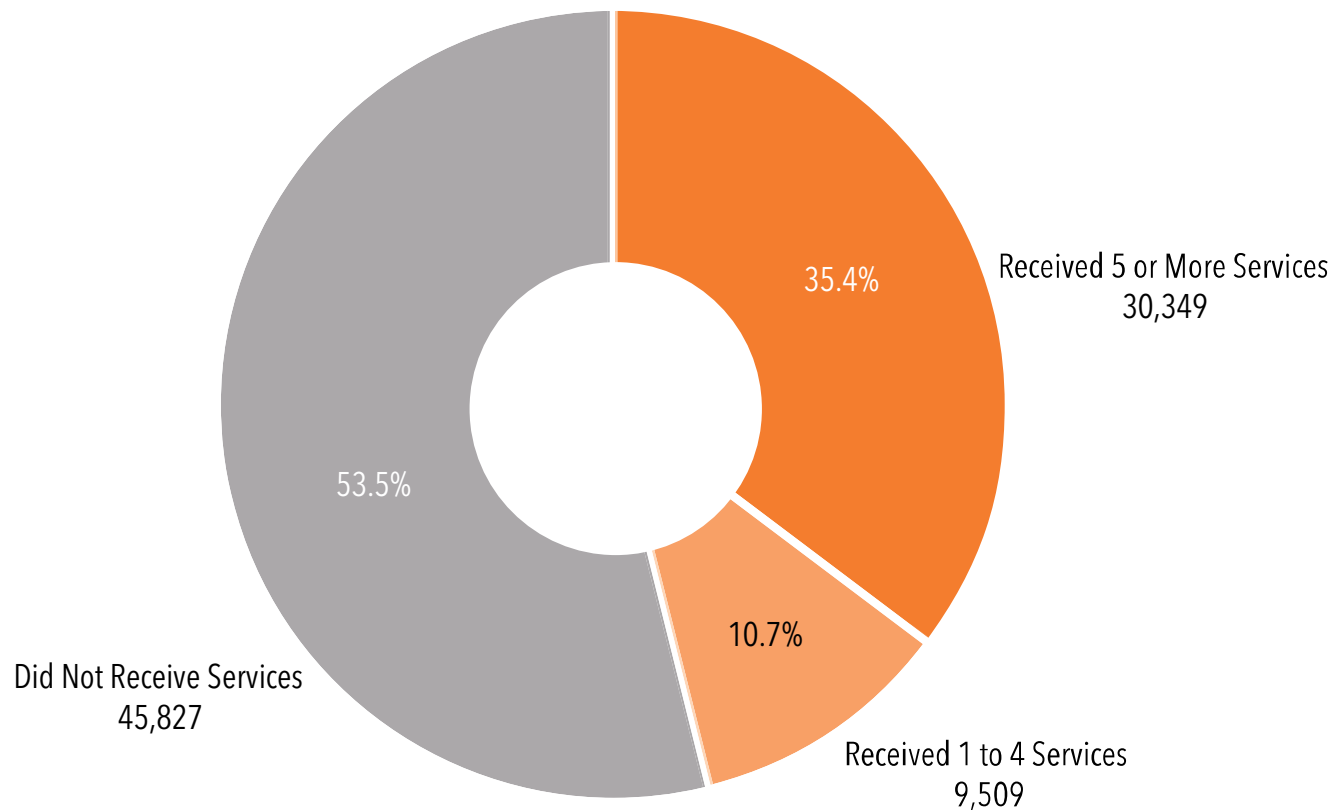
- In 2002, county and state agencies were sued (*Katie A. v. Bontá*) for failing to provide adequate mental health services to children and youth in foster care or at risk of foster care placement. As a result of this litigation, agencies must ensure that these children and youth receive comprehensive, community-based mental health care.
- Many children and youth in California's child welfare system have mental health needs. For example, more than 1 in 3 children and youth in foster care received at least five specialty mental health services in 2016-17. (See pages 50 to 52 for a discussion of specialty mental health services.) Yet, the need for mental health treatment among foster care youth is likely much higher.



# More Than 1 in 3 Children and Youth in Foster Care Receive at Least 5 Medi-Cal Specialty Mental Health Services

Number Foster Youth Enrolled in Medi-Cal in 2016-17 = 85,685

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Note: Data reflect children and youth in foster care through age 20, all of whom are eligible to receive services through Medi-Cal.

Source: Department of Health Care Services



# Most Youth Involved in the Juvenile Justice System Experience Mental Illness

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- Studies have “firmly established” that youth involved in the juvenile justice system have “disproportionately higher rates” of behavioral health disorders – typically in the range of 50% to 70% – compared with other youth (Kretschmar et al., 2014; Schubert and Mulvey, 2014).
- Involvement in the juvenile justice system “may exacerbate youths’ existing” mental health conditions. In part, this reflects the difficulties youth face when they are detained or incarcerated as well as “the perceived barriers to services that can prevent youths from seeking or receiving treatment” (US Department of Justice, 2017).



# Youth in California's Juvenile Justice System Have Significant Mental Health Needs

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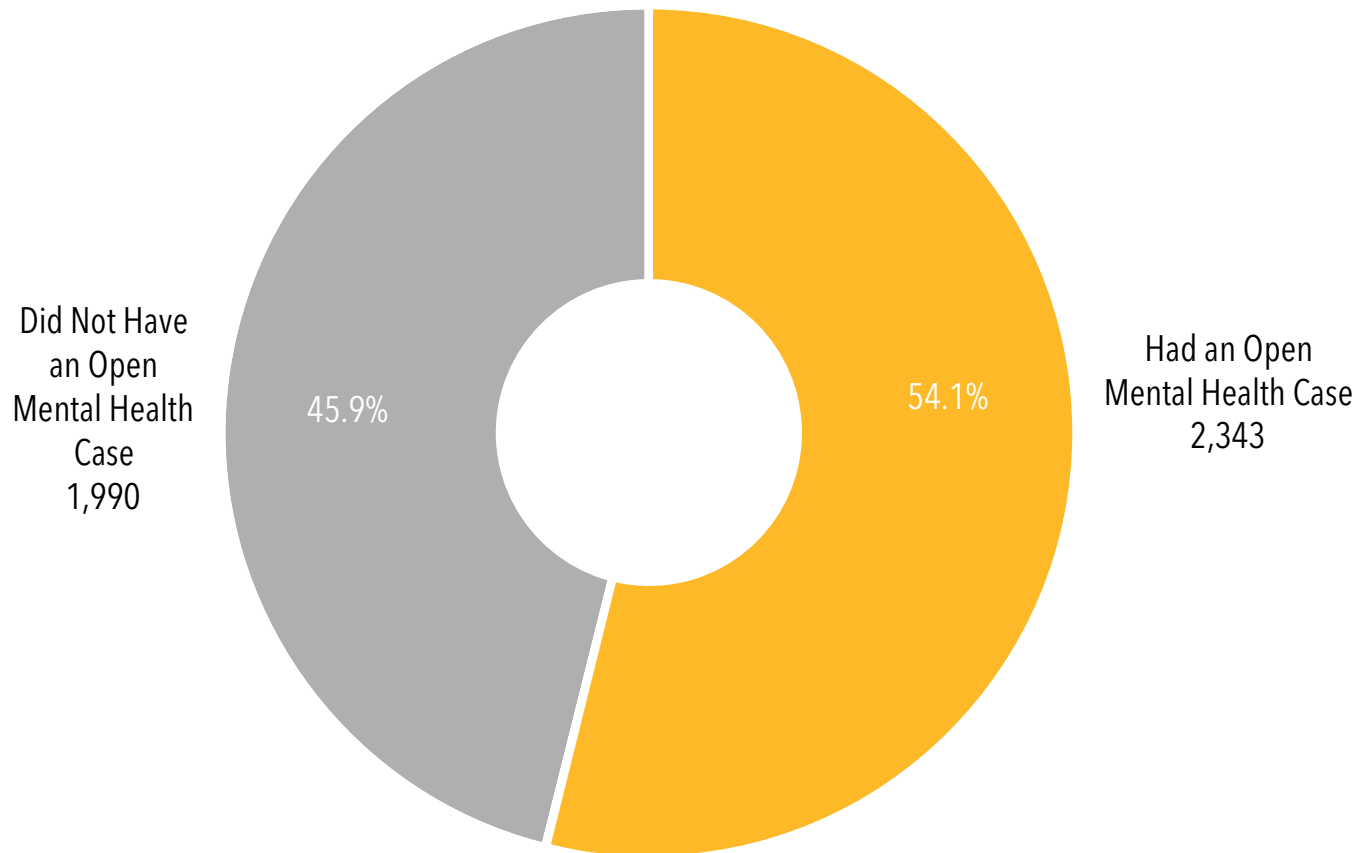
- In California, county probation agencies are responsible for most youth who have been referred to juvenile court and found to have committed a crime. Some youth receive diversion services or are placed on home supervision, while others are placed in county-run juvenile halls or camps, alternative settings such as congregate care facilities, or in other home-based foster care placements.
- As of September 15, 2019, 4,333 youth were in juvenile halls or camps, on home supervision, or in "alternative confinement programs," according to county probation agencies.
  - More than half (54%) had an open mental health case, and more than one-fifth (23%) were receiving psychotropic medication.



# More Than Half of Youth in the County-Based Juvenile Justice System Have an Open Mental Health Case

Youth in the Juvenile Justice System at the County Level as of September 15, 2019 = 4,333

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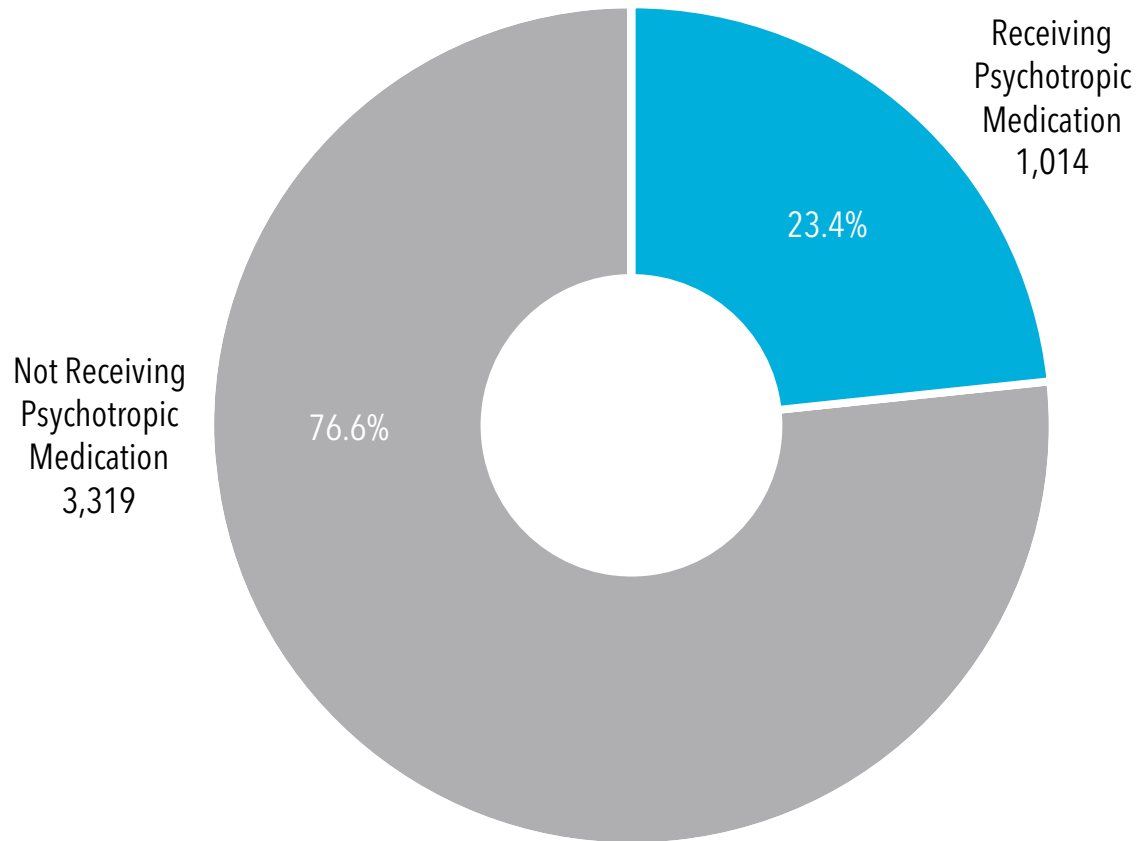


Note: The total number of youth includes those in juvenile halls and camps as well as those on home supervision or in alternative confinement programs. The number of open mental health cases was unavailable for Orange County.  
Source: Budget Center analysis of Board of State and Community Corrections data



# More Than One-Fifth of Youth in the County-Based Juvenile Justice System Receive Psychotropic Medications

Youth in the Juvenile Justice System at the County Level as of September 15, 2019 = 4,333



Note: The total number of youth includes those in juvenile halls and camps as well as those on home supervision or in alternative confinement programs. The number of youth receiving psychotropic medication was unavailable for Alameda and Orange counties.

Source: Budget Center analysis of Board of State and Community Corrections data



# Many Adults With Mental Illness Are Homeless or in the Criminal Justice System

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- In the 1950s and 1960s, policymakers in California and elsewhere began reducing the use of state hospitals to treat people with mental illness (“deinstitutionalization”).
- However, the lack of robust treatment alternatives led to a growing number of people with mental health conditions becoming homeless and, in many cases, incarcerated (Torrey et al., 2014; Rushforth, 2015; Vogel et al., 2014).
- As a result, prisons and jails have become “America’s...new mental hospitals” (Torrey et al., 2010). At the same time, it is clear that correctional facilities are highly inappropriate places to house and treat people with mental illness (Steinberg et al., 2015).





# Experiencing Homelessness Can Lead to or Exacerbate Mental Health Conditions

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- The lack of affordable housing, unemployment, poverty, and low wages are the major factors that lead to homelessness (National Law Center on Homelessness & Poverty, 2015).
- People with poor health are more susceptible to experiencing poverty and unemployment and, by extension, becoming homeless as a result (National Health Care for the Homeless Council, 2019).
- Homelessness can exacerbate existing mental health conditions or increase the risk of developing a mental illness (Centers for Disease Control and Prevention, 2017).



# Californians Experiencing Homelessness Often Have a Behavioral Health Condition

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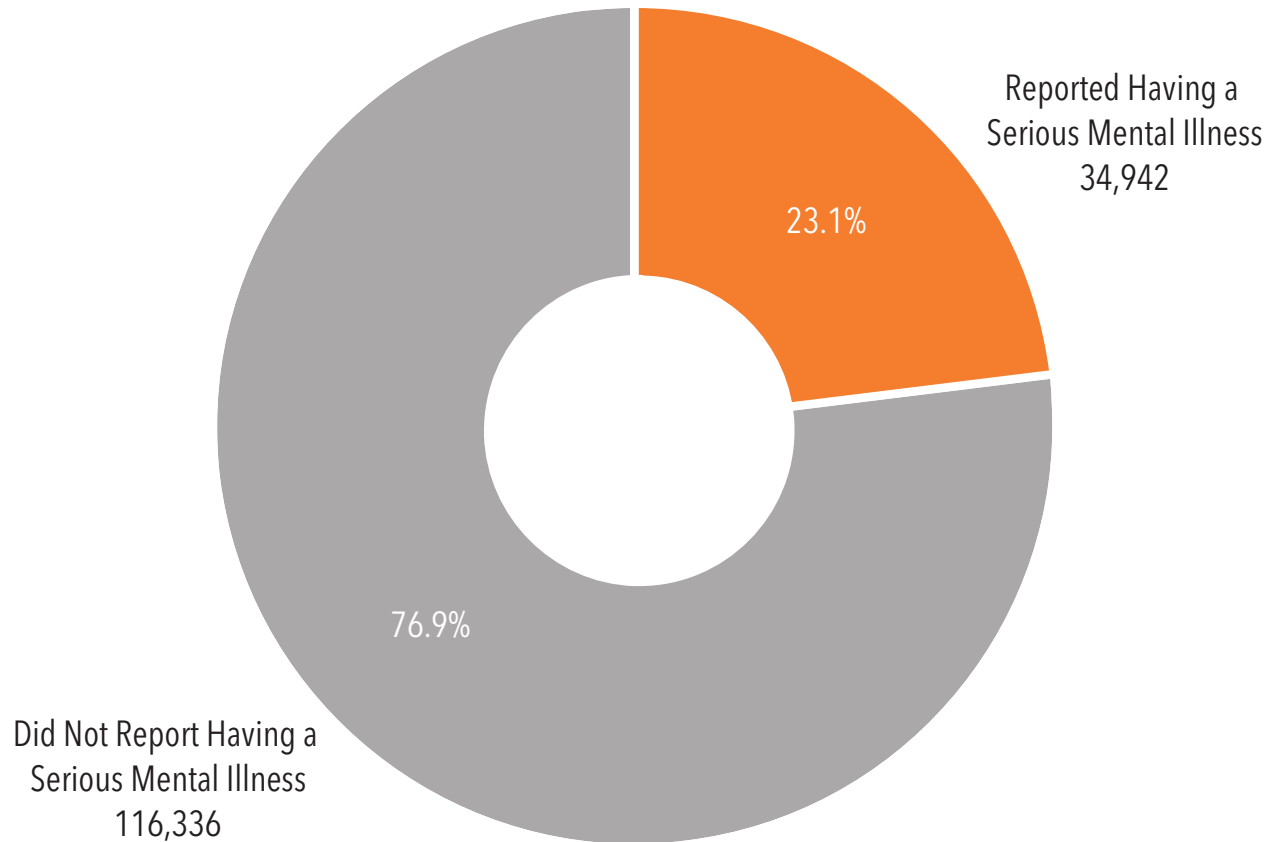
- An estimated 151,278 Californians were counted as experiencing homelessness in January 2019 (US Department of Housing and Urban Development, 2019).
- About 1 in 4 homeless Californians (23.1%) reported having a serious mental illness. Given the nature of the survey, this may be an undercount.
- In addition, 17.5% of homeless Californians had a chronic substance use disorder and 27.5% experienced chronic homelessness, meaning they had been homeless for at least a year – or on at least four occasions in the previous three years – while struggling with a health condition or a disability.



# About 1 in 4 Californians Experiencing Homelessness Report Having a Serious Mental Illness

Total Number of Homeless Persons in California as of January 2019 = 151,278

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Note: These data are based on self-reporting. The US Department of Housing and Urban Development uses the term "Severely Mentally Ill."  
Source: US Department of Housing and Urban Development



# Many People in California's County Jails Require Mental Health Care

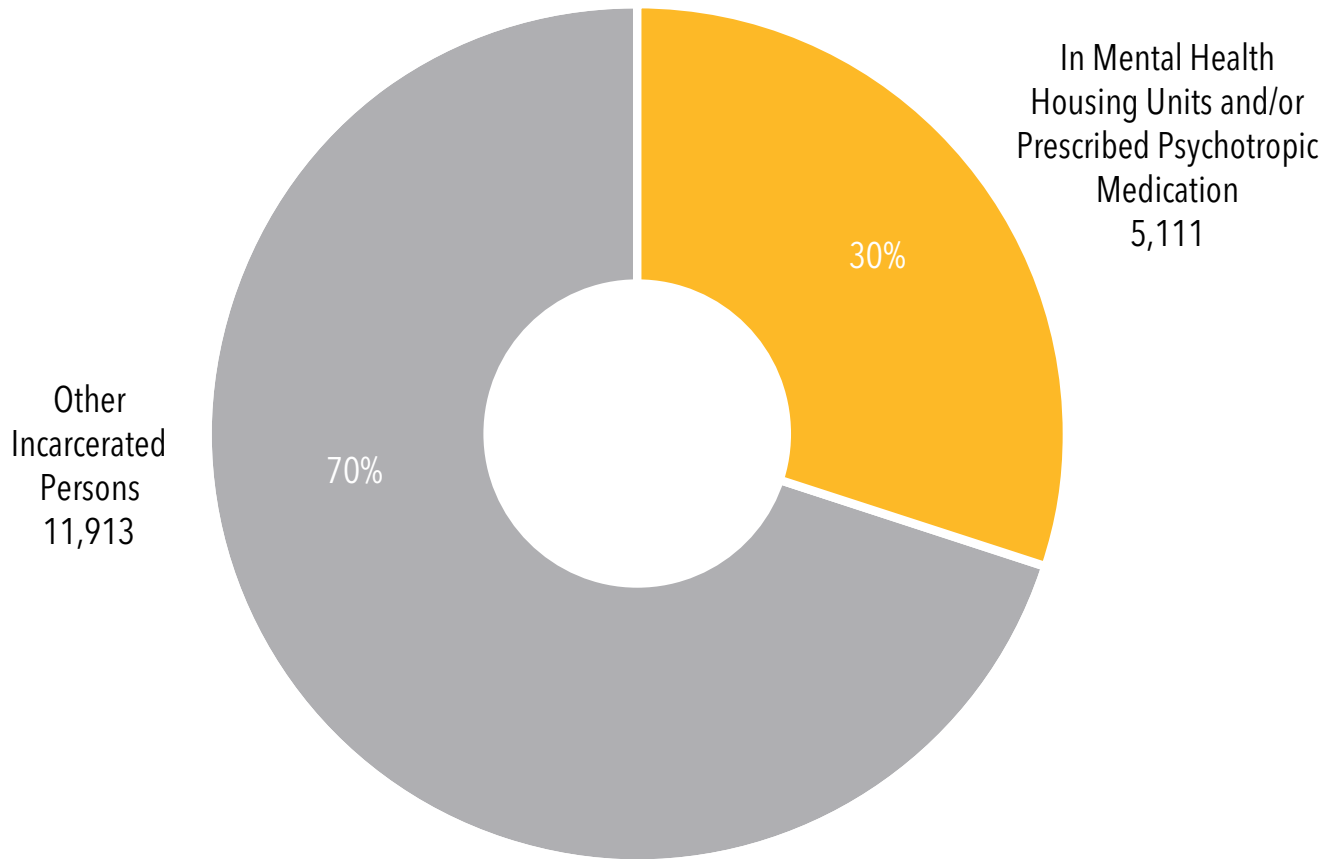
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- In September 2019, California's county jails housed 72,806 people on any given day (average daily population).
- Many people in jail need mental health care. Point-in-time statewide data for September 30, 2019 show that:
  - 20,023 people had an open mental health case and 18,020 were receiving psychotropic medication. (Data for several counties were not available, so these numbers are likely somewhat low.)
- In Los Angeles County, an average of 30% of people in jail in 2018 – about 5,100 out of roughly 17,000 – “were in mental health housing units and/or prescribed psychotropic medication” (Brooks Holliday et al., 2020).



# 3 in 10 People Incarcerated in Los Angeles County Jails Receive Treatment for Mental Illness

Average Daily Population in Los Angeles County Jails in 2018 = 17,024



Note: All figures reflect the average daily population in 2018.  
Source: RAND Corporation



# Many People in California's State Prisons Need Mental Health Treatment

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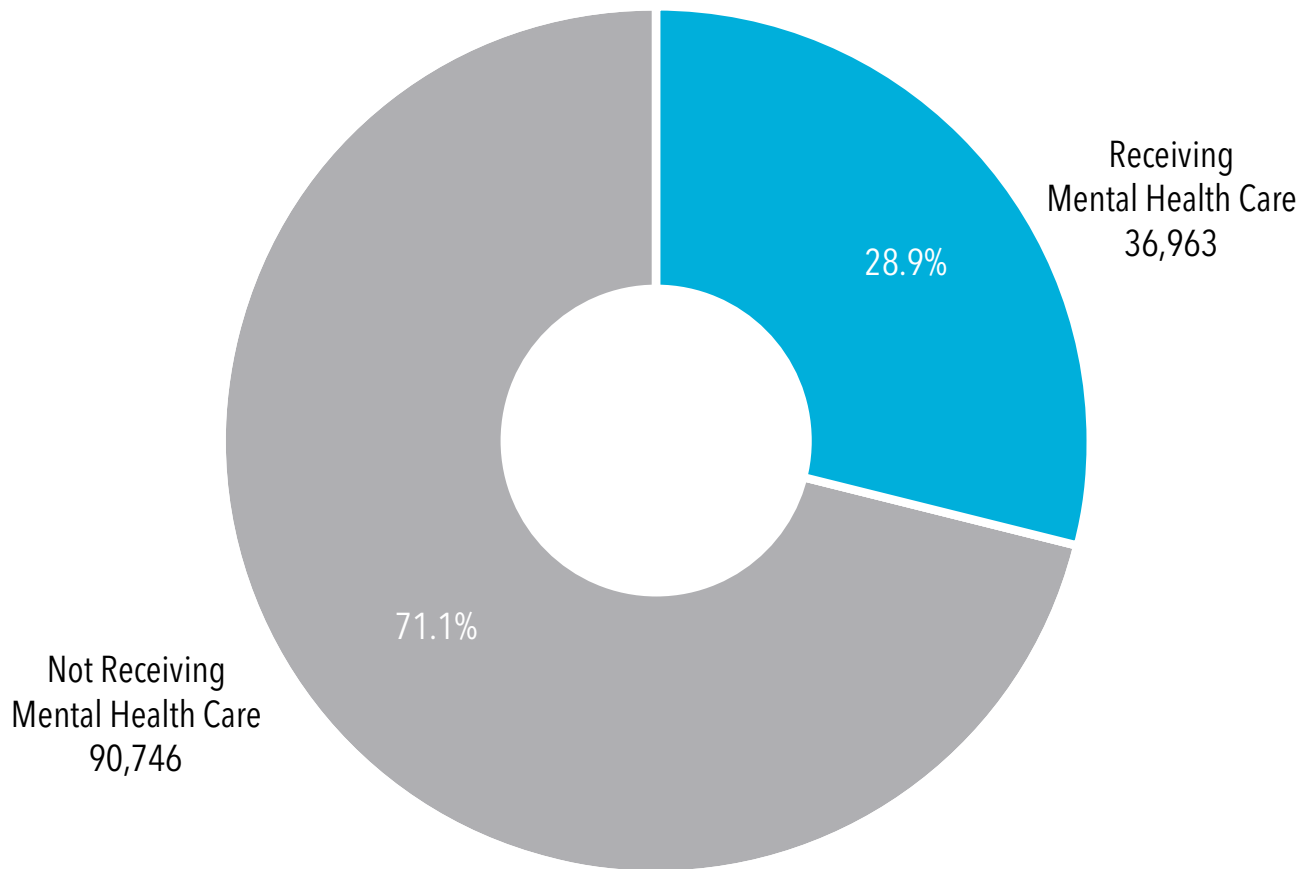
- Since the 1990s, a court-appointed officer has overseen mental health care delivery in California's prisons to ensure that the state provides an adequate level of care.
- Nearly 37,000 state prisoners (almost 29% of the total) received mental health treatment in December 2018. This was up from about 32,500 (less than 25% of the total) in April 2013.
- California is projected to spend about \$800 million on mental health care in state prisons in 2020-21. This is more than one-fifth (22%) of total projected health-related spending for state prisoners in 2020-21 (\$3.6 billion).



# More Than One-Quarter of People Incarcerated at the State Level in California Receive Mental Health Care

Number of People Incarcerated at the State Level as of December 31, 2018 = 127,709

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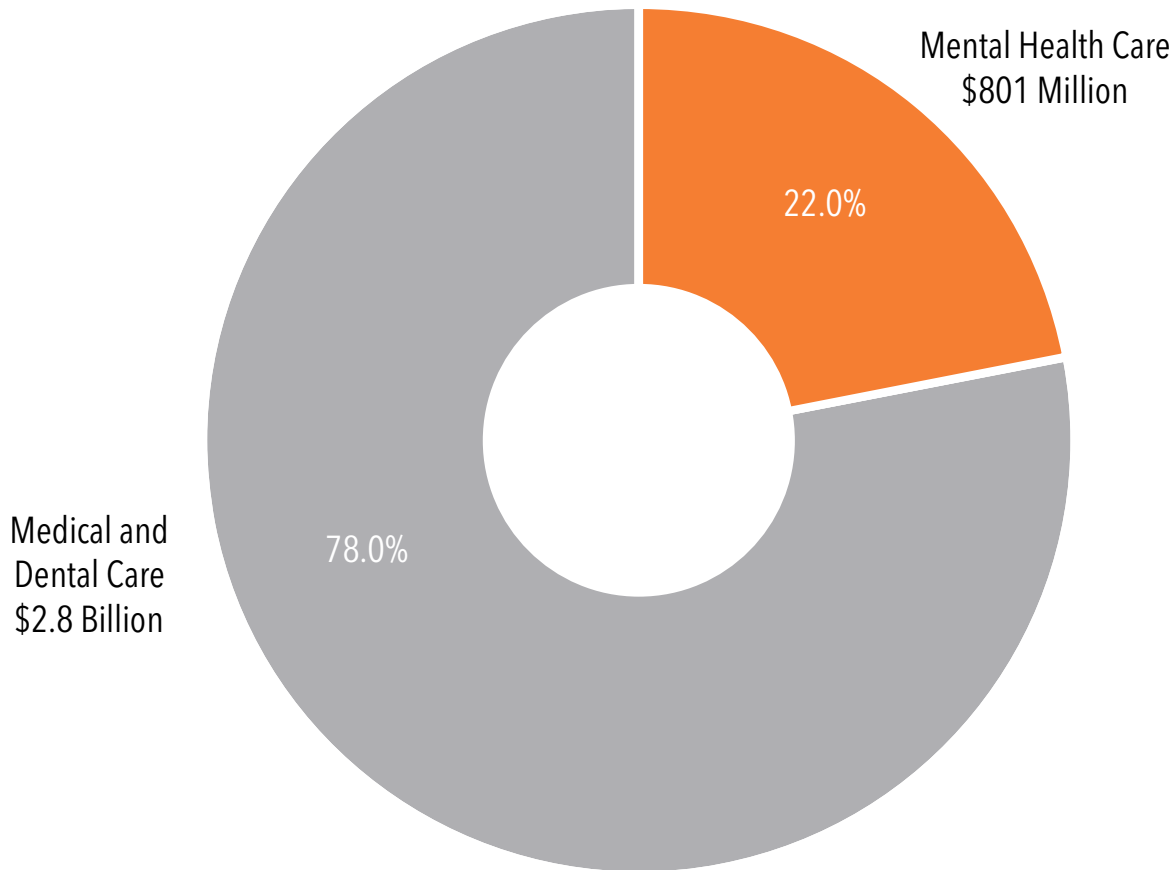
Source: Budget Center analysis of California Department of Corrections and Rehabilitation data



# More Than One-Fifth of Health-Related Spending for People in California Prisons Goes to Mental Health Care

Proposed 2020-21 Health-Related Expenditures for Incarcerated Adults = \$3.6 Billion

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Note: Reflects health-related expenditures through the Department of Corrections and Rehabilitation.  
Source: Budget Center analysis of Department of Finance data





# **Governance and Delivery of Public Mental Health Services Are Fragmented**



# Public Mental Health Services Are Overseen by Multiple Levels of Government

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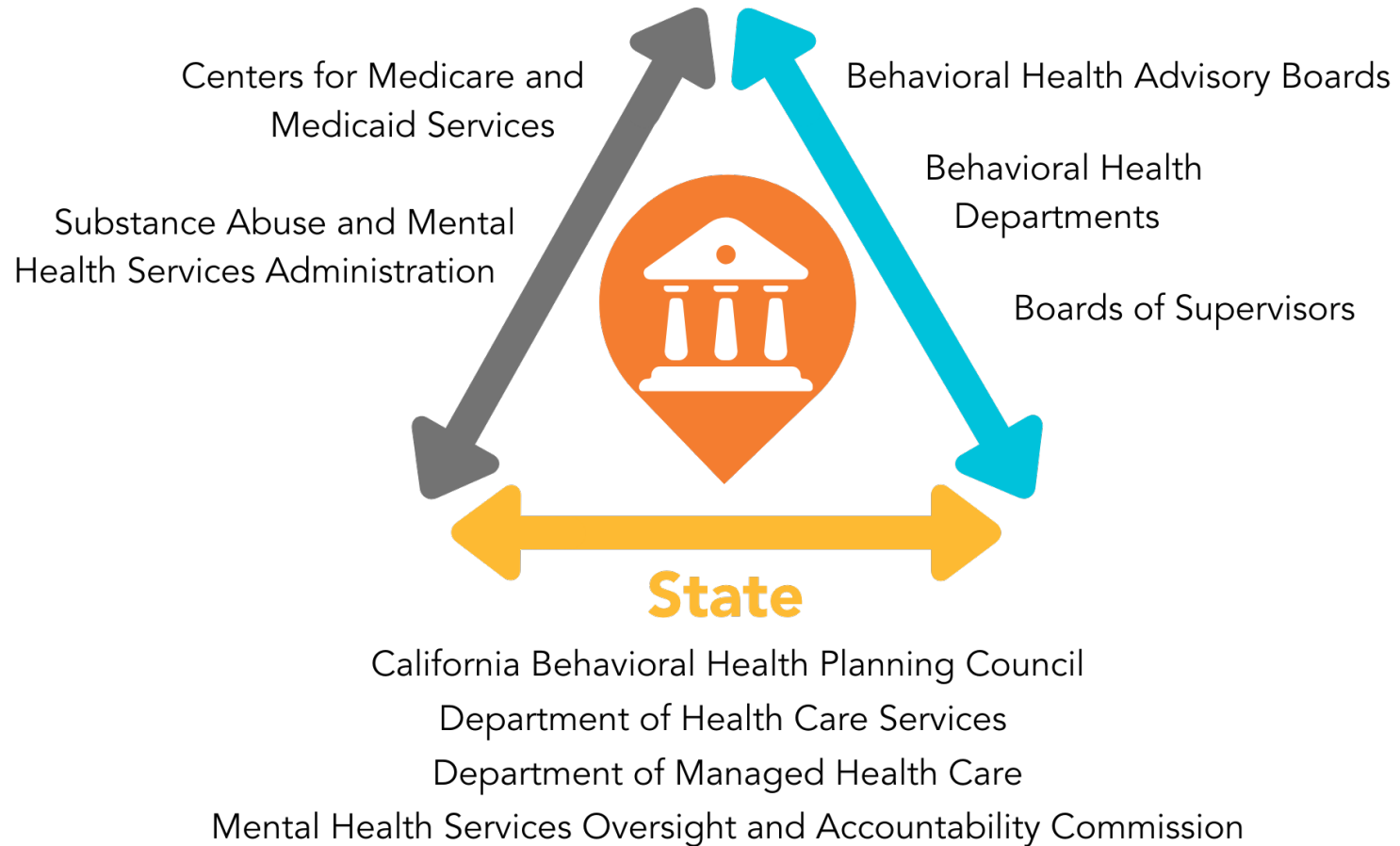
- The federal and state governments along with California's counties all play a role in the governance and oversight of public mental health services.
- The federal Centers for Medicare and Medicaid Services establishes and enforces minimum standards that states can expand upon. States, for example, may experiment with new or innovative services and delivery models with federal approval (Mental Health America, n.d.).
- Within state and federal parameters, California counties have "broad discretion" in how they fund and provide mental health services to target populations, including determining budgets and priorities (Arnquist and Harbage, 2013).



# Governance of California's Public Mental Health Services

## Federal

## County



# The Role of Federal, State, and Local Entities

Level of Government	Entity	Role
Federal	Centers for Medicare and Medicaid Services	Oversees Medi-Cal (California's Medicaid program) to ensure it complies with federal rules. Approves or denies proposed state changes to the program.
Federal	Substance Abuse and Mental Health Services Administration	Monitors states' administration of block grant funding for mental health services and provides technical assistance.
State	California Behavioral Health Planning Council	Advocates for children with serious emotional disturbance and adults with serious mental illness. Evaluates the public behavioral health system, participates in statewide planning, and advises the Legislature on priority issues.
State	Department of Health Care Services	Administers Medi-Cal, the Mental Health Services Act, and the Community Mental Health Block Grant. Contracts with local mental health plans to provide specialty mental health services to children and adults in Medi-Cal.

Continued on following page



# The Role of Federal, State, and Local Entities (cont.)

Level of Government	Entity	Role
State	Department of Managed Health Care	Administers and evaluates health care laws and regulations. Oversees managed care plans. Helps Californians to resolve disputes.
State	Mental Health Services Oversight and Accountability Commission	Oversees Mental Health Services Act programs and is responsible for developing strategies to reduce stigma. May advise the Governor and/or the Legislature on mental health policy.
County	Behavioral Health Advisory Boards	Review and evaluate community mental health needs, services, and facilities. Advise behavioral health directors.
County	Behavioral Health Departments	Arrange for and deliver behavioral health services for Medi-Cal beneficiaries with serious mental illness, substance use disorders and other safety-net populations.
County	Boards of Supervisors	Oversee county departments and programs with input from Behavioral Health Advisory Boards and appropriate funding for behavioral health services.



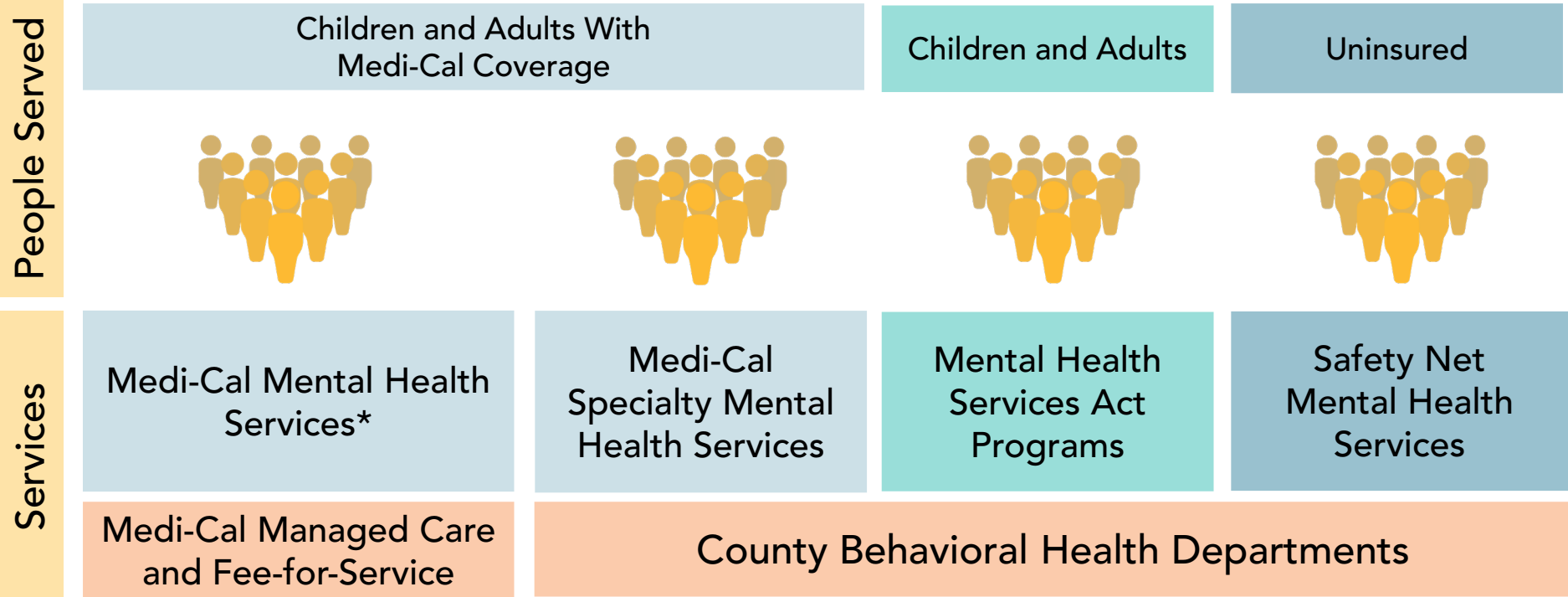
# California Provides Mental Health Services Through Multiple Delivery Systems

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- Medi-Cal, which covers nearly 13 million Californians with low incomes, provides mental health services through:
  - Managed care plans (MCPs);
  - The fee-for-service (FFS) system; and
  - County mental health plans (MHPs), which provide specialty mental health services.
- The state requires MCPs and MHPs to coordinate services. However, there are often “serious disconnects” between these two sets of providers (Lewis and Coursolle, 2017).
- Counties provide additional mental health services through the Mental Health Services Act as well as local “safety net” programs.



# Elements of California's Public Mental Health System



\* Medi-Cal managed care plans provide services to adults age 21 and older with mild-to-moderate conditions. For children and youth under age 21, Medi-Cal managed care plans must provide medically necessary non-specialty mental health services regardless of the severity of the impairment.  
 Note: Graphics are not scaled proportionately to the number of people served.



# Medi-Cal Managed Care Plans (MCPs) Provide Some Mental Health Services

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- MCPs are the “dominant mode of service delivery” in Medi-Cal (Tatar and Chambers, 2019). The state contracts with MCPs to deliver services in exchange for a monthly premium, or “capitation” payment, for each Medi-Cal beneficiary. In fee-for-service (FFS) Medi-Cal, providers are reimbursed for each individual service or visit (Tatar et al., 2016).
- MCPs are required to provide certain mental health services to adults age 21 or older who have mild to moderate mental health conditions. MCPs also must provide certain mental health services to children and youth under age 21 regardless of how mild or severe the impairment is. Mental health services available through MCPs are also available through the FFS system.





# Mental Health Services Provided by Medi-Cal Managed Care Plans

## Eligibility

### **Adults age 21 and older:**

- Managed care plans (MCPs) are required to provide medically necessary treatment for mental health conditions that result in “mild or moderate impairment.” Outpatient mental health services provided by MCPs are often called “non-specialty mental health services,” or non-SMHS (see below).

### **Children and youth under age 21:**

- MCPs are responsible for providing medically necessary non-SMHS (see below) regardless of the severity of the impairment.

## Services

### **MCPs are required to provide the following non-specialty mental health services when medically necessary:**

- Individual and group mental health evaluation and treatment (psychotherapy)
- Psychological testing, when clinically indicated to evaluate a mental health condition
- Outpatient services for the purposes of monitoring drug therapy
- Outpatient laboratory, drugs, supplies, and supplements (excluding certain medications)
- Psychiatric consultation

Note: Medi-Cal beneficiaries who are in the fee-for-service system have access to the same mental health services as MCP members.

Source: Department of Health Care Services (2017)



# Counties Provide Medi-Cal Specialty Mental Health Services (SMHS)

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- The state contracts with county mental health plans (MHPs) to provide SMHS, as authorized by the federal Medicaid 1915(b) waiver. Medi-Cal beneficiaries who meet medical necessity criteria are eligible for SMHS, with more stringent criteria applied to adults age 21 and older (see page 51).
- For children and youth under age 21, SMHS are provided through the Early and Periodic Screening, Diagnostic and Treatment (EPSDT) benefit. Children and youth are eligible for mental health services, including SMHS, when those services are necessary to correct or ameliorate an emotional or mental health condition. As noted on page 49, limited non-SMHS are also available through Medi-Cal managed care plans or the fee-for-service system.



# Eligibility for Specialty Mental Health Services

## Medical Necessity Criteria for Adults Age 21 and Older

To qualify for specialty mental health services (SMHS), adults age 21 and older must:

- **Have a covered diagnosis.** These include mood disorders, schizophrenia, and 16 other diagnoses.
- **Meet impairment criteria.** There must be a significant impairment, or a reasonable probability of significant deterioration, in an important area of life functioning.
- **Meet intervention criteria.** First, the focus of the proposed treatment must be to address the impairment, with the expectation that the treatment will significantly diminish the impairment or prevent significant deterioration. Second, the condition would not be responsive to physical health treatment.

## Medical Necessity Criteria for Children and Youth Under Age 21

Consistent with the federal EPSDT benefit, county mental health plans (MHPs) must apply **less stringent medical necessity criteria** when assessing the mental health needs of children and youth under age 21. MHPs are required to provide services when they are **necessary to correct or ameliorate a child or youth's mental health condition**, regardless of the level of impairment. Services must be delivered when 1) they would **address or improve the child or youth's mental health condition** and 2) the condition would not be responsive to physical health treatment.

Source: Coursolle and Lewis (2017), Department of Health Care Services (2016 and 2017), and Lewis and Coursolle (2017)



# Specialty Mental Health Services

## Specialty Mental Health Services Include:

- Adult crisis residential services\*
- Adult residential treatment services\*
- Crisis intervention
- Crisis stabilization
- Day rehabilitation
- Day treatment intensive
- Intensive care coordination\*\*
- Intensive home-based services\*\*
- Medication support
- Psychiatric health facility services (inpatient)
- Psychiatric inpatient hospital services
- Psychiatrist services
- Psychologist services
- Targeted case management
- Therapeutic behavioral services\*\*
- Therapeutic foster care\*\*
- Therapy and other service activities

## Specialty Mental Health Services for People Under Age 21 Are More Expansive Due to the EPSDT Benefit

Consistent with the federal Early and Periodic Screening, Diagnostic, and Treatment (EPSDT) benefit, county mental health plans are **required to provide mental health diagnostic and treatment services** to Medi-Cal beneficiaries who are under age 21 when those services are necessary to correct or ameliorate their mental health condition.

\* Available to adults age 18 and older.

\*\* Available to children and youth under age 21.

Source: California Code of Regulations, Sections 1810. 215 and 1810.247; Department of Health Care Services (2016 and 2020); and Lewis and Coursolle (2017)



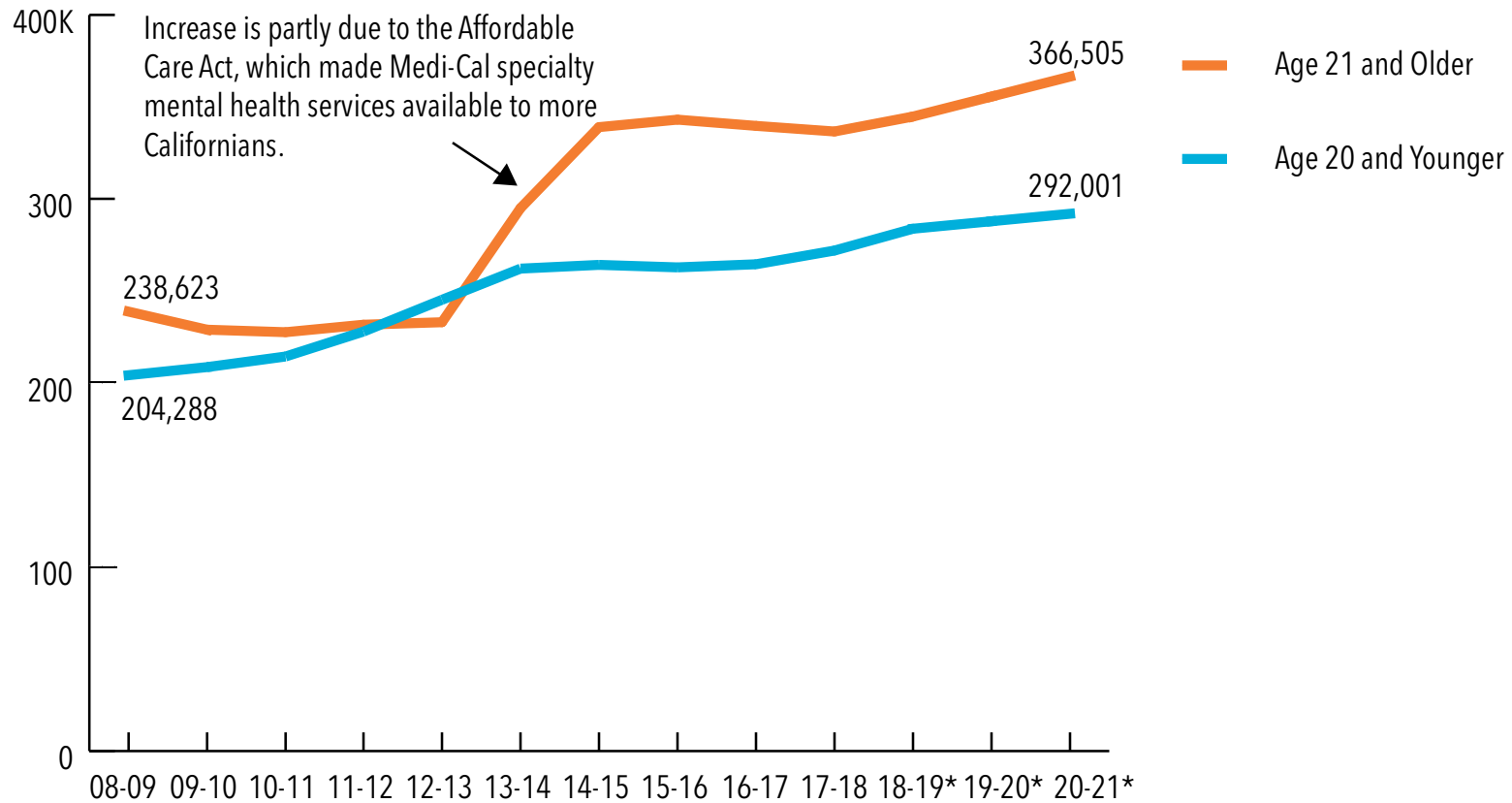
# Use of Specialty Mental Health Services Is Up, But Lags Medi-Cal Enrollment Growth

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- Due to federal and state policy changes, the number of people receiving services through Medi-Cal has increased. The most significant change was the expansion of Medi-Cal in 2014 to many adults with low incomes who previously were ineligible for coverage. As a result, many Californians with particular mental health needs became eligible for county-provided specialty mental health services (SMHS).
- However, the number of Medi-Cal beneficiaries receiving SMHS has not kept pace with overall enrollment in the program. While Medi-Cal enrollment is up by nearly 88% between 2008-09 and 2020-21 (projected), the number of Medi-Cal beneficiaries receiving SMHS is projected to rise by less than 50% during this period.



# The Number of Californians Receiving Specialty Mental Health Services in Medi-Cal Has Increased Since 2008-09



\*2018-19 and 2019-20 estimated and 2020-21 projected.

Note: Figures reflect unduplicated counts. The need for Medi-Cal specialty mental health services (SMHS) may be higher to the extent that some beneficiaries who require SMHS do not receive them.

Source: Department of Health Care Services



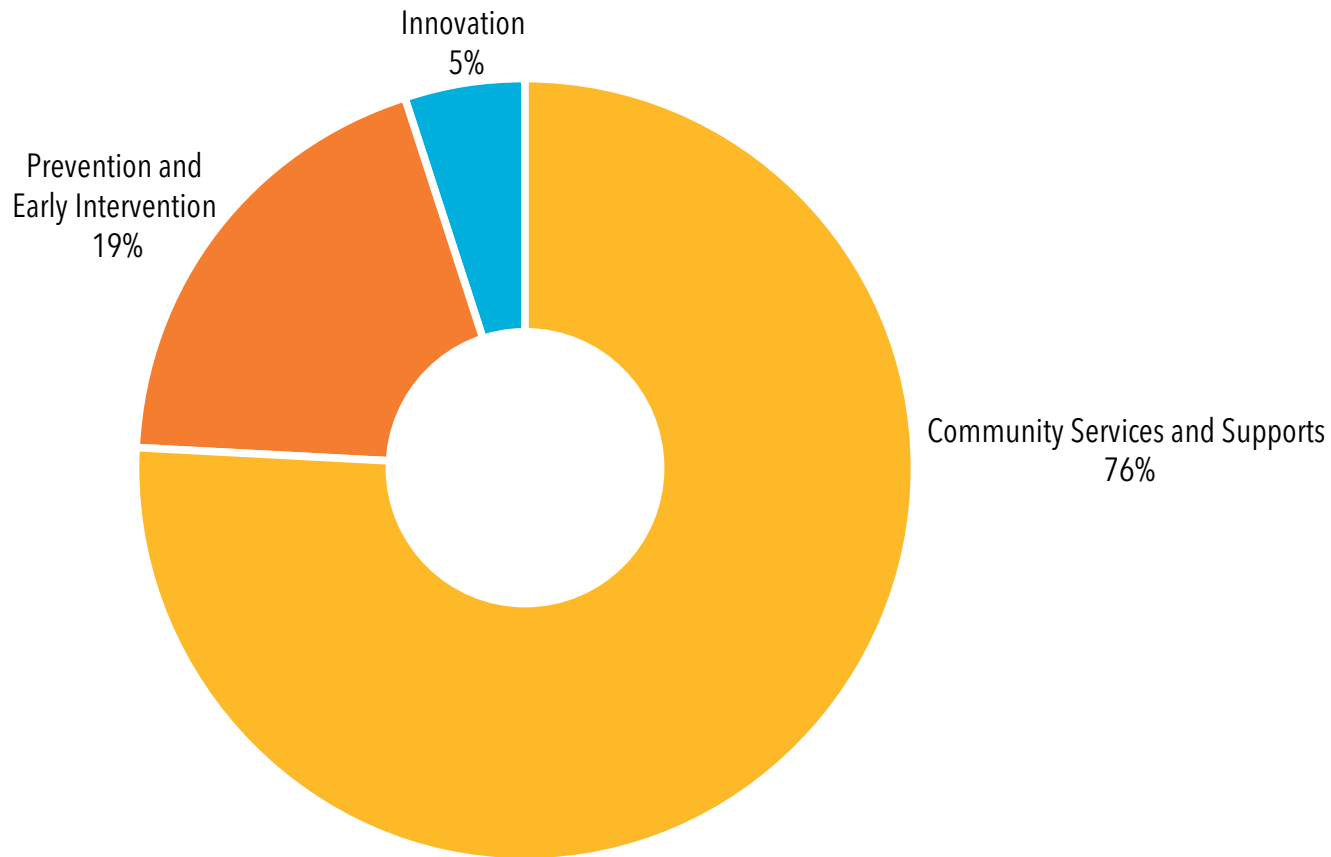
# Mental Health Services Act (MHSA) Programs Also Support Californians

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- In 2004, California voters approved Proposition 63, which created a 1% surtax on personal income above \$1 million to provide increased funding for mental health services.
- The purpose of the MHSA is to expand mental health services and supports to children and adults, with a focus on innovation and prevention.
- The MHSA establishes parameters for how funds are spent. The majority (95%) of MHSA funding goes directly to counties, which have some flexibility in how to use these funds. The remainder (5%) is reserved for state-level MHSA administration.



# The Majority of Mental Health Services Act Funding Must Be Spent on Community Services and Supports



Note: This represents 95% of Mental Health Services Act funding; 5% of overall funding is reserved for state-level administration. Counties may allocate up to 20% of Community Services and Supports funding to Capital Facilities and Technological Needs, Workforce Education and Training, and/or prudent reserves.

Source: Legislative Analyst's Office





# Key Goals of the Mental Health Services Act (MHSA)

MHSA Component	Goal of MHSA Component
Community Services and Supports	Expand direct services to individuals with serious mental illness, including Full Service Partnerships, a “Whatever It Takes” approach to engaging individuals and providing services and supports. For example, some programs provide wraparound services (e.g., housing support) and treatment to Californians who are homeless or at risk of becoming homeless.
Prevention and Early Intervention	Help counties implement services that promote wellness and prevent mental illness from becoming severe. Activities include direct services and mental health awareness campaigns.
Innovation	Promote interagency collaboration, increase access to services, and increase the quality of services.
Capital Facilities and Technological Needs	Build facilities for the delivery of mental health services. Funds may also be used develop technological infrastructure to improve mental health service delivery.
Workforce Education and Training	Improve mental health workforce capacity and diversity.

Source: Legislative Analyst’s Office (2019) and Mental Health Services Oversight and Accountability Commission (2020)



# Counties Also Provide Services Through the Local Mental Health “Safety Net”

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- Under state law, California’s counties are the providers of last resort – that is, they provide a “safety net” – for lawfully present residents who have low incomes and lack support from family, friends, or state programs.
- Mental health treatment is among the safety-net services that counties are required to provide, “but only to the extent that resources are available” after serving residents enrolled in Medi-Cal (Arnquist and Harbage, 2013).
- Although state law references lawfully present residents, many counties choose to provide these safety-net services to residents regardless of immigration status (Insure the Uninsured Project, 2019).



# **Several Types of Hospitals and Residential Facilities Provide Care for Californians With Mental Illness**



# Californians With Mental Illness May Need Care in a Hospital or Residential Setting

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- Some people experiencing mental illness, including those who are involuntarily detained (see page 75), may require care in a hospital or residential setting. This includes:
  - Short-term, acute-level, inpatient care provided in Acute Psychiatric Hospitals and similar facilities.
  - Longer-term care provided in several different types of facilities, including board-and-care homes, Mental Health Rehabilitation Centers, and skilled nursing facilities.
- There are also five state hospitals that care for people with mental illness, most of whom are referred from the criminal justice system. About 1 in 10 patients are referred, generally by counties, as “civil commitments,” including people who are “gravely disabled” (see pages 75 to 76).



# Care Options for Californians With Mental Illness

Facility Type	Facilities	Beds
<b>Facilities Providing Short-Term, Acute-Level, Inpatient Care</b>		
Acute Psychiatric Hospitals	32	2,773
Psychiatric Health Facilities	28	500
Psychiatric Units in General Acute Care Hospitals	79	3,504
<b>Key Facilities Generally Providing Longer-Term Care</b>		
Board-and-Care Homes	No statewide data collected*	
Community Residential Treatment Systems (also known as Social Rehabilitation Programs)**	135	1,580
Community Treatment Facilities	2	68
Mental Health Rehabilitation Centers	28	1,854
Special Treatment Programs in Skilled Nursing Facilities	26	2,341
State Hospitals***	5	6,078

\* While the state collects certain data on board-and-care homes, it does not track the number of homes/beds that are available to serve people with mental illness.

\*\* These facilities may also provide short-term-crisis residential treatment.

\*\*\* These facilities primarily provide care to individuals referred from the criminal justice system ("forensic commitments"). About 10% of individuals are referred, generally by counties, as "civil commitments."

Source: California Hospital Association, Department of Health Care Services, and Department of State Hospitals



# Certain Facilities Are Designated as “Institutions for Mental Disease” (IMDs)

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- Federal law defines an IMD as a “hospital, nursing facility, or other institution of more than 16 beds, that is primarily engaged in providing diagnoses, treatment, or care of persons with mental diseases...” (Musumesi et al., 2019).
- Federal Medicaid dollars cannot be used to pay for care or services that are provided to adults ages 21 to 64 in an IMD. In California, counties pay 100% of these costs.
- Excluding state hospitals, California’s 73 IMDs have more than 6,600 beds and include certain skilled nursing facilities; Mental Health Rehabilitation Centers; and both Acute Psychiatric Hospitals and Psychiatric Health Facilities that exceed the 16-bed limit.



# The Number of Inpatient Psychiatric Hospital Beds Has Been Declining

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- According to the California Hospital Association (2019), California had 9,353 short-term, inpatient psychiatric hospital beds in 1995. By 2017, this number had fallen to 6,777, reflecting a 28% decline. (These figures exclude beds in state hospitals for Californians with mental illness.)
- Put differently: California had about 17 inpatient psychiatric beds for every 100,000 residents in 2017, down from a ratio of roughly 30-to-100,000 in 1995.
- Moreover, 25 of California's 58 counties did not have *any* short-term, inpatient psychiatric hospital beds in 2017. Counties lacking these beds are primarily rural, and most of them have fewer than 100,000 residents.



# The Number of Board-and-Care Homes Has Also Been Falling

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- Board-and-care homes provide care and supervision to people – including individuals with mental illness – who are unable to live by themselves, but do not require 24-hour nursing care.
- The number of these homes has been declining due to inadequate state funding, rising costs, and other factors (Smith, 2019; Wiener, 2019).
- This trend means that people with mental illness have fewer community housing options with the appropriate level of care, increasing the risk that they will return to high-level crisis programs, jails, or homelessness (California Behavioral Health Planning Council, 2018).





# Funding for Public Mental Health Services Comes From Multiple Sources



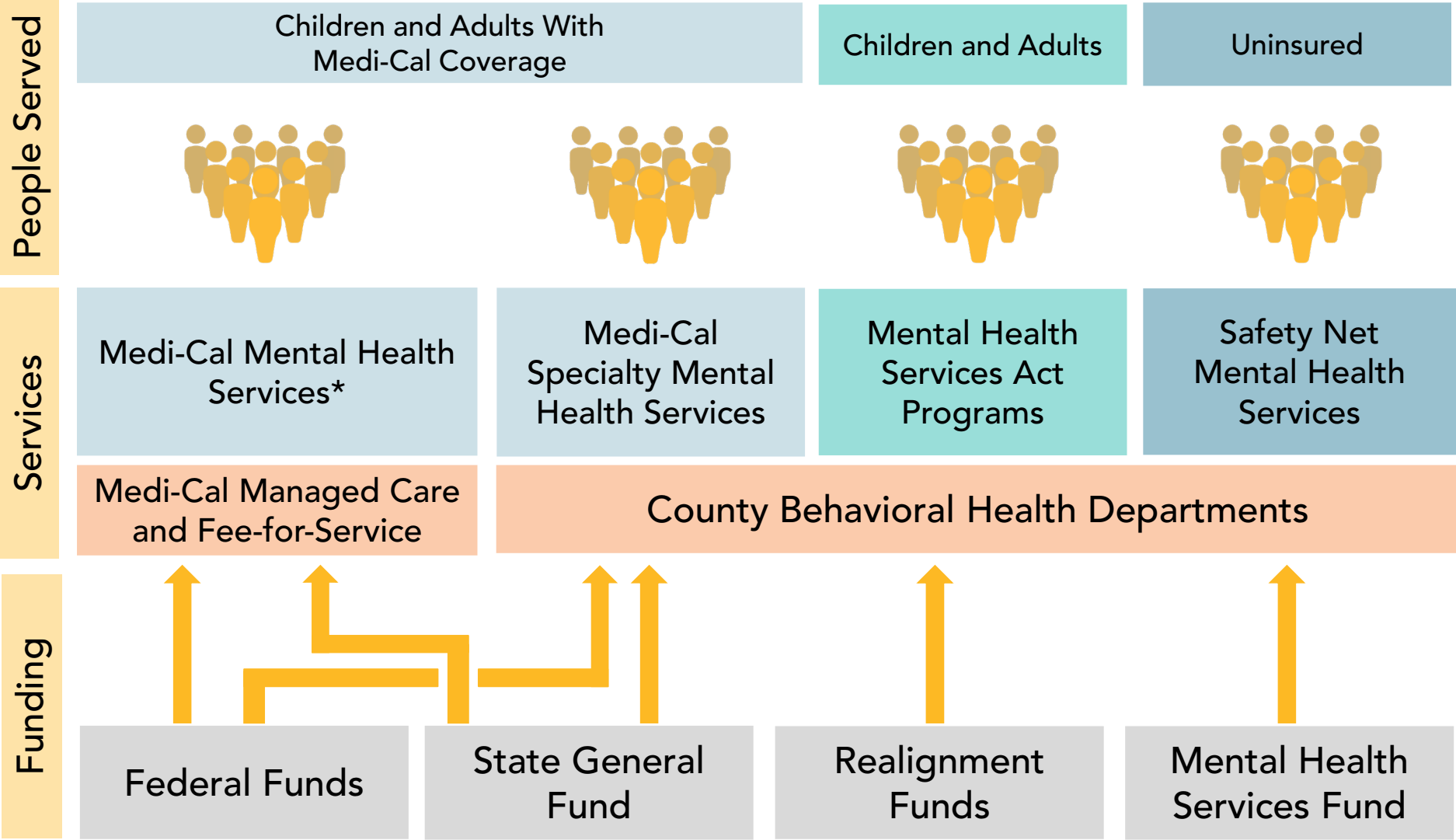
# Most Funding for Mental Health Services Comes From Federal and State Sources

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- Support for public mental health services in California primarily comes from the federal and state governments.
  - Most federal funding is provided through the Medicaid program (Medi-Cal in California).
  - Most state funding is provided through special funds. These were created by 1) the Mental Health Services Act and 2) the 1991 and 2011 “realignments,” which transferred certain responsibilities – including for mental health services – from the state to the counties.
- Many counties use their own local revenues to provide additional support for mental health services. However, there is no statewide database that comprehensively tracks this local funding.



# Elements of California's Public Mental Health System



\* Medi-Cal managed care plans provide services to adults age 21 and older with mild-to-moderate conditions. For children and youth under age 21, Medi-Cal managed care plans must provide medically necessary non-specialty mental health services regardless of the severity of the impairment. Note: Graphics are not scaled proportionately to the number of people served or to the amount of funding in each category.



# Funding Sources for Public Mental Health Services

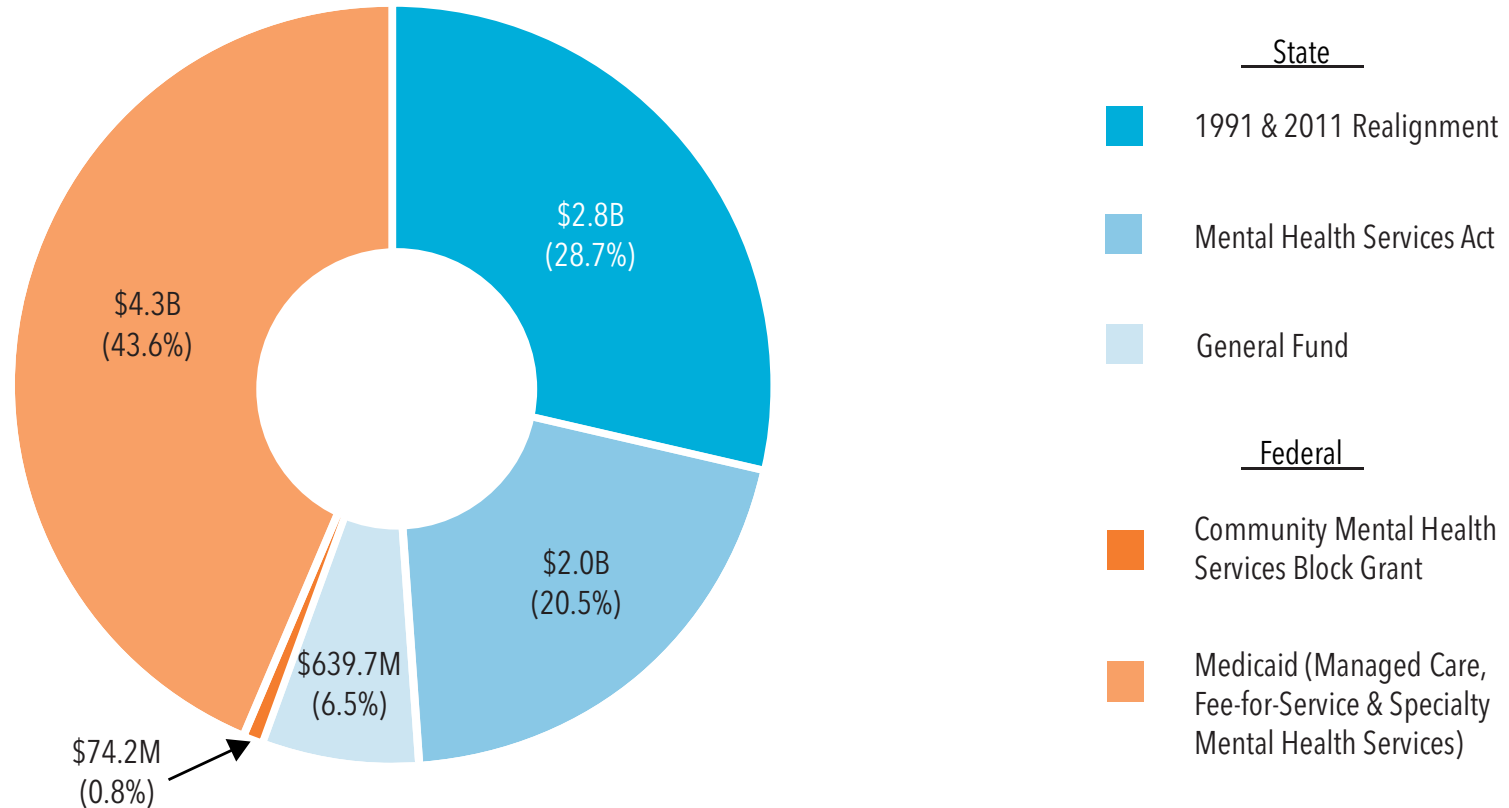
Funding Source	Description
Medicaid Program	Provides federal support for mental health services as well as psychotropic medications for Medi-Cal enrollees.
Community Mental Health Services Block Grant	Provides federal support for community mental health services for children and youth with serious emotional disturbance as well as for adults with serious mental illness.
1991 Realignment and 2011 Realignment	Provide state support for mental health services as well as for other programs and new responsibilities that were transferred (or “realigned”) from the state to the counties in 1991 and 2011. In order to pay for these responsibilities, counties annually receive dedicated funding from state sales tax and vehicle license fee revenues.
Mental Health Services Act (MHSA)	Provides state support to expand mental health services and supports to children and adults, with a focus on innovation and prevention. Funding comes from a 1% state surtax on personal income above \$1 million, with most of these revenues (95%) allocated to counties.
General Fund	Provides state support primarily for the <i>nonfederal</i> share of cost for certain Medi-Cal mental health services that counties do not pay for with realignment or MHSA revenues. These services include outpatient services provided through Medi-Cal managed care and psychotropic medications.

Note: Some counties also use their own local funds to boost support for mental health services.  
 Source: Legislative Analyst’s Office (2019), Mental Health Services Oversight and Accountability Commission (2019), and US Department of Health and Human Services (2019)



# The Majority of Funding for Public Mental Health Services in California Comes From the State and Flows to the Counties

2017-18 State and Federal Funding = \$9.8 Billion



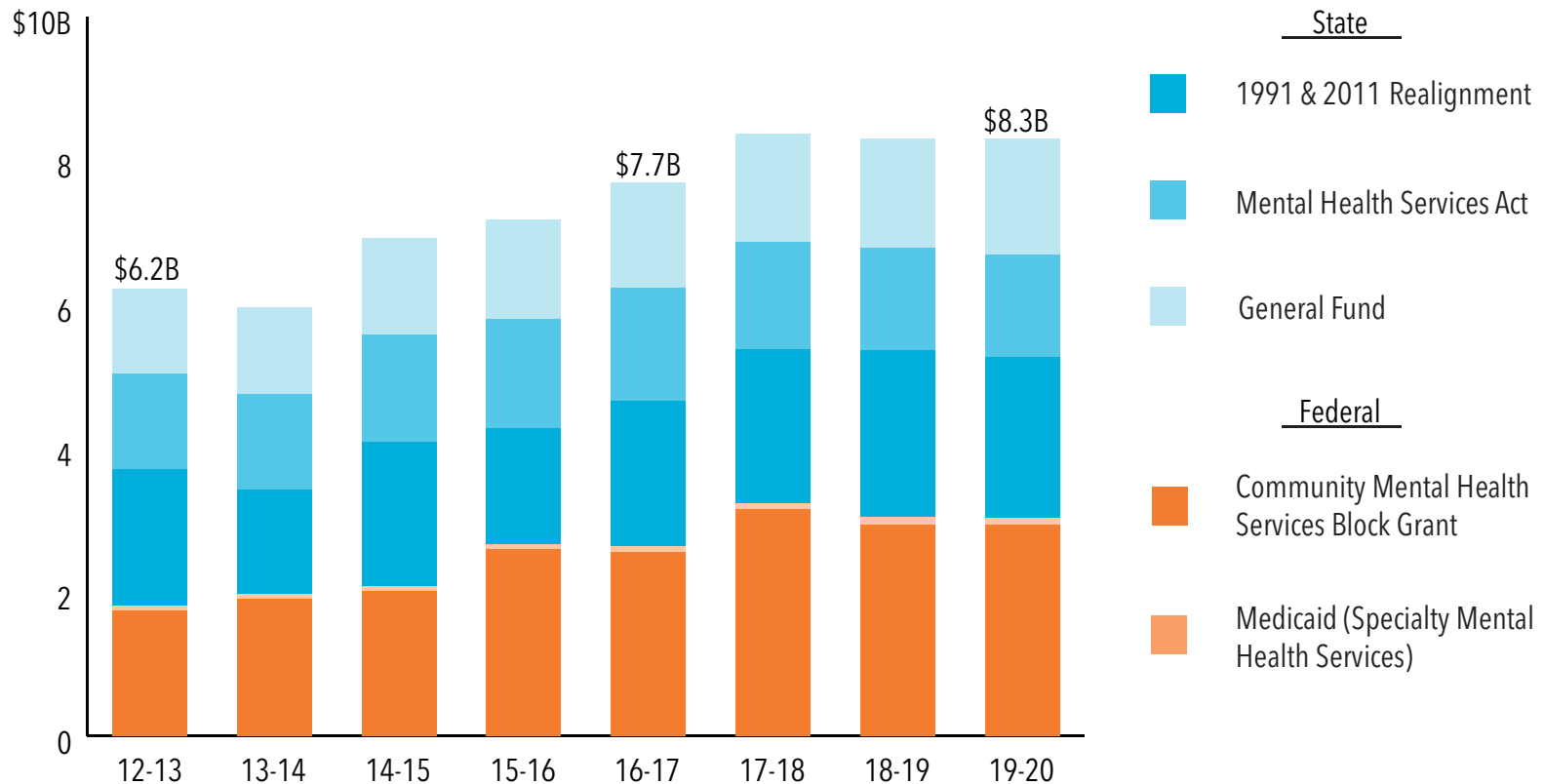
Note: Does not include county funding or funding for certain outpatient services. Certain realignment revenues may be used to support substance use disorder services. Percentages do not sum to 100 due to rounding.

Source: Legislative Analyst's Office and Mental Health Services Oversight and Accountability Commission



# Public Mental Health Funding in California Is Up Since 2012-13, But Has Leveled Off in Recent Years

Inflation-Adjusted Federal Fund and State Special Fund Support Since 2012-13, Billions



Note: Does not include state General Fund support or county funding. Figures are inflation-adjusted to 2019-20 dollars. Some or all expenditure components for each year are estimated. Source: Department of Finance, Department of Health Care Services, Mental Health Services Oversight and Accountability Commission, and US Substance Abuse and Mental Health Services Administration



# Mental Health Policy in California: Looking Ahead



# Reforms That Aim to Improve the Public Mental Health System Are on the Horizon

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- California's public mental health system is a lifeline for children, youth, and adults who currently need – or one day will require – treatment for a mental health condition. However, this system is enormously complex. While many Californians with mental health needs manage to navigate this complex system, others fall through the cracks.
- Fortunately, efforts are underway at the state level to improve California's behavioral health system. Ultimately, these efforts should aim to ensure that children, youth, and adults are better connected to a robust set of services that are delivered efficiently and effectively, with the goal of improving Californians' overall health and quality of life.





# Appendix

- **Categories of Mental Health Conditions**
- **Common Types of Mental Health Conditions**
- **Some People With Mental Illness May Be Involuntarily Detained for Treatment**
- **Some People With Mental Illness May Be Placed Under Conservatorship**



# Mental Health: Categories and Common Conditions

## Categories of Mental Health Conditions

Serious Emotional Disturbance	Applies to children and youth age 17 and under who have, or during the past year have had, a diagnosable mental, behavioral, or emotional disorder resulting in functional impairment that substantially interferes with or limits functioning in family, school, or community activities.
Mild-to-Moderate	Applies to adults diagnosed with a mental health disorder that causes mild to moderate distress or impairment of mental, emotional, or behavioral functioning.
Serious Mental Illness	Applies to adults who have, or during the past year have had, a diagnosable mental, behavioral, or emotional disorder resulting in serious functional impairment, which substantially interferes with or limits one or more major life activities.

## Common Types of Mental Health Conditions

Anxiety Disorders, Attention Deficit Hyperactivity Disorders (ADHD, ADD), Autism Spectrum Disorders (ASD), Bipolar Disorder, Borderline Personality Disorder, Depression, Disruptive Mood Regulation Disorder (DRMD), Eating Disorders, Obsessive-Compulsive Disorder (OCD), Post-Traumatic Stress Disorder (PTSD), and Schizophrenia

For more information about mental health conditions, visit the National Institute of Mental Health’s website: [nimh.nih.gov](http://nimh.nih.gov).

Source: Department of Health Care Services, National Institute of Mental Health, and US Department of Health and Human Services



# Some People With Mental Illness May Be Involuntarily Detained for Treatment

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- In 1967, Governor Ronald Reagan signed into law the Lanterman-Petris-Short Act (sections 5000 to 5556 of the California Welfare and Institutions Code).
- This law outlines the circumstances under which people with mental illness may be involuntarily detained for evaluation and care – and for how long any such detention may continue.
- Involuntary detention may occur if a person is considered 1) a danger to themselves or others or 2) “gravely disabled,” meaning they cannot “provide for their own food, clothing, or shelter because of a mental health disorder” (Disability Rights California, 2018).



# Some People With Mental Illness May Be Placed Under Conservatorship

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- Some people who are deemed to be gravely disabled may be placed under “conservatorship,” in which a court appoints another individual (the “conservator”) to make certain decisions for the person in need of care.
- The conservator decides, for example, where an individual should live, with the top priority being “the least restrictive appropriate placement” (Disability Rights California, 2018).
- While no conservatorship is permanent, “it may be renewed yearly...and there is no limit to how many times it may times it may be renewed” (Disability Rights California, 2018).



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