Updated Mental Health Maintenance of Effort (MOE) for Counties

TOPIC
The 2009 Minnesota Legislature amended the maintenance of effort (MOE) requirement for county mental health expenditures. This bulletin replaces bulletin #07-53-03 to include the 2009 amendments and to reply to questions regarding interaction between the MOE and other funding changes enacted by the 2009 Minnesota Legislature.

PURPOSE
To inform counties about the amended requirement and answer implementation questions.

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EXPIRATION DATE
August 6, 2011

SIGNED
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Chemical and Mental Health Services
Background

Before July 1, 2006, counties were subject to three separate requirements to maintain a certain level of spending on mental health services. Such requirements are usually referred to as maintenance of effort, or MOE. These requirements applied to: 1) adult and children’s mental health targeted case management, 2) adult mental health rehab services, and 3) children’s Rule 5 (Minnesota Rules, parts 9560.0580 - 9560.0700) residential treatment. Counties in regional treatment center (RTC) restructuring areas were also subject to a fourth MOE relating to the county share of RTCs.

The 2006 Minnesota Legislature repealed the above MOEs and replaced them with a new, more comprehensive MOE. This MOE was requested by the governor in the context of the new mental health funding proposed in the 2006-2007 Mental Health Initiative. The intent was to assure that new funds would be used for service expansion and improvement, and not to replace existing county funding.

The 2007 Minnesota Legislature added an MOE specific to community support program (CSP) services within the broader mental health MOE. The 2009 Minnesota Legislature made additional changes based on compromise recommendations developed by a stakeholders’ workgroup that included counties, mental health advocates, providers and the Minnesota Department of Human Services (DHS). The compromise essentially maintains current county funding for mental health services while simplifying the administration of the MOE and making county budgeting more predictable. It also allows adjustment in a county's MOE in proportion to major changes in county revenues such as block grants and in proportion to major declines in population; as well as providing a way to count expenditures for alternative mental health services based on specified criteria.

After the 2009 amendments were signed into law, DHS reconvened the above stakeholders workgroup to discuss interpretation and implementation issues. The workgroup included representatives that were named by the Minnesota Association of County Social Services Administrators (MACSSA) and by the Mental Health Legislative Network (a coalition of advocacy and provider organizations). DHS appreciates the group’s hard work and willingness to develop mutually acceptable solutions. The workgroup’s input is reflected in this bulletin.

The net county share for mental health services in 2004-2005 was about $110 million per year. These funds are critical for mental health infrastructure and provision of services that do not qualify for health coverage, and for services for the underinsured and uninsured.

Legal References

Minnesota Statutes 2008, sec. 245.4835, as amended by Laws of 2009, Chapter 167, Sec. 2: Subdivision 1. Required expenditures. (a) Counties must maintain a level of expenditures for mental health services under sections 245.461 to 245.484 and 245.487 to 245.4889 (the Comprehensive Mental Health Act) so that each year's county expenditures are at least equal to that county's average expenditures for those services for calendar years 2004 and 2005.
The commissioner will adjust each county's base level for minimum expenditures in each year by the amount of any increase or decrease in that county's state grants or other noncounty revenues for mental health services under sections 245.461 to 245.484 and 245.487 to 245.4889.

(b) In order to simplify administration and improve budgeting predictability, the commissioner:
(1) shall use each county's actual prior year revenues to adjust the county's minimum required expenditures for the coming year;
(2) may use more current information regarding major changes in revenues if the change is known early enough to allow counties time to adjust their budgets;
(3) shall allocate each county's revenues proportionally across applicable expenditures;
(4) shall adjust each county's base to allow for major changes in state or federal block grants or other revenues that can be used for mental health services, but are not dedicated to mental health; in this case, the commissioner shall calculate the mental health share of total county expenditures that were eligible to be funded from that revenue source in the base year, and use that mental health share to allocate the change in those revenues to mental health. This clause applies to changes in revenues that are beyond the county's control; and
(5) may adjust a county's base if the county's population is substantially declining and the county's per capita mental health expenditures are substantially higher than the state average, and the commissioner has determined that mental health services in that county would not be negatively impacted.

(c) Paragraph (b), clause (4) expires December 31, 2011.

Minneapolis Statutes 2008, sec. 245.4835, as amended by Laws of 2009, Chapter 167, Sec. 3 Subd. 2. Failure to maintain expenditures. (a) If a county does not comply with subdivision 1, the commissioner shall require the county to develop a corrective action plan according to a format and timeline established by the commissioner. If the commissioner determines that a county has not developed an acceptable corrective action plan within the required timeline, or that the county is not in compliance with an approved corrective action plan, the protections provided to that county under section 245.485 do not apply.

(b) The commissioner shall consider the following factors to determine whether to approve a county's corrective action plan:
(1) the degree to which a county is maximizing revenues for mental health services from noncounty sources;
(2) the degree to which a county is expanding use of alternative services that meet mental health needs, but do not count as mental health services within existing reporting systems. If approved by the commissioner, the alternative services must be included in the county's base as well as subsequent years. The commissioner's approval for alternative services must be based on the following criteria:
   (i) the service must be provided to children with emotional disturbance or adults with mental illness;
   (ii) the services must be based on an individual treatment plan or individual community support plan as defined in the Comprehensive Mental Health Act; and
(iii) the services must be supervised by a mental health professional and provided by staff who meet the staff qualifications defined in sections 256B.0943, subdivision 7, and 256B.0622, subdivision 5.
(c) Additional county expenditures to make up for the prior year's underspending may be spread out over a two-year period.

**Minnesota Statutes 2008, section 245.4712, subdivision 1:**
Subdivision 1. Availability of community support services.
(c) Community support services shall use all available funding streams. The county shall maintain the level of expenditures for this program, as required under section 245.4835. County boards must continue to provide funds for those services not covered by other funding streams and to maintain an infrastructure to carry out these services.

**Laws of Minnesota 2009, chapter 79, article 13, sec. 3 (repeated from prior years):**
Appropriation Limitation. No part of the appropriation in this article to the commissioner for mental health treatment services provided by state-operated services shall be used for the Minnesota sex offender program.

**Action Requested**

Counties need to consider this MOE as they develop and manage their budgets.

**Key MOE Provisions from the 2009 Minnesota Legislature**

- DHS will use each county's actual prior year revenues to adjust the county's minimum required expenditures for the coming year.
- DHS may use more current information regarding major changes in revenues.
- DHS may adjust a county's MOE base if the county's population is substantially declining and the county meets other statutory criteria.
- If a county spends less than their MOE, DHS will consider the following factors to determine whether to approve a county's corrective action plan:
  - the degree to which a county is maximizing revenues for noncounty sources;
  - the degree to which a county is expanding use of alternative services that meet mental health needs, based on new statutory criteria.
- Additional county expenditures to make up for the prior year's underspending may be spread out over a two-year period.

**Key MOE Provisions from the 2007 Minnesota Legislature**

- Effective 1/1/08, county funding for CSP services was added as a new MOE within the overall mental health MOE.
Key MOE Provisions from the 2006 Minnesota Legislature

- Includes all children’s and adult mental health expenditures except county share of sex offender holds and treatment in state-operated programs
- The base period is the average of calendar 2004 and 2005
- Replaces previous county mental health MOEs
- Took effect January 1, 2007
- MOE is adjusted for changes in non-county revenues for mental health services
  - Counties must spend more if non-county revenues go up
  - Counties may spend less if non-county revenues go down
- DHS will monitor county Social Service Expenditure and Grant Reconciliation (SEAGR) reports to determine compliance
- Counties spending less than their MOE will need to develop a corrective action plan
- Non-compliant counties without an approved corrective action plan will lose the protection of Mental Health Act provisions which limit client lawsuits regarding mandated services

Implementation Timeline

<table>
<thead>
<tr>
<th>Date</th>
<th>Action</th>
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<tbody>
<tr>
<td>August 2006</td>
<td>DHS issued Bulletin #06-53-02 and conducted a statewide interactive videoconference</td>
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<tr>
<td>March – April 2009</td>
<td>DHS issued initial reports with MOE data for each county for CY2008</td>
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<tr>
<td>May 2009</td>
<td>Counties submitted technical corrections for CY2008</td>
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<tr>
<td>May 2009</td>
<td>Governor signed legislation amending MOE statute</td>
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<tr>
<td>June – July 2009</td>
<td>DHS consulted with stakeholders regarding implementation plans for 2009 legislative changes</td>
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<tr>
<td>June – August 2009</td>
<td>DHS notifies counties regarding status of technical corrections and indicates whether the county is required to file a corrective action plan</td>
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<tr>
<td>August 2009</td>
<td>DHS publishes updated instructions to counties</td>
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<tr>
<td>October 1, 2009</td>
<td>Corrective action plans due to DHS for counties spending less than MOE in 2008</td>
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<tr>
<td>October – November 2009</td>
<td>DHS reviews and replies to each corrective action plan</td>
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<tr>
<td>December 2009</td>
<td>DHS publishes list of counties which do not have an approved corrective action plan and which spent less than required for CY2008</td>
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Questions and Answers – (Numbers 1 – 29 Are Repeated from 2006 and 2007, with minor updates)

1. How did DHS determine each county’s MOE base?

The data used in calculating each county’s MOE base is from the information reported by counties to DHS through SEAGR for calendar years 2004 and 2005. Detailed information regarding each county’s base was provided as part of the materials for a statewide videoconference on August 14, 2006. If you have questions regarding the specific data, please contact David Hanson at 651-431-3737.

In summary, each county’s base expenditures were arrived at by starting with all expenditures reported by the county in the 400 (mental health) series of BRASS codes on the SEAGR reports for calendar years 2004 and 2005 and then reducing that by the amount of sex offender holds and treatment costs reported by DHS’ State Operated Services for the same period. All numbers for calendar years 2004 and 2005 were combined and then divided by two to arrive at an average to arrive at the base amount of expenditure counties must maintain before any adjustments for changes in revenue are applied.

The revenues applicable to this MOE represent only the portion that has been allocated to fund the 400 series BRASS code expenditures. DHS uses a formula to distribute revenues to BRASS codes based on which codes the revenues are eligible to fund and the amount of expenditures reported in those codes. For revenues that also fund services outside of mental health, such as Child Welfare Targeted Case Management (CW-TCM) and Title XX, the revenues represent only that part that is allocated to Mental Health.

2. In some counties, all TCM money is used as general revenue to the human services department. Specifically, Adult Mental Health (AMH), Children’s Mental Health (CMH) and CW-TCM are all used as one source of funding to support all parts of the agency. If CW-TCM is lost/cut, the county will cut services throughout the agency – including mental health. Therefore, if CW-TCM is cut, would this be viewed as a change in “non-county revenue” and thus result in a recalculation of the MOE base?

The DHS SEAGR revenue allocation process currently allocates CW-TCM revenues across general children, children’s mental health and developmentally disabled (DD) case management. So reductions in CW-TCM will automatically be reflected as mental health revenue adjustments, to the extent that some CW-TCM revenue is already allocated to mental health.

3. Does the above answer mean that counties can reduce mental health expenditures to offset reductions in child welfare revenues?

Only to the extent that child welfare revenues were used to fund mental health expenditures in the base period. The MOE does not allow counties to shift funds that had been used for mental health.
health into non-mental health areas. In other words, the MOE does not allow counties to cut mental health to mitigate the impact of CW-TCM on child welfare expenditures.

4. Our county accessed foundation funds for children’s mental health crisis services in 2004/2005. Will these dollars get excluded from the MOE base calculation?

Foundation funds are treated the same as any other non-county revenues. Basically, if noncounty revenues for mental health services go up, county expenditures must increase in an amount at least equal to the increase in revenues. If non-county revenues go down, counties may, but are not required to, spend less.

5. Our county had high use (therefore high cost) of Rule 5 (Minnesota Rules, parts 9560.0580 - 9560.0700) facilities in 2004/2005 – will this “over-inflate” our MOE base?

The average of a two-year period was chosen as the base to help even out unusual fluctuations. Since the MOE process includes an adjustment for non-county revenues, and since Rule 5 (Minnesota Rules, parts 9560.0580 - 9560.0700) costs are often reimbursed by non-county revenues, it is possible that many of these fluctuations will be addressed through the non-county revenue adjustment. (See also Questions #5a and #36.)

5a. After adjusting for revenue changes, our county is still not meeting MOE because 2004/2005 spending was based on unusual fluctuations. How can we recognize this in our corrective action plan?

In this situation, DHS will consider the county’s mental health revenues and expenditures for calendar years 2002-2003 to determine the extent to which the 2004-2005 base was one-time or unusual. If this analysis indicates that the county would meet its MOE in the current year if it had not been for unusually high expenditures in 2004-2005, DHS will approve a corrective action plan which includes a statement that the county will address unusual fluctuations in the need for mental health services during the current calendar year(s) to the same extent that it met those needs during calendar years 2004 and 2005.

If a county’s current expenditures are less than 2002-2003, the county’s corrective action plan must include a combination of the above statement plus a specific plan for additional spending to at least come up to the 2002-2003 level.

6. Our county has a county operated mental health center. Not only does the county provide outpatient mental health services to the un-insured and under-insured but a significant number of Medical Assistance (MA) and privately insured clients are also served. Because the county serves a broader population, there is great concern that our county’s MOE will be higher for going “above and beyond” in this service.

Many counties have gone “above and beyond” in their provision of mental health services. The basic nature of an MOE is that it locks each county into spending at least what they did during a base period. The pros and cons of the MOE were discussed at the legislature and
the decision was made to establish an MOE based on each county’s expenditures during 2004 and 2005.

7. Will the mental health MOE increase in future years?

The mental health MOE increases if non-county revenues increase (see #4 above). The share which is funded by the county’s own funds is not required to increase. If a county chooses to increase its own funds, current law continues to set the base at the average of 2004-05; therefore increases in county funding after 2005 do not change the base.

8. Why is DHS excluding sex offender costs from the MOE? Our sex offender costs are rising and we feel we should be able to cut mental health services to fund those costs.

DHS is subject to an appropriations rider (see page 4 of this bulletin) which requires appropriations for sex offender treatment in state-operated programs to be kept separate from all other mental health appropriations. Omitting sex offender treatment costs from mental health expenditures in the mental health MOE honors the intent of state law to treat these as separate expenditure categories. DHS shares county concerns regarding rising sex offender costs and is taking a number of steps to reduce those costs.

9. Our county provides case management and outpatient treatment for sex offenders and includes those costs as part of our mental health expenditures. Will those types of sex offender costs have to be split out from the MOE?

No, only county costs for sex offender hold orders and treatment in state-operated programs will be excluded from the MOE.

10. Sometimes revenue changes are unpredictable, both up and down. How quickly are counties expected to reflect those changes in their expenditures?

Counties will be expected to spend increased revenues no later than the calendar year following the receipt of the revenue. Counties may take immediate action to change expenditures based on actual or anticipated changes in revenues. (See Question #30 for additional clarification on this issue based on 2009 amendments.)

11. Does this new MOE replace all other mental health MOEs?

Yes. The statute specifically repealed MOEs relating to MH-TCM, Adult MH Rehab Services and Rule 5 (Minnesota Rules, parts 9560.0580 - 9560.0700). In addition, counties affected by movement of RTC services from campuses to community behavioral health hospitals (CBHHs) were expected to reinvest savings from those changes as a condition of their RTC restructuring grants. All of those MOEs are replaced by this new MOE. The basic effect is the same, but counties have more flexibility because the new MOE is one total covering all types of adult and children’s mental health services (other than sex offender hold orders and treatment). (However, note Questions #16-21 regarding the CSP MOE that was added in 2007.)
12. Our county has restructured so that some services that were part of mental health in 2004-05 are now outside of social services. Can we exclude that from our base?

If a county should fall below the required expenditure level due to a restructuring, DHS will follow an “apples-to-apples” principle in determining the appropriateness of corrective action plans. The basic expectation is that revenues and expenditures in future years will be counted in a manner that is comparable to the base period.

13. Sometimes counties receive revenues in a different year than the associated expenditures. Can this be recognized in the MOE?

Counties are on a cash basis of accounting for purposes of reporting expenditures and revenues to the state, and this can sometimes result in mismatches of revenues and expenditures in any given year. Adjustments which appropriately match revenues and expenditures will be accepted as part of any required corrective action plan.

14. How will multi-county grants be affected by the MOE?

Multi-county grants will not be affected by the MOE any differently than any other grants. As long as the county receiving the grant spends it (or transfers it to other counties) within the year the grant is received, there will be no impact on MOE.

15. Are expenditures for children’s mental health collaboratives included in the MOE?

Currently, most counties report their children’s collaborative expenditures in BRASS code 197, which is outside the mental health area and thus not included in the MOE. DHS recommends that counties continue this practice, at least for the non-county revenues which constitute the majority of collaborative expenditures. If a county contributes its own funds to a children’s mental health collaborative, it can contact David Hanson at 651-431-3737 (David.M.Hanson@state.mn.us) regarding ways to include these funds in the MOE base and in future reporting.

16. What rules apply to the CSP MOE?

The CSP MOE is subject to the same terms as the overall mental health MOE, i.e. base period is 2004-2005, required spending is adjusted by changes in non-county revenues, etc.

17. What is the effective date for the CSP MOE?

January 1, 2008
18. Do we have to change our overall budget to comply with the CSP MOE?

The new CSP MOE is within the overall mental health MOE and therefore does not require counties to change their bottom-line total for mental health. It does prohibit counties from moving county funds out of CSP into other mental health services.

19. Is the new CSP MOE adjusted for changes in revenues in the same manner as the overall MOE?

Yes. This means that revenues for CSP expenditures must be identified using the same principles that were used to identify revenues for the overall mental health MOE.

20. Are CSP revenues identified in the MOE status reports sent by DHS to counties?

No, DHS has insufficient information to estimate CSP revenues from existing county reports. If a county’s total reported CSP expenditures for 2008 or future years are less than their total CSP expenditures in 2004 – 2005, the county may provide additional information as part of the corrective action process. If the additional information does not explain the reduction in CSP expenditures, the county will be required to increase their CSP expenditures.

21. Which BRASS codes are included as CSP expenditures?

For 2004 – 2005, the applicable BRASS codes were 403 and 434. Since then, BRASS code 446 (Adult MH Rehabilitative Services – ARMHS) has been added and will be considered as a CSP expenditure for 2008 and beyond. Some counties have experienced increases in MA revenues for ARMHS since 2004-2005. Application of the overall MOE principles means that these increased revenues must be used for increased expenditures.

22. Our grant award letter for 2008 and 2009 indicates that some of our mental health grant funds will be transferred to General Assistance Medical Care (GAMC) and MinnesotaCare. Do we have to replace those funds?

No, changes in non-county revenues continue to be subject to the same terms as before:

- Counties must spend more if non-county revenues go up
- Counties may spend less if non-county revenues go down

The question refers to 2007 legislation which transfers responsibility for adult mental health rehabilitation services, such as intensive residential treatment (IRTS), from counties to GAMC and MinnesotaCare for individuals in those programs, effective January 1, 2008. Under that legislation, funds are being transferred based on the most recent data regarding county expenditures for those services for those individuals.

23. Our grant award letter also indicates that the GAMC and MinnesotaCare transfer may be adjusted during the year based on more recent data. How do we manage budgets and maintain MOE when our grant is changing?
2007 legislation requires DHS to update the 2008 GAMC/MinnesotaCare transfer as newer data becomes available regarding the value of county expenditures for the services being transferred, for the year prior to the transfer of responsibility. The database that determines the value of these county expenditures is the Community Mental Health Reporting System (CMHRS) which is updated twice a year.

In order to facilitate county budget management and compliance with MOE, DHS is making the following commitments in relation to the GAMC/MinnesotaCare grant transfers:

- If newer data requires a higher transfer amount, the corresponding reduction in the county’s grant is delayed until the following year.
- If newer data requires a lower transfer amount (i.e. indicating that the county is retaining a larger responsibility than previously projected), the corresponding increase in the county’s grant is provided immediately in the current year.

24. Do you expect additional adjustments in the GAMC and MinnesotaCare transfers for 2009?

After December 2008, no additional adjustments are expected for adult mental health rehabilitative services. However, during 2009, Prepaid Medical Assistance Program (PMAP), GAMC and MinnesotaCare took on responsibility for adult and children’s mental health case management and children’s residential treatment. Additional grant transfers occurred in 2009 to reflect that transfer of responsibility. The 2009 transfers will be updated during 2009 using the same process as the 2008 transfers. Projections for 2010 were posted on the DHS MH Initiative website (http://www.dhs.state.mn.us/mhinitiative) December 2008, were updated August 2009 and will be finalized by December 2009.

25. Our grant award letter includes funding for state staff that were previously paid directly by the state. How does that affect MOE?

For MOE purposes, this is like any other change in non-county revenues. Increased revenues have to be used for increased expenditures. In this case, the additional revenues might not be used for new services, but they are new expenditures from the standpoint of the county budget. This does not affect the county’s own funds.

26. Due to the development of community behavioral health hospitals (CBHHs), some counties are spending less for regional treatment center (RTC) mental health placements. On the other hand, some counties may spend more for RTC placements due to 2007 legislation increasing the county share of RTC mental health placements after 60 days. How does this affect MOE?

For MOE purposes, the county share of RTC mental health placements other than sex offenders, counts the same as any other mental health expenditure. Therefore, if county RTC costs go down (in relation to the 2004-05 base), the savings have to be reinvested in other mental health services. If county RTC costs (other than sex offenders) go up, counties may reduce other mental
health expenditures. The one exception to the latter rule is CSP expenditures. As indicated in Question #18, the CSP MOE prohibits counties from moving county funds out of CSP into other mental health services.

Before a county reduces other mental health expenditures to cover the increased county share of long-term RTC stays, DHS strongly recommends development of services which will reduce the need for long-term RTC stays. Additional funding was provided by the Minnesota Legislature for this purpose. For more information about ways to reduce long-term RTC stays, please contact your regional mental health consultant.

27. The 2007 CSP legislation appears to expand the definition of CSP services. Does that mean counties have to provide more funds for CSPs?

No, not unless counties have cut their CSP funding since the MOE base period (2004-2005). The list of CSP services in the 2007 legislation is a clarification and affirmation of what CSPs have been providing since their inception and is not intended to be an expansion. For example, some people have asked about the inclusion of employability services. Actually, employability services have been listed as CSP services in another statute (Minnesota Statutes, section 245.462) since 1987. Note also that inclusion of employability services in CSPs does not, and was never intended, to replace services that may be available through Vocational Rehabilitation.

28. Our county budgets supported employment services for people with mental illness under general adult services. Can we move that into mental health to get credit under the mental health MOE?

See Questions #12 and #35.

29. What is the consequence for non-compliance with the MOE requirement?

Minnesota Statutes, section 245.485 of the Mental Health Act states that the Mental Health Act does not independently establish a right of action on behalf of recipients or service providers against a county board. This provision has made it difficult for clients and providers to use the Mental Health Act as a basis to sue a county for failure to provide mandated mental health services. If DHS determines that a county has not complied with MOE requirements because it has not developed an acceptable corrective action plan within the required timeline, or is not in compliance with an approved corrective action plan, the protections provided to that county under Minnesota Statutes, section 245.485 do not apply.

Additional Questions and Answers – After 2009 Legislative Session

30. The 2009 amendments provide for budgeting for the “coming year” based on revenues from the “prior year.” Exactly which years does that mean?

The purpose of that amendment was to make budgeting more predictable by allowing it to be based on a known quantity, rather than requiring constant adjustment as revenues go up or
down. Since the legislation was passed May 2009 and revenues for 2008 are now known, DHS will use 2008 revenues to determine the required spending for 2009. As counties budget for 2010, DHS recommends that counties again rely on actual 2008 revenue data, unless definitive information is available regarding major changes (see below).

31. The 2009 amendments allow DHS to adjust a county’s MOE based on more current information regarding major changes in revenues. Is this provision resulting in MOE changes for 2009 and 2010?

DHS has completed an analysis of major revenue changes that may affect mental health expenditures during 2009 and 2010. On a statewide basis, the analysis indicates that reductions in state aids, including the reduction in CCSA grants, will be offset by increases in federal funding for mental health case management and children’s residential treatment. DHS reviewed this information with the MH-MOE workgroup which included a number of county representatives. The workgroup agreed that the data did not support a statewide revision of MOE amounts. However, DHS is willing to work with individual counties to analyze impact of revenue changes for each county.

32. What about the governor’s unallotment of County Program Aid (CPA, including former Homestead and Agricultural Credit Act and other state aids)?

The governor’s June 2009 unallotments reduce CPA for 2009 and 2010 from the levels that were budgeted for those years. According to the Department of Revenue, the reductions equal 1.189% of each county’s certified levy plus CPA for 2009 and 2.414% for calendar 2010. On a statewide basis, total CPA for 2009 and 2010, after unallotments, is still higher than it was in 2004-2005 (the base for MH-MOE). The following table shows the statewide CPA numbers.

<table>
<thead>
<tr>
<th>County Program Aid (including former HACA and other state aids)</th>
<th>MH-MOE base period</th>
<th>CY 2009 - 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>CY2005: $210,826,222</td>
<td>CY2010: $160,882,792</td>
<td></td>
</tr>
<tr>
<td>Avg 04-05: $167,774,669</td>
<td>Avg 09-10: $177,882,792</td>
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33. For our county, the reductions in CPA and in the CCSA block grant are not fully offset by other increased revenues. How do we translate that into a reduction in MH-MOE?

DHS recognizes that, due to CPA formula changes and variations in revenues, the situation for individual counties may be significantly different from the statewide picture. DHS will consider these individual situations as part of the corrective action plan review process. In this case, DHS will apply the proportionality concept that is described in the 2009 MOE amendments, specifically Minnesota Statutes, section 245.4835, subd. 1 (b) (3) and (4) (see page 3 of this bulletin). DHS will calculate the mental health percentage of total county expenditures that were eligible to be funded from that revenue source in the base year, and use that percentage to allocate the change in those revenues to mental health.
If DHS determines that a reduction in CPA is resulting in a major ongoing reduction in the county’s ability to maintain MH-MOE, the county’s MOE base will be reduced based on the proportional method that is provided in the statute.

As a part of the above process, DHS will also consider revenue increases such as the current increase in federal share for children’s MH-TCM and Rule 5 (Minnesota Rules, parts 9560.0580 - 9560.0700). At this point, DHS does not have the staff resources to do a full revenue projection for every county, but is willing to work with individual counties to analyze impact of revenue changes.

34. Our adult mental health grant for 2009 and 2010 has been reduced as part of the governor’s unallotments. Can we reduce spending accordingly?

Usually, the answer to a question like this would be “yes”. However, in this case, the answer is “no” because the adult mental health grant unallotments that were announced in July 2009 are expected to be fully offset by increased federal revenues for adult mental health targeted case management (MH-TCM). Most counties have been using these grants as part of their non-federal matching funds. As a result of the federal stimulus bill, the federal share for all Medical Assistance services was increased for the period October 1, 2008 to December 31, 2010. This increase in federal share reduces the need for matching funds. The adult mental health grant unallotment amounts are based on a conservative estimate of the increased federal share projected for each county for adult MH-TCM. The amounts are based on actual claims for fiscal year 2008, excluding services to be transferred to managed care.

35. Our county has been providing alternative mental health services which are not counted in the official mental health BRASS codes. How can we get credit for these alternative services?

The 2009 amendments (see Minnesota Statutes 245.4835, subd. 2 (b) (2) on p. 3 of this bulletin) allow counting of alternative services if the services meet specified criteria. Basically, the criteria require that the services have a mental health focus and that the individuals providing the services have the same qualifications as staff of children’s therapeutic services and supports (CTSS) and adult mental health rehabilitative services (ARMHS). If a county feels that it is providing services that meet these criteria it should contact its regional mental health consultant, or John Anderson for adult mental health and Bill Wyss for children’s mental health (see cover page of this bulletin for contact information.) Note that comparable information regarding these alternative services will need to be provided for the MOE base years 2004-2005, as well as current and future years.

For some counties, the alternative services issue may overlap with the Rule 5 (Minnesota Rules, parts 9560.0580 - 9560.0700) room and board issue which is discussed in the next question.

36. DHS BRASS codes have included children’s Rule 5 (Minnesota Rules, parts 9560.0580 - 9560.0700) room and board as a mental health expenditure, but have not included room and board for alternative children’s services. This seems inconsistent with adult mental
health, which does not count IRTS room and board as a mental health expenditure. Can we exclude children’s room and board from MH-MOE?

DHS is working on a statewide adjustment that will remove Rule 5 (Minnesota Rules, parts 9560.0580 - 9560.0700) room and board from 2004-2005 base data, as well as current and future mental health expenditures. Until that statewide adjustment is completed, individual counties may submit data making this adjustment.

37. Our county is experiencing declines in population. Can we translate that into a reduction in MH-MOE?

The 2009 amendments (see Minnesota Statutes 245.4835, subd. 1 (b) (5) on p. 3 of this bulletin) allow reduction of MH-MOE if the county's population is substantially declining and the county's per capita mental health expenditures are substantially higher than the state average, and the commissioner has determined that mental health services in that county would not be negatively impacted. If a county feels that it qualifies for this reduction, it should contact John Zakelj at John.Zakelj@state.mn.us. If approved, the reduction in MH-MOE will be based on the county’s reduction in population since the MH-MOE base period of 2004-2005.

During 2004-2005, the average per capita mental health expenditure (measured as the net county share excluding revenues) was $21.21. Additional information is available from John Zakelj. Information regarding changes in county population is available at the State Demographer’s website: www.demography.state.mn.us/estimates.html

38. Our county underspent its MOE for last year. Do we have to make that up with additional spending, and when?

The 2009 amendments give counties two years to make up underspending from a prior year. The county's corrective action plan must include a specific timetable to make up the underspending. Unless otherwise approved in a corrective action plan, underspending must be made up no later than the end of the second calendar year after a corrective action plan is approved, or after DHS has made a determination that a county has failed to submit an approvable plan. In other words, for corrective action plans approved in December 2009, underspending from 2008 must be made up no later than December 31, 2011.

39. Our county has focused a lot of effort into bringing in non-county revenue to support mental health services. Will DHS consider that?

As part of the DHS review of corrective action plans, the 2009 amendments (see p. 3 of this bulletin) allow DHS to consider the degree to which a county is maximizing revenues for mental health services from noncounty sources. Since the primary purpose of the MH-MOE was to assure that new revenues under the 2006-2007 Mental Health Initiative were used to expand services, and not to replace county funds, DHS is interpreting this provision as applying to funding sources that were not part of the MH Initiative. Examples would
include foundation grants, federal grants, private and commercial health care funding, home and community-based waivered services, and efforts to assist individuals to qualify for MA or other types of health care coverage. If a county wants credit for this provision, it should include specific information in its corrective action plan, including information showing how the county is expanding mental health services since 2004-2005 by maximizing alternative funding sources. Note that the expanded mental health services must be included in official mental health BRASS codes or meet the criteria as alternative services in Question #35.

40. What is the minimum that our county is expected to spend, in total, for mental health in 2009 and 2010, including makeup of underspending for prior years?

Spreadsheets will be posted on the DHS website (http://www.dhs.state.mn.us/mhinitiative) by August 15, 2009 which show, for each county:
- The net MH-MOE county tax share from 2004-2005 (including CPA)
- Actual 2008 revenues for mental health services
- The sum of the above numbers is the minimum annual spending amount, before makeup for prior years
- Remaining underspending to be made up from 2007, after credit for additional spending in 2008
- Underspending to be made up from 2008
- Which counties have qualified for the unusual fluctuation provision that is described in Question #5a.

Even if actual revenues turn out higher than 2008, DHS will consider a county to be in compliance with MH-MOE if it spends at least the above amount in 2009 and 2010.

As indicated above, DHS is willing to work with individual counties which expect major changes in revenues from 2008.

41. How much is our county expected to spend for Community Support Programs (CSP) in 2009 and 2010, including makeup of underspending for prior years?

The DHS website (http://www.dhs.state.mn.us/mhinitiative) also has a spreadsheet which shows, for each county:
- CSP expenditures from 2004-2005
- Underspending to be made up from 2008

The table does not include adjustment for CSP revenues. See question #20 above.

42. How do we know if our county is required to file a corrective action plan?

All county fiscal officers received an initial notice in March and April 2009. The tables on the DHS website reflect technical corrections that have been approved since those initial notices. If
the attached table indicates remaining underspending from 2007 or 2008, for either total MOE or CSP, a corrective action plan must be e-mailed by October 1, 2009 to John.A.Anderson@state.mn.us

At this point, DHS has not made an official determination that any county is out of compliance with MH-MOE requirements. That is a separate decision that will be made after review of proposed corrective action plans.

Americans with Disabilities Act (ADA) Advisory
This information is available in alternative formats to individuals with disabilities by calling (651) 431-2225. TTY users can call through Minnesota Relay at (800) 627-3529. For Speech-to-Speech, call (877) 627-3848. For additional assistance with legal rights and protections for equal access to human services programs, contact your agency’s ADA coordinator.