



CSB Funding

Study mandate

- Identify the amount and sources of CSB funds and evaluate methods of allocating state funds
 - develop an inventory of funding sources and amounts
 - describe criteria used to determine funding allocations
 - describe alternative models for funding behavioral health services based on other states and other public services
 - describe potential impacts of adopting alternative funding models

CSB = Community services board

Requested by the Joint Subcommittee to Study Mental Health Services in the Commonwealth in the 21st Century and approved by JLARC December 10, 2018.

Research activities

- Analysis of DBHDS data on CSB funding
- Survey of CSBs
- Interviews with DBHDS staff
- Interviews with staff in other states and subject matter experts
- Interviews with staff at other relevant state agencies

In brief

DBHDS allocates most state and federal funding based on historical CSB budgets rather than current need for services.

Several different funding models could be considered to better support Virginia's goals.

DBHDS funding allocations do not account for Medicaid reimbursements or local funding.

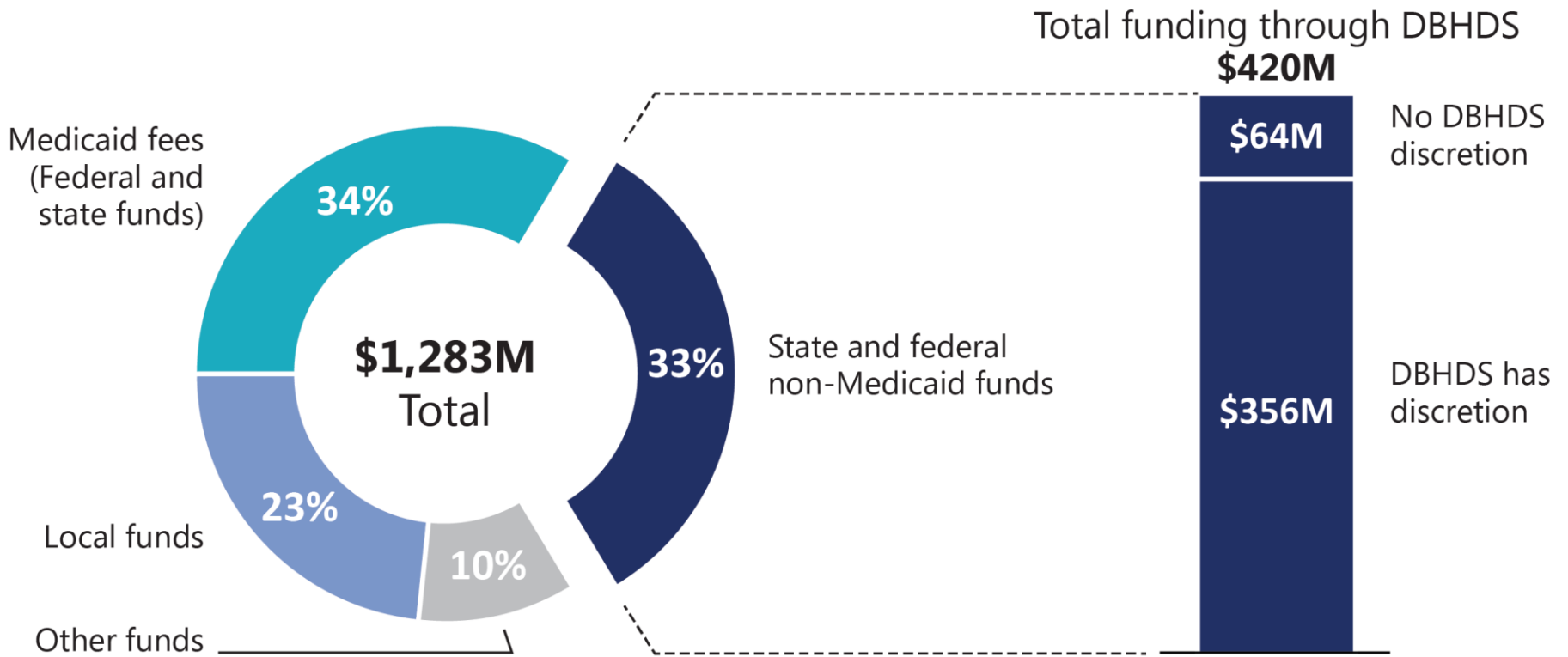
In this presentation

Current funding allocations

Alternative funding strategies

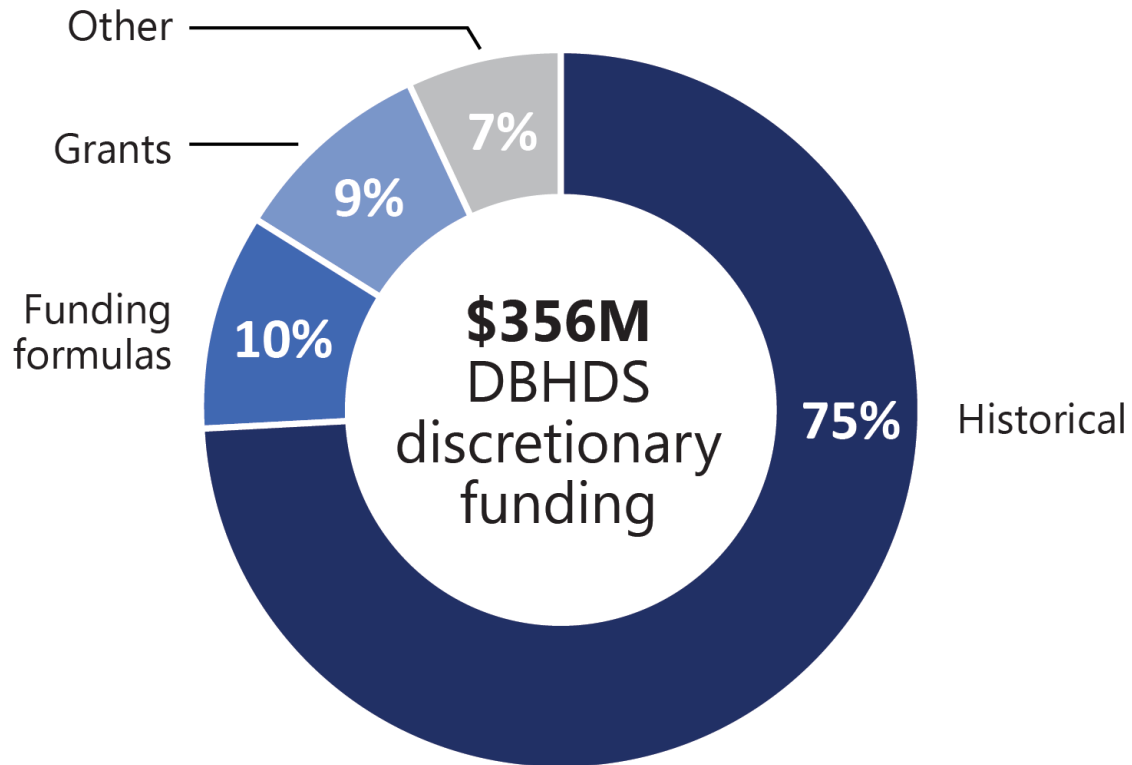
Other CSB funding sources

CSBs receive funding from multiple sources (FY18)



NOTE: Numbers do not add due to rounding.

DBHDS allocates most discretionary funding based on previous allocations

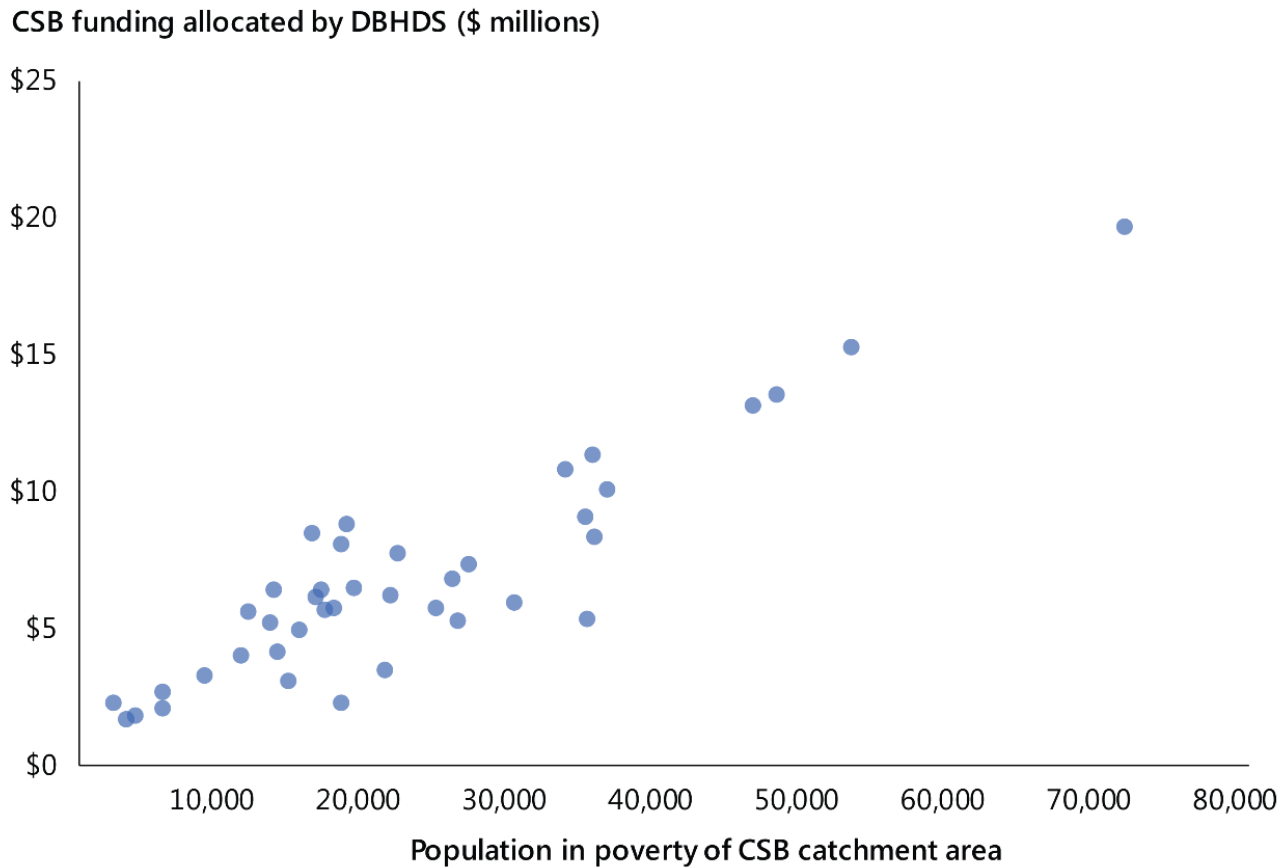


NOTE: Percentages do not add to 100 due to rounding.

DBHDS allocations are complex

- Different allocation method for about 90 different ‘budget lines’
 - Appropriations directed to mental health, substance use disorder, or developmental services
 - Some funding restricted for specific services or CSBs

Despite lack of strategy, CSB funding is generally higher for CSBs serving more people in poverty



In this presentation

Current funding allocations

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Other CSB funding sources

Funding strategies fall into one of three models

- **Funding formulas** use population and other data to estimate need for services
- **Reimbursement models** pay providers for services delivered
- **Grants** enable providers to request funding to meet unique needs

Each funding model has advantages and disadvantages

	Alignment with need	Ease of implementation	Transparency	Budget stability
Funding formula	Medium	High	High	High
Reimbursement model	High	Low	High	Low
Grants	Medium	Medium	Low	Medium

CSB funding strategy should support Virginia's goals for CSB services

- Virginia does not yet have clear goals for the extent to which CSB services should be consistent statewide or address unique community needs
- Clear goals are necessary to direct any change in allocation strategy and likely vary by service
 - Funding formulas and reimbursement models promote development of consistent services statewide
 - Grants can help CSBs develop new services for their communities' unique needs

Option

The General Assembly could consider (1) establishing goals for the extent to which CSB services should be consistent statewide or meet unique community needs, and (2) directing DBHDS to submit a plan to adjust the state's allocation strategy to support those goals.

In this presentation

Current funding allocations

Alternative funding strategies

Other CSB funding sources

Medicaid and local funds account for more than half of CSB funding

- Medicaid is the largest payer for CSB services and funding is projected to grow because of Medicaid expansion
- State law requires CSBs to provide at least 10 percent of combined state and local funds from localities they serve

Finding

Other states use general funds as “payments of last resort,” but DBHDS does not typically account for Medicaid revenue when allocating state funds to CSBs.

Unclear if CSBs are maximizing Medicaid revenue for behavioral health services

- Average revenue per Medicaid client varies
 - Minimum is less than \$1,000
 - Several CSBs average over \$4,000
- Maximizing Medicaid revenue draws down additional federal funds, reducing need for general funds

NOTE: Revenue figures are only for mental health services.

DBHDS does not account for Medicaid reimbursements in CSB funding allocations

- Historical allocations do not factor in the proportion of CSB clients who are Medicaid-eligible
- Accounting for Medicaid funds would ensure state funds are used to pay for services not paid for by other sources

Recommendations

DBHDS should work with DMAS to analyze whether CSBs are maximizing Medicaid reimbursements.

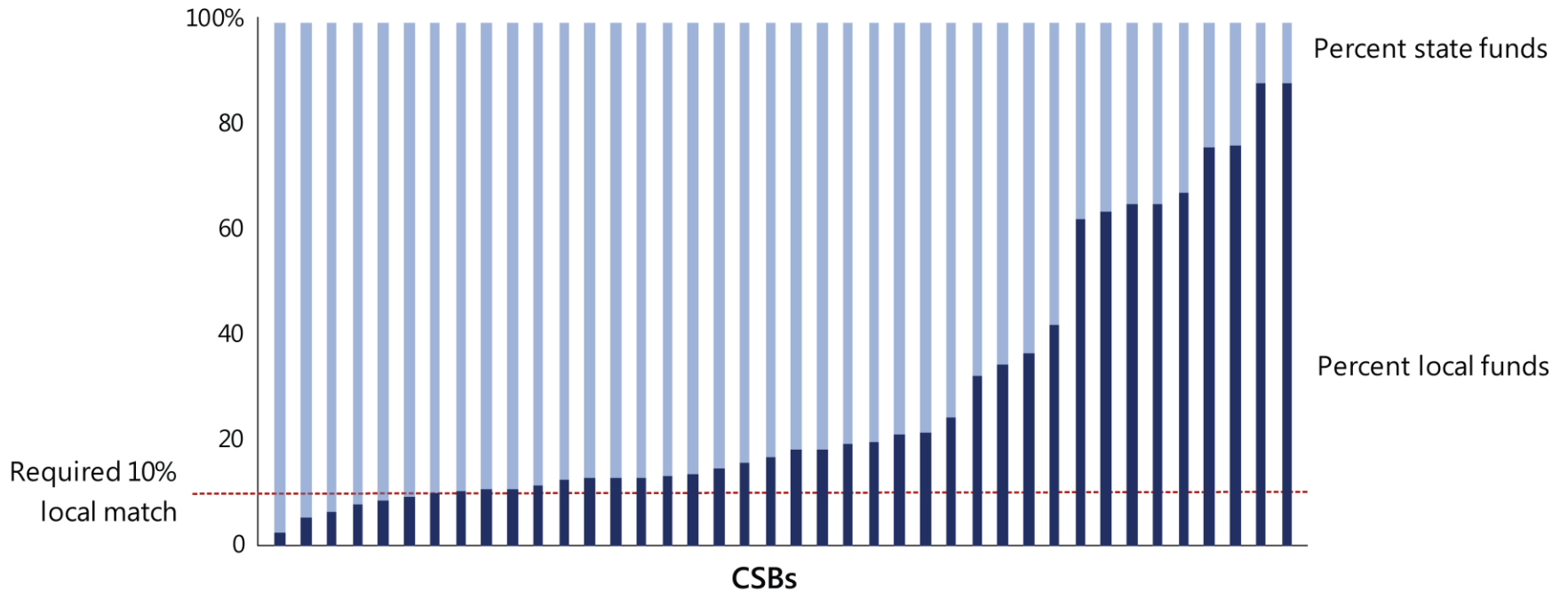
DBHDS should factor in potential Medicaid reimbursements when allocating state funds to CSBs.

Finding

Required local funding for CSBs does not account for local ability to pay.

Local funding to CSBs varies substantially, and some CSBs are not able to obtain enough local funding to comply with match requirements.

Local funding varies substantially across CSBs (FY18)



NOTE: Calculation of local match does not include regional funds.

CSBs covering multiple localities struggle more to obtain local funding

- All 6 CSBs receiving waivers for the local match requirement serve multiple localities
 - Localities in these CSBs tend to have less ability to generate revenue to pay for services
 - CSB leadership has to work with each locality separately to request funding
- Placing requirement on localities instead of CSBs could help CSB leadership obtain local funding

Local match requirements do not account for local ability to pay

- Local match requirement is the same for all 40 CSBs
- Varying local match based on local ability to pay would enable DBHDS to target state funding where it is most needed

Impact of changing local match requirements would vary

- Calculated local match based on local revenue capacity
 - Reduces local match for 23 CSBs, increases for 10
 - Many CSBs with increased match already provide significant local funding
 - 10 CSBs would need to seek additional local funds from the localities they serve

NOTE: Analysis conducted using data on revenue capacity from the Commission on Local Government. Calculated new local match requirements so total local match across all CSBs remained at 10 percent.

Key findings

DBHDS allocates most state and federal funding based on historical CSB budgets, which are based on outdated formulas, rather than current need for services.

Any change in CSB funding strategy should support Virginia's goals for CSB services, and state could establish goals.

DBHDS funding allocations do not account for Medicaid reimbursements or local ability to pay.

Key questions to consider for CSB funding

- What is the right balance between providing consistent, core services versus meeting the unique needs of each community?
- Should state general funds always be used as ‘payments of last resort’?
- How should local ability to pay be factored into allocation decisions?

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