

- Budget will allow Department to continue current functions at same level
- Combining GRF appropriation items gives flexibility

Mental Health, Department of

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ROLE

The Department of Mental Health (DMH) is a cabinet level agency that is responsible for ensuring that quality mental health services are available in all communities in Ohio. The Department employs approximately 2,597 personnel. In the last 15 years since the passage of the Mental Health Act of 1988, Ohio has transitioned to a state-managed, locally-administered mental health system.

The Department works with 50 local mental health boards to ensure the provision of mental health services. Ohio has 43 community Alcohol, Drug Addiction, and Mental Health Services Boards and seven community Mental Health Services Boards covering all 88 counties. The boards are responsible for planning, funding, monitoring, and evaluating the service delivery system within their geographic areas. The community mental health boards contract with local service providers to deliver mental health services in the community.

Agency In Brief					
Number of Employees*	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2004	2005	2004	2005	
2,597	\$916.9 million	\$945.6 million	\$534.7 million	\$543.9 million	Am. Sub. H.B. 95

*Employee head count obtained from the Department of Mental Health payroll reports as of June 28, 2003.

OVERVIEW

The General Assembly approved funding for the Department in the FY 2004-2005 biennial budget act at the levels proposed by the Governor. Hospital care received a slight increase to cover the current level of care, while community services are basically flat funded.

In the FY 2002-2003 biennium, special accounts, often referred to as rotary or cash reserve funds, were used to cover Central Office Administration. For FY 2004, the three line items supporting Central Office administration (333-100, 333-200, and 333-300) were combined into one line item (333-321) to provide the Department greater funding flexibility. Am. Sub. H.B. 95 of the 125th General Assembly increases GRF funding for Central Office Administration by approximately \$3.6 million, or 18.6%, from FY 2003 actual spending. This increase is necessary because non-GRF rotary funds previously used to fund Central Office Administration were depleted to cover a shortfall in operating expenses in FYs 2002 and 2003. Given the increase in GRF funding, Central Office will be able to operate at current staffing levels and to provide the current level of support to the Department throughout the FY 2004-2005 biennium.

GOVERNOR'S VETOES

Am. Sub. H.B. 95 included language authorizing the creation of a State Facilities Closure Commission regarding the possible closing of state institutional facilities for the purpose of expenditure reductions or budget cuts. The bill also included language requiring the submission to the General Assembly specifying information describing how a state agency plans to meet the needs of clients served by the proposed closing of a state institutional facility.

The Governor vetoed the provisions described in this section.

BUDGET ISSUES

COMMUNITY AND HOSPITAL SERVICES

As stated earlier, the Department is responsible for the oversight of behavioral healthcare services managed locally by 50 community alcohol, drug addiction, and mental health services (ADAMH) boards. These boards are directly responsible for the local planning and funding of these services. The local system of care's primary role is to provide acute care services for persons who do not have the financial resources to purchase private care. Community mental health boards contract with community agencies to provide services such as individual and group counseling, residential treatment, crisis intervention, case management, and employment assistance to persons with severe and persistent mental illness. Over 500 community agencies provide services to more than 180,000 adults and 75,000 youth annually. Of the adults, approximately 64,500 are certified as severely mentally disabled (SMD). Of the youth, about 42,000 are considered to have a serious emotional disturbance (SED).

The key issue that the Department focused on throughout the budget process was the adequacy of community care, especially considering the "Pac-Man" effect of Community Medicaid. Over the past decade, community mental health Medicaid expenditures in Ohio have grown exponentially, from approximately \$60 million in FY 1990 to \$267 million in FY 2002. Because Medicaid is a federal entitlement, meeting the demand for Medicaid services reduced the available funding for "non-Medicaid" services. This is sometimes referred to as the "Pac-Man" effect.

The 2.5% (\$12.5 million) reduction implemented in FY 2003 broke out as follows:

- \$102,634 in Central Office (\$77,634 in line item 333-100 and \$25,000 in line item 333-416);
- \$2 million out of hospitals in line item 334-408 (the community allocation was unaffected);
- \$4 million out of the Mental Health Trust Fund (depleted cash reserves in Fund 4P9);
- \$500,000 out of the risk fund (depleted cash reserves in Fund 692);
- \$1 million from line item 335-508 in unused funding for the Family Stability Incentive Fund (community allocation was unaffected); and
- \$4.9 million out of currently allocated subsidy fund (line item 335-502).

General Revenue Fund line items 334-408, Community Mental Health and Hospital Services; 335-502, Community Mental Health Programs; and 335-508, Services for Severely Mentally Disabled provide the majority of GRF funding to both the community mental health and mental health hospital systems. The budget act combines line items 335-502 and 335-508 into one new line item 335-505, Local Mental Health Systems of Care, and restores funding to FY 2003 appropriation levels (i.e., prior to the executive order reductions in FY 2003).

The budget act also provides a 0.1% increase in community medication subsidy funding (line item 335-419) in FY 2004 and a 3.2% increase in FY 2005. This line item provides funding to assist community mental health boards with the purchase of psychotropic medication for indigent persons. However, the appropriation levels will not fund all the medication costs for indigent persons. Community mental health boards will have to pick up the remaining costs. Given the relatively flat funding over the biennium in line item 335-419 and the demand for new, more effective, but more expensive, psychotropic medications in the community, boards could have to pay a greater portion of medication costs in the upcoming biennium than in the past.

Overall, community GRF funding is increased by approximately 3.1% over the funding levels prior to the 2.5% executive order cuts in FY 2003.

ASSERTIVE COMMUNITY TREATMENT AND INTENSIVE HOME-BASED SERVICES

The budget act amends section 5119.611 of the Revised Code to require the Department of Job and Family Services to request federal approval by October 1, 2003 to include assertive community treatment (ACT) for adults and intensive home-based services (IHB) for children as Medicaid reimbursable services. The budget act also requires the Director of Mental Health to adopt rules by October 1, 2003, in consultation with the Department of Job and Family Services, to establish certification standards for assertive community treatment and intensive home-based services. Making these services reimbursable under the Medicaid program will expand the continuum of care and offer alternatives to hospitalization for adults and out-of-home placement for children. In addition to provisions stated above, ODMH has been working with the Department of Job and Family Services to establish criteria for the continuation of partial hospitalization.

FAMILY STABILITY INCENTIVE ENDS

No appropriations were made for Fund 4N8 line item 335-606, Family Stability Incentive, in the budget act. The Family Stability Incentive program will not be continued with state dollars. However, certain communities may choose to use local dollars to continue providing services available under the program. This program was funded with federal moneys from the Ohio Department of Job and Family Services. In FY 2003, the Department of Mental Health used the approximate \$1 million balance of unused cash in Fund 4N8 to help offset the FY 2003 executive order reductions. 

FY 2004 - 2005 Final Appropriation Amounts

All Fund Group

Line Item Detail by Agency

FY 2001: FY 2002: FY 2003: FY 2004 % Change FY 2005 % Change
Appropriations: Appropriations: Appropriations: Appropriations: 2003 to 2004: Appropriations: 2004 to 2005:

Report For: Main Operating Appropriations Bill

Version: Enacted

DMH Mental Health, Department of

GRF	332-401	Forensic Services	\$ 4,315,366	\$ 4,152,291	\$4,341,823	\$ 4,338,858	-0.07%	\$ 4,338,858	0.00%
GRF	333-100	Personal Services - Central Administrat	\$ 15,074,658	\$ 17,124,762	\$16,777,940	\$ 0	-100.00%	\$ 0	N/A
GRF	333-200	Maintenance - Central Administration	\$ 2,468,132	\$ 2,278,226	\$2,146,438	\$ 0	-100.00%	\$ 0	N/A
GRF	333-300	Equipment - Central Administration	\$ 615,335	\$ 385,935	\$312,583	\$ 0	-100.00%	\$ 0	N/A
GRF	333-321	Central Administration	---	---	\$0	\$ 22,808,798	N/A	\$ 24,178,778	6.01%
GRF	333-402	Resident Trainees	\$ 1,282,965	\$ 1,551,633	\$1,431,575	\$ 1,364,919	-4.66%	\$ 1,364,919	0.00%
GRF	333-403	Pre-Admission Screening Expenses	\$ 658,665	\$ 638,246	\$650,135	\$ 650,135	0.00%	\$ 650,135	0.00%
GRF	333-415	Lease Rental Payments	\$ 27,565,340	\$ 24,581,264	\$25,127,891	\$ 25,935,650	3.21%	\$ 23,206,750	-10.52%
GRF	333-416	Research Program Evaluation	\$ 914,547	\$ 810,289	\$939,318	\$ 1,001,551	6.63%	\$ 1,001,551	0.00%
GRF	333-701	Cambridge Environment Improvement	\$ 645,242	\$ 95,263	\$0	\$ 0	N/A	\$ 0	N/A
GRF	334-408	Community and Hospital Mental Health	\$ 348,498,822	\$ 356,719,170	\$370,130,056	\$ 380,249,629	2.73%	\$ 390,506,082	2.70%
GRF	334-506	Court Costs	\$ 1,026,171	\$ 926,461	\$965,334	\$ 976,652	1.17%	\$ 976,652	0.00%
GRF	335-419	Community Medication Subsidy	\$ 7,701,549	\$ 7,682,295	\$7,701,549	\$ 7,711,092	0.12%	\$ 7,959,798	3.23%
GRF	335-502	Community Mental Health Programs	\$ 38,344,494	\$ 36,612,580	\$31,145,262	\$ 0	-100.00%	\$ 0	N/A
GRF	335-505	Local MH Systems of Care	---	---	\$0	\$ 89,687,868	N/A	\$ 89,687,868	0.00%
GRF	335-508	Services for Severely Mentally Disable	\$ 57,572,105	\$ 57,716,586	\$56,845,128	\$ 0	-100.00%	\$ 0	N/A
General Revenue Fund Total			\$ 506,683,392	\$ 511,275,001	\$ 518,515,032	\$ 534,725,152	3.13%	\$ 543,871,391	1.71%
149	333-609	Central Office Rotary - Operating	\$ 2,604,245	\$ 2,513,951	\$1,565,159	\$ 1,087,454	-30.52%	\$ 1,103,578	1.48%
149	334-609	Hospital Rotary - Operating Expenses	\$ 19,046,665	\$ 17,698,111	\$25,144,532	\$ 22,908,053	-8.89%	\$ 24,408,053	6.55%
150	334-620	Special Education	\$ 193,942	\$ 120,557	\$101,429	\$ 120,930	19.23%	\$ 120,930	0.00%
4P9	335-604	Community Mental Health Projects	---	\$ 200,000	\$0	\$ 200,000	N/A	\$ 200,000	0.00%
4N8	335-606	Family Stability Incentive	\$ 7,045,651	\$ 4,054,295	\$5,082,463	\$ 0	-100.00%	\$ 0	N/A
General Services Fund Group Total			\$ 28,890,503	\$ 24,586,915	\$ 31,893,583	\$ 24,316,437	-23.76%	\$ 25,832,561	6.23%
324	333-605	Medicaid/Medicare	\$ 388,895	\$ 507,660	\$504,967	\$ 523,761	3.72%	\$ 514,923	-1.69%
3A6	333-608	Community & Hospital Services	---	---	\$1,650	\$ 0	-100.00%	\$ 0	N/A
3A7	333-612	Social Services Block Grant	---	---	\$0	\$ 25,000	N/A	\$ 0	-100.00%
3A8	333-613	Federal Grant-Administration	\$ 61,812	\$ 75,946	\$17,092	\$ 57,470	236.24%	\$ 57,984	0.89%
3A9	333-614	Mental Health Block Grant	\$ 991,512	\$ 933,787	\$818,369	\$ 827,363	1.10%	\$ 835,636	1.00%
3B1	333-635	Community Medicaid Expansion	\$ 6,350,092	\$ 5,119,310	\$6,780,696	\$ 4,126,430	-39.14%	\$ 4,145,222	0.46%

FY 2004 - 2005 Final Appropriation Amounts

All Fund Group

Line Item Detail by Agency			FY 2001:	FY 2002:	FY 2003:	FY 2004 Appropriations:	% Change 2003 to 2004:	FY 2005 Appropriations:	% Change 2004 to 2005:
DMH Mental Health, Department of									
324	334-605	Medicaid/Medicare	\$ 13,575,304	\$ 11,406,738	\$10,703,493	\$ 10,484,944	-2.04%	\$ 10,916,925	4.12%
3B0	334-617	Elementary and Secondary Education	\$ 172,791	\$ 152,392	\$163,519	\$ 248,644	52.06%	\$ 251,866	1.30%
3B1	334-635	Hospital Medicaid Expansion	---	\$ 4,534,931	\$0	\$ 2,000,000	N/A	\$ 2,000,000	0.00%
3A6	335-608	Federal Miscellaneous	\$ 25,294	---	\$0	\$ 0	N/A	\$ 0	N/A
3A7	335-612	Social Services Block Grant	\$ 10,913,752	\$ 7,076,735	\$9,228,401	\$ 9,314,108	0.93%	\$ 9,314,108	0.00%
3A8	335-613	Federal Grant - Community Mental Hea	\$ 1,426,601	\$ 1,663,741	\$1,896,062	\$ 1,717,040	-9.44%	\$ 1,717,040	0.00%
3A9	335-614	Mental Health Block Grant	\$ 19,363,322	\$ 16,554,473	\$14,375,990	\$ 16,887,218	17.47%	\$ 17,056,090	1.00%
3B1	335-635	Community Medicaid Expansion	\$ 176,716,368	\$ 181,611,451	\$207,516,569	\$ 220,472,136	6.24%	\$ 237,766,721	7.84%
Federal Special Revenue Fund Group Total			\$ 229,985,742	\$ 229,637,164	\$ 252,006,808	\$ 266,684,114	5.82%	\$ 284,576,515	6.71%
5M2	333-602	PWLC Campus Improvement	\$ 177,310	\$ 911,895	\$410,795	\$ 200,000	-51.31%	\$ 200,000	0.00%
4X5	333-607	Behavioral Health Medicaid Services	\$ 2,658,304	\$ 2,562,848	\$2,828,385	\$ 2,913,327	3.00%	\$ 3,000,634	3.00%
5V2	333-611	Non-Federal Grant	---	---	\$85,000	---	N/A	---	N/A
485	333-632	Mental Health Operating	\$ 48,934	\$ 25,612	\$0	\$ 134,233	N/A	\$ 134,233	0.00%
5L2	334-619	Health Foundation/Greater Cincinnati	\$ 136,534	\$ 187,053	\$119,095	\$ 26,000	-78.17%	\$ 0	-100.00%
485	334-632	Mental Health Operating	\$ 2,635,733	\$ 2,973,866	\$1,314,009	\$ 2,387,253	81.68%	\$ 2,476,297	3.73%
692	334-636	Community Mental Health Board Risk	\$ 1,500,000	---	\$0	\$ 100,000	N/A	\$ 100,000	0.00%
5V2	335-611	Non-Federal Grant	---	---	\$100,000	---	N/A	---	N/A
632	335-616	Community Capital Replacement	---	\$ 171,619	\$320,291	\$ 250,000	-21.95%	\$ 250,000	0.00%
State Special Revenue Fund Group Total			\$ 7,156,815	\$ 6,832,893	\$ 5,177,575	\$ 6,010,813	16.09%	\$ 6,161,164	2.50%
151	235-601	General Administration	\$ 76,411,799	\$ 77,350,307	\$77,528,873	\$ 85,181,973	9.87%	\$ 85,181,973	0.00%
Intragovernmental Service Fund Group Total			\$ 76,411,799	\$ 77,350,307	\$ 77,528,873	\$ 85,181,973	9.87%	\$ 85,181,973	0.00%
Mental Health, Department of Total			\$ 849,128,251	\$ 849,682,280	\$ 885,121,871	\$ 916,918,489	3.59%	\$ 945,623,604	3.13%