



CEO Recommended Funding of ADMHS Operating Losses and Liabilities

County of Santa Barbara
May 15, 2012



Recommended Actions:

1. Receive report of proposed funding for Alcohol, Drug and Mental Health (ADMHS) needs
2. Allocate \$4.6M, currently available and in the Audit Exception Reserve Account for ADMHS Medi-Cal related cost report settlement liabilities
3. Allocate \$4.8M, refund from State Dept. of Mental Health (DMH) for audits appealed by County, to fund:
 - ▶ projected FY2011-12 operating loss (\$3.6M); and
 - ▶ ADMHS Medi-Cal related cost report settlement liabilities



Currently Known & Estimated ADMHS Funding Needs & Sources (\$'s in millions)

FY 2011 -12 Projected Loss	\$5.0
Self Disclosed Liabilities	1.2
Cost Report Audits & Settlements (FY 2005-09)	7.8
Other Settlements	0.3
Multi-agency Integrated System of Care (MISC/CEC)	5.0
Total Known & Estimated Funding Needs	\$19.4
Established Funding Sources	(7.5)
Remaining Funding Needs	\$11.9



Recommended Funding

(\$'s in millions)

Unallocated Audit Exception Funds	\$ 4.6
Audit Recovery 43%	4.8
Planned: Strategic Reserve (no action requested)	<u>2.7</u>
Total Funding	\$ 12.1
Identified Funding Needs	<u>(11.9)</u>
Balance of Funding	<u>\$ 0.2</u>



Recommended Funding

- ▶ Unallocated Audit Exception Funds \$4.6M
 - ▶ Funds previously allocated for Self Disclosed Liabilities; funding less than originally reserved & funds available for allocation.
- ▶ Audit Recovery 43% \$4.8M
 - ▶ County Appealed DMH audit disallowances (> \$11M) FY2002-06.
 - ▶ April 2012, audit reports amended & refund to County of \$4.8M.
 - ▶ Funds available for allocation.
- ▶ Strategic Reserve for Probation MISC/CEC \$2.7M
 - ▶ Probation previously received Medi-Cal reimbursements which have been disallowed by DMH.
 - ▶ Probation payments to DMH made from General Fund.
 - ▶ Remaining Probation liability, \$2.7M: funding Strategic Reserve. No amounts currently due and no action required at this time.



ADMHS Detail Funding Sources & Needs (\$'s in millions)

		Total	Established Funding Sources				Funding Need without Identified Source
			Allocated Audit Reserves	CARES Costs to MHSA Fund	MISC/CEC Reserve	Deferred Revenue	
Established Funding Sources		\$7.8	\$4.1	\$1.4	\$1.5	\$0.8	
Liabilities	Liabilities & Funding Required for FY 11-12 (Known & Estimated)						
	Self Disclosures	1.2	(1.2)	-	-	-	-
	Prior Years' Cost Report Audits and Settlements	4.7	(2.9)	-	-	-	1.8
	Multi-agency Integrated System of Care (MISC/CEC)	0.3	-	-	-	-	0.3
	FY 11/12 Negative Financial Impact	5.0	-	(1.4)	-	-	3.6
	Other Settlements	0.3	-	-	-	-	0.3
	FY 11-12 Total Liabilities & Funding Sources	11.5	(4.1)	(1.4)	-	-	6.0
	Liabilities for FY 12-13 (Estimated)						
	Prior Years' Cost Report Audits and Settlements	3.2	-	-	-	-	3.2
	Multi-agency Integrated System of Care (MISC/CEC)	1.9	-	-	(0.5)	-	1.4
FY 12-13 Total Liabilities & Funding Sources	5.1	-	-	(0.5)	-	4.6	
Liabilities for FY 13-14 and Future Years (Estimated)							
Multi-agency Integrated System of Care (MISC/CEC)	2.8	-	-	(0.7)	(0.8)	1.3	
Future Years Total Funding Needs & Established Sources	2.8	-	-	(0.7)	(0.8)	1.3	
Total Funding Needs and Established Sources		19.4	(4.1)	(1.4)	(1.2)	(0.8)	11.9
Balance of Needed Funding without an Identified Funding Source		\$ (11.6)	-	-	\$ 0.3	-	\$11.9



Proposed Allocation/Funding Detail

(\$'s in millions)

	From	CEO Proposed Funding			Balance
	Schedule on Pg. 3	Allocated Audit Reserves	Audit Recovery 43%	Strategic Reserve - Probation	
Established Funding Sources	\$ 12.1	\$4.6	\$4.8	\$2.7	
Liabilities & Funding Required for FY 11-12 (Known & Estimated)					
Self Disclosures	-	-	-	-	-
Prior Years' Cost Report Audits and Settlements	1.8	(1.8)	-	-	-
Multi-agency Integrated System of Care (MISC/CEC)	0.3	(0.3)	-	-	-
FY 10/11 Over Accrued Revenue & FY 11/12 Negative Financial Impa	3.6	-	(3.6)	-	-
Other Settlements	0.3	(0.3)	-	-	-
FY 11-12 Total Funding Needs and Established Sources	6.0	(2.4)	(3.6)	-	-
Liabilites for FY 12-13 (Estimated)					
Prior Years' Cost Report Audits and Settlements	3.2	(2.2)	(1.0)	-	-
Multi-agency Integrated System of Care (MISC/CEC)	1.4	-	-	(1.4)	-
FY 12-13 Total Funding Needs & Established Sources	4.6	(2.2)	(1.0)	(1.4)	-
Liabilites for FY 13-14 and Future Years (Estimated)					
Multi-agency Integrated System of Care (MISC/CEC)	1.3	-	-	(1.3)	-
Future Years Total Funding Needs & Established Sources	1.3	-	-	(1.3)	-
Total Funding Needs and Established Sources	11.9	(4.6)	(4.6)	(2.7)	-
Balance Remaining	\$0.2	-	\$0.2	-	\$0.2



Summary of Recommended Funding

(\$'s in millions)

Funding (millions):

Established Funding	\$ 7.8
New: Unallocated Audit Exception Funds	4.6
New: Audit Recovery 43%	4.8
Planned: Strategic Reserve for Probation	2.7
Total Funding	\$ 19.9
Identified Funding Needs	(19.4)
Balance of Funding	\$ 0.5