



SUMMARY REPORT

Agenda Date: 9/16/2025

To: County of Sonoma Board of Supervisors

Department or Agency Name(s): Department of Health Services

Staff Name and Phone Number: Nolan Sullivan, 707-565-4774; Melissa Ladrech, 707-565-4909

Vote Requirement: Informational Only

Supervisorial District(s): Countywide

Title:

Proposition 1: Behavioral Health Services Act Implementation

Recommended Action:

Receive a report from Department of Health Services regarding Proposition 1: Behavioral Health Services Act Implementation.

Executive Summary:

The Mental Health Services Act was established in 2004 to fund mental health services through a 1% tax on incomes over \$1 million. Building on this foundation, voters approved Proposition 1 in March 2024, initiating the transition from Mental Health Services Act to the Behavioral Health Services Act as part of a broader state effort to transform behavioral health care. Behavioral Health Services Act expands services to include treatment for individuals with substance use-only diagnoses, housing supports, and targets individuals facing the most acute behavioral health needs. Behavioral Health Services Act also introduces significant accountability requirements, including the development of a three-year Integrated Plan and annual outcomes reports. Under the new structure, counties must allocate BHSA funds across three components: Full-Service Partnerships (35%), Behavioral Health Services and Supports (35%), and Housing (30%). Behavioral Health Services Act diverts 35% funding from treatment programs under Mental Health Services Act, and as such, current Mental Health Services Act funded programs will be reduced or no longer funded.

To prepare for Behavioral Health Services Act implementation on July 1, 2026, the Department of Health Services (Department”) has engaged in an extensive Community Program Planning process, including a gap analysis and collaboration with diverse stakeholders. The Department is developing the required FY 2026-2029 Integrated Plan that consolidates all behavioral health funding sources into one comprehensive framework. The Integrated Plan will outline all behavioral health programs and ensure alignment with state goals and performance measures. The draft Integrated Plan must be reviewed and approved by the County Executive’s Office and submitted to the California Department of Health Care Services by March 31, 2026.

- This Proposition 1 implementation update informs the Board of state requirements, local community planning progress, and the significant implications for services, staffing, and contracting. It outlines the steps the Department is taking to meet strict state mandates while highlighting both challenges and opportunities for our behavioral health system. The goal is to keep Sonoma County in compliance, continue meeting the needs of our most vulnerable residents, and fully implement the Behavioral Health Services Act by July 1, 2026

Discussion:

In 2004, California voters passed Proposition 63, establishing the Mental Health Services Act (MHSA) to create a dedicated funding stream for mental health through a 1% tax on personal incomes over \$1 million. Building on this foundation, Proposition 1 was approved in March 2024, initiating the transition from Mental Health Services Act (MHSA) to the Behavioral Health Services Act (BHSA) as part of the state's broader [Behavioral Health Transformation](https://www.dhcs.ca.gov/BHT/Pages/home.aspx) <<https://www.dhcs.ca.gov/BHT/Pages/home.aspx>>. BHSA prioritizes support for individuals with the most significant behavioral health needs. It expands funding to include substance use-only treatment, housing supports, and workforce development, and it introduces new accountability measures, such as required Integrated Plans (IP) and annual Outcome Reports. There is no new funding source; the County will continue to receive its share of the 1% tax on personal incomes over \$1 million. For FY 2026-2027, the Department estimates Sonoma County's allocation will be approximately \$33 million in BHSA funds.

To prepare for BHSA implementation by July 1, 2026, the Department of Health Services (hereinafter "DHS" or "the Department") has conducted a comprehensive [Gap Analysis](https://sonomacounty.gov/Main%20County%20Site/Health%20and%20Human%20Services/Health%20Services/Documents/Behavioral%20Health/mental-health-services-act/Sonoma-County-DHS-Final-Gap-Analysis.pdf) <<https://sonomacounty.gov/Main%20County%20Site/Health%20and%20Human%20Services/Health%20Services/Documents/Behavioral%20Health/mental-health-services-act/Sonoma-County-DHS-Final-Gap-Analysis.pdf>> and developed a BHSA Implementation Timeline outlined in Attachment 2. DHS engaged stakeholders in the Community Program Planning process. This effort included receiving input from twenty-nine Departments of Health Care Services-stipulated stakeholder representatives (see complete list in Attachment 4) through surveys, key informant interviews, and over forty meetings to date, such as townhalls, focus groups, and specialized workgroups (e.g., Housing, Suicide Data, Justice-Involvement and other interest-specific groups). The Community Program Planning process is for the three-year cycle of fiscal years 2026-2029 and the process is detailed in Attachment 3. Through the Community Program Planning process, DHS is working to create a responsive, efficient, and equitable behavioral health system.

BHSA is very prescriptive including specific, detailed requirements for how counties must plan, spend, report, and evaluate behavioral health services. Unlike the earlier MHSA, which gave counties more flexibility, the BHSA lays out a stricter framework in several key ways: the use of the Integrated Plan (IP) Template, detailed spending categories, mandatory performance measures, and oversight and accountability.

The funding structure under BHSA represents a significant shift from the original MHSA model. Previously, funds were allocated primarily across three categories: Community Services and Supports (76%), Prevention and Early Intervention (19%), and Innovation (5%). BHSA replaces this framework with three new components and specific funding allocations: Full-Service Partnerships (35%), Behavioral Health Services and Supports (35%), and Housing (30%).

With the implementation of the BHSA, 35% of the funding will be redirected from current allowable uses: 5% for population-based prevention programs administered by the state and 30% for housing. This means that there will be 35% less funding available for treatment programs and services. As a result, some existing MHSA-funded programs, Prevention Programs in particular, will no longer be funded as a result of redirected MHSA to BHSA funding, and other programs will see a reduction in funding.

The Full Service Partnership (FSP) component will include six FSPs that provide comprehensive outpatient services for individuals with severe behavioral health challenges and embrace a "whatever it takes" philosophy offering a full array of supports tailored to individual needs. Under BHSA, counties are required to implement [Assertive Community Treatment](https://my.clevelandclinic.org/health/treatments/assertive-community-) <<https://my.clevelandclinic.org/health/treatments/assertive-community->

[treatment-act](#)> and [High-Fidelity Wraparound <https://www.cdss.ca.gov/inforesources/cdss-programs/foster-care/wraparound>](https://www.cdss.ca.gov/inforesources/cdss-programs/foster-care/wraparound) programs within the Full Service Partnership teams to fidelity, meaning they must follow strict standards for staffing, team structure, and service delivery. These models are resource and staff-intensive:

- Assertive Community Treatment teams must include psychiatrists, clinicians, peer specialists, and offer 24/7 support with low caseload ratios.
- High-Fidelity Wraparound requires facilitators, family/youth partners, and frequent team coordination.

To comply, DHS will need to evaluate staff capacity for potential restructure or expansion, retrain existing teams, and adjust provider contracts to meet DHCS requirements. DHCS has contracted with two Centers of Excellence, University of California Davis and University of California Los Angeles, to provide technical assistance and support counties in bringing their Assertive Community Treatment and High-Fidelity Wraparound programs into full fidelity.

While this shift presents significant challenges, BHSA also offers opportunities. BHSA expands funding eligibility to include treatment for substance use-only disorders, which were previously ineligible under MHSA. It also prioritizes housing support for individuals with serious behavioral health needs and invests in building a culturally-competent, community-reflective behavioral health workforce.

DHCS has developed a required template for counties to use in creating their Behavioral Health Services Act Integrated Plan. The IP serves as a unified, three-year public plan for fiscal years 2026-2029, outlining how counties will deliver mental health and substance use services.

The Plan requires consolidating all behavioral health-related programs and funding sources, including sources beyond BHSA-such as Realignment, Measure O, BHSA, Mental Health Block Grant, Behavioral Health Continuum Infrastructure Program, CARE Act, Medi-Cal, Opioid Settlement Funds, Substance Use Block Grant, and any other current or future funding that is used for behavioral health-related services, into a single strategic framework. Its goals are to improve coordination, increase efficiency, and enhance service delivery across all behavioral health programs. The IP must include required components such as Housing, Full Service Partnerships, and Early Intervention, and it must demonstrate how these programs will support progress on state-defined Behavioral Health outcomes. (See [BHSA Policy <https://www.dhcs.ca.gov/BHT/Pages/Policy-Manual.aspx>](https://www.dhcs.ca.gov/BHT/Pages/Policy-Manual.aspx))

DHS is working collaboratively with a wide range of diverse community stakeholders, subject matter experts, and the twenty-nine required BHSA stakeholder representatives (see Attachment 4) to develop an IP that addresses the needs of the County's most vulnerable residents and leverages funding to provide the prioritized services.

DHCS requires that the County Executive's Office review and approve the draft FY 2026-2029 BHSA IP before it is submitted to DHCS for review no later than March 31, 2026. DHS is planning to provide the Draft BHSA IP to the County Executive's Office in January 2026 as outlined in Attachment 2. DHCS reviews and returns the Draft BHSA IP to the County within 30 days. In April 2026 the County posts the Final Draft IP for 30 days. In May of 2026 the Behavioral Health Board hosts a public hearing, reviews the Final Draft IP, and provides feedback to the Department. In June, the Board of Supervisors reviews and approves the plan, and the plan is submitted to DHSC by June 30, 2026.

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Strategic Plan:

N/A

Racial Equity:

Was this item identified as an opportunity to apply the Racial Equity Toolkit?

No

Prior Board Actions:

On May 6, 2025, The Board adopted the Mental Health Services Act Program and Expenditure Plan Annual Update for FY 2025-2026 with FY 2023-2024 Annual Report. Prior to 5/6/25 the plan updates have presented on multiple dates: 11/5/2024, 12/12/2023, 1/24/2023, 12/7/2021, 6/9/2020, and 1/8/2029.

FISCAL SUMMARY

Expenditures	FY25-26 Adopted	FY26-27 Projected	FY27-28 Projected
Budgeted Expenses			
Additional Appropriation Requested			
Total Expenditures	0	0	0
Funding Sources			
General Fund/WA GF			
State/Federal			
Fees/Other			
Use of Fund Balance			
General Fund Contingencies			
Total Sources	0	0	0

Narrative Explanation of Fiscal Impacts:

This item has no fiscal impact to adopted budget for Fiscal Year 2025-2026. Fiscal impacts will be inclusive of the fiscal year 2026-2027 budget process. The integrated plan budget will be submitted to CAO for review in early February and submitted to the State in March 2026.

Staffing Impacts:			
Position Title (Payroll Classification)	Monthly Salary Range (A-I Step)	Additions (Number)	Deletions (Number)

Narrative Explanation of Staffing Impacts (If Required):

None

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Attachments:

Attachment 1 - Sonoma County Behavioral Health Division Housing and Homelessness Gap Analysis Report

Attachment 2 - BHSA Implementation Timeline

Attachment 3 - Community Program Planning process

Attachment 4 - Behavioral Health Services Act Stakeholder Representatives

Attachment 5 - PowerPoint Presentation

Related Items “On File” with the Clerk of the Board:

None