



# Addressing Local Mental Health Need via County-Level Property Tax

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## Background

The increased shortage of equitable and stable funding sources for Missouri’s mental health programs, services, and support personnel places a growing burden on communities, providers, and the people of Missouri. Providers in Missouri counties provide front-line support for the health, safety, and well-being of their communities, but many struggle to deliver essential services. In the current healthcare environment and in the absence of Medicaid expansion in Missouri, funding for services to address unmet mental health need requires identifying alternative funding sources. Grant funding from federal, state, or private sources may be available to county level mental health providers to provide direct services to those in need; however, some start-up funding is often required to build the capacity in the community to apply for the available funding and to administer such efforts.

According to the National Survey on Drug Use and Health, only 41 percent of adults with mental illness received mental healthcare in 2014.<sup>1</sup> Missouri’s mental health system provides services to only 25 percent of adults who live with serious mental health conditions.<sup>2</sup> In Missouri, 17.6 percent of adults report mental illness, 4.1 percent report serious mental illness in the past year,<sup>3</sup> and 34.4 percent of adults report poor mental health status.<sup>4</sup> Untreated serious mental illness in Missouri costs an estimated \$2.5 billion annually.<sup>5</sup> Mental health gaps include long wait times for emergency room psychiatric services and hospital beds, especially for uninsured and underinsured, scarcity of long-term counseling services and residential facilities for people with chronic and severe mental illness, limited private health insurance coverage for mental health treatment and hospitalization, a shortage of mental health providers in rural areas, and an acute shortage of child and adolescent psychiatrists in urban areas.<sup>6</sup>

## Context

Some Missouri counties utilize mill taxes – itemized funding via real estate property taxes – to fund health departments and other health initiatives. Several counties have extended this concept to include mill taxes specifically targeting mental health services.<sup>7</sup> There are 114 counties and one independent city in Missouri. Of these, nine counties and St. Louis City have mill taxes that generate separate health and mental health funds, while 23 other counties have mill taxes generating unspecified health funds.

The Missouri Local Tax Match Fund<sup>8</sup> is a dedicated fund created to administer federal Medicaid matching funds that are available for county mental health tax revenues spent on Medicaid recipients. Missouri Governor Mike Parson recommended that the Fiscal Year 2019 Executive Budget appropriate over \$15 million (including the federal match) to the Mental Health Local Tax Match Fund.<sup>9</sup> County policymakers may choose to request the match for all revenue generated by mental health mill taxes, or they may hold back a portion of generated revenue in order to allocate monies to non-Medicaid groups including the underinsured and/or uninsured populations.<sup>10</sup>

## Key Findings

- Strengthening county-level mental health programs, services, and support is one way some Missouri counties address their behavioral health needs.
- Some Missouri counties use mill taxes, or itemized funding via real estate property taxes, to fund health departments and mental health initiatives. Sustainable county-level behavioral health funding has been generated from successful mill tax referenda for some Missouri counties.
- To improve access to mental health services and retain local control of the funds, mill tax ballot initiative tax rates can be set by voters of the county in order to raise sufficient funding to meet the local need for mental health programs.
- Missouri counties that have unmet mental health needs may want to consider a ballot referendum to institute a new or increased mill tax and apply for additional federal matching funds through the Missouri Department of Mental Health Local Tax Match Fund.
- Pursuing a ballot referendum would require the launch of a public awareness campaign and a significant investment of time and resources by county residents.

## Policy Options

Current behavioral health and substance use treatment options often rely on multiple unstable and unsustainable funding mechanisms. A county-level mill tax referendum bolstered by a public awareness campaign can lead to a new property-based mill tax that will then serve as a sustainable funding source for mental health services for Missourians in that county. In the development of a plan for use of the mill tax revenue gained from a successful referendum, each Missouri county should assess Medicaid versus non-Medicaid need and consider an application to the Department of Mental Health for the Local Tax Match Fund for additional Medicaid dollars. The dedicated long-term funding generated from the mill tax could then be earmarked to pay for providers in the county who take part in the coordinated behavioral health efforts.

Public awareness campaigns inform voters about the local need for additional funding for mental health services, the benefits of increased services for the community, and the experiences of other counties that have programs funded by mill tax funds. Mill tax funds allow counties to experiment with new or innovative services and delivery models to fit the needs of the county and to create improvements that could potentially be translated across the state.

In counties that pass a mill tax ballot measure, county authorities wanting federal matching funds must submit an application to the Department of Mental Health for the Local Tax Match Fund. This may be done via their County Mental Health Board. While not mandatory, participation in the Local Tax Match Fund provides additional revenue for behavioral health.<sup>11</sup>

Below are three examples of neighboring Missouri counties that allocate mental health mill tax funds in different ways. All tax data are for 2016 and were obtained via a request to the State of Missouri Auditor's Office.

### *Jefferson County*

Jefferson County mental health funding per \$100 assessed value is \$0.091 which generates \$2,996,525 or \$13.47 per capita. The Jefferson County Mental Health Board allocates their mill tax dollars to psychiatric services, physician services, adult behavioral health, psychosocial rehabilitation (PSR), community support workers, comprehensive substance treatment and rehabilitation counselors, service workers and facilities, and COMTREA A Safe Place (domestic shelter) funding. The Jefferson County Mental Health Board partners with COMTREA, a private, non-profit 501(c3) organization, to provide much of the comprehensive, integrated care. (Also, a portion of their Children's Sales Tax is used for youth behavioral health services and substance use.)<sup>12</sup> Jefferson County does not participate in the Local Tax Match Fund.<sup>13</sup>

### *Perry County*

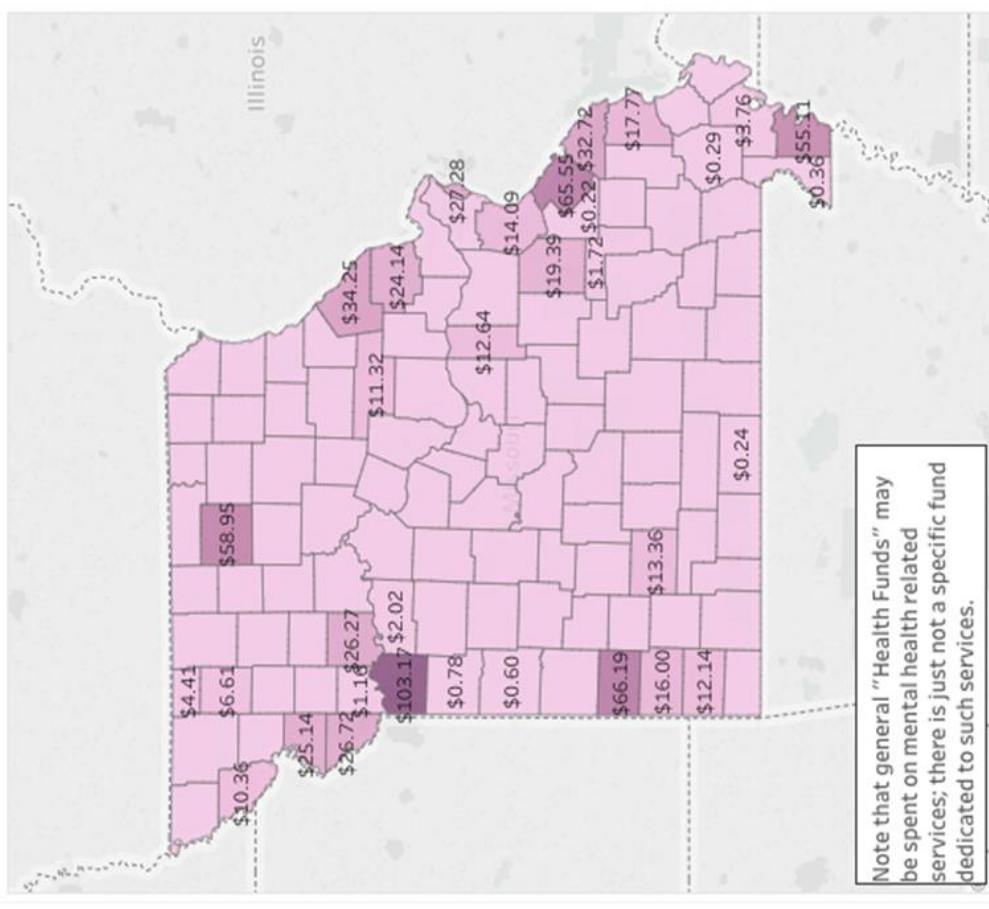
Perry County mental health funding per \$100 assessed value is \$0.092, which generates \$313,300 or \$16.36 per capita. The Perry County Mental Health Board allocates their mill tax dollars to certified mental health providers, distributing their funds to Community Counseling Center (the state's designated Community Mental Health Center), Gibson Recovery Center, New Life Mission Inn, and Perry County Hospital Counseling Center.<sup>14</sup> In Perry County, Gibson Recovery Center and Community Counseling Center are eligible to receive Local Tax Match Fund monies. In 2018, Perry County appropriated \$100,000 to Community Counseling Center which drew down a federal match over \$178,000. Gibson Recovery Center drew down a federal match of over \$54,000 from the \$30,000 appropriation.<sup>15</sup>

### *Sainte Genevieve County*

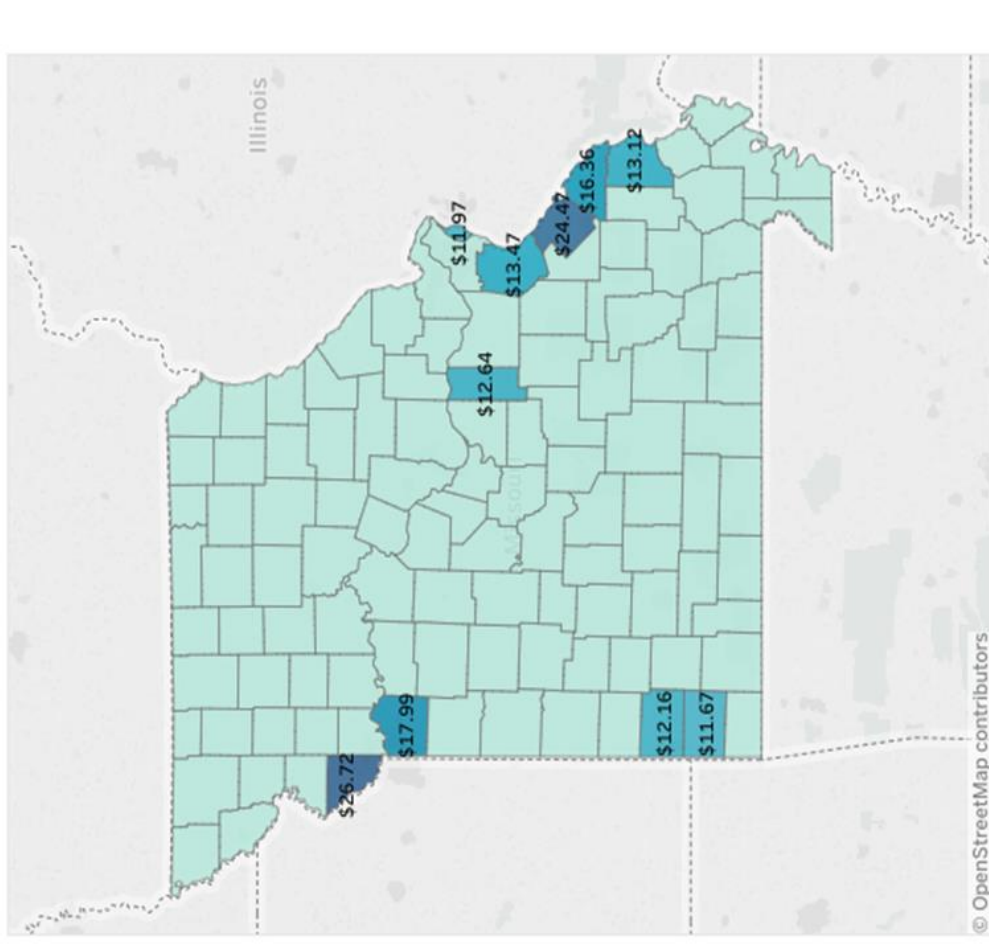
Sainte Genevieve County mental health funding per \$100 assessed value is \$0.096, which generates \$438,963 or \$24.47 per capita. The Sainte Genevieve County Mental Health Board places mill tax dollars into general funds available for behavioral and mental health. The County Mental Health Board contracts with the Community Counseling Center for resident Medicaid services.<sup>16</sup> In FY2018, Sainte Genevieve allocated \$452,000 to the Local Tax Match Fund and drew down over \$812,000 federal match.<sup>17</sup>

Pursuit of a mill tax funding mechanism involves trade-offs, specifically between the value of services and the cost to taxpayers. To understand the potential burden on taxpayers, it is useful to calculate the total (unduplicated) assessed value of all taxable property countywide and divide by the number of county residents. In order to materially improve access to mental health services, the mill tax rate for mental health programs needs to be set at a level high enough to meet local needs, restore local control, and increase sustainability. Assessment of the levy tax burden is estimated from the effective tax rate per capita added by the proposed new tax. Under a tax, county residents are able to directly attribute tax dollars to local health care providers, organizations, and mental health initiatives that better their community, family, and individual wellbeing.

Health Funds Per Capita  
 Per Capita Health Funds  
 \$0.00 \$103.17



Mental Health Funds Per Capita  
 Mental Health Funds per Capita  
 \$0.00 \$26.72



Note that general "Health Funds" may be spent on mental health related services; there is just not a specific fund dedicated to such services.

An [interactive version](#) of the maps above may be accessed to view current county-by-county data across Missouri.<sup>18</sup> When considering the appropriate size of a mental health mill tax in a particular county, it is useful to compare how various rates would change the county's revenues and tax burden relative to those of its neighbors. For example, St. Francois' total assessed value of property per capita is about \$352,337 in 2016, making it slightly below average among its near neighbors in terms of available tax base. Analysis of the 2016 data suggests that a mental health mill tax on all St. Francois real estate would generate about \$75,000 per one-cent (per \$100 assessed value). The additional mill tax revenue could improve the ability of the relatively low tax base of St. Francois county to provide access, support, and behavioral health and substance services to residents (compared to the surrounding counties).

## Conclusion

Overall, the variation in need across the state of Missouri, in terms of barriers to access, types of mental illness experienced, and presence of other social determinants of health, suggests that efforts to address the unmet need in mental health services in Missouri could be significantly enhanced by a multifaceted approach best implemented at the county level. The risks relying upon the current approaches at the state and county levels in Missouri are fragmentation, duplication, and omission of services that occur without coordination and planning at the local level. Therefore, service providers and leaders within Missouri counties may find it beneficial to assess needs and consider pursuing a dedicated long-term and sustainable funding stream in the form of a mill tax. Funds from this tax, along with matching funds from the state, could be earmarked to provide coordination of behavioral health efforts at the local level in the way that best addresses the need of the community. Ultimately, mill tax funds are a way to provide access to mental health services and leverage additional state funds for this purpose – when there is enough desire on the part of county residents, providers and leaders to pursue and pass a referendum to address the unmet need and burden on the community.

## References

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- <sup>8</sup> Each county must apply to the Missouri Department of Mental Health for the match and be approved by legislative action following the ballot referendum.
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