

Trillium Health Resources

Business Financial Plan for Fiscal Year 2018 – 2019

The proposed budget for fiscal year 2018 – 2019 totals \$526,854,800. Trillium Health Resources (Trillium) manages behavioral healthcare services primarily through two contracts with the Department of Health and Human Services. One contract is with the Division of Medical Assistance (DMA) for operation of two Medicaid Waivers and the other contract is with the Division of Mental Health, Development Disabilities and Substance Abuse services (DMH/DD/SAS) for State covered services. Trillium will manage these services in twenty-six counties with the addition of Columbus County this year. The DMA contract assumes responsibility for an estimated 231,650 Medicaid eligibles each month and the DMH/DD/SAS contract includes an estimated 143,438 State funded eligibles monthly. The primary sources of funding in this budget include: DMA waiver funding (85%); state appropriations and non-Medicaid federal funds allocated by DMH/DD/SAS (13%); county appropriations and county ABC funds from the twenty-six counties comprising the Trillium catchment area (1%); and other miscellaneous funding including appropriated fund balance (1%). The total budget is 10% higher than our current year's budget of \$478,484,348. This is primarily due to the addition of Columbus County. The budget supports 477 positions. There is a 3% increase in the salary line item in the budget. The budget includes an estimated \$6.4 million in fund balance budgeted for replacement of state service funds as directed by the NC General Assembly, replacement of an intergovernmental transfer for Medicaid, and the remaining portion of our Reinvestment funds not spent in the current year.

NC Budget Outlook:

In the biennium budget approved by the NC General Assembly last year, Trillium will have a reduction in Single Stream State funds for services for those without insurance coverage of \$ 3,160,355 in next year's budget with \$33,869 of that as a recurring reduction. There is also a requirement for Trillium to transfer to DMA \$2,497,755 as an Intergovernmental Transfer. Both of these reductions in state funds and replacement by use of fund balance are included in the current budget.

On Monday, May 28th, the General Assembly released their 2018 Appropriations Act. Per this current version, our State reduction is zero. This would allow us to maintain the \$3,160,355 which is currently included in this budget, in our unrestricted fund balance. There is also a \$433,329 increase in contribution for Trillium in the above Intergovernmental Transfer. Once the NC and DHHS budgets are finalized, and our allocation received, Trillium's budget will be revised with the final numbers.

Reinvestments of Savings:

There is \$745,741 budgeted in reinvestment funds in the current budget. These funds are the remaining funds for the Accessible Playground in Nash County as approved by the Governing Board.

DMA Funds:

DMA provides capitated funding through a contract with Trillium to manage the Prepaid Inpatient Health Plan (PIHP) for the twenty-six counties. Funding for this contract is paid on a per member per

month (pmpm) basis for each Medicaid eligible person in specific categories in our counties. Our pmpm rate is actuarially sound and is based on a combination of past Medicaid expenditures and any upcoming program adjustments as defined by DMA. Medicaid funding supports a Medicaid Risk Reserve account, IDD and MH/SA Treatment Planning (care coordination), general administration, and funding for the Medicaid covered services for the eligible consumers in our area. The funding is broken down as follows:

Funding	Estimated Dollars	Percentage
Risk Reserve	\$ 9,004,114	2.00%
General Administration	27,192,425	6.04%
MH/SU Care Coordination (includes DOJ)	7,023,209	1.56%
IDD Care Coordination	7,473,415	1.66%
Service Funding	399,512,551	88.74%
Total	\$ 450,205,714	100.00%

The Risk Reserve is used only to fund payments to meet outstanding obligations, such as cost overruns related to program services covered under the DMA contract, or for any other purpose approved by DMA. Trillium is not allowed to withdraw from this fund, without approval from DMA. General administrative funds support the MCO administrative functions such as call center, network management and development and other functions for operation of the waivers. DMA service funding is utilized to pay providers for MH/SA/IDD approved services for consumers with Medicaid eligibility from our twenty-six counties. Trillium assumes financial risk under this contract for the cost of the services covered under the contract. It is important to remember that access to medically necessary Medicaid services remain an entitlement under the capitation.

DMH/DD/SAS Funds:

DMH has historically provided two funding types: funds for services and administrative funds. Service funds include both State and Federal funds which are contracted to provider agencies to provide medically necessary services across the twenty-six counties. These funds are also utilized to provide start-up funding for identified service gaps and to cover specified service financial gaps that unit cost reimbursement alone does not financially fully cover. Administrative funds cover the administrative functions necessary to manage the state service dollars. Our current proposed budget for state service funds is based on last year's allocation less any one-time funds and the reduction of single stream funds as noted above in the NC DHHS budget. The State Single Stream amount also includes restoration of an estimated \$ 2.5 million that Trillium funded from fund balance in the current budget. The amounts for state services will be finalized and adjusted if necessary once a State budget is certified and funding allocated.

Funding	Estimated Dollars
DMH/SA/DD Service Funds (State) (includes 3 Way hospital funds)	\$ 46,622,712
Trillium State Funds replacement per legislation	3,160,355
DMH/SA/DD Service Funds (Federal)	11,017,443
General Administration	5,401,796
Total	\$66,202,306

County Funds:

Anticipated county general and ABC funding for fiscal year 18 -19 total is \$5,582,534. This is assuming all counties contribute the same amount as they have in the current year and it does not include funds from Columbus County. Once we have their county funding allocation we will include the amount in a budget revision. County funds financially support recovery services, Crisis Intervention Training (CIT), Mental Health First Aide for children and adults in our communities. ABC funds are allocated in various amounts to support beds at the Healing Place in Wake County for individuals from our twenty-six counties. Dare County does provide additional funding included in the county funds revenue line item for a specific provider contract in that county. This amount is above their normal county general fund contribution.

Trillium’s Executive Team is currently exploring other options for future use of county funds that includes providing resources for members in our local communities not covered by State or Medicaid funds. The new plan will align with our future strategy under Medicaid Transformation. We expect to release details on the new plan in the Fall of this year.

Risk Management:

Trillium will continue to develop and utilize various reports to minimize our financial risks and to monitor our DMA and DMH/SA/DD service funds expenditures. We are at higher financial risk in this new year since much of our unrestricted fund balance has been depleted by the ongoing cuts in State service funds by the NC General Assembly and the requirement for Trillium to replace these cut funds with our fund balance. Reports that are utilized to monitor our financial risk include our IBNR reports (incurred but not reported) to estimate the costs for services already delivered but for which payment has not been processed. We are also monitoring our authorizations for services. Trillium claims staff will

also closely monitor our approved and denied claims to assure we prioritize any system corrections needed and target provider training when applicable. We also monitor our Medicaid service revenues against our Medicaid service expenditures. Departments have developed monthly dashboards or reports to analyze and review for trends and outliers. There are numerous monthly, quarterly, and annual reports prepared for DMA and DMH staff to review.

Summary:

In summary, our annual budget provides the State and Medicaid funding to provide services across our twenty-six counties. While the demand for non-Medicaid covered services always exceeds our available resources, Trillium can assure the public that all medically necessary and appropriate services will be provided to those with the most severe mental health, intellectual and other developmental disabilities and substance use needs across our twenty-six counties within our financial means. Medically necessary services for Medicaid recipients are an entitlement for those recipients and will be provided to all eligible enrollees whose Medicaid county of eligibility is one of our twenty-six counties.