

Trillium Health Resources

Business Financial Plan for Fiscal Year 2019 – 2020

The proposed budget for fiscal year 2019 – 2020 totals \$545,814,393. Trillium Health Resources (Trillium) manages behavioral healthcare services through two contracts with the Department of Health and Human Services. One contract is with the Division of Health Benefits (DHB) 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 our twenty-six counties. The DHB contract assumes responsibility for an estimated 231,650 Medicaid eligibles each month and the DMH/DD/SAS contract includes an estimated 137,401 State funded eligibles monthly. The primary sources of funding in this budget include: DHB waiver funding (83%); state appropriations and non-Medicaid federal funds allocated by DMH/DD/SAS (14%); 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 (2%). The total budget is 2% less than our current year's budget of \$556,449,008. This is primarily due to one-time State allocations received in the current year such as Transitions to Community Living (TCL) funds. The budget supports 503 positions. There is a no increase in the salary line item in the budget at this time. The budget includes an estimated \$9.4 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:

The House released their biennial budget in late April. In that budget, Trillium has a recurring cut in Single Stream of \$5,759,070 for each year. The initial Senate budget has a similar Single Stream reduction for us. This means Trillium would be required to use fund balance to replace this cut. There is also a requirement for Trillium to transfer to DHB \$ 3,125,047 as an Intergovernmental Transfer. Both of these reductions in state funds and replacement by use of fund balance are included in the current budget.

Once the NC and DHHS budgets are finalized, and our allocation received, Trillium's budget will be revised with the updated numbers.

Reinvestments of Savings:

There is \$530,604 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.

DHB Funds:

DHB 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 DHB. For the first time since we have operated these waivers we do not have rate offer for July 1. Due to this, our current Medicaid revenues are based on the rates for the current year. Once our rates are finalized, we will present a budget revision to the Board. We will receive an initial rate for the time period of July 1 – October 31st and then a different rate for November 1 – June 30th to account for members who will be transferring to the Standard Plans. We do not expect a substantial change in the total dollars during these two different rate periods.

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 DHB contract, or for any other purpose approved by DHB. Trillium is not allowed to withdraw from this fund, without approval from DHB. General administrative funds support the MCO administrative functions such as call center, network management and development and other functions for operation of the waivers. DHB 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 Budget Outlook. 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)	\$ 55,993,059
Trillium State Funds replacement per legislation	5,759,070
DMH/SA/DD Service Funds (Federal)	15,541,525
General Administration	6,801,786
Total	\$ 84,095,440

County Funds:

Anticipated county general and ABC funding for fiscal year 19 -20 total is \$5,736,838. This is assuming all counties contribute the same amount as they have in the current year. Once we have their county funding allocation we will include any adjustments in a budget revision. County funds financially support Crisis Intervention Training (CIT), Mental Health First Aide for children and adults in our communities. County funds also support our Neighborhood Connections projects in each of the counties. ABC funds are allocated in various amounts to support individuals from our twenty-six counties who are admitted to the Healing Place in Wake County. 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. Several of other counties provide funding to support the Dix Crisis Center in Onslow County.

Risk Management:

Trillium will continue to develop and utilize various reports to minimize our financial risks and to monitor our DHB and DMH/SA/DD service funds expenditures. We continue to be at higher financial risk in this new year since some 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. There are numerous monthly, quarterly, and annual reports prepared for DHB 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.