

Trillium Health Resources

Business Financial Plan for Fiscal Year 2022 – 2023

The proposed budget for fiscal year 2022 – 2023 totals \$866,795,006. Trillium Health Resources (Trillium) manages behavioral healthcare services through contracts with the Department of Health and Human Services, including Division of Health Benefits (DHB) and Division of Mental Health, Substance Use and Intellectual and Developmental Disabilities (DMH/SU/IDD). Contracts with DHB for operation of Medicaid Waivers include our typical Medicaid contract for behavioral healthcare services from July 1 to November 30th and then effective December 1, 2022 we will have contracts for the operation of a Medicaid Direct Plan (behavioral healthcare only) and a Tailored Plan (integrated healthcare) work. All Medicaid amounts referenced in the budget include all three of these contracts. Included in the Tailored plan contract will be our work for State-covered services. Trillium will manage these services in our twenty-eight counties. The DHB contracts assume responsibility for an estimated 84,354 Medicaid eligibles each month and the State funding includes an estimated 137,942 State-funded eligibles monthly.

The primary sources of funding in the budget include: DHB waiver funding (90%); State appropriations and non-Medicaid federal funds allocated by DMH/SU/IDD (8%); county appropriations and county ABC funds from the twenty-eight counties comprising the Trillium catchment area (1%); and other miscellaneous funding, including appropriated fund balance (1%). The total budget is approximately 26% higher than our current year's budget of \$685,337,574. This is primarily due to the addition of integrated care on December 1, 2022 and capacity building funds for provider-based care management. The budget supports 680 positions as opposed to our fiscal year 2021-2022 budget which contained funding for 655 positions. The additional positions are all directly related to Tailored Plan work. This budget does also include funding for a 3% across-the-board salary increase for employees.

The budget includes \$5.7 million in fund balance. The funding supports our legislatively mandated intergovernmental transfer for Medicaid for the first five months of the year, and consultation services and positions directly related to our transition to a Tailored Plan. New position recruitment timelines will be monitored against available funding and Tailored Plan go live timelines.

NC Budget Outlook:

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

DHB Funds:

DHB provides capitated funding through a contract with Trillium to manage the Prepaid Inpatient Health Plan (PIHP) for the twenty-eight counties. Funding for the DHB contracts 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. The budgets for Medicaid funding are based on draft rates received from DHB in May. Once rates are finalized for each of our plans, our budget will be adjusted.

Medicaid funding supports a Medicaid Risk Reserve or underwriting gain account, IDD and MH/SA Treatment Planning (care coordination), general administration, and funding for the Medicaid covered services for the eligible members in our area. Added new this year is also funding for provider-based care management, which will be billed on a fee for service basis and capacity building funds primarily to assist our network providers, who will be certified as care management agencies (CMA) under our Tailored Plan. The funding is broken down as follows:

Funding	Estimated Dollars	Percentage
Risk Reserve/Underwriting Gain	\$ 14,421,482	1.84%
General Administration and Care Coordination	77,364,422	9.90%
Provider based Care Management	14,696,189	1.88%
Care Management Capacity building funds	9,156,300	1.17%
Service Funding	666,298,243	85.21%
Total	\$ 781,936,636	100.00%

The Risk Reserve or underwriting gain is used 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. General administrative funds support the MCO administrative functions such as call center, network management, care coordination, 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 members with Medicaid eligibility from our twenty-eight counties. Trillium assumes financial risk under this contract for the cost of the services covered under the contract. Access to medically necessary Medicaid services remain an entitlement under the capitation.

DMH/SU/IDD 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-eight 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. Our current proposed budget for State service funds is based current allocation of single stream funds plus our other State and federal current year allocations less any one-time funds. The amounts for State services will be finalized and adjusted once a State budget is certified and funding allocated.

<u>Funding</u>	<u>Estimated Dollars</u>
DMH/SA/DD Service Funds (State) (includes 3 Way hospital funds)	\$ 55,744,142
DMH/SA/DD Service Funds (Federal)	11,347,952
General Administration	5,333,969
Total	\$ 72,426,063

County Funds:

Anticipated county general and ABC funding for fiscal year 2022 -2023 total is \$5,126,726. This is assuming counties contribute the same amount as they have in the current year. Once we have their county funding allocations, we will include any adjustments in a budget revision. County funds financially support Crisis Intervention Training (CIT) and Mental Health First Aid 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-eight 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. Some of our 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. 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 also will be monitoring many quality reports and measures to assure our members are receiving care that is generating positive outcomes for them. 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. Our new Medicaid contracts require Trillium to meet several metrics and includes penalties for many if we do not.

Summary:

In summary, our annual budget provides the State and Medicaid funding to provide services across our twenty-eight 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-eight counties within our financial means. Medically necessary services for Medicaid recipients are an entitlement for those recipients and will be provided to all of our eligible enrollees.