

Trillium Health Resources

Business Financial Plan for Fiscal Year 2023 – 2024

The proposed budget for fiscal year 2023 – 2024 totals \$972,567,030. 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 a Medicaid Direct Plan (behavioral healthcare only) and beginning October 1, 2023 a Tailored Plan (integrated healthcare). All Medicaid amounts referenced in the budget include both of these contracts. The contracts will include our work related to State-covered services. Trillium will manage these services in our twenty-eight counties. The DHB contracts assume responsibility for an estimated 85,502 Medicaid eligibles each month and the State funding includes an estimated 194,460 State-funded eligibles each month.

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 24% higher than our current year's budget of \$785,697,091. This is primarily due to the addition of integrated care (Tailored Plan) on October 1, 2023. The budget supports 755 positions compared to our fiscal year 2022-2023 budget which contained funding for 680 positions. The additional positions are all directly related to Tailored Plan work. This budget does also include funding for a 5% across-the-board salary increase for employees.

The budget includes \$3 million from fund balance. This funding supports our legislatively mandated intergovernmental transfer for Medicaid.

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 rates are derived from DHB’s contracted actuaries and approved by CMS. The rates are 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 August 2022 for Tailored Plan and April 2023 for Medicaid Direct. 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, provider based care management, and funding for the Medicaid covered services for the eligible members in our area.

The funding is broken down as follows:

Funding	Estimated Dollars	Percentage
Risk Reserve/Underwriting Gain	\$ 16,907,985	1.9%
General Administration and Care Coordination	75,844,351	8.6%
Provider Based Care Management	5,000,000	0.6%
Service Funding	784,796,223	88.9%
Total	\$ 882,548,559	100.00%

The Risk Reserve or underwriting gain is used in capitation rate setting risk sharing agreements to fund the cost of capital and the margin for risk or contingency. Contractual requirements define capital requirements to meet obligations and ensure insolvency of the organization. The cost of capital component of underwriting gain supports the funding for those contractual requirements. In addition, the margin for risk or contingency accounts for the program risk that actual experience will deviate from estimated results. General administrative funds support the MCO administrative functions such as call center, network management, care coordination, development, and other functions for operation of the waivers. 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 on the 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)	\$ 60,040,677
DMH/SA/DD Service Funds (Federal)	12,316,746
General Administration	5,797,245
Total	\$ 78,154,668

County Funds:

Anticipated county general and ABC funding for fiscal year 2023 -2024 total is \$4,973,835. 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. ABC funds are allocated in various amounts to support individuals from our twenty-eight counties who are admitted to the Healing Place. Some of our other counties provide funding to support the Dix Crisis Center in Onslow County. We are exploring programs in our schools for the New Year to include prevention education for those who choose to engage.

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 payment has not been processed. We will also be monitoring quality reports and measures to assure our members are receiving care that is generating positive outcomes. 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 any unmet requirements.

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. It is important to note that this current budget does not assume any changes related to Medicaid expansion. As data is received and analyzed, appropriate adjustments will be made.