

## **Trillium Health Resources**

### **Business Financial Plan for Fiscal Year 2026 – 2027**

The proposed budget for fiscal year 2026 – 2027 totals \$4,614,783,266. Trillium Health Resources (Trillium) manages 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 a Tailored Plan (integrated healthcare). For our Tailored Plan Medicaid members, we manage both behavioral and physical health in addition to pharmacy and non-emergency medical transportation. All Medicaid amounts referenced in the budget includes both contracts. The contracts included our work are also related to State-covered services. Trillium manages these services in our forty-six counties; Anson, Beaufort, Bertie, Bladen, Brunswick, Camden, Carteret, Chowan, Columbus, Craven, Currituck, Dare, Duplin, Edgecombe, Gates, Greene, Guilford, Halifax, Hertford, Hoke, Hyde, Jones, Lee, Lenoir, Martin, Montgomery, Moore, Nash, New Hanover, Northampton, Onslow, Pamlico, Pasquotank, Pender, Perquimans, Pitt, Randolph, Richmond, Robeson, Sampson, Scotland, Tyrrell, Warren, Washington, Wayne, and Wilson. The DHB contracts assume responsibility for an estimated 110,410 Medicaid Direct eligibles and 100,221 Medicaid Tailored Plan eligibles each month. The State funding includes an estimated 279,574 State-funded eligibles each month.

The primary sources of funding in the budget include Medicaid funding \$4,295,372,245 (93.1%); State appropriations and non-Medicaid federal funds allocated by DMH/SU/IDD and the NC ROOTS Hubs Funds \$251,344,637 (5.4%); County appropriations and County ABC funds from the forty-six counties in the Trillium catchment area and grant funds \$17,082,540 (0.4%); and other miscellaneous funding \$21,448,000 (0.5%). The fund balance designation of \$29,535,845 (0.6%) is for reinvestment of funds in lieu of remittance (ILOR) to the state. The total budget is approximately 31.2% higher than our current year's budget of \$3,176,468,554. The fiscal year 2026-2027 budget supports 2,300 positions. This budget also includes funding for a 3% across-the-board salary increase for employees as well as funding for pay for performance.

## NC Budget Outlook:

Once the NC and DHHS budgets are finalized, and our allocations 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 forty-six counties. Funding for the DHB contracts is paid on a Per Member Per Month (PMPM) basis for each Medicaid eligible person in specific categories of aid 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 March 2026 for Tailored Plan and Medicaid Direct. Once rates are finalized, our budget will be adjusted if needed.

The total Medicaid funding for fiscal year 2026 – 2027 is \$4,295,372,245 which supports Care Management, General Administration, Provider Based Tailored Care Management, and funding for the Medicaid covered services for the eligible members in our area. The funding is comprised of the following two Medicaid health plans: Medicaid Direct and Tailored Plan. The Medicaid service budget was based on historical experience and projections on cost of care totaling \$3,849,661,248. Administrative funds were based on contractual requirements related to staffing models and operational requirements of the Medicaid Waiver totaling \$445,710,997.

## DMH/SU/IDD Funds:

DMH has historically provided two funding types: funds for services, \$177,601,561, and administrative funds, \$10,602,209. Service funds include both State and Federal funds which are contracted to provider agencies to provide medically necessary services across the forty-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. Our current proposed budget for State funds, totaling \$188,203,770, is based on the current allocation of single-stream funds plus our other State and federal current year allocations less any one-time funding. The amounts for State services will be finalized and adjusted once a State budget is certified and funding allocated.

#### County and Grant Funds:

Anticipated county general and ABC funding for fiscal year 2026 -2027 total is \$17,082,540. This total assumes counties will contribute the same amount as they have in the current year. Once we have the county funding allocations, we will include any adjustments in a budget revision. County funds financially support Crisis Intervention Training (CIT), Mental Health First Aid for children and adults, and support specific services in our communities. ABC funds are allocated in various amounts to support individuals from our forty-six counties who are admitted to the Healing Place, Healing Transitions, and prevention services in participating schools in our catchment area. We also receive funding for Shelter Plus Grant and HUD Grant for Homelessness totaling \$2,325,000.

#### NC ROOTS Hubs Funds:

NC DHHS has named Trillium Health Resources as the organization that will serve as the lead for two of the regions listed in the state's Rural Health Transformation Program. This program is designed to establish locally governed "NC ROOTS" Hubs that connect medical, behavioral health, and social services, making it easier for rural residents to access comprehensive care close to home. The North Carolina ROOTS (Rural Organizations Orchestrating Transformation for Sustainability) regions awarded to Trillium Health Resources are Regions 2 and 5. The counties that are comprised in Region 2 are Alleghany, Ashe, Davidson, Davie, Forsyth, Guilford, Randolph, Rockingham, Stokes, Surry, Watauga, Wilkes, and Yadkin and Region 5 consists of Bladen, Brunswick, Columbus, Cumberland, Harnett, Hoke, Lee, Montgomery, Moore, New Hanover, Pender, Richmond, Robeson, Sampson and Scotland. The total anticipated funding for the fiscal year 2026-2027 is \$63,140,867 and provides two funding types: funds for services, \$56,552,857, and administrative funds \$6,588,010.

#### 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 Medicaid contracts require Trillium to meet several metrics and includes penalties for any unmet requirements. Trillium is required to purchase a reinsurance policy to offset high cost claims we may experience as well as a performance bond to ensure contract obligations are met.

Summary:

In summary, our annual budget provides the State and Medicaid funding to provide services across our forty-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 forty-six counties within our financial means.