FY22 RECOMMENDED BUDGET
FOR APPROVAL
June 3, 2021
**Alliance Health**  
**Annual Budget**  
**FY 2021-2022**

**Board of Directors**

Gino Pazzaglini, Chair  
Lynne Nelson, Vice Chair

<table>
<thead>
<tr>
<th><strong>Durham County</strong></th>
<th><strong>Wake County</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Commissioner Heidi Carter</td>
<td>Commissioner Maria Cervania</td>
</tr>
<tr>
<td>Carol Council</td>
<td>Angela Diaz</td>
</tr>
<tr>
<td>David Curro</td>
<td>David Hancock</td>
</tr>
<tr>
<td>Gino Pazzaglini</td>
<td>Donald McDonald</td>
</tr>
<tr>
<td>Pam Silberman</td>
<td>Lynne Nelson</td>
</tr>
<tr>
<td><em>Vacancy</em></td>
<td>McKinley Wooten, Jr.</td>
</tr>
<tr>
<td><em>Vacancy</em></td>
<td><em>Vacancy</em></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Cumberland County</strong></th>
<th><strong>Johnston County</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Commissioner Glenn Adams</td>
<td>Lee Jackson</td>
</tr>
<tr>
<td>Lodies Gloston</td>
<td><em>Vacancy</em></td>
</tr>
<tr>
<td>Duane Holder</td>
<td><em>Vacancy</em></td>
</tr>
</tbody>
</table>

Robert Robinson, CEO
Table of Contents

Reader’s Guide .................................................................................................................................................. 5
Alliance Demographic Information .................................................................................................................. 7
Division Information ....................................................................................................................................... 8
Clinical Operations Division .......................................................................................................................... 8
Network and Community Health Division ...................................................................................................... 10
Business Operations Division ........................................................................................................................ 13
Organizational Performance Division ............................................................................................................. 14
Office of Compliance Division ........................................................................................................................ 16
Human Resources Division ............................................................................................................................... 17
General Fund Revenues .................................................................................................................................. 19
General Fund Expenditures ............................................................................................................................. 21
Budget Comparison ....................................................................................................................................... 23
Functional Organization Chart ....................................................................................................................... 24
Draft Budget Ordinance ................................................................................................................................ Error! Bookmark not defined.
Budget and Amendment Process ................................................................................................................ 26
Budget Calendar ............................................................................................................................................. 27
Glossary of Terms .......................................................................................................................................... 27
June 3, 2021

Alliance Board Members,

We are pleased to share with you our FY22 recommended budget for your approval.

This budget reflects a few changes from the recommended budget that was presented to you on May 6th. To summarize, changes were made in the following areas:

- The total budget increased by $800K
- Medicaid increased by $1.5M due to a change in the COVID add on
- Local funding increased by $800K due to adjustment in county budgets
- Administrative funds decreased by $1.5M due to a change in the COVID add on

The budget reflects our commitment to quality services, financial sustainability, and a strong provider network in a constant changing healthcare landscape. As the environment continues to change related to the COVID-19 global pandemic and tailored plan preparation we will evaluate the budget throughout the year and provide updates as needed.

Thank you for your participation during the budget process. We appreciate your guidance and dedication to our members.

Best Regards,

Rob Robinson
Chief Executive Officer
Reader’s Guide

FY 2021 - 2022 is the tenth annual budget presented for Alliance Health (Alliance). This section is provided to help the reader understand the budget by explaining how the document is organized. This document details the budget for fiscal year 2021-2022 for Alliance’s administrative and service operations covering Cumberland, Durham, Johnston and Wake counties. The budget year begins July 1, 2021 and ends June 30, 2022. The document will show how the funds are allocated and how they will be spent.

Alliance Health LME/MCO will have one fund called the General Fund. The General Fund will account for all administrative and service operations and will be divided into functional areas for Administration, Medicaid Services, State Services, Local Services, and Grant Funds, when applicable.

Revenues and Expenditures of the General Fund
The categories of the revenue and expenditures are the same. They include the following:

Administration
Alliance Health is administratively funded through a combination of the Medicaid waiver, state LME allocation, and county administrative contribution.

Alliance began the management of Medicaid services under a waiver according to Session Law 2011-264 House Bill 916 on February 1, 2013. These funds refer to the administration dollars allocated under a contract with the NC Division of Medical Assistance, now referred to the Division of Health Benefits. The funds are allocated based on a per member per month (PMPM) basis. The members per month budgeted are based on historical experience and projections.

The NC Division of Mental Health, Developmental disabilities, and Substance Abuse services (NC DMH) continue to allocate funds to administer state and federal block grant dollars for the purposes of serving the non-Medicaid population.

Cumberland, Durham, and Wake counties allocate 1% of the county dollars in administrative support for the management of their dollars in serving consumers in their respective county.

Miscellaneous
This category is to account for any funds received during the fiscal year that do not fall into one of the above mentioned categories and are not significant enough to require their own category. The funds roll up into the Administrative budget.

Medicaid Services
Alliance Health began the management of Medicaid services under a waiver according to Session Law 2011-264 House Bill 916 on February 1, 2013. These funds refer to the dollars allocated under the contract with the NC Division of Medical Assistance, now referred to the Division of Health Benefits, to provide services to Medicaid enrollees of Cumberland, Durham, Johnston, and Wake counties.
State Services
These funds represent state allocated dollars for Cumberland, Durham, Johnston, and Wake communities to provide services for non-Medicaid citizens with mental health, intellectual/developmental disabilities and substance abuse needs. The funds include Federal Block Grant dollars as allocated from the NC DMH.

Local Services
These funds represent the Cumberland, Durham, and Wake county allocations to Alliance to provide services for citizens with mental health, intellectual/developmental disabilities, and substance abuse needs in their respective counties.

Grants
When applicable, grant funds are those that are specified for a particular project or program.

Draft Budget Ordinance
A draft budget ordinance is being included for informational purposes.

Additional Information
The basis of accounting and budgeting for Alliance Health is modified accrual per G.S. 159-26. This means that revenues are recorded in the time period in which they are measurable and available. Revenues are recognized when they are received in cash. Expenditures are recognized in the period when the services are received or liabilities are incurred.

This document was prepared by Alliance Health Business Operations and is available online at www.alliancehealthplan.org. If further information is needed, please contact Kelly Goodfellow, Executive Vice President/CFO, at 5200 W. Paramount Parkway, Suite 200 Morrisville, NC 27560 or by email at kgoodfellow@alliancehealthplan.org.
## Alliance Demographic Information

### ALLIANCE REGIONAL POPULATION DATA

<table>
<thead>
<tr>
<th>County</th>
<th>Population</th>
<th>Medicaid Eligible</th>
<th>Medicaid %</th>
<th>Medicaid Served</th>
<th>Non-Medicaid Served</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cumberland</td>
<td>335,509</td>
<td>81,877</td>
<td>24.40%</td>
<td>13,239</td>
<td>2,888</td>
<td>16,127</td>
</tr>
<tr>
<td>Durham</td>
<td>321,488</td>
<td>51,175</td>
<td>15.92%</td>
<td>7,921</td>
<td>3,372</td>
<td>11,293</td>
</tr>
<tr>
<td>Johnston</td>
<td>209,339</td>
<td>36,965</td>
<td>17.66%</td>
<td>5,091</td>
<td>1,748</td>
<td>6,839</td>
</tr>
<tr>
<td>Wake</td>
<td>1,111,761</td>
<td>117,161</td>
<td>10.54%</td>
<td>15,412</td>
<td>7,386</td>
<td>22,798</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,978,097</strong></td>
<td><strong>287,178</strong></td>
<td><strong>14.52%</strong></td>
<td><strong>41,663</strong></td>
<td><strong>15,394</strong></td>
<td><strong>57,057</strong></td>
</tr>
</tbody>
</table>

Based on 2019 Statistics, US Census Bureau

### PERSONS SERVED BY AGE AND DISABILITY

#### BASED ON CLAIMS PAID BY MEDICAID AND IPRS

<table>
<thead>
<tr>
<th>Age Group</th>
<th>County</th>
<th>MH</th>
<th>SA</th>
<th>IDD</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Child/Youth (ages 3-17)</td>
<td>Cumberland</td>
<td>5,543</td>
<td>54</td>
<td>552</td>
<td>6,149</td>
</tr>
<tr>
<td></td>
<td>Durham</td>
<td>3,381</td>
<td>35</td>
<td>350</td>
<td>3,766</td>
</tr>
<tr>
<td></td>
<td>Johnston</td>
<td>2,131</td>
<td>24</td>
<td>196</td>
<td>2,351</td>
</tr>
<tr>
<td></td>
<td>Wake</td>
<td>6,533</td>
<td>101</td>
<td>767</td>
<td>7,401</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>17,588</strong></td>
<td><strong>214</strong></td>
<td><strong>1,865</strong></td>
<td><strong>19,667</strong></td>
</tr>
<tr>
<td>Adult (ages 18+)</td>
<td>Cumberland</td>
<td>8,081</td>
<td>2,049</td>
<td>754</td>
<td>10,884</td>
</tr>
<tr>
<td></td>
<td>Durham</td>
<td>5,447</td>
<td>2,166</td>
<td>837</td>
<td>8,450</td>
</tr>
<tr>
<td></td>
<td>Johnston</td>
<td>3,677</td>
<td>833</td>
<td>366</td>
<td>4,876</td>
</tr>
<tr>
<td></td>
<td>Wake</td>
<td>11,650</td>
<td>3,348</td>
<td>1,954</td>
<td>16,952</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>28,855</strong></td>
<td><strong>8,396</strong></td>
<td><strong>3,911</strong></td>
<td><strong>41,162</strong></td>
</tr>
</tbody>
</table>

### PROVIDER BREAKDOWN

<table>
<thead>
<tr>
<th>Organization Type</th>
<th>Provider Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agencies</td>
<td>256</td>
</tr>
<tr>
<td>Hospital/Residential Treatment Facilities</td>
<td>41</td>
</tr>
<tr>
<td>Licensed Professionals</td>
<td>2,386</td>
</tr>
<tr>
<td>Outpatient Practices</td>
<td>215</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2,898</strong></td>
</tr>
</tbody>
</table>
Division Information

Clinical Operations Division
Clinical Operations at Alliance Health is a data-informed, collaborative effort that identifies and addresses the full range of medical, functional, social, emotional, and environmental needs across all populations in order to improve health outcomes by focusing on prevention and person-directed care. The Clinical Operations Division is comprised of three teams and receives clinical oversight form the Chief Medical Officer.

Brief Description of Department and Units
- Utilization Management (UM) is responsible for authorizing behavioral health, Intellectual and Developmental Disability and Traumatic Brain Injury (BH, IDD and TBI) services and monitoring individuals during an episode of care. Activities include monitoring utilization of services authorized, reviewing effectiveness of treatment interventions and making recommendations to improve the effectiveness of individual treatment plans.
- Care Management (CM) is responsible for working with specific high-risk populations identified within the waiver contract and priority populations that have been identified by Alliance, including individuals discharging from inpatient and those identified by advanced data analytics to be at risk for higher levels of services. Care Management assesses individual service and social determinants of health support needs, links individuals to both services and supports and helps eliminate barriers that allow individuals to live as successfully as possible within the community.
  - MH/SUD Care Management is focused on supporting the needs of individuals with serious and persistent mental illness. Their scope is expanding to include members with co-occurring physical health conditions that may complicate their recovery journey. Part of the MH/SUD Care Management program is the Transition to Community Living Settlement (TCLI) agreement. In reach support specialists, Diversion specialists, and Transition Coordinators all assist members with moving from institutional care settings including state psychiatric hospitals and community-based adult care homes into supportive housing with individualized services to support their recovery while living in the communities of their choice.
  - IDD Care Management is responsible for working with individuals on the Innovations waiver, as well as those needing short-term coordination of state-funded IDD supports. IDD Care Management educate members about the Innovations waiver, their options of providers, and facilitate the individual plan of care for the Innovations waiver services Liaisons assist with transition support when individuals are wanting to move to the community from long term care facilities like community and state operated ICF-IID facilities. IDD Care Management helps individuals identify the services and supports they need to live the lives they want in the community. TBI Care Management is responsible for working with individuals who are identified as eligible for the TBI Medicaid Waivers. Similar to the IDD Care Management scope of work, TBI Care Management assess member needs, provide education about waiver services and network provider options, and facilitate development of plans of care. In
addition, TBI Care Management provide additional face-to-face support to the population through the waiver enrollment process when the need for this support is identified. These waivers are a pilot unique to Alliance and so additional recommendations regarding workflow development and policy require input from the Care Management teams working directly with members.

- The Medical Team provides guidance and oversight of clinical services including authorization of services, clinical operations and overall clinical direction. The team is responsible for maintaining the clinical integrity of the program, including concurrent reviews of inpatient and rehabilitation services; provision of oversight to utilization management and quality staff; oversight of the Credentialing Program; providing medical/clinical support for care management units and the Access to Care unit; and consultation to providers and other community-based clinicians, including general practitioners. The Medical Team conducts medical necessity review and recommendations, service denial reviews, grievance issues, medication reviews, and develops clinical best practices guidelines in collaboration with regional experts. The Medical Team is comprised of the Chief Medical Officer, two Associate Medical Directors, a Pharmacist, a Senior Psychologist, the Senior Director of Integrated Care, and one Registered Nurse.

**Accomplishments for FY21**

- Pharmacy Benefit Manager (PBM) selection. With the aid of Pharmaceutical Strategies Consulting group, Alliance offered a national Request for Proposals to select a PBM prior to submission of the Tailored Plan RFA. With approximately one year of review and deliberation, Alliance selected a PBM partner for Tailored Plan.

- Refinement of the Alliance Complete Care model to prepare the Care Management department for added complexity of Tailored Care Management. By engaging with national consultants, Alliance embarked on a detailed review of existing implementation of team-based care management within the IDD pilot, survey of staff satisfaction with Complete Care, and benchmark against national models. The Alliance Complete Care model was refined and simplified based on this review with plans for implementation in FY22.

- Physical Health Utilization Management roadmap. Alliance developed a strategy for development of a physical health UM process. After review of best practices and an internal strengths assessment, Alliance was able to create a UM plan that would build specific UM services within Alliance while outsourcing some UM services to our physical health partner.

- Improvement in TCLI housing statistics. After being unable to meet benchmarks for housing and continuing to experience a steady stream of separations in FY20, Alliance was able to consistently meet and exceed housing benchmarks in the TCLI program in FY21. New staff in TCLI and temporary reassignment of leadership were positive factors in this outcome.

- Tailored Plan RFA submission. Approximately 25% of the Tailored Plan RFA responses were primarily written by members of the Medical, Care Management, and Utilization Management teams. Greater than 50% of RFA response teams included members of Clinical Operations. Clinical Operations Members were represented at all levels of key decision-making for RFA response strategy.
Summary of Goals and Objectives for FY22

- Tailored Plan implementation. The Clinical Operations Division, with collaboration from departments across the organization, will implement key Tailored Plan elements in FY22 in preparation for July 1, 2022 Go Live. These elements include, but are not limited to, PBM, Clinical Decision Support Tool for physical health UM, delegation agreements with our physical health partner for CM and UM, and a Value-Added Benefit program. Conversion of Alliance Care Management (MHSUD and IDD) into team-based care using the refined Alliance Complete Care model.

- Hiring key personnel for Tailored Plan RFA including: Deputy Chief Medical Officer (a primary care-trained clinician), Senior Vice President of Care Management and Population Health, Pharmacy Director, Senior Clinician for IDD/TBI, and physical health UM employees.

Further deployment of the child crisis continuum. In conjunction with Provider Networks, Alliance Care Management will support the utilization of a facility-based crisis center for youth, implementation of additional Level III group homes for children in crisis, and application of a mobile crisis team for children.

Network and Community Health Division

The role of the Network and Community Health Division is to develop an integrated system of services and community supports to address the unique needs of Alliance members. The Division establishes strategic partnerships with an array of health care providers, social support agencies and community partners to create an accessible system of care. The Division consists of two departments, Community Health and Well-being and Provider Networks.

Brief Description of Department and Units

- The Provider Network Department is responsible for developing and maintaining a network of high-quality behavioral health, Intellectual and Developmental Disability and Traumatic Brain Injury service and support providers. The Department continuously reviews and evaluates the provider network for accessibility, quality of services, adherence to contract requirements, standards of care and performance, while ensuring a full array of providers is available to meet the needs of our service recipients. It also is responsible to ensure the quality of all Alliance services by reviewing program outcomes and evaluating program effectiveness. Through an array of supports to providers, Provider Networks can promote optimal treatment outcomes for our members. The Department actively promotes, develops and implements alternative payment models/value-based contracting models to improve member outcomes, increase provider efficiency and incentivize overall quality. The Department is comprised of four sections:
  - Provider Network Operations has three components:
    - Provider Network Development recruits and maintains a network that complies with adequacy and accessibility standards. The section serves as liaisons to providers including managing the communication and dissemination of information to the community of providers, developing and reviewing provider contract scopes of work, and providing or arranging for technical assistance for currently enrolled providers.
    - Credentialing assures that all providers in the Alliance network meet agency, State, Federal and accreditation requirements and that
credentialing information is reviewed and tracked for continuous and timely review.

- *Contracts* is responsible for the timely development and distribution of all contracts, amendments, and extensions and ensures coordination of administrative activities including official correspondence with providers, provider education and liaison, and administration of provider contracts.

  o **Provider Evaluation**
    - Monitoring of providers
    - Collect and analyze provider outcome data
    - Evaluate service and program effectiveness
    - Produce reports and analysis to better manage the provider network and provide information to providers to support quality improvement
    - Support value-based contracting efforts and evaluate models

  o **Strategic Initiatives and Special Projects** manages the following functions and initiatives:
    - Community Needs Assessment and Network Development Plan
    - New Service Definitions
    - Special Provider Initiatives
    - Provider Collaboratives
    - Requests for Proposals
    - Hospital Relations
    - Value-Based Contracting

  o **Practice Transformation**
    - Assesses provider capacity to provide integrated care and participate in alternative payment arrangements
    - Shares and reviews clinical and administrative data with providers to inform provider quality management processes
    - Works with providers to achieve desired member outcomes and help providers reach quality measure targets
    - Share gaps in care and practice information with providers, including scorecards, on priority Alliance measures

- **Community Health and Well-Being (CHWB)** is one of the most varied and diverse departments within Alliance. Recognizing that a local and visible presence is essential to building and sustaining partnerships critical to meeting organizational outcomes, the CHWB teams take an innovative approach to improving the systems that support the effectiveness of services. Teams are continually assessing system and service gaps from multiple vantage points including co-location within other systems, outreach activities to member, stakeholders and advocates, and hosting community collaborative and workgroups. Utilizing a System of Care (SOC) framework, CHWB focuses on the strengths and vulnerabilities of complex public systems, treatment of the “whole person,” and system transformation to improve policy, shared funding, collaboration and best practices. Recognizing that social determinants of health (i.e. homelessness, poverty/inequality, health literacy and lack of education/employment) are key drivers of health care costs, CHWB often plays a tangential role to the MCO functions - improving the environments in which people live increases
engagement and retention in services, overall health and wellness, and more meaningful and productive lives that promote recovery.

Accomplishments for FY21

- Implemented successful shared-savings payment model
- Developed and launched Practice Transformation program
- Expanded use of Peer Supports to engage members in care and support members in COVID and quarantine shelters
- Initiated physical health care recruiting plan and have secured Letters of Intent from two health systems, several independent practices and Carolina Community Physicians Network which covers the care of over 5000 of our future tailored plan members
- Developed a provider model for Provider-Led Care Management and launched a Care Management Learning Collaborative for providers interested in providing tailored plan care management
- Implemented Provider-Led Care Management Pilot
- Implemented second Bridge Housing Program
- Developed and implemented COVID Shelter for High Risk Homeless Alliance Members
- Launched Transitional Recovery Program as part of the Adult Mental Health Residential Redesign
- Implemented a provider training and support program aimed at improving provider ability to support individuals in permanent supportive housing
- Implemented Adult Community Inclusion Teams
- Launched HealthCrowd, a member health engagement program, reaching 6,940 of our Tailored Plan eligible members who have opted in to receive targeted educational text messages related to their health and wellness.

Summary of Goals and Objectives for FY22

- Contract with sufficient number of primary care and specialty care providers to meet future network adequacy standards
- Continue to support provider-led care management to ensure that at least 50% of care management can be provided by Care Management Agencies (CMAs) and Advanced Medical Home Plus (MH+) providers by Tailored Plan Go Live
- Buildout Practice Transformation Team
- Enter into performance-based contracts with inpatient providers
- Launch Residential Episode of Care alternative payment model
- Expand service options for youth with complex needs in Department of Social Services (DSS) custody
- Expand Community Inclusion Teams and planning process to Care Teams and Supportive Housing programs
- Complete Social Determinants of Health Comprehensive Strategy
- Continued expansion of Recovery Oriented System of Care and Community Living re-design
- Conduct return on investment review of new housing programs
Business Operations Division

The Business Operations Division is responsible for the oversight and management of Alliance’s financial accountability relating to budgeting, claims, auditing and financial analysis. In addition, the Division serves to oversee the functionality, comfort, safety, and efficiency of our built and leased buildings.

Brief Description of Department and Units

- The Claims Department is responsible for the monitoring and review of all claims processing for all funding sources, analysis of paid and denied claims, special Emergency Department claim review, etc. The team consists of Claim Research Analysts that assist providers daily on basic billing, work on denials and claims analysis, encounter claim submission, and large projects.

- The Financial Operations Department is responsible for planning, organizing, auditing, accounting for and controlling the Organization’s finances. The Department is comprised of four units:
  - **Accounting** is responsible for the Organization’s financial transactions, financial reporting, adherence to Generally Accepted Accounting Principles (GAAP), ensuring adequate and effective internal controls, cash receipts, and processing payroll.
  - **Budget and Financial Analysis** is responsible for the development and monitoring of the Alliance budget and analyzing budget to actual at both the administrative and service level. The team in this unit are also responsible for the review and analysis of Medicaid dollars to include Per Member Per Month (PMPM) spending by category of service and aid, budget vs. actual, individual provider or service trends, etc. Responsibility also includes rate setting for programs, services, and providers.
  - **Accounts Payable** is responsible for ensuring all providers and vendors are paid accurately and timely.
  - **Purchasing** is responsible for ensuring all administrative purchases are made in accordance with applicable laws and procedures as well as meet the purchasing needs of the Organization.

- The Facilities Department is responsible for maintaining property, buildings, equipment, and other environments that house personnel, inventory, and other elements of operations including Crisis Centers.

Accomplishments for FY21

- Engaged Financial consultant to assess gaps and needs in Medical Cost Management, reporting and staff in preparation for the Tailored Plan
- Increased Obtained new auditors through a competitive bid process to ensure regular rotation of auditors
- Prepared to implement new financial software to improve financial reporting, department automation and efficiency
- The legislatively required semi-annual audits for September 2019 through February 2020 and March 2020 through August 2020 had average high scores higher than 99% in timeliness of provider payment, claims processing accuracy, and financial accuracy.
• Through a cross departmental collaborative approach, reviewed over 125 physical health Medicaid Clinical Coverage Policies in an effort to increase education, improve claims processing in the Alliance Claims System, and identify gaps all in preparation for the Tailored Plan
• Completed a multiple phase renovation at the Cumberland Recovery Response Center

Summary of Goals and Objectives for FY22
• Implementation of recommendations from Financial Consultant to improve operations and ensure readiness for the Tailored Plan
• Continue focus on implementation of the new financial software to ensure we are using the system to its full potential
• Using the results of the Clinical Coverage Policy review, evaluate processes to determine modifications and efficiencies needed in the Alliance Claim System for Tailored Plan efforts.
• Focus on education and cross training for staff related specifically to physical health claims and new vendor relationships
• Facilities Department will assist in coordinating efforts to return staff back to the office in accordance with health and safety guidelines

Organizational Performance Division
The Organizational Performance division’s primary focus is on driving and supporting the infrastructure requirements of the other divisions within the organization. The goal is to maximize the organization’s performance and achieve operational excellence. This is accomplished through the alignment of divisional departments including Communications, Project Portfolio Management, Government Relations, Access Center, Quality Management, Information Technology and Analytics.

Brief Description of Department and Units
• The Project Portfolio Management Office (PPMO) is chartered to manage the Alliance portfolio of Strategic Initiatives. This supports leadership's need to closely manage investment funds, staff resources, and business priorities in an effort to tightly manage projects that affect the strategy, health, and profitability of the company.
• The Alliance Communications Unit has oversight of all internal and external organizational communications to multiple stakeholders within our catchment area. This broad scope of work includes all organizational marketing development and production, organizational branding efforts, content maintenance of a complex website and highly regarded social media program.
• The Access and Information Center (the Alliance 24/7 call center) links consumers to a range of services in the community and ensures that callers in need of crisis services are provided with timely access and follow-up. In addition to screening and referral activities, the call center provides information to general healthcare providers, Community Care of NC plans and to crisis providers to help coordinate the care of consumers needing routine services or during an after-hours crisis. It handles general information requests for Alliance as well.
• Quality Management (QM) is responsible for creating a culture of continuous quality improvement across Alliance and assuring quality within the agency. Quality Management has four teams:
  o **Quality Improvement** oversees our Quality Improvement Projects (QIPs); performs quality reviews to identify opportunities for improvement; and develops quality management standards and training.
  o **Data and Reporting** assists Alliances departments with developing operational metrics to focus on effective and efficient work; develops and validates reports for Alliance management, committees and the state; facilitate the completion and analysis of network-wide surveys to identify strengths and opportunities.
  o **Grievances, Appeals and Incidents** investigates and resolves incidents and complaints; ensure members appeals are appropriately handled, and analyzes data related to individual-level concerns to ensure that Alliance responds effectively to issues and trends.
  o **Accreditation** ensures that Alliance meets National Committee for Quality Assurance (NCQA) accreditation requirements by conducting gap analyses and serving as an internal consultant to assist business owners in closing any identified gaps.

• The Information Technology (IT) Department is comprised of five distinct teams:
  o **Application Development and Quality Engineering** is responsible for internal application development and support, including SharePoint and the corporate Intranet. Manages all quality assurance and user acceptance testing and documentation, including the AlphaMCS system. Manages database security, file downloads, and IT Project Management.
  o **Core Systems Development** is responsible for software development and support of the Alliance Claims System, including the transition of the software to allow processing of Physical Health claims for the Tailored Plan implementation.
  o **Product Management and Support** provides support for the AlphaMCS system hosted by WellSky and management of Alliance configuration services for the JIVA – Population Health/Care Management platform.
  o **Data Analytics/Business Intelligence** is comprised of the business intelligence and data science teams, this group is responsible for the engineering and management of the Alliance Enterprise Data Warehouse and the utilization of the key software platforms of Microsoft SQL Server, and MicroStrategy. They are additionally responsible for developing and deploying data actionable reports, dashboards and other data products to meet the advanced analytics and other informational needs of the organization.

• Government Relations objectives are to interpret and influence this shifting policy landscape and support Alliance’s organizational strategic planning through deliberate legislative policy planning, purposeful outreach to key stakeholders, and focused monitoring and analysis of policies affecting the organization. Alliance is operating in a changing and often uncertain healthcare landscape in North Carolina. This uncertainty demands that we plan for and develop the ability to adapt to various potential policy scenarios that will dictate our existence into the future.
Accomplishments for FY21

- IT leadership and development to successfully transition from AlphaMCS to the Alliance Claims System (ACS)
- QM leadership and oversight to successfully submit application for NCQA Managed Behavioral Health Organization (MBHO) accreditation
- Project management leadership and support to plan, prepare and submit RFA application for tailored plan
- Access Department took multiple steps to improve member’s experience including: post-call surveys, increased cross departmental training, developed virtual staff training, changed performance expectations around call duration and implemented a new policy that commits staff to manage our members’ calls without being transferred or waiting for a return call.
- Government Relations successfully advocates for the State’s continuing support of the Medicaid Transformation pathway to fully integrate healthcare for people with IDD and those experiencing serious mental illnesses and Substance Use Disorders through Behavioral Health and IDD Tailored Plans established by LME/MCOs.

Summary of Goals and Objectives for FY22

- ACS will be upgraded to successfully process physical health claims
- Standard Plan behavioral health crisis lines will be successfully implemented Q1 FY 22
- Organizational Performance tailored plan contract readiness deliverables will be met
- Communications department will collaborate across the organization to plan and execute a major website overhaul to include meeting accessibility standards
- QM department to automate the delivery of provider Healthcare Effectiveness Data and Information Set (HEDIS) measure scorecards through the use of a HEDIS vendor by Q2 FY 22.

Office of Compliance Division

Brief Description of Department and Units

The Alliance Office of Compliance focuses on the prevention, detection and correction of identified violations of federal and state laws and regulations, and fraud control and unethical conduct, and encourages an environment where employees can report compliance concerns without fear of retaliation. It includes sixteen employees in the Special Investigations Unit and Claims Audit Unit, which together make up the Program Integrity Department, and the Corporate Compliance Unit, which also includes Health Information.

Accomplishments for FY21

- Q1-Q3: Initiated 45 new fraud and abuse investigations, referred 13 suspected fraud cases to NC Medicaid Office of Compliance and Program Integrity (OCPI), and identified $920,000 in overpayments. 100% of investigations were started and referred to OCPI timely.
- Q1-Q3: Audited 70,000 claim lines of random adjudicated claims in addition to weekly inpatient, ED and ad hoc audits.
- Conducted internal investigations and developed remediation plans where applicable, monitored remediation plans to ensure successful implementation. Completed 100% of investigations in 30 days.
• Conducted internal audits, monitoring activities and quarterly telecommuting monitoring. Responded to delegation audits and provided support to external audits. Developed and implemented an External Audit Response Playbook. Put in place a dedicated Internal Audit Department to build out capacity for increased audit demands.
• Q1-Q3: Processed over 10,000 records requests whereof 1,600 required a release or other response. Destroyed certain records that met retention and engaged vendor to scan administrative and abandoned provider records.

Summary of Goals and Objectives for FY22
• Assist the organization in developing operational policies to replace certain Board approved policies and developing operational policies and procedures to meet requirements of the BH I/DD Tailored Plan contract prior to readiness reviews. Utilize existing system with newly enhanced functions to announce and track the organization’s compliance with new and revised policies and procedures.
• Develop and execute pre-delegation audits that meet NCQA, Utilization Review Accreditation Commission (URAC) and State requirements of at least five delegated subcontractors before Tailored Plan go live.
• Develop a BH IDD Tailored Plan Fraud Prevention Program to promote program integrity through internal controls, policies, and procedures that are designed to prevent, detect and report known, potential or suspected fraud and abuse activities.
• Redesign the compliance-training program by enhancing the training library with short, engaging and entertaining compliance content designed to drive change.
• Develop, implement, and monitor interoperability policies and processes to meet legal obligations and needs of members, providers and other stakeholders. Update the Notice of Privacy Practices, privacy, security, and data protection policies and procedures and develop a Security Compliance Plan to comply with regulatory changes and BH IDD Tailored Plan requirements.

Human Resources Division

Brief Description of Department and Units
The primary focus of Alliance’s Human Resources Department is its people; recruiting, developing, training and retaining a talented diverse workforce. The main areas include Benefits Administration, Employee Relations and Policy Administration, Compensation and Classification, Talent Management, and Organizational Development and Learning (ODL). Together, the staff within the HR department address the various needs of both internal and external customers, often serving as an initial face of Alliance. Organization committees developed by Alliance staff work in tandem with the HR and ODL teams to promote a culture of self-improvement, employee engagement, and staff appreciation, and to move the organization closer to becoming an employer of choice.

Accomplishments for FY21
• Implemented Employee Referral Program for staff to refer applicants for open positions
• Revised Alliance Internship process to be a more formal and structured process
• Evaluated and selected a new benefits broker who will provide more in-depth support, guidance, and information regarding Alliance benefits
• Completed a full compensation survey for the organization which included updated classification descriptions, changes in classifications, and position titles for select positions and salary adjustments for a majority of Alliance staff
• Relaunched the Affinity Resource Groups (ARG) and created five new groups to foster inclusive work environment
• Launched Crucial Conversations eLearning and the Civil Treatment for Employees at eLearning
• All staff virtually attended the Racial Equity Institute’s Groundwater Approach training
• Partnered with a consultant and completed an extensive Diversity Equity and Inclusion project to enhance internal and external cultural competency

Summary of Goals and Objectives for FY22

• Implement workflows in UKG (payroll software) to allow supervisors to initiate certain employee changes (i.e. supervisor change, compensation change, etc.
• Revise and distribute updated Employee Handbook
• Recruit and hire additional staff required for Tailored Plan operations
• Create additional leadership trainings for HR topics including employee relations (disciplinary actions, leave conversations, etc.) and recruiting
• Develop and implement the training curriculum for internal staff and providers as required for Tailored Plan operations
• Develop and launch Tailored Plan Summit and Tailored Plan Academy
## General Fund Revenues
### FY2021-2022 Recommended Budget
### Total General Fund Revenues: $573,948,623

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administrative</td>
<td>$ 61,930,518</td>
</tr>
<tr>
<td>Medicaid Services</td>
<td>419,996,3222</td>
</tr>
<tr>
<td>Alliance</td>
<td></td>
</tr>
<tr>
<td>State</td>
<td>33,808,881</td>
</tr>
<tr>
<td>Federal</td>
<td>4,733,224</td>
</tr>
<tr>
<td>Cumberland</td>
<td></td>
</tr>
<tr>
<td>State</td>
<td>2,404,911</td>
</tr>
<tr>
<td>Federal</td>
<td>75,430</td>
</tr>
<tr>
<td>Local</td>
<td>4,790,720</td>
</tr>
<tr>
<td>Durham</td>
<td></td>
</tr>
<tr>
<td>State</td>
<td>4,979,179</td>
</tr>
<tr>
<td>Federal</td>
<td>515,239</td>
</tr>
<tr>
<td>Local</td>
<td>6,325,907</td>
</tr>
<tr>
<td>Johnston</td>
<td></td>
</tr>
<tr>
<td>State</td>
<td>1,288,158</td>
</tr>
<tr>
<td>Federal</td>
<td>20,000</td>
</tr>
<tr>
<td>Wake</td>
<td></td>
</tr>
<tr>
<td>State</td>
<td>3,590,807</td>
</tr>
<tr>
<td>Federal</td>
<td>847,090</td>
</tr>
<tr>
<td>Local</td>
<td>27,967,237</td>
</tr>
<tr>
<td>Grants</td>
<td>175,000</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>500,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 573,948,623</strong></td>
</tr>
</tbody>
</table>
General Fund Revenues
FY2021-2022 Recommended Budget
Total General Fund Revenues: $573,948,623

- Administration: $61,930,518 (11%)
- Medicaid: $419,996,322 (73%)
- State: $52,262,919 (9%)
- Local: $500,000 (0%)
- Grant Services: $52,262,919 (9%)
- Miscellaneous: $175,000 (0%)

Total General Fund Revenues: $573,948,623
# General Fund Expenditures

FY2021-2022 Recommended Budget

**Total General Fund Expenditures:** $573,948,623

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administrative</td>
<td>$61,930,518</td>
</tr>
<tr>
<td>Medicaid</td>
<td>419,996,322</td>
</tr>
<tr>
<td>State</td>
<td>52,262,919</td>
</tr>
<tr>
<td>Local</td>
<td>39,083,864</td>
</tr>
<tr>
<td>Grant Services</td>
<td>175,000</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>500,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$573,948,623</strong></td>
</tr>
</tbody>
</table>
General Fund Expenditures
FY2021-2022 Recommended Budget
Total General Fund Expenditures: $573,948,623

- Administrative: $62,430,518 (11%)
- Services: $511,518,106 (89%)

Administrative Services
## Budget Comparison

<table>
<thead>
<tr>
<th></th>
<th>FY21 Amended</th>
<th>FY22</th>
<th></th>
<th>FY21 Amended</th>
<th>FY22</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Administrative</strong></td>
<td>$ 70,466,960</td>
<td>$ 61,930,518</td>
<td><strong>Administrative</strong></td>
<td>$ 85,653,413</td>
<td>$ 61,930,518</td>
</tr>
<tr>
<td><strong>Medicaid Services</strong></td>
<td>481,986,787</td>
<td>419,996,322</td>
<td><strong>Medicaid Services</strong></td>
<td>489,688,922</td>
<td>419,996,322</td>
</tr>
<tr>
<td><strong>Alliance</strong></td>
<td>78,543,762</td>
<td>52,262,919</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>State</strong></td>
<td>36,590,044</td>
<td>33,808,881</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Federal</strong></td>
<td>24,682,686</td>
<td>4,733,224</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Local</strong></td>
<td>4,790,720</td>
<td>4,790,720</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Durham</strong></td>
<td>3,583,743</td>
<td>2,404,911</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>State</strong></td>
<td>5,075,214</td>
<td>4,979,179</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Federal</strong></td>
<td>680,041</td>
<td>515,239</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Local</strong></td>
<td>6,310,489</td>
<td>6,325,907</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Johnston</strong></td>
<td>1,357,662</td>
<td>1,288,158</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>State</strong></td>
<td>20,000</td>
<td>20,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Federal</strong></td>
<td>4,079,186</td>
<td>3,590,807</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Local</strong></td>
<td>1,400,056</td>
<td>847,090</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Grants</strong></td>
<td>27,136,433</td>
<td>27,967,237</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Miscellaneous</strong></td>
<td>175,000</td>
<td>175,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Fund Balance</strong></td>
<td>500,000</td>
<td>500,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>$ 692,798,739</td>
<td>$ 573,948,623</td>
<td><strong>TOTAL</strong></td>
<td>$ 692,798,739</td>
<td>$ 573,948,623</td>
</tr>
</tbody>
</table>
WHEREAS, the proposed budget and budget message for FY 2021 - 2022 was submitted to the Alliance Health Area Board on May 6, 2021 by the Budget Officer; was filed with the Executive Secretary to the Board;

WHEREAS, on June 3, 2021, the Alliance Health Area Board held a public hearing pursuant to NC G.S. 159-12 prior to adopting the proposed budget;

BE IT ORDAINED by the Alliance Health Area Board that for the purpose of financing the operations of Alliance Health, for the fiscal year beginning July 1, 2021 and ending June 30, 2022, there is hereby appropriated funds the following by function:

Section 1: General Fund Appropriations
Administration $ 61,930,518
Medicaid Services $ 419,996,322
State Services $ 52,262,919
Local Services $ 39,083,864
Grant Services $ 175,000
Miscellaneous $ 500,000
TOTAL $ 573,948,623

Section 2: General Fund Revenue
Administration $ 61,930,518
Medicaid Services $ 419,996,322
State Services $ 52,262,919
Local Services $ 39,083,864
Grant Services $ 175,000
Miscellaneous $ 500,000
TOTAL $ 573,948,623

Section 3: Authorities
A. The LME/MCO Board authorizes the Budget Officer to transfer $25,000 or less between appropriations without prior approval.
B. Subject to the prior written approval from the Chief Executive Officer, transfers between appropriations of $25,001 - $100,000 per transaction, may be made if allowed by the funding source subject to a report to the Board Finance Committee at its next scheduled meeting. The report to the finance committee shall contain the reason and justification for the transfer. Consistent with N.C.G.S. §159-15, the Finance Committee will report these transfers to the Board at its next regular meeting for information and entry into the minutes.
C. The CEO may enter into the following within budgeted funds:
   1. Form and execute grant agreements within budgeted appropriations;
   2. Execute leases for normal and routine business;
   3. Enter into consultant, professional, maintenance, provider, or other service agreements;
   4. Approve renewals for of contracts and leases;
   5. Purchase of apparatus, supplies, materials or equipment and construction or repair work;
   6. Reject any and all bids and re-advertise to receive bids.
**Budget and Amendment Process**

**Overview**
The purpose of the budget and amendment process is to ensure that public dollars are spent in the manner as intended and in an effort to meet the needs of the citizens in relation to mental health, intellectual/developmental disabilities, and substance abuse needs. Through the budget, Alliance Health aims to fulfill its mission as granted by NC G.S. 122-C.

**Governing Statutes**
Alliance Health abides by the North Carolina Local Government Budget and Fiscal Control Act. It is the legal framework in which all government agencies must conduct their budgetary processes. NC G.S. 159 provides the legislation which includes several key dates such as:
- 159-10 - By April 30, Departments must submit requests to the Budget Officer
- 159-11(b) - By June 1, the Recommended Budget must be submitted to the Board
- 159-12(b) - A public hearing must be held
- 159-13(a) - From 10 days after submitting to the Board, but by July 1, a balanced budget must be adopted

**Budget Process**
FY 2021-2022 is the tenth recommended budget representing Alliance Health as a multi-county Area Authority. The budget represents services for Cumberland, Durham, Johnston and Wake counties.

The administrative budget for this fiscal year was driven by our Per Member Per Month (PMPM) rate, FY22 projected costs, FTE positions, Department of Health and Human Services contract requirements, and costs related to the operating the Medicaid waiver.

The Medicaid service budget was created based on historical experience and projections into the next fiscal year. Alliance will review the need for a budget amendment if the projection of lives has changed based on payments received.

The State and Local services budget was developed by gathering service information for each area based on the claims trends and information from staff. The FY22 allocations and benefit packages were reviewed and staff worked together to ensure all services were appropriately planned to be consistent with current services.

**Amendment Process**
The budget ordinance is approved at a function/appropriation level. The Budget Officer is authorized to transfer budget amounts $25,000 or less between appropriations without prior approval. Subject to the prior written approval form the Chief Executive Officer (CEO), transfers between appropriations of $25,001 - $100,000 per transaction, may be made if allowed by the funding source subject to a report to the Board Finance Committee at its next scheduled meeting. The CEO may enter into the following within budgeted funds:
- 1. Form and execute grant agreements within budgeted appropriations;
- 2. Execute leases for normal and routine business;
- 3. Enter into consultant, professional, maintenance, provider, or other service agreements;
4. Approve renewals for contracts and leases;
5. Purchase of apparatus, supplies, materials or equipment and construction or repair work;
6. Reject any and all bids and re-advertise to receive bids.

Per G.S. 159-15, the governing board may amend the budget ordinance at any time after the ordinance's adoption in any manner, so long as the ordinance, as amended, continues to satisfy the requirements of G.S. 159-8 and 159-13.

**Budget Calendar**

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>By Thursday, May 6, 2021</td>
<td>FY 2021-2022 recommended budget presented at LME/MCO Board meeting</td>
</tr>
<tr>
<td>By Friday, May 14, 2021</td>
<td>Notice of June 3, 2021 Public Hearing published</td>
</tr>
<tr>
<td>By Thursday, June 3, 2021</td>
<td>Public Hearing</td>
</tr>
<tr>
<td>By Wednesday, June 30, 2021</td>
<td>LME/MCO Board adoption of FY 2021-2022 Budget Ordinance</td>
</tr>
<tr>
<td>By Thursday, July 1, 2021</td>
<td>Budget is available in the General Ledger system</td>
</tr>
</tbody>
</table>

**Glossary of Terms**

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>LME</td>
<td>Per G.S. 122C-3(20b), Local Management Entity or LME means an area authority, county program, or consolidated human services agency. It is a collective term that refers to functional responsibilities rather than governance structure.</td>
</tr>
<tr>
<td>MCO</td>
<td>Managed Care Organization; LMEs that have adopted the financial risk and service review functions of the 1915(b) and 1915(c) waivers. LME-MCOs carry out the function of an LME and also act as health plans that provide health care in return for a predetermined monthly fee and coordinate care through a defined network of providers, physicians and hospitals.</td>
</tr>
<tr>
<td>Medicaid Waiver</td>
<td>States can submit applications to the federal Centers for Medicare and Medicaid Services, asking to be exempt from certain requirements. If granted a “1915(b)” waiver, a state can limit the number of providers allowed to serve consumers, easing the state’s administrative burden and saving money. If granted a “1915(c)” waiver, a state can offer more services focused on helping an intellectually or developmentally disabled consumer continue living in his or her home, rather than a group home.</td>
</tr>
</tbody>
</table>