



**FY24 BUDGET RECOMMENDED
FOR APPROVAL
June 1, 2023**

**Alliance Health
Annual Budget
FY 2023-2024**

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June 1, 2023

Alliance Board Members,

We are pleased to share with you our FY24 recommended budget for your approval.

FY23 has been a year of tremendous growth in our organizational infrastructure as well as our team of professional staff – now over 1000 strong! This growth has included building a strong presence in Mecklenburg and Orange counties, successfully initiating Tailored Care Management, and launching NC Medicaid Direct.

You'll see that our FY24 budget focuses on our continued preparation to launch and thrive as operators of a Tailored Plan. It also allows us to sustain a proud history of strategic and targeted investment in our member counties, developing innovative and high-quality services for the participants in our health plan. We'll do this while helping to support the operational viability of our expanding provider network and, significantly, ensuring the financial stability of the organization.

Thank you for your participation in this budget process. We are grateful for your wise counsel and your commitment to our members, and we look forward to working closely with you throughout the year to incorporate budgetary changes as we move towards our October 1 Tailored Plan launch.

Best Regards,

A handwritten signature in black ink that reads "Rob Robinson". The signature is fluid and cursive, with the first name "Rob" and last name "Robinson" clearly distinguishable.

Rob Robinson
Chief Executive Officer

Reader's Guide

FY 2023-2024 is the twelfth 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 2023-2024 for Alliance's administrative and service operations covering Cumberland, Durham, Johnston, Mecklenburg, Orange and Wake counties. The budget year begins July 1, 2023, and ends June 30, 2024. Alliance began Tailored Care Management operations on December 1, 2022, and Medicaid Direct operations on April 1, 2023. 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, County 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:

Administrative Funds

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 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. Alliance will begin Tailored Plan operations October 1, 2023.

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.

Alliance receives administrative funding for management of the Care Management Capacity Building funding included in Medicaid Services. This funding is for startup and implementation of Care Management systems at the provider level.

Cumberland, Durham, Mecklenburg, Orange, and Wake counties allocate 1-2% of the county dollars in administrative support for the management of their dollars in serving consumers in their respective county.

Other Business Line

Alliance provides 24-hour behavioral health crisis line and after hour/weekend/holiday services for Standard Plans.

Nonoperating Income

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.

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 Division of Health Benefits, to provide services to Medicaid enrollees of Cumberland, Durham, Johnston, Mecklenburg, Orange, and Wake counties. Alliance began Tailored Care Management operations on December 1, 2022, and Medicaid Direct operations on April 1, 2023. Alliance will begin Tailored Plan operations October 1, 2023.

Federal and State Services

These funds represent state allocated dollars for Cumberland, Durham, Johnston, Mecklenburg, Orange, and Wake communities to provide services for non-Medicaid citizens with mental health, intellectual/developmental disabilities, and substance use disorder needs. The funds include Federal Block Grant dollars as allocated from the NC DMH. Funding is categorized as follows:

- Federal Block Grant Continuation – annual allocation received for Federal Block Grant funds for the year. Funding specifies how it can be spent (i.e., claims or expense based), the population (i.e., adult/child), and the disability category (i.e., Mental Health (MH), Substance Use Disorder (SUD), and Intellectual and Developmental Disabilities (IDD)). Alliance receives this funding on a reimbursement basis.
- Federal Block Grant Allocations – funding received throughout the year for specific purpose (i.e., Mental Health Block Grant to support expansion of high-fidelity wraparound). Alliance receives this funding on a reimbursement basis.
- State Single Stream – annual funding to support Behavioral Health services for uninsured and underinsured individuals. Alliance receives this funding monthly in 1/12th increments.
- State Allocations – funding received throughout the year for specific purpose (i.e., to support traumatic brain injury). Alliance receives this funding on a reimbursement basis.

County Services

These funds represent the Cumberland, Durham, Mecklenburg, Orange, and Wake counties allocations to Alliance to provide services for citizens with mental health, intellectual/developmental disabilities, and substance use disorder needs in their respective counties.

Grants

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

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.

Category of Service Key

Innovations (Medicaid only)

A range of habilitative, community and residential support services that assist individuals with intellectual and developmental disability to live outside of institutional settings. Some of these services are geared at helping individuals gain skills and some are intended to address personal care and safety needs. These services are only available to individuals on the Medicaid C Home and Community Based Supports waiver.

Intermediate Care Facilities for Individuals with Intellectual Disabilities (ICF/IID) (Medicaid only)

Intermediate Care Facilities are licensed residential facilities that provide an array of treatment, health and support services to individuals with intellectual and developmental disabilities who meet eligibility requirements for institutional level of care.

Outpatient

This category of services includes traditional office-based psychotherapy, family therapy, group therapy and psychiatric assessment and medication management. It also includes intensive levels of community-based substance abuse treatment services and assessment, follow-up and consultative services rendered to individuals when they are in the ED or other hospital settings.

Intensive In-Home Services (IIHS)

Intensive In-Home Services are treatment and support services delivered to children and their families typically within a child's home. This service provides a mix of family and individual therapy, skill building and parent training as well as some case management support.

Inpatient

Intensive stabilization and management services provided within an inpatient, typically locked psychiatric unit or hospital geared to addressing the treatment needs of individuals determined to be at immediate risk to harm themselves or others. The service is typically provided to children and adults who are experiencing a psychiatric crisis and can be provided to individuals whose substance use or detoxification is life threatening.

Behavioral Health Long-Term Residential (BH LT Residential)

Behavioral Health Long-Term Residential Services are residential services provided in licensed group homes or therapeutic foster care homes that are provided to children and adolescents with behavior challenges that require greater level of support and supervision than can be provided in their homes. Services are intended to last for several months. This level of care provides for graduated levels of supervision based on need.

Assertive Community Treatment Team (ACTT)

Assertive Community Treatment Team is a team and community-based service designed to meet the treatment needs of individuals with severe and persistent mental illness and histories of extensive inpatient and crisis service utilization. An ACT Team includes social workers, psychiatrists, nurses, peer support professionals and other professionals as needed and is designed to deliver all services to an individual in their home and in the community.

Psychiatric Residential Treatment Facilities (PRTF)

Psychiatric Residential Treatment Facility services are provided to children who require 24/7 supervision and support as part of their care. These services are usually provided in a locked, licensed residential setting and are responsible for providing a range of daily treatment and educational services. The service is similar to inpatient services for children however the length of stay is several months with less intensive medical involvement.

1915(b)(3) Services

A collection of optional Medicaid services that can be provided to Medicaid-eligible individuals who are not part of the State Medicaid Plan array of services. They include supported employment services, community respite, peer supports and other services that support recovery, independence, connections to the community and skill acquisition.

Psychosocial Rehabilitation (Psych Rehab)

Psychosocial Rehabilitation Services are day services provided to individuals with serious and persistent mental illness. The service includes support, skill building, pre-vocational activities and wellness and recovery-oriented activities for the attendees. This tends to be a longer-term service that individuals can access daily for several hours.

Day Treatment/Partial Hospital

Day Treatment Services is a community-based program for children that is available at least three hours per day and five days a week. These licensed settings provide therapy and skill building activities and for members. Partial Hospitalization provides daily treatment services and can be provided to children or adults. The service provides a more intensive level of therapy and psychiatric care than day treatment or psychosocial rehabilitation.

Crisis Services

This category includes mobile crisis services and facility-based crisis services. Facility Based Crisis Services are provided in licensed residential treatment units that offer 24/7 staff supervision. This level of care is similar to inpatient treatment, although the individuals served do not require the same level of medical and clinical management that is provided in an inpatient psychiatric unit. Mobile Crisis Services provides support to individuals in the community who are experiencing a behavioral health emergency. Clinicians provide assessment and can provide ongoing counseling and support during a crisis episode with the goals of avoiding emergency department and inpatient services usage.

Community Support Team (CST)

Community Support, also referred to as CST, or Community Support Team, is an intensive community-based service delivered to adults with high usage of crisis services and provides both counseling and case management support to ensure individuals receive all necessary supports including housing.

Multisystemic Therapy (MST)

Multisystemic Therapy is an evidenced based, intensive, support, therapy and case management service geared at the needs of children with behavioral challenges that place them at high risk for involvement in the juvenile justice system or those children already in the system. The program seeks to assist parents and caregivers to develop needed support that allow them to address their children's behaviors more effectively.

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						
County	Population	Medicaid Eligible	Medicaid %	Medicaid Served	Non-Medicaid Served	Total
Cumberland	334,728	25,613	7.65%	7,071	2,726	9,646
Durham	324,833	16,694	5.14%	4,761	2,785	7,263
Johnston	215,999	12,773	5.91%	3,073	1,639	4,538
Mecklenburg	1,115,482	45,354	4.07%	9,998	3,785	13,350
Orange	148,696	4,291	2.89%	1,454	522	1,923
Wake	1,129,410	36,629	3.24%	9,494	6,483	15,309
Total	3,269,148	141,354	4.32%	35,851	17,940	52,029

Based on 2021 Statistics, US Census Bureau – July 1, 2020, through June 30, 2021

Based on unduplicated member count

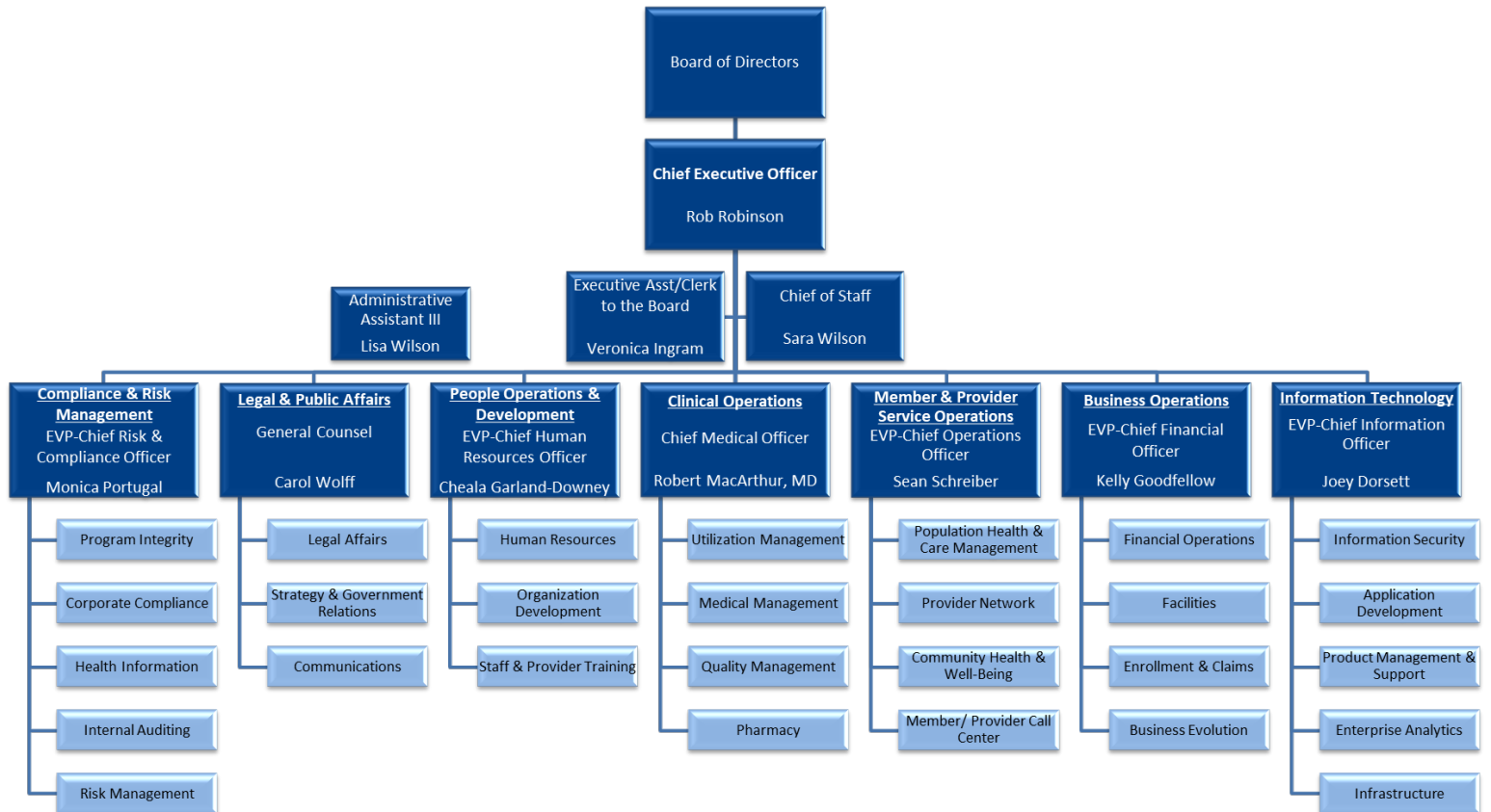
PERSONS SERVED BY AGE AND DISABILITY BASED ON CLAIMS PAID BY MEDICAID AND IPRS					
Age Group	County	MH	SA	IDD	Totals
Child/Youth (ages 3-17)	Cumberland	2,062	78	746	2,330
	Durham	1,320	40	317	1,498
	Johnston	887	23	294	1,009
	Mecklenburg	2,144	121	1,083	2,924
	Orange	292	12	84	325
	Wake	2,563	86	817	3,076
	Total	9,268	360	3,341	11,162
Adult (ages 18+)	Cumberland	5,504	2,383	913	7,316
	Durham	4,115	1,915	792	5,765
	Johnston	2,820	1,110	459	3,529
	Mecklenburg	7,483	2,968	2,101	10,426
	Orange	1,083	486	360	1,598
	Wake	8,802	4,058	2,012	12,233
	Total	29,807	12,920	6,637	40,867

Based on 2021 Statistics, US Census Bureau – July 1, 2020, through June 30, 2021

Based on unduplicated member count

PROVIDER BREAKDOWN as of APRIL 2023	
Organization Type	Provider Count
Agencies	435
Hospital/Residential Treatment Facilities	59
Licensed Professionals	6,120
Outpatient Practices	353
Total	6,967

Functional Organization Chart

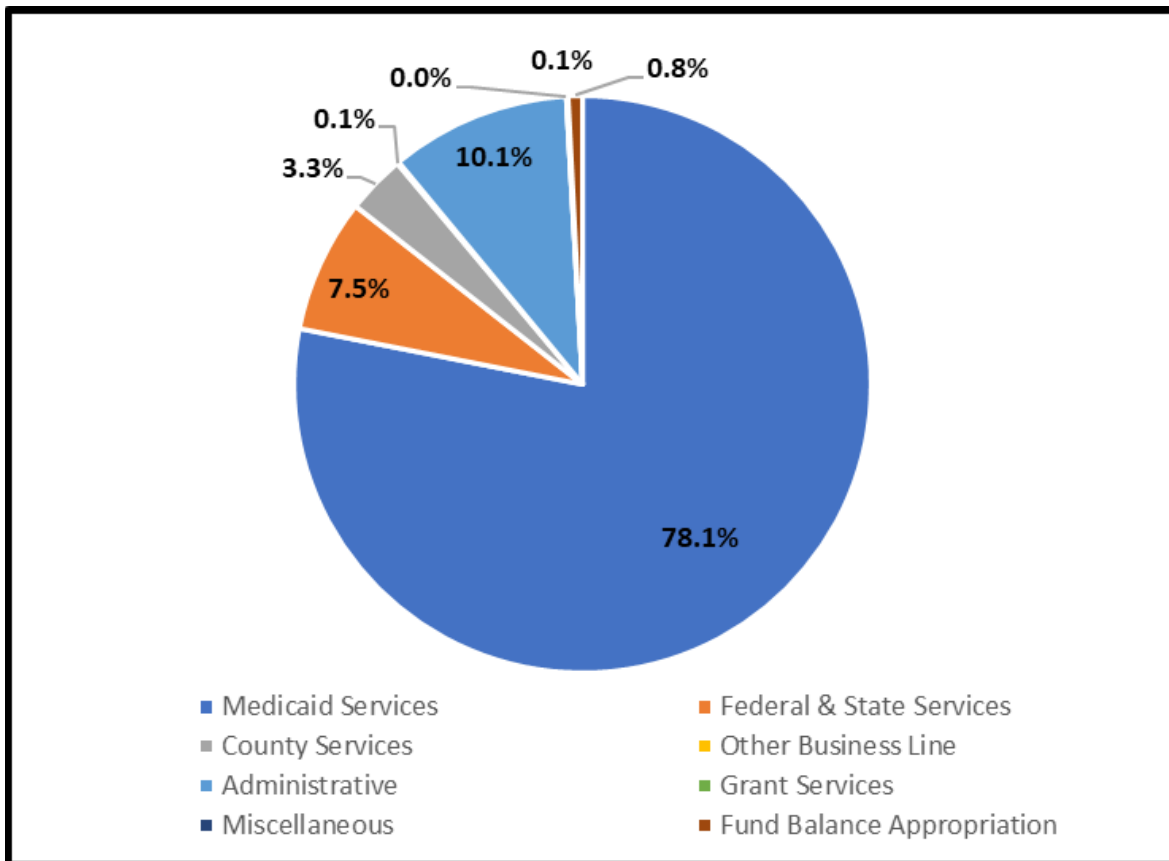


General Fund Revenues

FY2023-2024 Budget Recommended for Approval

Total General Fund Revenues: \$1,619,687,683

Medicaid Services	\$ 1,264,983,710
Federal & State Services	121,001,073
County Services	53,632,970
Other Business Line	1,455,432
Administrative	164,431,498
Grant Services	375,000
Miscellaneous	1,000,000
Fund Balance Appropriation	12,808,000
	<u>\$ 1,619,687,683</u>

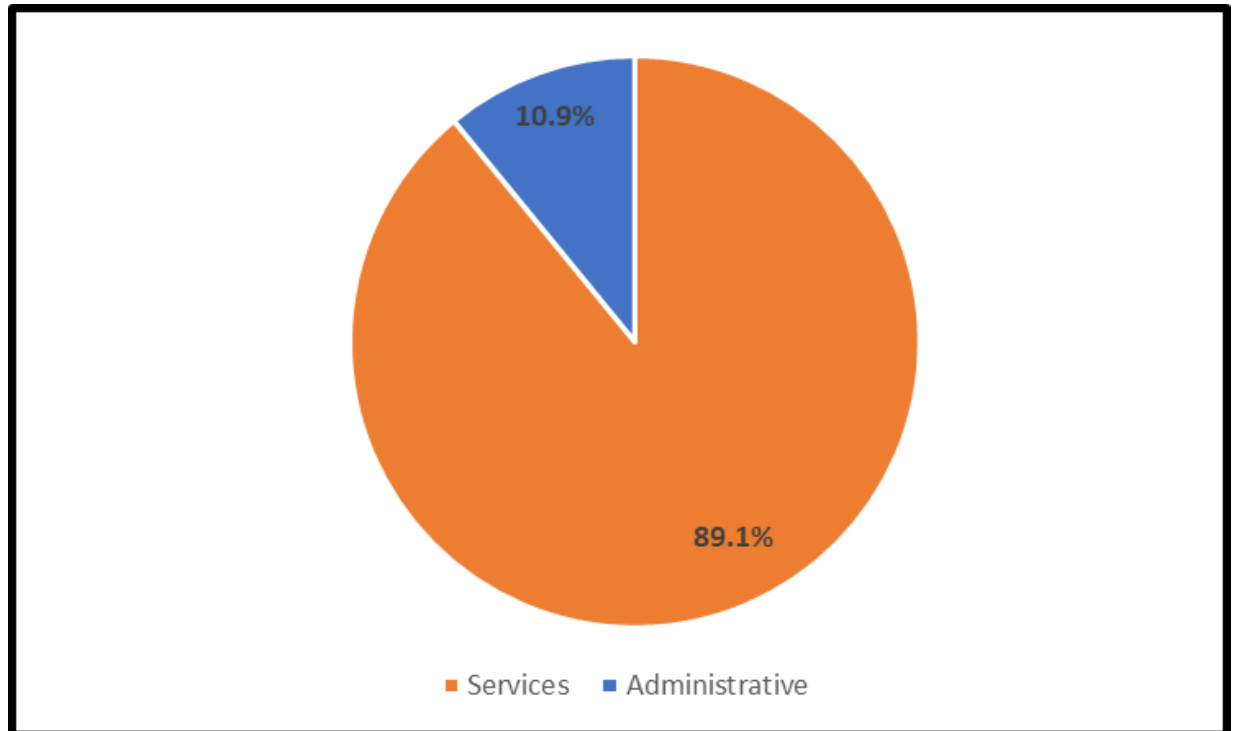


General Fund Expenditures

FY2023-2024 Budget Recommended for Approval

Total General Fund Expenditures: \$1,619,687,683

Medicaid Services	\$ 1,264,983,710
Federal & State Services	121,001,073
County Services	53,632,970
Other Business Line	1,455,432
Administrative	177,239,498
Grant Services	375,000
Miscellaneous	1,000,000
	<u>\$ 1,619,687,683</u>



Budget Comparison

BUDGETED REVENUE COMPARISON

	<u>FY24 Recommended</u>	<u>FY24 Recommended for Approval</u>
Medicaid Services	\$1,240,795,871	\$1,264,983,710
Federal & State Services		
Federal Block Grant Services	22,063,193	22,063,193
State Services	<u>98,787,200</u>	<u>98,937,880</u>
Total Federal & State Services	120,850,393	121,001,073
County Services		
Cumberland	4,796,000	4,796,000
Durham	6,423,606	6,423,606
Johnston	-	-
Mecklenburg	750,000	5,061,345
Orange	1,142,008	1,142,736
Wake	<u>35,814,602</u>	<u>36,209,283</u>
Total County Services	48,926,216	53,632,970
Other Business Line	1,455,432	1,455,432
Administrative	165,058,184	164,431,498
Grant Services	375,000	375,000
Miscellaneous	1,000,000	1,000,000
Fund Balance Appropriation	<u>10,808,000</u>	<u>12,808,000</u>
Total	<u><u>\$1,589,269,096</u></u>	<u><u>\$1,619,687,683</u></u>

BUDGETED EXPENDITURES COMPARISON

	<u>FY24 Recommended</u>	<u>FY24 Recommended for Approval</u>
Medicaid Services		
Medicaid Services	\$1,240,795,871	\$1,264,983,710
Fund Balance Appropriation	<u>-</u>	<u>-</u>
Total Medicaid Services	\$1,240,795,871	\$1,264,983,710
Federal & State Services		
Federal & State Services	120,850,393	121,001,073
Fund Balance Appropriation	<u>-</u>	<u>-</u>
Total Federal & State Services	120,850,393	121,001,073
County Services		
County Services	48,926,216	53,632,970
Fund Balance Appropriation	<u>-</u>	<u>-</u>
Total County Services	48,926,216	53,632,970
Other Business Line	1,455,432	1,455,432
Administrative		
Administrative	165,058,184	164,431,498
Fund Balance Appropriation	<u>10,808,000</u>	<u>12,808,000</u>
Total Administrative	175,866,184	177,239,498
Grant Services	375,000	375,000
Miscellaneous	1,000,000	1,000,000
Total	<u><u>\$1,589,269,096</u></u>	<u><u>\$1,619,687,683</u></u>

**ANNUAL BUDGET ORDINANCE
ALLIANCE HEALTH
FY 2023 – 2024**

WHEREAS, the proposed budget and budget message for FY 2023 - 2024 was submitted to the Alliance Health Area Board on May 4, 2023 by the Budget Officer; was filed with the Executive Secretary to the Board;

WHEREAS, on June 1, 2023, 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, 2023, and ending June 30, 2024, there is hereby appropriated funds the following by function:

Section 1: General Fund Appropriations

Medicaid Services	\$ 1,264,983,710
Federal & State Services	\$ 121,001,073
County Services	\$ 53,632,970
Other Business Line	\$ 1,455,432
Administrative	\$ 177,239,498
Grant Services	\$ 375,000
Miscellaneous	\$ 1,000,000
TOTAL	\$ 1,619,687,683

Section 2: General Fund Revenue

Medicaid Services	\$ 1,264,983,710
Federal & State Services	\$ 121,001,073
County Services	\$ 53,632,970
Other Business Line	\$ 1,455,432
Administrative	\$ 164,431,498
Grant Services	\$ 375,000
Miscellaneous	\$ 1,000,000
Fund Balance Appropriation	\$ 12,808,000
TOTAL	\$ 1,619,687,683

Section 3: Authorities m

- 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 use disorder 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 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 2023-2024 is the twelfth recommended budget representing Alliance Health as a multi-county Area Authority. The budget represents services for Cumberland, Durham, Johnston, Mecklenburg, Orange, and Wake counties.

The administrative budget for this fiscal year was driven by our Per Member Per Month (PMPM) rate, FY24 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 (assuming Tailored Plan go live date of October 1, 2023). Alliance will review the need for a budget amendment if the projection of lives, rates or other circumstances change.

The State and County services budget was developed by gathering service information for each area based on the claims trends and information from staff. The FY24 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 from 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

By Thursday, May 4, 2023	FY 2023-2024 recommended budget presented at LME/MCO Board meeting
By Friday, May 12, 2023	Notice of June 1, 2023, Public Hearing published
By Thursday, June 1, 2023	Public Hearing
By Friday, June 30, 2023	LME/MCO Board adoption of FY 2023-2024 Budget Ordinance
By Monday, July 3, 2023	Budget is available in the financial system

Glossary of Terms

LME	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.
MCO	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.
Medicaid Waiver	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.