MEMBERS PRESENT: ☒Glenn Adams, ☒Cynthia Binanay, Chair, ☒Christopher Bostock, ☒Heidi Carter, ☒George Corvin, MD, Vice-Chair, ☒James Edgerton, ☒Lodies Gloston, ☐Phillip Golden, ☒Duane Holder; ☒Curtis Massey, ☒Donald McDonald, ☒Erv Portman, ☐George Quick, ☐William Stanford, Jr., ☒Lascel Webley, Jr., and ☒McKinley Wooten, Jr.

GUEST(S) PRESENT: Dave Curro, Alliance CFAC; Kim Connally, Durham County Budget and Management Services; Denise Foreman, Wake County Manager’s Office; Mary Hutchings, Wake County Finance Department; Katherine Massey; Paarth Mehta, Wake County Budget Management Services; Gayle Harris, Durham County Manager’s Office; Israel Pattison, CFAC Chair; and Sean Schreiber, Shift Consulting, Inc.

ALLIANCE STAFF PRESENT: Michael Bollini, Executive Vice-President/Chief Operating Officer; Joey Dorsett, Senior Vice-President/Chief Information Officer; Cathy Eaton, Executive Assistant I; Ashley Everette, Budget Analyst; Kelly Goodfellow, Executive Vice-President/CFO; Amanda Graham, Senior Vice-President/Organizational Effectiveness; Katherine Hobbs-Knutson, Chief Medical Officer; Veronica Ingram, Executive Assistant II; Beth Melcher, Executive Vice-President/Care Management; Ann Oshel, Senior Vice-President/Community Relations; Sara Pacholke, Senior Vice-President/Financial Operations; Brian Perkins, Senior Vice-President/Community Relations; Robert Robinson, CEO; Ashley Snyder, Accounting Manager; Sara Wilson, Director of Government Relations; Carol Wolff, General Counsel; Doug Wright, Director of Individual and Family Concerns, and Jeff Wright, Finance Manager

AGENDA ITEMS: DISCUSSION:

<p>| 1. Introductions | Mr. Robinson welcomed Board members, staff and guests. All attendees introduced themselves. Veronica Ingram, Notary Public, administered the oath of office to new Board member, Donald McDonald. Board Chair, Cynthia Binanay, introduced the presentation; she shared the impact of changes in funding and Medicaid Reform the people Alliance serves. Binanay encouraged attendees to view the budget in three separate portions: Medicaid funding, fund balance and Single Stream funds. She shared that the latter two compose considerably less of the budget than the first, and this limited funding covers more people. |
| 2. Opening | Kelly Goodfellow reviewed previous budget retreats and briefly shared some unique aspects for this year’s meeting, specifically noting current occurring and reoccurring reductions per the North Carolina General Assembly’s budget. Additionally, she shared that the majority of today’s presentation will focus on non-Medicaid funding. |
| 3. Consumer and Family Advisory Committee (CFAC) Presentation | Israel Pattison, CFAC Chair, provided an overview of the following topics: social determinants of health (housing, transportation, employment, education, nutrition, etc.), service gaps and needs, concerns about Medicaid Reform, and how Alliance’s efforts (housing initiatives/independent living options/new remote monitoring home, supported employment, Mental Health First Aid and Recovery University trainings, behavioral health urgent care) beneficially address these concerns. Additionally, Mr. Pattison shared that all CFAC members are encouraged to receive Mental Health First Aid certification; this free training is offered by Alliance. Additional information about this and other trainings can be found at <a href="https://www.alliancebhc.org/consumers-families/recovery-university/">https://www.alliancebhc.org/consumers-families/recovery-university/</a>. The CFAC presentation is attached to and made part of these minutes. |</p>
<table>
<thead>
<tr>
<th>AGENDA ITEMS:</th>
<th>DISCUSSION:</th>
</tr>
</thead>
</table>
| 5. Budget Retreat Presentation | A. **FY18 MID-YEAR REVIEW:** Beth Melcher reviewed current accomplishments: plans to enhance the crisis continuum and addressing the needs of youths utilizing high-level services. Dr. Melcher shared that many of the accomplishments were based on input from CFAC. 

B. **ALLIANCE FY18 FUNDING:** Ms. Goodfellow provided a high-level overview of current funding, a potential budget amendment that will be presented at the April 5, 2018, Board meeting, a current financial summary, MLR (medical loss ratio), and progress with the reinvestment plan. 

C. **MEDICAID REVIEW:** Ms. Goodfellow reviewed the PMPM (per member, per month) payment trends; she shared that this rate is determined eighteen months after coverage was paid; therefore, current rates are based from usage up to two years ago. 

D. **NON-MEDICAID PLAN:** Ms. Goodfellow reviewed current usage of State and local funds. Sean Schreiber, with Shift Consulting, reviewed recommendations to redesign how these funds are utilized; the redesign is intended to provide the maximum amount of meaningful services for the people Alliance serves. 

   Mr. Schreiber provided an overview of input from stakeholders, which includes recommendations for areas of focus and services to prioritize. This input resulted in these five areas of focus: using fund balance for crisis operations; addressing rising provider costs; reviewing services eligible for State funding; reviewing the model for more effective residential services; and revising the delivery system for outpatient services. Mr. Schreiber presented key findings, recommendations and potential impact, for each of these focus areas. 

   Board members discussed part of the proposal to have “no new consumers with private insurance above 300% poverty level”; Board members requested that staff ask the NC Department of Health and Human Services Secretary for details on the sliding fee schedule for this part of the population. Board members expressed concern for this recommendation and its efficacy/impact on the budget and the people Alliance serves. 

E. **SUMMARY OF FINANCIAL IMPACT:** Ms. Goodfellow provided a high-level overview of unrestricted potential savings through fiscal year 2022 (FY22); she also reviewed a detailed list of commitments through FY22 and potential full net position through FY22. Board members discussed concerns and potential impact on the agency and people Alliance serves. Additionally, Ms. Goodfellow reviewed FY19 initiatives, plans with each of the counties, administrative focus, and next steps in the budget development process. 

This presentation is attached to and made part of these minutes. |
| 6. Adjournment | With all business being completed the meeting adjourned at 4:07 p.m. |
FY19 Board Budget Retreat

March 27, 2018
Agenda Overview

- CFAC presentation
- FY18 mid-year review
- Medicaid review
- Non-Medicaid future plan
Consumer and Family Advisory Committee
SOCIAL DETERMINANTS OF HEALTH

We are very aware that we mention these items year after year, this continues to be the core issue driving unhealthy lifestyles in our communities and until it is addressed our success will be limited.

• AFFORDABLE AND ACCESSIBLE HOUSING
• TRANSPORTATION
• EMPLOYMENT
• EDUCATION
• NUTRITION
SOCIAL DETERMINANTS APPRECIATION

• Harrington Place – bridge housing for chronically homeless
• Durham/Wake – Long-term investments
• Recovery University
• Supported Employment
I/DD SERVICE GAPS AND NEEDS

• Direct Care Workers - Staffing remains inadequate and critical.
• Retirement Services – An aging population that wasn’t supposed to live past 25, guess what?
• Effective school inclusion/transitional services for those aging out of school.
• Dual Diagnosis Care
• Independent Living Options
I/DD SERVICE APPRECIATION

• New Remote Monitoring Home – great opportunity for individuals to try out new technology and then use it in their life

• Supported Living – cautiously optimistic as more individuals utilize this service
MENTAL HEALTH GAPS AND NEEDS

- Peer Run Respite
- Accessible services – 30 minutes, 30 miles is not always sufficient
- Urgent Care expansion to all communities
- Facility Based Crisis – Wake
- Psychiatric Advanced Directives (PADs) – utilization
MENTAL HEALTH SERVICES APPRECIATION

• Children's regional crisis facility – looking forward to it opening up
• Shared Decision Making Tools – again looking forward to seeing these in print, online and being utilized by providers
• Urgent Care model being piloted in Durham
• Supported Employment
• Transition to community living
• CIT/MHFA community trainings
SUBSTANCE USE DISORDERS
GAPS AND NEEDS

• Recovery Centers – Cumberland, Johnston
• Substance Abuse Intensive Outpatient Service – (State funded)
• Youth Services
• Peer Support (Recovery Coaches)
• Johnston County – Medical Detox
SUBSTANCE USE DISORDERS APPRECIATION

• Expansion of Medication Assisted Treatment (State funded)
• Facility Based Crisis/Detox Units
• Living Room Model utilized in Durham (both MH and SUD)
• Johnston County – Integrated Care model with public health
SYSTEMIC CONCERNS

• Medicaid Transformation
• State Funding Cuts – the impact on local uninsured populations
• Our future voice – what will that look like?
• Tailored Plans – who will it be and will it work?
• Guardianship
ALLIANCE APPRECIATION

- Legislative updates
- CEO and staff support
- Genuine concern for individuals and families
- Timely information
CLOSING

“Too many Americans who struggle with mental health illnesses are suffering in silence rather than seeking help, and we need to see to it that men and women who would never hesitate to go see a doctor if they had a broken arm or came down with the flu, that they have that same attitude when it comes to their mental health.”

- Barack Obama
FY18
Mid-Year Review
Accomplishments

• Enhance crisis continuum
  o Reduce ED utilization
    • Behavioral Health Urgent Care
    • Mobile Crisis
    • Child Crisis Facility

• High-need youth
  o Reduce and Prevent Out of Home Placements
    • Enhanced Therapeutic Foster Care
    • Use of Predicative Analytics
    • Tiered Case Management
Accomplishments

• Expand access to opioid treatment services
  o Address Opioid Epidemic
    • Medication Assisted Treatment
    • Peer Support
    • Distribution of Narloxone
Accomplishments

• Care Coordination transformation
  o Enhance effectiveness and efficiency
    • Risk stratification
    • Multi-disciplinary teams
    • Utilization of screening tools and interventions
    • Implementation of robust Care Management software tool
## Alliance FY18 Funding

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medicaid</td>
<td>$415,470,331</td>
<td>77.48%</td>
</tr>
<tr>
<td>State</td>
<td>$83,833,344</td>
<td>15.63%</td>
</tr>
<tr>
<td>Local</td>
<td>$36,034,939</td>
<td>6.72%</td>
</tr>
<tr>
<td>Grants/Misc.</td>
<td>$883,000</td>
<td>0.16%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$536,221,615</strong></td>
<td><strong>100.0%</strong></td>
</tr>
</tbody>
</table>
Financial Summary
as of February 28

- Committed: 46,802,085 (39%)
- Risk Reserve: 40,170,731 (34%)
- Unrestricted: 14,536,122 (12%)
- Capital Assets: 4,500,745 (4%)
- Restricted: 13,292,118 (11%)

AllianceBHC.org
Financial Summary
as of February 28

- Current Assets – $119,953,436
  - $35.8M in cash
- Medicaid savings YTD – $8,896,167
- Non-Medicaid deficit YTD – ($11,186,117)
- Risk Reserve – $40,170,731
  - 9.5% of 15% capitation reached
- Average 223,000 unduplicated lives
Medical Loss Ratio

- Bench Mark
- MLR

<table>
<thead>
<tr>
<th>Month</th>
<th>MLR</th>
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<tbody>
<tr>
<td>SEP-17</td>
<td>89.85%</td>
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<tr>
<td>OCT-17</td>
<td>89.43%</td>
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<tr>
<td>NOV-17</td>
<td>87.52%</td>
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<tr>
<td>DEC-17</td>
<td>87.08%</td>
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<tr>
<td>JAN-18</td>
<td>88.74%</td>
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<tr>
<td>FEB-18</td>
<td>87.85%</td>
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</table>

SEP-17 OCT-17 NOV-17 DEC-17 JAN-18 FEB-18

AllianceBHC.org
## Reinvestment Plan Progress

<table>
<thead>
<tr>
<th>Crisis Services</th>
<th>FY18 Budget</th>
<th>FY18 YTD</th>
<th>FY18 Projection</th>
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</thead>
<tbody>
<tr>
<td>BH Urgent Care</td>
<td>$1,181,326</td>
<td>$470,516</td>
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<td>Child Facility Based Crisis</td>
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<tr>
<td>Durham Crisis Renovation</td>
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<td>340,000</td>
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<tr>
<td>Crisis Diversion</td>
<td>840,000</td>
<td>214,606</td>
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<td>First Responders</td>
<td>250,000</td>
<td>81,415</td>
<td>250,000</td>
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<td>NC START</td>
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<td>552,500</td>
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<td><strong>Subtotal</strong></td>
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Reinvestment Plan Progress

<table>
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<tr>
<th>Interventions/Supports</th>
<th>FY18 Budget</th>
<th>FY18 YTD</th>
<th>FY18 Projection</th>
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<tbody>
<tr>
<td>Intensive Wrap Around</td>
<td>$30,000</td>
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<tr>
<td>Integrated Care Expansion</td>
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<td>208,468</td>
<td>400,000</td>
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<tr>
<td>Trauma Informed Therapeutic Foster Care</td>
<td>50,000</td>
<td>5,609</td>
<td>50,000</td>
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<td>Evidence Based Practice Programs</td>
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## Reinvestment Plan Progress

<table>
<thead>
<tr>
<th></th>
<th>FY18 Budget</th>
<th>FY18 YTD</th>
<th>FY18 Projection</th>
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</thead>
<tbody>
<tr>
<td><strong>Social Determinants of Health</strong></td>
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<tr>
<td>Community Support Pilots</td>
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<td>$80,000</td>
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<td>Supportive Housing</td>
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<td>800,000</td>
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<tr>
<td><strong>Subtotal</strong></td>
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<td>$250,000</td>
<td>$880,000</td>
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Reinvestment Plan Progress

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<thead>
<tr>
<th>Engagement and Self-Management</th>
<th>FY18 Budget</th>
<th>FY18 YTD</th>
<th>FY18 Projection</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technology Enabled Homes</td>
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<td>$4,343</td>
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<tr>
<td>Pilots</td>
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<td>60,000</td>
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<tr>
<td>Subtotal</td>
<td>$125,000</td>
<td>$4,343</td>
<td>$87,000</td>
</tr>
<tr>
<td>Total</td>
<td>$9,209,726</td>
<td>$2,203,759</td>
<td>$5,289,961</td>
</tr>
</tbody>
</table>
Reinvestment Plan

• Spending updates
  o Durham renovations – construction project billed in phases, money will be utilized in FY19 as well
  o Child Facility Based Crisis - construction project billed in phases, money will be utilized in FY19 as well
  o Behavioral health urgent care – more Medicaid served than estimated
Medicaid Review
Medicaid Categories of Service

- ACTT (Assertive Community Treatment Team)
- Behavioral Health Long Term Residential
- Community Support
- Crisis Services
- Day Treatment
- ICF/MR (Intermediate Care Facility)
- Intensive In Home
- Innovations
- Inpatient
- MST (Multi-systemic Therapy)
- Outpatient
- PRTF
- PSR (Psychosocial Rehab)
- 1915 (b)(3)
PMPM YTD

• Areas of overutilization
  o Residential
  o Community Support
  o ICF
  o Innovations
  o Inpatient
  o Outpatient
  o PSR
• Areas of underutilization
  o ACTT
  o Case Management
  o Crisis Services
  o Day Treatment
  o Intensive In Home
  o MST
  o PRTF
  o 1915 (b)(3)
Medicaid Focus

• Evaluation of PMPM for FY19
  o Review data with State and actuaries
  o Concerns addressed:
    • Innovations
    • Inpatient
    • Outpatient
  o New service definitions

• Next step will be rate review
Non-Medicaid
Future Plan
Current Use of State & Local Funding
$84M

Available
$31,324,332
37%

Crisis Services
$28,806,469
34%

State Initiatives
$2,965,612
3%

Historical Commitments
$5,741,973
7%

Federal Block Grant
$2,459,329
3%

County Commitments
$13,340,861
16%

State Initiatives
$2,965,612
3%
Purpose

- Non-Medicaid service need > available funding
- Use of fund balance not sustainable
- Continued legislative reductions ($10.2M)
- Decrease in Medicaid PMPM, Increase in Medicaid spending
- Historical inequities
- Increased population, decreased funding
Purpose

• Use of fund balance to support crisis commitments and other ongoing operations
• Rising provider costs
• Currently using state funds for those with other payer sources
Stakeholder Feedback

- Majority of funding should be used to divert ED admissions and support crisis services
- Support integrated treatment within a primary care setting
- Provide enhanced services with a cap
- Provide access to medication management
- Provide short-term residential management services
Areas of Focus

• Using fund balance for crisis operations
• Rising provider costs
• State-funded service eligibility
• Residential Model
• Outpatient delivery system
Use of Fund Balance for Crisis Operations

• Key findings
  o Current crisis system is not sufficient to meet the needs of areas with high population growth; WakeBrook closed to IVCs 25% in 2017
  o Number one priority of stakeholder groups was to allocate resources to divert ED admissions and support crisis services
Use of Fund Balance for Crisis Operations

• Guiding philosophy
  o Fund balance should be used for system transformation, innovation and improvement but not to support ongoing operations
  o Ensure all spending changes are tied directly to identified priorities
Use of Fund Balance for Crisis Operations

• Recommendations
  o Implement a set of spending changes to re-allocate operational dollars to fund all current crisis commitments and allow for consideration of a plan to open a second adult crisis facility in Wake County that is sustainable without the use of fund balance

• Impact
  o 3,200+ ED Diversions, 1,200+ short-term crisis stay opposed to ED or inpatient
### Ongoing Operational Funding Needs

<table>
<thead>
<tr>
<th>Commitments</th>
<th>FY19</th>
<th>FY20</th>
<th>FY21</th>
<th>FY22</th>
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<tbody>
<tr>
<td><strong>Crisis Centers</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Durham</td>
<td>$321,272</td>
<td>$321,272</td>
<td>$321,272</td>
<td>$321,272</td>
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<tr>
<td>Cumberland</td>
<td>940,959</td>
<td>940,959</td>
<td>940,959</td>
<td>940,959</td>
</tr>
<tr>
<td>Child Crisis</td>
<td>500,000</td>
<td>1,000,000</td>
<td>1,000,000</td>
<td>1,000,000</td>
</tr>
<tr>
<td>Wake Crisis</td>
<td></td>
<td>5,151,000</td>
<td>5,617,000</td>
<td></td>
</tr>
<tr>
<td>BH Urgent Care</td>
<td>1,200,000</td>
<td>1,200,000</td>
<td>1,200,000</td>
<td>1,200,000</td>
</tr>
<tr>
<td><strong>Total Funding Needs</strong></td>
<td>$2,962,231</td>
<td>$3,462,231</td>
<td>$8,613,231</td>
<td>$9,079,231</td>
</tr>
</tbody>
</table>
Address Rising Provider Costs

• Key finding
  o Providers of most state funded services have not received a rate increase since the Alliance began
  o Majority of IPRS funded outpatient and enhanced services delivered by 10 network providers
  o For most service categories 2-5 providers deliver more services than all other providers combined; Provider described this as a significant risk
  o Medication management and maintaining availability of enhanced services were stakeholder top priorities
Address Rising Provider Costs

• Guiding philosophy
  o Fund services that promote recovery, greater independence and resiliency
  o Alliance must maintain a viable network of providers to see state funded consumers

• Recommendations
  o Implement targeted rate increases to high value, under funded services, i.e. psychiatric evaluation, medication management, etc.
Address Rising Provider Costs

• Impact
  - Viable provider network, increased capacity
# Funding Needs

<table>
<thead>
<tr>
<th>Commitments</th>
<th>FY19</th>
<th>FY20</th>
<th>FY21</th>
<th>FY22</th>
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<tbody>
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</tr>
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<td>Child Crisis</td>
<td>500,000</td>
<td>1,000,000</td>
<td>1,000,000</td>
<td>1,000,000</td>
</tr>
<tr>
<td>Wake Crisis</td>
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<td></td>
<td>5,151,000</td>
<td>5,617,000</td>
</tr>
<tr>
<td>BH Urgent Care</td>
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<tr>
<td><strong>Provider Rate Increase</strong></td>
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<td><strong>Total Funding Needs</strong></td>
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<td>$4,312,231</td>
<td>$9,463,231</td>
<td>$9,929,231</td>
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</table>
Using State Funds When There are Other Payer Sources

• Key finding
  o $13,979,465 in State and local dollars, 20% of all non-Medicaid funding spent for the care of individuals with Medicaid
  o $7M spend on individuals with Medicaid and another third party payer
  o 75% of individuals receiving State-funded IDD community-based support services have Medicaid; ($3.3M in State spending on those with Medicaid)
  o 25% of those receiving ACTT who do not have Medicaid have Medicare or commercial insurance
Using State Funds When There are Other Payer Sources

• Guiding philosophy
  
  o Leverage other payers to support the treatment of members with Medicaid and private insurance
  
  o Ensure that individuals who experience any change in level of care or service because of are carefully transitioned with ongoing monitoring, oversight, and support
Using State Funds When There are Other Payer Sources

• Recommendations
  o Reserve use of state funded services, with the exception of crisis and short-term transitional services, for individuals with no other payer source
  o Transition consumers with Medicaid, receiving State services, to in-lieu of Medicaid services or other comparable Medicaid services
<table>
<thead>
<tr>
<th>No new consumers with private insurance above 300% poverty level</th>
<th>FY19</th>
<th>FY20</th>
<th>FY21</th>
<th>FY22</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$375,000</td>
<td>$375,000</td>
<td>$375,000</td>
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<tr>
<td>Transition ADVP consumers to Medicaid</td>
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<tr>
<td>Transition Long Term community support for I/DD population</td>
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<td>Implement Crisis Stabilization definition</td>
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<td><strong>$2,175,000</strong></td>
<td><strong>$2,475,000</strong></td>
<td><strong>$2,975,000</strong></td>
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</tbody>
</table>
Residential Model of Care
Not Sustainable

• Key finding
  o $5.5M spent on residential care for 220 individuals, 1/6 of our non-crisis benefit plan budget
  o Half of those receiving Group Living Services have received the same level of care since 2014 or earlier
  o Over $3M in State funding supports individuals with Medicaid to support their residential care, excluding supervised living
Residential Model of Care
Not Sustainable

• Key finding
  o In 2017 $1.7 million in State funds spent for community-based and residential services for individuals with Medicare and commercial insurance
  o Over $2 million annually is spent on community-based services for individuals receiving State-funded residential services
Residential Model of Care
Not Sustainable

• Guiding philosophy
  o Fund services that promote recovery, greater independence and resiliency
  o Stakeholder feedback prioritized access to short-term transitional residential services
  o Leverage other payers to support the treatment of members with Medicaid and private insurance
  o Eliminate duplication of service
Residential Model of Care
Not Sustainable

• Recommendations
  o Transition some individuals receiving Mental Health Group Living Services into pilot alternative MH/SUD supporting housing services
  o Implement Long-Term Community Support “in-lieu of” service definition under Medicaid
<table>
<thead>
<tr>
<th>Description</th>
<th>FY19</th>
<th>FY20</th>
<th>FY21</th>
<th>FY22</th>
</tr>
</thead>
<tbody>
<tr>
<td>No new consumers into Long Term Group Living</td>
<td>$500,000</td>
<td>$500,000</td>
<td>$500,000</td>
<td>$500,000</td>
</tr>
<tr>
<td>Transition MH out of Group Living to alternative services</td>
<td></td>
<td>500,000</td>
<td>1,000,000</td>
<td>1,000,000</td>
</tr>
<tr>
<td>Transition I/DD Group Living to Medicaid service</td>
<td></td>
<td>1,000,000</td>
<td>1,500,000</td>
<td>1,500,000</td>
</tr>
<tr>
<td>Transition Group Living and ACTT/PSR consumers to alternative living</td>
<td>250,000</td>
<td>250,000</td>
<td>250,000</td>
<td>250,000</td>
</tr>
<tr>
<td>Total Potential Savings</td>
<td>$750,000</td>
<td>$2,250,000</td>
<td>$3,250,000</td>
<td>$3,250,000</td>
</tr>
</tbody>
</table>
Inefficient Outpatient Delivery System

• Key finding
  o Funding models for outpatient services are inconsistent across Alliance counties
  o Of the almost 12,000 individuals who accessed outpatient services, the majority attended one appointment with the average being four appointments (no significant county differences)
  o 64% percent of individuals receiving outpatient treatment have a diagnosis that could be treated in primary care (represents $2.7 million in State spending)
Inefficient Outpatient Delivery System

• Guiding philosophy
  o Ensure all spending will be directly tied to an identified priority
  o Second highest priority for stakeholder groups was to better integrate behavioral health and physical health
  o Large changes will be implemented over a three year period
  o Avoid duplication of service
Inefficient Outpatient Delivery System

• Recommendation
  o Re-configure outpatient delivery system to better align with current utilization and improve integration with physical health
<table>
<thead>
<tr>
<th></th>
<th>FY19</th>
<th>FY20</th>
<th>FY21</th>
<th>FY22</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outpatient Redesign</td>
<td>$ 500,000</td>
<td>$ 1,000,000</td>
<td>$ 1,000,000</td>
<td>$ 1,000,000</td>
</tr>
<tr>
<td><strong>Total Potential Savings</strong></td>
<td><strong>$ 500,000</strong></td>
<td><strong>$ 1,000,000</strong></td>
<td><strong>$ 1,000,000</strong></td>
<td><strong>$ 1,000,000</strong></td>
</tr>
</tbody>
</table>
Summary

- Majority of changes will have minimal impact on consumers and providers.
- They will expand access to services over time.
- Plan moves consumers with longer-term needs to a more predictable funding source.
- Plan incorporates best practices for community living.
- Plan reduces the use of fund balance for ongoing operations.
Summary of Financial Impact
(handout)
## Potential Savings

<table>
<thead>
<tr>
<th></th>
<th>FY18</th>
<th>FY19</th>
<th>FY20</th>
<th>FY21</th>
<th>FY22</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Beginning Unrestricted Net Position</strong></td>
<td>$81,522,966</td>
<td>$66,730,332</td>
<td>$29,568,184</td>
<td>$12,966,482</td>
<td>($1,598,080)</td>
</tr>
<tr>
<td><strong>Current Commitments</strong></td>
<td>22,792,634</td>
<td>44,887,148</td>
<td>29,876,702</td>
<td>21,689,562</td>
<td>22,155,562</td>
</tr>
<tr>
<td><strong>Offset with Recommended Savings</strong></td>
<td>(2,725,000)</td>
<td>(5,275,000)</td>
<td>(7,125,000)</td>
<td>(7,625,000)</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$22,792,634</td>
<td>$42,162,148</td>
<td>$24,601,702</td>
<td>$14,564,562</td>
<td>$14,530,562</td>
</tr>
<tr>
<td><strong>Funds available after commitments</strong></td>
<td>58,730,332</td>
<td>24,568,184</td>
<td>4,966,482</td>
<td>(1,598,080)</td>
<td>(16,128,642)</td>
</tr>
<tr>
<td><strong>Assumed yearly savings</strong></td>
<td>8,000,000</td>
<td>5,000,000</td>
<td>8,000,000</td>
<td>5,000,000</td>
<td>5,000,000</td>
</tr>
<tr>
<td><strong>Potential Ending Net Position</strong></td>
<td>$66,730,332</td>
<td>$29,568,184</td>
<td>$12,966,482</td>
<td>(1,598,080)</td>
<td>(11,128,642)</td>
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</tbody>
</table>
## Potential Savings

<table>
<thead>
<tr>
<th></th>
<th>FY18</th>
<th>FY19</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Beginning Unrestricted Net Position</strong></td>
<td>$ 81,522,966</td>
<td>$ 66,730,332</td>
</tr>
<tr>
<td><strong>Commitments</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reinvestment Plan</td>
<td>$ 5,300,000</td>
<td>$ 16,490,773</td>
</tr>
<tr>
<td>Legislative reductions</td>
<td>15,947,070</td>
<td>19,584,144</td>
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<tr>
<td><strong>Yearly Commitments</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Crisis Centers</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Durham</td>
<td>321,272</td>
<td>321,272</td>
</tr>
<tr>
<td>Cumberland</td>
<td>940,959</td>
<td>940,959</td>
</tr>
<tr>
<td>Child Crisis</td>
<td></td>
<td>500,000</td>
</tr>
<tr>
<td>Wake Crisis</td>
<td></td>
<td></td>
</tr>
<tr>
<td>BHUC</td>
<td></td>
<td>1,200,000</td>
</tr>
<tr>
<td>Non-Medicaid rate increases</td>
<td>283,333</td>
<td>850,000</td>
</tr>
<tr>
<td>Medicaid Transformation</td>
<td></td>
<td>5,000,000</td>
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<tr>
<td><strong>Total Cost of Yearly Commitments</strong></td>
<td>$ 22,792,634</td>
<td>$ 44,887,148</td>
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<tr>
<td><strong>Recommended Savings Plan</strong></td>
<td></td>
<td>(2,725,000)</td>
</tr>
<tr>
<td><strong>Use of Fund Balance after Savings</strong></td>
<td>$ 42,162,148</td>
<td></td>
</tr>
<tr>
<td><strong>Funds available after commitments</strong></td>
<td>58,730,332</td>
<td>24,568,184</td>
</tr>
<tr>
<td><strong>Assumed yearly savings</strong></td>
<td>8,000,000</td>
<td>5,000,000</td>
</tr>
<tr>
<td><strong>Potential Ending Net Position</strong></td>
<td>$ 66,730,332</td>
<td>$ 29,568,184</td>
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## Potential Full Net Position

<table>
<thead>
<tr>
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<th>FY19</th>
<th>FY20</th>
<th>FY21</th>
<th>FY22</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment in Capital Asset</td>
<td>7,430,730</td>
<td>9,965,251</td>
<td>11,255,148</td>
<td>12,543,224</td>
<td>12,837,061</td>
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<tr>
<td>Restricted:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Risk Reserve</td>
<td>42,818,478</td>
<td>51,543,355</td>
<td>60,704,475</td>
<td>65,436,577</td>
<td>65,436,577</td>
</tr>
<tr>
<td>Total Restricted</td>
<td>42,818,478</td>
<td>51,543,355</td>
<td>60,704,475</td>
<td>65,436,577</td>
<td>65,436,577</td>
</tr>
<tr>
<td>Unrestricted:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Medicaid Funding</td>
<td>66,730,332</td>
<td>29,568,184</td>
<td>12,966,482</td>
<td>(1,598,080)</td>
<td>(11,128,642)</td>
</tr>
<tr>
<td>Total Potential Net Position at 6/30</td>
<td>109,548,809</td>
<td>81,111,538</td>
<td>73,670,957</td>
<td>63,838,497</td>
<td>54,307,935</td>
</tr>
</tbody>
</table>
Other Items
## FY19 Initiatives

<table>
<thead>
<tr>
<th>Crisis Services</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Child Crisis Facility</td>
<td>$3,000,000</td>
</tr>
<tr>
<td>NC START</td>
<td>650,000</td>
</tr>
<tr>
<td>Behavioral Health Urgent Care</td>
<td>1,200,000</td>
</tr>
<tr>
<td>Crisis Diversion</td>
<td>500,000</td>
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<tr>
<td>Paramedicine</td>
<td>250,000</td>
</tr>
<tr>
<td>Crisis Observation</td>
<td>100,000</td>
</tr>
<tr>
<td>Wake Adult Crisis Facility</td>
<td>5,000,000</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td><strong>$10,700,000</strong></td>
</tr>
</tbody>
</table>
## FY19 Initiatives

<table>
<thead>
<tr>
<th>Interventions and Supports</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Integrated Care</td>
<td>$400,000</td>
</tr>
<tr>
<td>IDD Service Definitions</td>
<td>2,000,000</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td><strong>$2,400,000</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Social Determinants of Health</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supportive Housing</td>
<td>$500,000</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td><strong>$800,000</strong></td>
</tr>
</tbody>
</table>

| Total                                      | **$13,600,000** |
County Plans

- Budget shift recommendation
- Range of flexibility in the county budgets
- Shift to more support for crisis facilities
  - Durham – $6.1M – $5.5M for Recovery Response
  - Cumberland – $4.8M – all for Cape Fear programs
- Wake county contract will specify programs/services
- More efficient for tracking and reporting
Administrative Focus

• Staff/consulting for Medicaid reform preparation
• Claims system replacement/enhancement
• Care Management system – $500K ongoing
• Facility planning – relocation and consolidation of sites by January 1, 2019
  • Moving costs, new F&E, IT build out
Administrative Focus

• Administrative increase in benefits for FY19
• Salary reviews to remain competitive
Retreat Takeaways

• PMPM expectations
  - Maintain current level of funding; prepare for increase due to investments

• Non-Medicaid redesign
  - Short and long term goals
  - Recommended budget will reflect changes
  - Seamless for providers

• Reinvestment program and initiatives
Retreat Takeaways

- Prepare for re-location of sites
- May – recommended budget
- June – final approval