

### **PUBLIC NOTICE**

The proposed annual budget of Vaya Health LME/MCO (“Vaya”) for the fiscal year beginning July 1, 2021 will be presented to the governing Board in a public meeting of the Finance Committee at 3:00 p.m. and the Board of Directors at 4:30 p.m. on Thursday May 27, 2021. This meeting will be conducted electronically, and participants can join by dialing 1-828-552-4129, with conference ID 442 282 228#. The budget will also be available for public review beginning May 24, 2021 at <https://www.vayahealth.com/get-to-know-us/transparency/finances/>. The Vaya governing Board will hold a public hearing on the budget at 4:30 p.m. on June 25, 2021. Any persons wanting to offer public comment about the proposed budget may do so during the Public Comment portion of the June 24 meeting. Board meeting agendas are posted at <https://www.vayahealth.com/get-to-know-us/transparency/board-of-directors/>.

### **BUDGET MESSAGE**

Vaya complies with the NC Local Government Budget and Fiscal Control Act with respect to preparation, submission and consideration of the annual budget. This document details the budget for fiscal year 2021-2022 for Vaya’s operations covering a 22-county catchment area, which includes Alexander, Alleghany, Ashe, Avery, Buncombe, Caldwell, Cherokee, Clay, Graham, Haywood, Henderson, Jackson, Macon, Madison, McDowell, Mitchell, Polk, Swain, Transylvania, Watauga, Wilkes and Yancey counties in western North Carolina. The budget year begins July 1, 2021 and ends June 30, 2022. Vaya is funded through a combination of Medicaid capitation payments, allocations from the North Carolina Department of Health and Human Services’ Division of Mental Health, Developmental Disabilities and Substance Abuse Services (DMH/DD/SAS), including federal grant funds allocated by DMH/DD/SAS, other grant funds awarded to Vaya, county maintenance of effort contributions and other miscellaneous revenue. The basis of accounting and budgeting for Vaya is modified accrual in accordance with N.C.G.S. § 159-26. A draft budget ordinance is included for informational purposes.

### **GOVERNMENTAL GOALS**

- 1) Provide high-quality, efficient and effective management and oversight of the public system of mental health, intellectual/developmental disabilities, and substance use services at the community level.
- 2) Meet all regulatory and contractual requirements for operation of a Medicaid prepaid inpatient health plan.

- 3) Support the overall goals of the State of North Carolina's Transformation to Medicaid Managed Care, including all activities necessary to ensure a successful transition of Vaya members to Standard Plan PHPs.
- 4) Successfully complete a Readiness Review and complete all activities necessary to prepare for the BH and I/DD Tailored Plan targeted for July 1, 2022 go-live.

## **BUDGET OVERVIEW**

The budget for State Fiscal Year 2021-2022 (FY22) is a "gap year" positioned between the COVID-19 bubble and the onset of the BH and I/DD Tailored Plan go-live targeted for July 1, 2022. Internally, Vaya leadership has been intensely focused on readiness and transition to the Tailored Plan model with a significant resource requirement now identified and targeted for FY22. In many ways, Vaya's future success depends on this transition budget year, but the financial planning has moved to a longer horizon with a "right to left" sequencing in thought and strategy with our current actions a result of the desired future aim. The strategic and operational pillars of next year's financial plan include:

- The FY22 budget includes all currently known and identified strategies to be implemented, onboarded, and readied for a successful Tailored Plan go-live on July 1, 2022.
- 75% of the identified increase in operational spend levels over current run rates are driven by Tailored Plan implementation and go-live readiness.
- Vaya has reached the 15% required risk reserve level which will enable an additional portion of FY22 capitation to be strategically deployed for Tailored Plan implementation.
- **The FY22 budget does not include any planned reductions in services from pre-pandemic level.**
- Because annual funding allocations from DMH/DD/SAS are not finalized and communicated to the LME/MCOs with sufficient time for budget planning, certain service budgets have not been established in this initial FY22 proposed budget, but will be established through budget revisions once annual funding allocations are awarded.
- Vaya will continue to employ strategies to meet the Medicaid risk corridor requirements, to allow gain sharing opportunity while ensuring required service spend levels.

**VAYA HEALTH**  
**SUPPORTING DETAIL TO BUDGET**  
**BUDGET FY21-22**

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**VAYA HEALTH  
COMPARISON TO PRIOR YEAR  
BUDGET FY21-22**

<b>General Fund Revenue</b>	<b>FY21-22 Proposed Budget</b>	<b>FY20-21 Current Budget</b>	<b>FY20-21 Initial Budget</b>	<b>Increase (Decrease) to Current FY21 Approved Budget</b>	<b>Difference to Initial FY21 Approved Budget</b>
Administration	\$55,223,489	\$45,874,112	\$41,996,554	\$9,349,377	\$13,226,935
Medicaid Services	333,957,786	319,785,954	290,886,542	14,171,832	43,071,244
Medicaid Services - Transfer to Admin	6,432,364	14,957,147	11,524,456	(8,524,783)	(5,092,092)
State/Federal Services	55,863,240	94,610,260	54,044,659	(38,747,020)	1,818,581
Local Services	2,887,243	2,876,243	2,917,605	11,000	(30,362)
Grants	1,464,622	1,097,524	868,840	367,098	595,782
Miscellaneous	1,865,000	1,472,000	1,567,000	393,000	298,000
Risk Reserve Revenue	0	5,760,838	-	(5,760,838)	0
Fund Balance for Administration	3,860,084	804,400	-	3,055,684	3,860,084
Fund Balance for Services	0	1,188,390	-	(1,188,390)	0
<b>Total</b>	<b>\$461,553,828</b>	<b>\$488,426,868</b>	<b>\$403,805,656</b>	<b>(\$26,873,040)</b>	<b>\$57,748,172</b>

<b>General Fund Expenditures</b>	<b>FY21-22 Proposed Budget</b>	<b>FY20-21 Current Budget</b>	<b>FY20-21 Initial Budget</b>	<b>Increase (Decrease) to Current FY21 Approved Budget</b>	<b>Difference to Initial FY21 Approved Budget</b>
Administration	\$65,515,937	\$61,635,659	\$53,521,010	\$3,880,278	\$11,994,927
Admin - Risk Reserve Contracts	0	5,760,838	-	(5,760,838)	\$0
Medicaid Services	333,957,786	320,085,954	290,886,542	13,871,832	43,071,244
State/Federal Services	55,863,240	95,498,650	54,044,659	(39,635,410)	1,818,581
Local Services	2,887,243	2,876,243	2,917,605	11,000	(30,362)
Grants	1,464,622	1,097,524	868,840	367,098	595,782
Miscellaneous	1,865,000	1,472,000	1,567,000	393,000	298,000
<b>Total</b>	<b>\$461,553,828</b>	<b>\$488,426,868</b>	<b>\$403,805,656</b>	<b>(\$26,873,040)</b>	<b>\$57,748,172</b>

Note: Current Budget is thru Budget Revision #3 for FY2021

**VAYA HEALTH**  
**BUDGET COMPARISON**  
**BUDGET FY21-22**

	<b>FY 21-22 Budget Proposed Budget Recurring Allocations only included</b>	<b>FY 20-21 Budget Current Budget All Allocations to date included</b>	<b>Increase (Decrease) to Current Budget</b>
<b>REVENUE</b>			
Service Revenue	\$ 394,573,269	\$ 418,744,458	\$ (24,171,189)
Administrative Revenue	61,536,353	60,700,057	836,296
Risk Reserve Revenue	-	5,760,838	(5,760,838)
Perm Supportive Housing & Back At Home	1,464,622	1,097,524	367,098
Other Administrative Funds	119,500	131,200	(11,700)
<b>Total Legally Available Funds</b>	<b>\$ 457,693,744</b>	<b>\$ 486,434,078</b>	<b>\$ (28,740,333)</b>
<b>SERVICE EXPENSE</b>			
<b>Medicaid Services</b>			
Inpatient Services	\$ 24,000,000	\$ 22,750,000	\$ 1,250,000
BH LT Residential	27,000,000	26,145,000	855,000
Community Support	8,000,000	8,044,500	(44,500)
PRTF	14,000,000	12,950,000	1,050,000
Outpatient	31,000,000	31,050,000	(50,000)
ACTT	16,200,000	16,245,000	(45,000)
MST	1,300,000	960,000	340,000
Intensive In Home	15,000,000	13,515,000	1,485,000
Partial Hospital/Day Treatment	6,000,000	2,575,000	3,425,000
Peer Support	3,100,000	3,000,000	100,000
PSR	3,288,453	887,500	2,400,953
COVID Hardship Payments	-	4,609,528	(4,609,528)
Crisis Services	5,000,000	4,150,000	850,000
ICF/IID	67,000,000	62,870,000	4,130,000
Innovations	107,247,590	102,250,000	4,997,590
1915 (b)(3) Services	5,821,743	8,084,427	(2,262,684)
<b>Non-Medicaid Services</b>			
Perm Supportive Housing & Back At Home	1,464,622	1,097,524	367,098
Comprehensives	15,960,036	18,579,214	(2,619,178)
Crisis Services	12,213,736	13,445,129	(1,231,393)
Hospital	6,479,661	6,011,206	468,455
IDD	3,692,480	5,284,460	(1,591,980)
Justice	453,807	578,807	(125,000)
Other Services	4,543,552	31,970,568	(27,427,016)
Residential/Housing	5,098,352	5,640,897	(542,545)
Substance Use	10,029,309	15,635,735	(5,606,426)
TCLI	2,144,550	2,700,877	(556,327)
Services to be Reduced	-		
<b>Total Service Expense</b>	<b>\$ 396,037,891</b>	<b>\$ 421,030,372</b>	<b>\$ (24,992,481)</b>
Medical Loss Ratio	87%	87%	
<b>Net Surplus (Loss) on Services</b>	<b>\$ (0)</b>	<b>\$ (1,188,390)</b>	<b>\$ 1,188,390</b>

	FY 21-22 Budget Proposed Budget Recurring Allocations only included	FY 20-21 Budget Current Budget All Allocations to date included	Increase (Decrease) to Current Budget
<b>Administrative Expenses</b>			
Salaries & Fringe Benefits	\$ 48,342,892	\$ 40,975,335	\$ 7,367,557
Professional Contracts	2,875,820	2,495,379	\$ 380,441
Travel	410,250	1,014,325	\$ (604,075)
Training	243,948	521,545	\$ (277,597)
Occupancy	1,872,290	2,138,671	\$ (266,381)
Insurance	959,459	464,000	\$ 495,459
Service & Maintenance Contracts	6,540,545	3,935,120	\$ 2,605,425
Equipment	543,000	80,000	\$ 463,000
Dues & Subscriptions	37,645	39,750	\$ (2,105)
Accreditation	170,000	260,000	\$ (90,000)
Depreciation	330,454	300,000	\$ 30,454
Inter-governmental Transfers	2,286,401	2,333,816	\$ (47,415)
Risk Reserve Contracts	-	5,760,838	\$ (5,760,838)
Leasehold Improvements	40,000	40,000	\$ -
Other Expenses	863,233	7,037,717	\$ (6,174,484)
<b>Total Administrative Expenses</b>	<b>\$ 65,515,937</b>	<b>\$ 67,396,496</b>	<b>\$ (1,880,559)</b>
<b>Net Surplus (Loss) on Administration</b>	<b>\$ (3,860,084)</b>	<b>\$ (804,400)</b>	<b>\$ (3,055,684)</b>
<b>Total Net Surplus (Loss)</b>	<b>\$ (3,860,084)</b>	<b>\$ (1,992,790)</b>	<b>\$ (1,867,294)</b>
Fund Balance Appropriation	\$ 3,860,084	\$ 1,992,790	\$ 1,867,294
Balanced Budget Check	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ (0)</b>

Note: Current Budget is thru Budget Revision #3 for FY2021

## Vaya Health - Proposed Revenue Budget for FY21-22

Type of Revenue	FY 21-22 Proposed Budget	FY 20-21 Current Budget
Medicaid B Service Revenue	\$227,320,817	\$220,653,918
Medicaid C Service Revenue	107,247,590	106,004,756
Medicaid (b)(3) Service Revenue	5,821,743	8,084,427
Medicaid Admin Funds	53,671,149	43,551,936
Medicaid Risk Reserve Funds	0	5,760,838
<b>Total Medicaid Funds</b>	<b>394,061,299</b>	<b>384,055,876</b>
Single Stream Funds	40,718,523	40,388,452
State UCR Funds	0	571,057
3-Way Hospital Funds	6,134,397	5,917,799
State Non-UCR Funds	550,000	15,340,676
MDE and Forensic Revenue	65,000	60,000
State Non-UCR Admin Funds	0	0
<b>Total State Funds</b>	<b>47,467,920</b>	<b>62,277,984</b>
Federal Non-UCR Funds	4,791,803	12,952,526
Federal UCR Funds	4,043,982	20,843,599
<b>Total Federal Funds</b>	<b>8,835,785</b>	<b>33,796,125</b>
County MOE Funds	2,803,243	2,803,243
County ABC Funds	84,000	73,000
<b>Total County Funds</b>	<b>2,887,243</b>	<b>2,876,243</b>
SAMHSA System of Care Grant	992,375	727,126
Money Follows the Person	20,000	27,000
CLIVE Revenues	1,845,000	1,390,000
Dogwood Trust Grant	0	55,000
<b>Total Other Service Funds</b>	<b>2,857,375</b>	<b>2,199,126</b>
<b>Total Permanent Supportive Housing &amp; Back At Home Grants</b>	<b>1,464,622</b>	<b>1,097,524</b>
Cobra Insurance Revenue	25,000	12,000
Retiree Insurance Revenue	10,000	15,750
Interest Income	52,000	50,000
Rental Income	0	0
Miscellaneous Income	32,500	53,450
<b>Total Other Funding</b>	<b>119,500</b>	<b>131,200</b>
<b>Total Non-Medicaid Funding</b>	<b>63,632,445</b>	<b>102,378,202</b>
Fund Balance Appropriated for Admin Operations Shortfall	3,860,084	804,400
Fund Balance Appropriated for Medicaid Services	0	300,000
Fund Balance Appropriated - Services	0	888,390
<b>Total Fund Balance Appropriations</b>	<b>3,860,084</b>	<b>1,992,790</b>
<b>Total Revenues in the Vaya Health Annual Budget</b>	<b>\$461,553,828</b>	<b>\$488,426,868</b>

## Vaya Health - Proposed Medicaid Revenue Budget for FY21-22

Medicaid Category of Aid	Total Revenue	Member Months	Rate
BH I/DD Tailored Plan, Non-ABD	73,426,769	118,272	620.83
BH I/DD Tailored Plan, Blind/Disabled	20,328,028	23,521	864.25
BH I/DD Tailored Plan, ABD	127,384,663	118,871	1,071.62
Other	1,258,791	327,468	3.84
Foster Children	47,499,416	52,512	904.54
Innovations	124,163,631	18,732	6,628.42
<b>Total Capitation Revenue</b>	<b>\$394,061,299</b>	<b>659,376</b>	<b>\$597.63</b>
Revenue Category	Total Revenue	Percent	
Medicaid B	227,320,817	57.69%	
Medicaid C (Innovations)	107,247,590	27.22%	
Medicaid (b)(3)	5,821,743	1.48%	
Medicaid - Transfer to Admin	(6,432,364)	-1.63%	
<b>Total Service Revenues</b>	<b>\$333,957,786</b>	<b>84.75%</b>	
Medicaid Admin Revenue	53,671,149	13.62%	
Medicaid Admin - Transfer From Services	6,432,364	1.63%	
Medicaid Risk Reserve Revenue	0	0.00%	
<b>Total Medicaid Revenues</b>	<b>\$394,061,299</b>	<b>100.00%</b>	



# VAYA HEALTH

## DRAFT ANNUAL BUDGET ORDINANCE

### FY21-22

WHEREAS, the proposed budget for FY 2021-2022 was submitted to the Vaya Health Finance Committee of the Board of Directors on May 27, 2021 by the Budget Officer and was filed with the Clerk to the Board;

WHEREAS, on June 24, 2021, the Vaya Health Board held a public hearing pursuant to N.C.G.S. § 159-12 prior to adopting the proposed budget;

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

#### Section 1: General Fund Revenue

Administration	\$55,223,489
Medicaid Services	\$333,957,786
Medicaid Services - Transfer to Admin	\$6,432,364
State/Federal Services	\$55,863,240
Local Services	\$2,887,243
Grants	\$1,464,622
Miscellaneous	\$1,865,000
Risk Reserve Revenue	\$0
Fund Balance for Administration	\$3,860,084
Fund Balance for Services	\$0
<b>TOTAL</b>	<b>\$461,553,828</b>

#### Section 2: General Fund Expenditures

Administration	\$65,515,937
Medicaid Services	\$333,957,786
State/Federal Services	\$55,863,240
Local Services	\$2,887,243
Grants	\$1,464,622
Miscellaneous	\$1,865,000
<b>TOTAL</b>	<b>\$461,553,828</b>

#### Amendment Process:

The budget ordinance is approved at a function/appropriation level. Per N.C.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 N.C.G.S. §§ 159-8 and 159-13.

## Vaya Health Salary Schedule

Grade	Minimum	Mid	Maximum
10	\$30,900	\$40,170	\$49,440
11	\$32,445	\$42,179	\$51,912
12	\$34,067	\$44,287	\$54,508
13	\$35,771	\$46,502	\$57,233
14	\$37,559	\$48,827	\$60,095
15	\$39,437	\$51,268	\$63,099
16	\$41,409	\$53,832	\$66,254
17	\$43,479	\$56,523	\$69,567
18	\$45,653	\$59,349	\$73,045
19	\$47,936	\$62,317	\$76,698
20	\$50,333	\$65,433	\$80,533
21	\$52,849	\$68,704	\$84,559
22	\$55,492	\$72,140	\$88,787
23	\$58,267	\$75,747	\$93,226
24	\$61,180	\$79,534	\$97,888
25	\$64,239	\$83,511	\$102,782
26	\$67,451	\$87,686	\$107,921
27	\$70,823	\$92,070	\$113,317
28	\$74,365	\$96,674	\$118,983
29	\$78,083	\$101,508	\$124,932
30	\$81,987	\$106,583	\$131,179
31	\$86,086	\$111,912	\$137,738
32	\$90,391	\$117,508	\$144,625
33	\$94,910	\$123,383	\$151,856
34	\$99,656	\$129,552	\$159,449
35	\$104,638	\$136,030	\$167,421
36	\$109,870	\$142,831	\$175,792
37	\$115,364	\$149,973	\$184,582
38	\$121,132	\$157,472	\$193,811
39	\$127,189	\$165,345	\$203,502
40	\$133,548	\$173,612	\$213,677
41	\$140,225	\$182,293	\$224,361
42	\$147,237	\$191,408	\$235,579
43	\$154,599	\$200,978	\$247,358
44	\$162,328	\$211,027	\$259,726
45	\$170,445	\$221,578	\$272,712
46	\$178,967	\$232,657	\$286,347
47	\$187,915	\$244,290	\$300,665
48	\$197,311	\$256,505	\$315,698
49	\$207,177	\$269,330	\$331,483
50	\$217,536	\$282,796	\$348,057