

PUBLIC NOTICE

The proposed annual budget of Vaya Health LME/MCO for the fiscal year beginning July 1, 2022 will be presented on Thursday May 26, 2022 to the governing Board of Directors in a public meeting of the Finance Committee at 3:00 p.m., and the full Board at 4:30 p.m. The budget will be available for public review beginning May 23, 2022 at <http://vayahealth.com/>. The Board will hold a public hearing on the budget at 4:30 p.m. on June 23, 2022. Any persons wanting to offer public comment about the proposed budget may do so during the Public Comment portion of the June 23, 2022 Board meeting. Board meeting agendas with connection information are posted at <https://www.vayahealth.com/get-to-know-us/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 2022-2023 for Vaya's operations covering a 31-county region that includes Alamance, Alexander, Alleghany, Ashe, Avery, Buncombe, Caldwell, Caswell, Chatham, Cherokee, Clay, Franklin, Graham, Granville, Haywood, Henderson, Jackson, Macon, Madison, McDowell, Mitchell, Person, Polk, Rowan, Stokes, Swain, Transylvania, Vance, Watauga, Wilkes, and Yancey counties in western North Carolina. The budget year begins July 1, 2022 and ends June 30, 2023. Vaya is funded through a combination of Medicaid capitation through a contract with the NC Department of Health and Human Services, Division of Health Benefits, Single Stream and other state allocations from the NCDHHS Division of Mental Health, Developmental Disabilities and Substance Abuse Services (MHDDSAS), including federal grant funds allocated by the Division of MHDDSAS, 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, traumatic brain injury, and substance use services at the community level.
- 2) Meet all regulatory and contractual requirements for current operation of a Medicaid prepaid inpatient health plan under the North Carolina combined 1915(b)/(c) Medicaid Waiver.

- 3) Support the overall goals of the NCDHHS Transformation to Medicaid Managed Care, including successful implementation of the Behavioral Health and I/DD Tailored Plan and Medicaid Direct PIHP, both targeted for December 1, 2022 go-live.

BUDGET OVERVIEW

The budget for State Fiscal Year 2022-2023 (FY23) is a transition year to the BH and I/DD Tailored Plan and Medicaid Direct PIHP, which are currently targeted for go-live on December 1, 2022. Vaya is focused on readiness and transition to the Tailored Plan/ Medicaid Direct programs as well as the recent addition of 9 counties from the assumption of business operations from Cardinal Healthcare Innovations. These two complex change implementations have created a significant resource requirement during the last six months of SFY2022 that will carry forward into SFY2023. To ensure ongoing financial viability, Vaya has engaged in financial planning intently focused on cost management within the new Tailored Plan/ Medicaid Direct model.

The strategic and operational pillars of next year's financial plan include:

- The FY23 budget includes a 5-month period of ongoing current operations and Tailored Plan/ Medicaid Direct readiness leading up to the December 1, 2022 go live, and also includes 7 months of operations under the new care delivery model.
- The FY23 budget includes an increase in employee workforce to support Tailored Care Management as required at go live.
- Medical Loss Ratio metrics have been budgeted within the risk corridor requirements.
- The budget assumes a sunset to the Public Health Emergency as of June 30, 2022, although an extension has recently been proposed, but not officially enacted.
- Because annual funding allocations from the Division of MHDDSAS 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 FY23 proposed budget; however, they will be established through projections once annual funding allocations are awarded.
- Vaya will continue to employ strategies to meet the Medicaid risk corridor requirements and to allow gain sharing opportunity while ensuring required service spend levels.

Vaya Health
Draft Annual Operating Budget Ordinance
FY2022-2023

BUDGET ORDINANCE

WHEREAS, the proposed budget for FY 2022-2023 was submitted to the Vaya Health Finance Committee of the Board of Directors on May 26, 2022 by the Budget Officer and was filed with the Clerk to the Board;

WHEREAS, on June 23, 2022, 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, 2022 and ending June 30, 2023, there is hereby appropriated the following funds by function:

Section 1: General Fund Revenue by Source

Total Medicaid Funds	\$864,280,060
Total State and Federal Funds	\$100,854,211
Total County Funds	\$3,717,557
Other Operating/Non-Operating	\$13,158,521
TOTAL	<u><u>\$982,010,350</u></u>

Section 2: General Fund Expenditures by Function

Contracted Services	\$814,017,671
LME Operations and Management	\$167,992,679
TOTAL	<u><u>\$982,010,350</u></u>

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.