

**PUBLIC NOTICE**

The proposed annual budget of Vaya Health LME/MCO for the fiscal year beginning July 1, 2023 will be presented to the 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. on Thursday, May 25, 2023. The budget will be available for public review beginning May 22, 2023 at <http://vayahealth.com/>. The Board will hold a public hearing on the budget at 4:30 p.m. on June 22, 2023. Any persons wanting to offer public comment about the proposed budget may do so during the Public Comment portion of the June 22 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 the preparation, submission, and consideration of the annual budget. This document details the budget for fiscal year 2023-2024 for Vaya's operations covering a 31-county region that includes the North Carolina counties of 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. The budget year begins July 1, 2023 and ends June 30, 2024. 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 statutory, regulatory, and contractual requirements for the current North Carolina combined 1915(b)/(c) Medicaid Waiver prepaid inpatient health plan (PIHP),

the NC Medicaid Direct PIHP, and the North Carolina Behavioral Health and I/DD Tailored Plan authorized under Section 1115 of the Social Security Act.

- 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 targeted for October 1, 2023 go-live.

### **BUDGET OVERVIEW**

The budget for State Fiscal Year 2023-2024 (FY24) continues as a transition year to the BH and I/DD Tailored Plan, which is currently targeted for go-live on October 1, 2023. Vaya is focused on readiness and transition to the Tailored Plan program. This complex change implementation and systems readiness have created a significant resource requirement during the prior months of SFY2023 that will carry forward into the first quarter of SFY2024. To ensure ongoing financial viability, Vaya has engaged in financial planning intently focused on cost management within the new Tailored Plan model. The strategic and operational pillars of next year's financial plan include:

- The FY24 budget includes a 3-month period of ongoing current operations and Tailored Plan readiness leading up to the October 1, 2023 go live, and also includes 9 months of operations under the new TP care delivery model.
- The FY24 budget includes an increase in employee workforce to support Tailored Care Management as required at go live, many of which have already been secured.
- Medical Loss Ratio metrics have been budgeted within the risk corridor requirements.
- 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 FY24 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**  
**FY2023-2024**

**BUDGET ORDINANCE**

WHEREAS, the proposed budget for FY 2023-2024 was submitted to the Vaya Health Finance Committee of the Board of Directors on May 25, 2023 by the Budget Officer and was filed with the Clerk to the Board;

WHEREAS, on June 22, 2023, 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, 2023 and ending June 30, 2024, there is hereby appropriated the following funds by function:

**Section 1: General Fund Revenue by Source**

Total Medicaid Funds	\$963,653,041
Total State and Federal Funds	\$106,509,966
Total County Funds	\$4,395,512
Other Operating/Non-Operating	\$12,312,776
<b>TOTAL</b>	<b><u><u>\$1,086,871,296</u></u></b>

**Section 2: General Fund Expenditures by Function**

Contracted Services	\$913,279,859
LME Operations and Management	\$173,591,437
<b>TOTAL</b>	<b><u><u>\$1,086,871,296</u></u></b>

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.