

PUBLIC NOTICE

The proposed annual budget of Vaya Health LME/MCO for the state fiscal year (SFY) beginning July 1, 2024 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 23, 2024. The budget will be available for public review beginning May 23, 2024 at <http://vayahealth.com/>. The Board will hold a public hearing on the budget at 4:30 p.m. on June 27, 2024. Any persons wanting to offer public comment about the proposed budget may do so during the Public Comment portion of the June 27 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 SFY 2024-2025 (FY25) for Vaya's operations covering a 32-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, Rockingham, Rowan, Stokes, Swain, Transylvania, Vance, Watauga, Wilkes, and Yancey counties in North Carolina. The budget year begins July 1, 2024 and ends June 30, 2025. Vaya is funded through a combination of Medicaid capitation through contracts with the NC Department of Health and Human Services (NCDHHS or Department), Division of Health Benefits (NC Medicaid), Single Stream and other state allocations from the NCDHHS Division of Mental Health, Developmental Disabilities and Substance Use Services (MHDDSUS), including federal grant funds allocated by the Division of MHDDSUS, 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.

The FY25 Budget fiscally supports Vaya's strategic pillars and governmental goals, which are fundamental to our success.

STRATEGIC AND GOVERNMENTAL GOALS

- 1) Provide high-quality, efficient, and effective management and oversight of the public system of mental health, intellectual/developmental disabilities (I/DD), traumatic brain injury (TBI), and substance use services at the community level.
- 2) Meet all statutory, regulatory, and contractual requirements of the North Carolina Section 1115 Demonstration Waiver; the North Carolina 1915(c) Home and Community Based Services Waiver (NC Innovations); Vaya's contracts with the Department to operate the NC Medicaid Direct Prepaid Inpatient Health Plan (PIHP), the Behavioral Health and I/DD Tailored Plan (Tailored Plan), and the Healthy Opportunities Pilot (HOP); all federal or other public grants awarded to Vaya; and any other programs awarded to us by NCDHHS during FY25.
- 3) Support the Department's five priority goals: Behavioral Health & Resilience, Child & Family Well-Being, Inclusive Workforce, Health Equity, and Operational Excellence.
- 4) Align with the Department's 2024 – 2026 Strategic Plan and support the aims, goals, and objectives of North Carolina's Medicaid Managed Care Quality Strategy.
 - a. **Better Care Delivery:** Ensure appropriate, equitable, and timely access to care; maintain Medicaid provider engagement; drive equitable, patient-centered, whole-person care; promote patient engagement in care; link patients to appropriate care management and care coordination services; and address behavioral and physical health comorbidities
 - b. **Healthier People, Healthier Communities:** promote wellness and prevention, including child health, development, and wellness, women's health, maternal morbidity and mortality; maximize LTSS populations' quality of life and community inclusion; improve chronic condition management in the domains of behavioral health, diabetes, asthma, and hypertension management; and work with communities to improve population health by addressing unmet health-related resource needs, health equity, the opioid crisis, tobacco use, and obesity
 - c. **Smarter Spending:** Pay for value and ensure high-value, appropriate care
- 5) Support the overall goals of the NCDHHS Transformation to Medicaid Managed Care, including successful implementation of the integrated, whole-person health Tailored Plan, which includes management of medical, physical health, pharmacy, behavioral health, I/DD, TBI, and long-term services and supports (LTSS) and is now confirmed for a July 1, 2024 go-live.
- 6) Drive Vaya's strategic pillars, including strong organizational health, fiscal VAYAbility, operational excellence, community reinvestment, and ongoing sustainability through future growth and diversification.

BUDGET OVERVIEW

The budget for State Fiscal Year 2024-2025 (FY25) continues as a transition year to the Tailored Plan, which is confirmed for go-live on July 1, 2024. 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 FY24 that will carry forward into the first quarter of FY25. To ensure ongoing financial viability, Vaya has employed ongoing financial planning intently focused on cost management within the Tailored Plan model.

The key operational assumptions of next year's financial plan include:

- 12 months of operations under the Tailored Plan and Medicaid Direct care delivery contracts, including operations to support the HOP
- New delegated subcontractors that provide required services for the Tailored Plan, including but not limited to the Pharmacy Benefit Manager (PBM), Non-Emergency Medical Transportation (NEMT) broker, Standard Plan NurseLine partner, and multiple utilization management vendors.
- A modest increase in employee workforce to support Tailored Plan operations.
- Designated funding to deploy Vaya's strategic compensation plan, which supports employee retention, ability to compete in the healthcare market, and organizational health.
- Strategies to leverage scaling and thereby improve overall administrative efficiencies.
- Medical Loss Ratio metrics budgeted within the risk corridor requirements.
- Because annual funding allocations from the Division of MHDDSUS 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 FY25 proposed budget; however, they will be established through projections once annual funding allocations are awarded.

BUDGET ORDINANCE

WHEREAS, the proposed budget for FY 2024-2025 was submitted to the Vaya Health Finance Committee of the Board of Directors on May 23, 2024 by the Budget Officer and was filed with the Clerk to the Board;

WHEREAS, on June 27, 2024, 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, 2024 and ending June 30, 2025, there is hereby appropriated the following funds by function:

Section 1: General Fund Revenue by Source

Total Medicaid Funds	\$1,355,005,485
Total State and Federal Funds	\$104,093,646
Total County Funds	\$6,022,702
Other Operating/Non-Operating	\$12,405,386
TOTAL	<u><u>\$1,477,527,219</u></u>

Section 2: General Fund Expenditures by Function

Contracted Benefit Services	\$1,264,818,383
LME Operations and Management	\$188,335,130
Premium Tax	\$19,728,709
Value Added Services	\$2,500,000
Increase to Fund Balance	\$2,144,997
TOTAL	<u><u>\$1,477,527,219</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.