

## **PUBLIC NOTICE**

The proposed annual budget of Vaya Health (Vaya) LME/MCO for the State Fiscal Year (SFY) beginning July 1, 2025, 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 22, 2025. The budget will be available for public review beginning May 21, 2025, at [vayahealth.com](http://vayahealth.com). The Board will hold a public hearing on the budget at 4:30 p.m. on June 26, 2025. Any persons wanting to offer public comment about the proposed budget may do so during the Public Comment portion of the meeting on June 26, 2025. Board meeting agendas and connection information are posted at [vayahealth.com/about/governance/board-of-directors](http://vayahealth.com/about/governance/board-of-directors).

## **BUDGET MESSAGE**

Vaya complies with the North Carolina 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 2025-26 (FY26) for Vaya's operations covering a 32-county region that comprises 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, 2025, and ends June 30, 2026. 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 (DMHDDSUS), including federal grant funds allocated by DMHDDSUS; 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 FY26 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 substance use, intellectual/developmental disabilities (I/DD), and traumatic brain injury (TBI) 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 for individuals with I/DD (NC Innovations); Vaya's contracts with NCDHHS to operate the NC Medicaid Direct Prepaid Inpatient Health Plan (PIHP), the Behavioral Health and I/DD Tailored Plan (Tailored Plan), the Healthy Opportunities Pilot (HOP), and the Statewide MFP Transition Coordination program; all federal or other public grants awarded to Vaya; and any other programs awarded to us by NCDHHS during FY26.
3. Align with the DMHDDSUS 2024 – 2029 Strategic Plan and support the aims, goals, and objectives of North Carolina's Medicaid Managed Care Quality Strategy. As outlined in its 2024 – 2029 plan, DMHDDSUS aims to:
  - a. Increase Access to Care Across the State: We will make it easier for people to access and stay in services to promote wellness, prevent suicide, address problem gambling, and live self-directed lives.
  - b. Improve Access to Quality I/DD and TBI Services: We will increase access to services so that more individuals with I/DD and TBI are able to live the lives of their choosing in their community.
  - c. Prevent Substance Misuse and Overdose: We will use primary prevention and harm reduction techniques and increase timely access to services to prevent substance use and overdose.
  - d. Build the Workforce: We will encourage all individuals delivering care and supporting care delivery by offering quality, evidence-based services and support them in having a clear understanding of their role and a path for professional growth.
  - e. Strengthen the Crisis System: We will implement our Crisis to Care vision to meet the needs of people in distress across the state, ensuring that every North Carolinian has someone to contact, someone to respond, and a safe place for help.
  - f. Expand Services for Individuals in the Justice System: DMHDDSUS will create alternatives to incarceration, increase access to behavioral health treatment, and develop supports to deflect and divert more individuals from the justice system, as well as maintain stability upon re-entry.
  - g. Amplify Recovery and Community-Based Services: We will strengthen the continuum of care for children and adults living with serious and complex mental health and substance use issues, including co-occurring I/DD and TBI.

## **BUDGET OVERVIEW**

The budget for FY26 ensures ongoing financial viability through financial planning intently focused on cost management within the Tailored Plan model. The upcoming year will continue to grow and mature within the successful launch of the Tailored Plan, which is now entering its second full fiscal year.

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

- The continued support of Vaya members, providers, staff, and communities in the wake of Hurricane Helene, specifically through the continued deployment of allocated and approved resources by the North Carolina General Assembly and NCDHHS
- A modest increase in Vaya's workforce to support continued projected growth in Tailored Plan membership
- Designated funding to deploy Vaya's strategic compensation plan, which supports employee retention, ability to compete in the health care market, and organizational health
- Investments in support of Vaya's multi-year strategic plan
- Strategies to leverage scaling and thereby improve overall administrative efficiencies
- Medical Loss Ratio metrics budgeted within the risk corridor requirements
- The continued meeting of all solvency requirements

Because annual funding allocations from DMHDDSUS 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 FY26 proposed budget; however, they will be established through projections once annual funding allocations are awarded.

**BUDGET ORDINANCE**

WHEREAS, the proposed budget for SFY 2025-26 was submitted to the Vaya Health Finance Committee of the Board of Directors on May 22, 2025, by the Budget Officer and was filed with the Clerk to the Board; and

WHEREAS, on June 26, 2025, the Vaya Health Board held a public hearing pursuant to N.C.G.S. §159-12 prior to adopting the proposed budget; and

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, 2025, and ending June 30, 2026, there is hereby appropriated the following funds by function:

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

Total Medicaid Funds	\$1,664,721,549
Total State and Federal Funds	\$117,339,125
Total County and Local Funds	\$13,781,702
Other Operating/Non-Operating	\$5,459,379
<b>TOTAL</b>	<b><u><u>\$1,801,301,755</u></u></b>

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

Contracted Benefit Services	\$1,549,267,128
LME Operations and Management	\$219,487,044
Premium Tax	\$24,031,990
Value Added Services	\$2,500,000
Increase to Fund Balance	\$6,015,593
<b>TOTAL</b>	<b><u><u>\$1,801,301,755</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.