

Fiscal Year (FY) 2021 Budget Presentation

Leslie Thomas, Certified Public Accountant (CPA)

Chief Financial Officer

Mid-State Health Network

530 W. Ionia Ste F.

Lansing, MI 48933

Budget Background

- ▶ Original budget information presented to board annually
- ▶ Revenue information is projected based on MDHHS (Michigan Department of Health and Human Services) rate certification information as developed by their actuary (Milliman).
- ▶ Budgeted expense information provided from Community Mental Health Services Programs (CMHSPs) and projected for Substance Abuse Prevention and Treatment (SAPT) providers based on prior year utilization or negotiated contract/cost reimbursement funding levels
- ▶ Mid-State Health Network (MSHN) administrative expenses are determined based on strategic plan priorities, prior year trending, staff interviews/meetings, contractual adjustments related to required PIHP (retained) functions, and management estimates of workload, future/anticipated requirements, along with effectiveness and efficiency considerations

Revenue Assumptions and Budget

- ▶ MDHHS Rate Certification Letter
- ▶ Insurance Plan Assessment - assessed by MDHHS at \$1.20 for each Medicaid and HMP eligible based on the anticipated FY 21 enrollment
- ▶ Hospital Rate Adjuster (HRA) - PIHP pass through payment to psychiatric hospitals based on their encounter submissions
- ▶ Performance Bonus Incentive Payment (PBIP)
 - ▶ Funds earned by meeting MDHHS performance and reporting metrics
 - ▶ MSHN has earned the full bonus for the last three fiscal years
 - ▶ Funds are earned as local and must be spent for behavioral health services
 - ▶ 100% of PBIP funds sent to CMHSPs as required by MSHN's Operating Agreement
- ▶ Local Contribution - MDHHS requirement for state match under the Medicaid program in order to increase capitation payments, revenue is collected from CMHSPs to cover equal expense amount. There is a planned phase out in the next three years.

FY 2021 Regional Operating Revenue

► Projected/Budgeted Regional Behavioral Health Revenue

Type	Budget amount
Prior Year (FY 20) Medicaid Savings	23,175,056
Prior Year (FY 20) Healthy MI Plan (HMP) savings	--
Medicaid Capitation*	372,200,501
Medicaid Capitation HSW	92,051,210
Healthy Michigan Plan Capitation	56,262,487
Medicaid Autism Funding	53,890,080
Medicaid DHS Incentive Payment	2,358,355
Hospital Rate Adjuster (HRA)	16,359,552
Performance Bonus Incentive Payments (PBIP)	4,583,840
Local Match Contribution	<u>3,140,208</u>
	624,021,289

Medicaid Capitation* - amount includes SED-W and CW anticipated waiver payments of \$2.48 M and 2.28 M respectively

FY 2021 Regional Operating Revenue

► Projected/Budgeted Substance Abuse Prevention and Treatment (SAPT) Revenue

Type	Budget amount
Medicaid Capitation	13,411,761
HMP Capitation	23,362,573
Community Grant	16,646,788
PA2 Liquor Tax	<u>4,603,141</u>
Total	58,024,263

FY 2021 Other Revenue

► Other

Type	Budget amount
Interest Income	218,000
Other Grants (Veteran's Navigator, Club House, Peer Support)	388,519
Other Income (Supports Intensity Scale (SIS))	<u>62,250</u>
Total	668,769

FY 2021 Regional Budget Summary

Type of Revenue	Budgeted Amount	Percent of Total
Mental Health	624,021,289	91.40%
SAPT	58,024,263	8.50%
Other	<u>668,769</u>	<u>.10%</u>
Total	\$ 682,714,321	100.00%

Type Of Expense	Budget Amount	Percent of Total
CMHSP Services	556,797,828	86.39%
SAPT Services	53,626,941	8.32%
Taxes	24,973,805	3.87%
Admin expense	<u>9,143,444</u>	<u>1.42%</u>
Total Regional Expenses	\$644,542,018	100.00%

FY 21 Rev over Exp \$38,172,303; FY 21 Internal Service Fund (ISF) Projection \$46,015,273 (Represents fully funded ISF)

MSHN Administrative Expenses - Detail

- ▶ FY 2021 MSHN administrative expenses are projected to increase \$1.29 Million from FY 2020 Amended Budget. (Please Note: Amended Budget decreased as several positions not filled)
 - ▶ FY 2021 Overall administrative budget represents 1.42% of total expenses or .19% increase from FY 2020 Amended Budget
 - ▶ Projected staff increase of eight (8) positions to meet MDHHS requirements for the following (Please note the positions were approved in the FY 20 budget but were not filled):
 - ▶ Annual waiver certifications for B3 services, CW, and SED-W (A summary of waiver changes have been included with CEO report in previous Board meetings)
 - ▶ Supports Intensity Scale (SIS) expanding to include children

FY 2021 Administrative Expenses

- ▶ Other Contractual Agreements - Restored to original FY 20 budget amounts
- ▶ Expense increases based on additional staff include Benefits, Office Supplies and a minimal impact to IS Subscriptions and Maintenance. Conference/Training and Mileage expenses are significantly reduced from previous fiscal years since much of this activity will be virtual due to COVID-19 concerns
- ▶ IS Subscriptions and Maintenance includes allowance for software enhancements
- ▶ Consulting services decreased for one vendor (TBD)
- ▶ Other expenses increased for new peer grant expenses - amount offset by revenue