



# Fiscal Year (FY) 2025 Budget Presentation

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# Budget Development

## REVENUE ESTIMATES

- Michigan Department of Health and Human Services (MDHHS) along with Milliman its actuarial firm, provided a draft Rate Certification letter to PIHPs in June 2024. Key elements not included in the draft rates that could have multi-million dollar impacts on the estimates:
  - Certified Community Behavioral Health Center (CCBHC) Prospective Payment System (PPS-1) rates - a portion of the rates are covered with capitation and this amount is unknown. For budget purposes, the estimates included the FY 24 ratios.
  - Direct Care Worker (DCW) rate increases - a \$0.20 per hour increase is included in the State's budget appropriations but this revenue was not reflected in the draft rates.
  - PIHP Entity Specific Factors - These are generally between .97 and 1.3 and are comprised of a risk and area (transportation, inpatient, DCW, CCBHC) factor. Numbers under 1.0 means capitation rates are slightly less than those noted in the certification letter and vice versa . In FY 24, MSHN's Mental Health and Autism factors were above 1.0 and less than 1.0 for Substance Use funding. MSHN used FY 24 entity factors for FY 25's budget.
- PIHP Finance Staff used details from the draft letter above and incorporated reduced enrollment numbers for the revenue projections.
- Medicaid Savings Carryforward - MSHN does not project any savings as FY 24 expenses exceed revenue for the period.
- As in previous FYs, MSHN will continue its review of revenue and expense estimates several times throughout the FY. Review processes ensure the region can identify anticipated cost overruns or projected surpluses and facilitates future fiscal planning.

# Budget Development

## EXPENSE FIGURES

- ▶ Community Mental Health Services Programs (CMHSPs) - Expense numbers submitted by Seven of Twelve CMHSPs exceed projected revenue. MSHN encouraged CMHSPs to report expenses needed to address ongoing issues in the following areas:
  - ▶ Significant Utilization Increases (Inpatient, Autism, Community Living Supports (CLS))
  - ▶ Increased Reimbursement Rates
  - ▶ Staff Retention/Staff Attraction
- ▶ Substance Abuse Prevention and Treatment (SAPT) providers - Expense amounts are based on prior year utilization trended or negotiated contract/cost reimbursement funding levels. While MSHN's SAPT service line is experiencing some of the same concerns noted above for CMHSPs, SAPT revenue is sufficient to cover projected expenses. MSHN is not offering an increase in Fee-For-Service rates as those reimbursements were increased by 10% for the last two fiscal years.

# FY 2025 Regional Budget Summary

CATEGORY	SAPT REVENUE		SAPT EXPENSE		SURPLUS/DEFICIT
Medicaid	17,824,520	27.08%	17,300,000	26.38%	524,520
Healthy Michigan Plan	29,873,187	45.38%	31,200,000	47.58%	(1,326,813)
Community Grant and Other	13,268,684				
SUD Grants		20.16%	12,205,295	18.61%	1,063,389
PA2 Liquor Tax SUD	4,864,052	7.39%	4,864,052	7.42%	-
Total	65,830,443	100.00%	65,569,347	100.00%	261,096

**PLEASE NOTE: MSHN received updated MDHHS rates in late September. MSHN's FY 25 fiscal position will result in revenue under expenses by approximately \$10 M. This is an improvement from the original \$29 M deficit approved by the Board of Directors in September.**

# FY 2024 to FY 2025 FISCAL Comparison

REVENUE COMPARISON			
Category	FY 24	FY 25	FY 25 Inc/(Decr)
Medicaid	21,243,459	17,824,520	(3,418,939)
HMP	29,138,920	29,873,187	734,267
BG	16,895,320	13,268,684	(3,626,636)
PA2	4,736,318	4,864,052	127,734
	<u>72,014,017</u>	<u>65,830,443</u>	<u>(6,183,574)</u>
EXPENSE COMPARISON			
Category	FY 24	FY 25	FY 25 Inc/(Decr)
Medicaid	19,749,480	17,300,000	(2,449,480)
HMP	32,000,000	31,200,000	(800,000)
BG	16,051,640	12,205,295	(3,846,345)
PA2	4,736,318	4,864,052	127,734
	<u>72,537,438</u>	<u>65,569,347</u>	<u>(6,968,091)</u>