



# Fiscal Year (FY) 2022 Budget Presentation

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# Budget Development

## REVENUE ESTIMATES

### Prior Fiscal Years:

- Michigan Department of Health and Human Services (MDHHS) along with Milliman its actuarial firm, provide a Rate Certification letter to PIHPs in July or August.
- PIHP Finance Staff use details from the letter and appendices to develop revenue estimates based on average past enrollees (adjusted or averaged).
- MSHN revenue estimates are reviewed several times throughout the FY to ensure actual amounts received align or are higher than projections and are sufficient to cover anticipated expenditures

### Fiscal Year 2022:

- Final MDHHS Rate Certification letter will be received mid-September
- FY 2021 capitation rates used as the revenue basis without Direct Care Worker (DCW) premiums
- Enrollment numbers were reduced as the Public Health Emergency is expected to end

# REVENUE - OTHER INFORMATION

- ▶ MDHHS DRAFT Rate Certification numbers indicate a significant increase in revenue than the amounts noted in this presentation
- ▶ Certified Community Behavioral Health Centers (CCBHC) - MSHN has three Community Mental Health Service Programs (CMHSP) participating in the State's demonstration project slated to begin 10.1.21. Significant staff time and effort have been utilized to meet MDHHS's effort to operationalize this process by the implementation date. A portion of CCBHC activities will be funded via MDHHS's new Prospective Payment System-1 (PPS-1) mechanism. Unfortunately, sufficient details related to the amount of revenue PPS-1 revenue are currently not available. Many other aspects of the program are also still in development. Because of the unknowns associated with CCBHC, MSHN did not include associated revenue in the projections.
- ▶ Within FY 22 quarter one, MSHN will create updated revenue figures based on the final Rate Certification data along with an analysis of actual CCBHC PPS-1 payments. An FY 22 budget amendment will be brought forward if needed in November 2021 or January 2022.

# Budget Development

## EXPENSE FIGURES

- ▶ 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:
  - ▶ Strategic Plan Priorities such as CCBHC and Home and Community Based Services (HCBS) Waiver responsibilities:
  - ▶ Prior year trending:
    - ▶ Consultation needs
    - ▶ Technology needs assessment
    - ▶ Upcoming conferences and training
    - ▶ Other information gathered during staff interviews/meetings

# FY 2022 Regional Operating Revenue

## ► Projected/Budgeted Regional Behavioral Health Revenue

	Budget amount
Prior Year (FY 21) Medicaid Savings	44,556,113
Prior Year (FY 21) Healthy MI Plan (HMP) savings	6,851,007
Medicaid Capitation*	387,375,014
Medicaid Capitation HSW	93,225,446
Healthy Michigan Plan Capitation	62,976,885
Medicaid Autism Funding	55,155,351
Medicaid DHS Incentive Payment	2,530,970
Hospital Rate Adjuster (HRA)	15,773,100
Performance Bonus Incentive Payments (PBIP)	4,792,289
Local Match Contribution	<u>3,140,208</u>
	676,376,383

# FY 2022 Regional Operating Revenue

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

Type	Budget amount
Medicaid Capitation	14,017,947
HMP Capitation	26,221,167
Community Grant	15,149,457
PA2 Liquor Tax	<u>4,712,059</u>
Total	60,100,630

# FY 2022 Other Revenue

## ► Other

Type	Budget amount
Interest Income	80,000
Other Grants (Veteran's Navigator, Club House, Peer Support)	235,000
Other Income (Supports Intensity Scale (SIS))	<u>58,800</u>
Total	373,800

# FY 2022 Regional Budget Summary

Type of Revenue	Budgeted Amount	Percent of Total
Mental Health	676,676,383	91.79%
SAPT	60,100,630	8.16%
Other	<u>373,800</u>	<u>.05%</u>
Total	\$ 736,850,813	100.00%

Type Of Expense	Budget Amount	Percent of Total
CMHSP Services	615,224,058	87.60%
SAPT Services	52,104,959	7.42%
Taxes	24,696,253	3.52%
Admin expense	<u>10,310,053</u>	<u>1.47%</u>
Total Regional Expenses	\$702,335,323	100.00%

**FY 22 Rev over Exp \$34,515,490; FY 22 Internal Service Fund (ISF) Projection \$48,112,708 (Represents fully funded ISF)**



# Savings and ISF Breakdown

	Medicaid	HMP	Total	Notes
Prepayment Authorization	552,304,728	89,198,052	641,502,780	
Maximum Allowable Savings	41,422,855	6,689,854	48,112,708	7.5% of Prepayment Authorization
Maximum Allowable Internal Service Fund	41,422,855	6,689,854	48,112,708	7.5% of Prepayment Authorization
Proportion of Total Revenue	86%	14%	100%	

SAVINGS SUMMARY	Medicaid	HMP	Total
FY2022 Beginning Balance	44,556,113	6,851,007	51,407,120
FY2022 Use of Savings	(44,556,113)	(6,851,007)	(51,407,120)
FY2022 Savings Contribution	32,849,526	4,960,375	37,809,902
<b>Total Estimated Ending FY2022 Savings Balance</b>	<b>32,849,526</b>	<b>4,960,375</b>	<b>37,809,902</b>
Allowable Funding Based on Proportion of Revenue	41,422,855	6,689,854	48,112,708
Ending FY2022 Savings Balance	32,849,526	4,960,375	37,809,902
<b>Amount Under / (Over) Funded</b>	<b>8,573,328</b>	<b>1,729,478</b>	<b>10,302,807</b>

INTERNAL SERVICE FUND SUMMARY	Medicaid	HMP	Total
FY2022 Beginning Balance	44,556,113	6,851,007	51,407,120
FY2022 ISF Contribution (Abatement)	(3,133,259)	(161,153)	(3,294,412)
<b>Total Estimated Ending FY2022 ISF Balance</b>	<b>41,422,855</b>	<b>6,689,854</b>	<b>48,112,708</b>
Allowable Funding Based on Proportion of Revenue	41,422,855	6,689,854	48,112,708
Estimated Ending FY2022 ISF Balance	41,422,855	6,689,854	48,112,708
<b>Amount Under / (Over) Funded</b>	<b>-</b>	<b>-</b>	<b>-</b>

Savings Summary	
Savings at 5% of Revenue	32,075,139
Total Savings with ISF Abatement	37,809,902
Revenue Over 5%	5,734,763
MSHN's portion	2,867,381
MDHHS portion - LAPSE	2,867,381
MSHN's Total Savings 32,075,139 + 2,867,381	<b>34,942,520</b>

# MSHN Administrative Expenses - Detail

- ▶ FY 2022 MSHN administrative expenses are projected to increase \$2.33 Million from the FY 2021 Amended Budget. (Please Note: Amended Budget decreased as several previously approved positions were not filled and a few CCBHC ones were added in the FY22 budget to meet anticipated responsibilities)
  - ▶ FY 2022 Overall administrative budget represents 1.47% of total expenses or a .29% increase from FY 2021 Amended Budget
  - ▶ Projected staff increase of 11 positions to meet MDHHS requirements for the following (Eight positions were approved in the FY 20 budget but were not filled and are being carried forward):
    - ▶ Seven (7) HCBS Positions to fulfill annual certifications for iSPA services, Childrens Waiver, and Severe and Emotional Disturbances (SED) Waiver. On 9.12.21 MDHHS announced suspension of waiver certifications through at least 4.18.22 which may delay filling some waiver positions.
    - ▶ One (1) position for Supports Intensity Scale (SIS) as the program is expanding to include children.
    - ▶ Three (3) positions needed to cover CCBHC responsibilities once clearly defined.

# FY 2022 Administrative Expenses

- ▶ 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 we anticipate much of this activity will remain virtual due to COVID-19 concerns
- ▶ Consulting services increased based on potential needs for anticipated CCBHC requirements
- ▶ Other expenses decreased for one-time activities grant funded in FY 21