LME/MCO Fund Balance—Essential to the Effective Operation of the Public Model of Capitated, At-Risk Managed Care and Critical to Respond to Local Service Needs

LME/MCOs must respond to all local service needs while also remaining under a strict budget cap. Fund balances are critical to managing a service system in which utilization, total population and cash flow can vary from month-to-month.

Under the public managed care model, taxpayers have the added benefit of transparency. Fund balance cuts (equivalent to budget cuts) would force LME/MCOs to reduce services or delay planned projects. Below are a few examples of how LME/MCOs utilize fund balances to fill service gaps and stabilize the entire MH/I-DD/SA service system:

- **Emergency funding to stabilize group homes** – The state has not determined a long-term replacement for lost Personal Care Services funding to group homes. LME/MCOs have been asked to utilize fund balances to maintain services while the state works out a budget solution to lost PCS funding.
- **Managing critical rate increases** – An entire category of ICF-MR group homes is struggling to retain trained staff. It is clear the reimbursement rate should be increased. Because LME/MCOs’ monthly Per Member/Per Month Medicaid payments are set once per year, fund balances must cover the needed rate increase until it can be factored into the next yearly budget.
- **Working through inconsistent cash flow** – The state continues to make single-stream payments to LME/MCOs based on cash flow availability. There are also continued issues with NCTRAKCS. In order to keep providers viable, LME/MCOs often pay providers in advance the state’s monthly payments.
- **Start-up costs for filling service gaps** – The chart below outlines some of the many LME/MCOs’ investments in sustainable services.
- **Expenses that go beyond the anticipated or budgeted monthly costs including:** Paying for expenses that go beyond the anticipated monthly costs; Paying for critical IT upgrades; Paying for capital purchases/improvements – renovations and unanticipated repairs.
- **Paying for projects** that require substantial funding to get them started and that fill a long-time needed gaps in the service system. Below are some examples of projects:
Alliance has committed up to **$8 million** for an array of services to reduce use of emergency departments by individuals with behavioral health needs. Alliance is currently enhancing facility based crisis and urgent care programming in Durham with additional funding up to **$3 million**. Alliance also is seeking to contract for additional inpatient capacity within its region for Medicaid recipients. Alliance has piloted Rapid Response for Children in Wake Co. to divert youth from emergency setting into a specialized crisis therapeutic foster care setting. Cost savings have been significant with Rapid Response costing $125/day vs. the emergency room rate of around $1500 per day. Alliance plans to expand this service to all counties within the service area. Other service expansion includes Critical Time Intervention, Transitional Living beds for step-down from crisis facilities, and respite options for individuals with IDD.

Alliance is allocating **1 million dollars** toward numerous integrated healthcare initiatives. Initial implementation of pilot funding includes the following estimates below. As the pilots demonstrate positive outcomes than additional funding will be used to expand the pilots.

- Provision of behaviorists and peer support staff positions - Approximately $656,000.
- PCP Consultation to ACTT Teams - Approximately $29,000
- Provider Training and technical assistance support - Approximately $150,000
- Technology including implementation of Analytical Tools - $165,000

A key goal is to transform relationships between Alliance Network Providers and Primary Care Physicians through different pilots to identify models that are scalable and demonstrate value through identified outcomes in providing total care. Examples of initiatives include the following:

- Integrated Comprehensive Behavioral Health Home Pilots. Alliance will be providing training/technical assistance to behavioral health providers who are interested in working towards becoming behavioral health homes.
- Primary Care office based Trauma, Substance Abuse and Depression screening, assessment and treatment program pilot. The goal is to identify practice protocols and algorithms for more effective treatment of trauma, depression and substance use which is a cost driver of physical health.
- Provide funding of staff positions and technical assistance/training to behavioral health providers who are interested in developing Co-location projects with primary care practices
- ACCT/Primary Care Pilot for Severe and Persistent Mentally Ill in Wake and Cumberland. Use of primary care physician consultation to ACCT teams to improve oversight and treatment of physical healthcare needs through a collaborative team model.
- Expand behaviorist and peer support primary care integration across 6-8 additional practices to develop patient Navigator models to assist with treatment adherence and social determinants of health.

Implementation of analytic tools to assist with population health management strategies and interventions
| Cardinal Innovations | In addition to expanding Medicaid service options, Cardinal Innovations has reserved funding for Advanced Analytics capability, improving the ability to more effectively identify and manage care across the Medicaid population with specific emphasis on high risk/high cost populations, and individuals or groups of individuals identified as using healthcare resources ineffectively. Access to enhanced data analytics will allow Cardinal to gather outcome-based assessment data, monitor health status and outcomes, and strategically manage health issues in a preventative manner before they become chronic in nature in order to improve health outcomes and more effectively focus resources. |
| CenterPoint | CenterPoint Human Services Board of Directors reserved $11 million to construct a facility in Winston Salem’s community of highest need. The facility will consist of a 16-bed Facility Based Crisis Center (FBCC), 24/7 Behavioral Health Urgent Care (BHUC), medical clinic co-operated by two local hospitals, and a wellness/community center. The Center expands the local crisis services array, with an anticipated significant reduction of unnecessary emergency department (ED) visits; reducing ED costs by a projected 50% within 3 years. Indirect savings are also anticipated for law enforcement and EMS, as the Center will have drop-off capacity including involuntary commitments and transfer of custody to security who are off-duty officers. Additionally, a trauma-informed, integrated approach will result in a better user experience with quicker stabilization, better outcomes, and early Care Coordination engagement. Sustainability until funding streams are established is provided for the first two years of the BHUC by the designation of $5 million and for the Wellness Centers by the designation of $2 million over three years. Under the $2.5 million designation information technology enhancements will support integrated care; program integrity; interfaces with FBCC, BHUC and hospital medical clinic; and readiness for HIE interface. The designation of $2 million expands integrated care initiatives critical to achievement of the state’s goal of whole-person care and reduction of Medicaid costs through collaborations with NCCN, FQHC, Community Care Clinic and the largest Medicaid medical provider in NC, Downtown Health Plaza. |
| Eastpointe | Eastpointe is collaborating with Monarch to enhance Facility Based Crisis services in our area. Monarch was awarded one of four Behavioral Health Urgent Care and Facility Based Crisis grants for the State. While this funding provides the foundation for the project, Eastpointe is utilizing fund balance to complete budgeted requirements to increase the number of Facility Based Crisis beds from 11 to 16. Once completed, the unit will also have the capacity to accept involuntary commitments (IVC) and accommodate 24/7 Walk-in Access. The ability to accept a higher acuity level and the increased number of beds should reduce the length of stay in the local/State hospital inpatient units and serve as an effective step down level of care. The total Board approved fund balance assignment is $2,700,000 for this project. The Board has also assigned $1,950,000 to spearhead the development of a Recovery Community initiative to enhance peer-driven services in rural Eastern North Carolina. |
| Partners | Community surveys indicate a lack of a continuum of community based services as an alternative to Hospital Emergency Departments and viable step-down services for High Cost services such as PRTF and Hospital Inpatient Services. To address this issue, Partners, in conjunction with local counties and providers are establishing Service HUBs in each county. Ideally, each HUB will offer both behavioral and physical health services. It will offer crisis services and access to facility based crisis services to reduce the utilization of hospital based services. Each HUB is designed to be a comprehensive, secure safe and stable place to go for services. They are multi-provider managed and coordinated. Partners is also collaborating with a local provider to increase the level of children services. Partners is working with a provider |
to start a child/adolescent partial hospitalization program. The Partners BHM has set aside $10 million for this service expansion.

**Sandhills Center**

Sandhills is collaborating with local community hospitals to add and expand Integrated Care Teams and Hospital Transition Teams to work with individuals leaving hospitalization and ED visits. The Teams use assertive engagement, preventive care, self-management coaching and coordinated management of chronic physical and mental health conditions to address individual needs, link with community providers and develop plans to reduce unnecessary repeat admissions to hospitals. One pilot has been operating since the spring of 2014 at an annual cost of nearly $1,000,000. Importantly, this pilot has demonstrated a 70% success in successfully linking individuals with follow up appointments for both physical and behavioral health to prevent the need for unnecessary repeat admissions to hospital services. In the first year of operation, the pilot has demonstrated a 51% decrease in Emergency Department utilization and a 65% reduction in inpatient utilization.

While expanding this pilot throughout our area will require an estimated $8 million annual allocation, the benefit to our members and to the community system of care is clear.

**Smoky Mountain Center**

Statewide, there is a need for a robust crisis service continuum to serve both existing LME/MCO members and those first entering the system – preferably not through an emergency department visit or psychiatric inpatient admission. Toward that effort the Smoky Mountain LME/MCO (Smoky) Board of Directors recently set aside a total of $6.1 million in fund balance to enhance the existing crisis services delivery system in the Smoky catchment area. Currently, 100% of the catchment area has access to Mobile Crisis Management, but only 64% of members have access to facility-based and other crisis continuum services within the 30-45 mile/minute radius requirements.

Because of this gap in services, Smoky applied for and received a generous grant from the Crisis Solutions Initiative to develop a Tier IV 24/7 behavioral health urgent care (BHUC) and facility-based crisis (FBC) center in Buncombe County which will serve individuals with mental health, intellectual/developmental disabilities and substance use/abuse (MH/IDD/SA) needs. The center will be called C3@356, located at the former administrative headquarters of Smoky/Western Highlands Network, next door to Mission Hospital, is intended to divert individuals from the long waits in the ED to the immediate services of C3@356 based on a recovery-oriented system of care, with an in-house pharmacy. Once the center opens in January 2016, the location of the current FBC can be devoted to the development of a BHUC/FBC to serve children and adolescents from the surrounding areas. Development of this center required Smoky to vacate the premises and locate new office space, a costly and time-consuming endeavor. Unfortunately, despite generous funding commitments from both Buncombe County and Mission Hospital, the grant funding was insufficient to cover Smoky’s extensive moving costs or to support ongoing expenses of the center. Thus, the Board has prudently reserved funds for the completion and operation of both C3@356 and the yet-to-be named children’s BHUC/FBC.

The remainder of these reserved funds are earmarked for additional crisis services and facilities for individuals with MH/IDD/SA needs in other regions of the catchment area for those who have immediate treatment and stabilization needs. Those are:

- Planning for development of a BHUC/FBC in the Smoky Northern Region (Alleghany, Ashe, Avery, Wilkes, and Watauga counties), which currently lacks a comprehensive crisis center;
- Expansion and enhancement of the services available at the existing Balsam Center FBC in Haywood County. Smoky will work with the contracted provider to augment the efforts with funds from the Evergreen Foundation; and
- Continue to provide financial support and assistance to the Caldwell County FBC, scheduled to open in July 2016, in collaboration with Caldwell County, the Foothills Foundation and the NC Housing Finance Agency.

| Trillium Health Resources | Trillium is replicating the successful Healing Place of Wake County, now called Healing Transitions, model in Eastern North Carolina. The Trillium Board has reserved **$12,500,000** to construct a 200 bed men’s facility, furnish it, and endow the first 2 years’ operational cost. A non-profit organization has been created to operate the program once it is operational. Adult Substance Abuse services have been the #1 need identified in the Trillium catchment area Gaps and Needs Analysis for the past several years. Without adequate substance use disorder recovery options, individuals clog hospital emergency departments or risk incarceration. In the 19 counties of the former ECBH, 229 people on average visit hospital emergency departments **every month** for treatment of substance use disorders. The Healing Transitions program will serve as both a hospital emergency department and jail diversion resource. At a cost of less than $40/day, the Healing Place has a better track record for people who have completed the program maintaining their recovery than most other models; nearly 80% of people who complete the program are still in recovery one year later. The Healing Transitions program will offer a “wet” shelter, which means men can come to the shelter intoxicated or under the influence and still be admitted. The program will also offer a social setting detoxification center and a two-stage recovery program. We expect construction to begin in late 2015. This is merely an example. In addition to this project, Trillium has firm project plans for implementation of the evidence-based Child First early childhood trauma model (**$12 million**), I/DD service expansion (**$9.5 million**), accessible playgrounds (**$3.7 million**) and suicide prevention efforts (**$2 million**) for a total portfolio of nearly **$40 million** in projects that will be completed by March 2017. |