



OCCMHA Funding Facts You Need to Know...

Note: FY – Fiscal Year (Oct. 1 – Sept. 30) FYE – Fiscal Year End (Sept. 30)

Oakland County Community Mental Health Authority (OCCMHA) is the public mental health system responsible for identifying, influencing, and delivering services and supports to approximately 22,000 Oakland County residents. These residents include adults and children with developmental disabilities; adults with serious mental illness or substance use disorders; and children with serious emotional disturbance. OCCMHA is funded in part by the Michigan Department of Community Health (MDCH).

As a result of the MDCH's plan to change Medicaid funding toward a state average, OCCMHA received a Medicaid rate reduction of 6%. The total annual reduction, which started on October 1, 2013, is \$14 million. Prior to learning that MDCH was reducing Medicaid funding for FY14 by \$14 million, OCCMHA was already dealing with increased demand for services and costs totaling \$7 million. The unexpected Medicaid funding decrease combined with the increase in Medicaid costs and demand for services total \$21 million.

OCCMHA has committed all of its Medicaid Savings and a portion of its Medicaid reserves to cover these costs -- **approximately \$18 million**. OCCMHA is working with its core provider agencies to revise their budgets and identify changes that have the least impact on people receiving services.

OCCMHA Annual Budget

Total Revenue for FY13: \$306,098,444

Total Expenses for FY13: \$308,542,689

Medicaid Revenue Guidelines:

Medicaid revenue can only be spent on Medicaid services for Medicaid covered persons. Any excess of Medicaid revenues over Medicaid expenses must be handled in the following manner:

- Contributed to the Medicaid ISF: Contract regulations -- The balance of the Medicaid ISF shall not exceed 7.5 % of the total, annual Medicaid revenue.
- Deferred, or carried forward, to the next fiscal year as Medicaid Savings: Contract regulations -- The amount carried forward to the next year cannot exceed 5% of the total, annual Medicaid revenue and must be used in the next fiscal year.
- Returned to the state

OCCMHA Medicaid Savings:

The MDCH Pre-Paid Inpatient Health Plan (PIHP) contract determines how Medicaid Savings are created, and when and how they are used. Medicaid Savings can be created when Medicaid revenues are more than Medicaid expenses for a given fiscal year. PIHP's like OCCMHA can choose to contribute the extra revenue to their Medicaid Risk Reserve (ISF), send it back to the state, or add it to their Medicaid Savings. **Medicaid Savings must be used in the next fiscal year.**

- **FYE13 Medicaid Savings available for FY14: \$11,339,202** (per Final State Report)
- **Medicaid Savings committed for use in FY14: \$11,339,202**
- **Projected Medicaid Savings available for FY15: \$0**

Medicaid Risk Reserve Internal Service Fund (ISF):

The MDCH Pre-Paid Inpatient Health Plan (PIHP) contract determines how Medicaid ISF funds are created, and when and how they are used. OCCMHA can make a contribution to its ISF when Medicaid revenues are more than Medicaid expenses in a given fiscal year. The total amount in the ISF can never be more than 7.5% of total, annual Medicaid revenues. OCCMHA can only use ISF funds when its Medicaid expenses are more than Medicaid revenues in a given fiscal year. **The last year OCCMHA made a contribution to its ISF was in FY 2010.**

- **FYE13 Balance:** \$16,869,179
- **ISF Funds committed to FY14 budget:** \$6,639,933
- **Projected ISF balance at FYE14:** \$10,229,246

Unrestricted Fund Balance:

The Unrestricted Fund Balance is created when local revenues are more than local expenses in any given fiscal year. Local revenues are mostly from OCCMHA's contract with Oakland County. This contract requires the county to contribute \$9.6 million for its share of certain State Facility and General Fund expenses. **No Medicaid or General Fund** dollars are contributed to this fund.

FY14 Unrestricted and Undesignated Fund Balance: \$30,094,399

- **Undesignated Fund Balance committed for FY14 Budget:** \$2,554,451
- **Pre-paid Debt Service on Resource & Crisis Center:** \$50,000 annually for 20 yrs.
- **Estimated Resource & Crisis Center Rent Subsidy:** \$400,000 annually for 20 yrs.

- **Unrestricted Designated Fund Balance – OIHN FY14 Budget:** \$1,587,000
 - **Projected use in FY14:** \$1,587,000
 - **Projected Balance at FYE14:** \$0

- **Unrestricted Designated Fund Balance – Housing FY14 Budget:** \$250,000
 - **Projected use in FY14:** \$0
 - **Projected Balance at FYE14:** \$250,000

- **Estimated Unrestricted Fund Balance at FYE14:** \$27,339,948
This estimated Unrestricted Fund balance does not include risk factors that could happen if OCCMHA receives another Medicaid reduction of up to \$10 Million on October 1, 2014. Or, if Unrestricted Funds are needed in FY14 to pay for Healthy Michigan service gaps or General Fund revenue reductions.

Now that OCCMHA's FY13 reporting to MDCH is complete, it has reviewed the first four months of revenues and expenses for FY14 to be certain that reductions are based on actual performance. This report showed that \$11,339,202 of Medicaid Savings must be used in FY14. Originally it was projected that OCCMHA had \$8 million in Medicaid Savings. OCCMHA also expects to receive more information on MDCH financing of Healthy Michigan, the removal of General Fund revenue from the Community Mental Health system, and Medicaid revenue (rebased, enrollment, and use). This information will have a direct impact on the decision to use additional OCCMHA reserves.

**For more information about OCCMHA's funding and the statewide redistribution of Medicaid funds, please contact OCCMHA Customer Services:
(800) 341-2003**