

# Alliance

BEHAVIORAL HEALTHCARE

**FY17 APPROVED BUDGET  
JUNE 2, 2016**

**Alliance Behavioral Healthcare  
Annual Budget  
FY 2016-2017**

**Board of Directors**

Christopher Bostock, Chair

Cynthia Binanay, Vice Chair

***Durham County***

Cynthia Binanay

Phillip Golden

Curtis Massey

Commissioner Michael Page

George Quick

Amelia Thorpe

Lascel Webley, Jr.

***Cumberland County***

John Griffin, Ed. D

Commissioner Kenneth Edge

Lodies Gloston

Christopher Bostock

***Wake County***

Ann Akland

George Corvin, MD

James Edgerton

William Stanford, Jr.

Commissioner Caroline Sullivan

McKinley Wooten, Jr.

*(vacancy)*

***Johnston County***

Vicki Shore

**Robert Robinson, CEO**

## Table of Contents

<b>Reader’s Guide</b> .....	5
<b>Alliance Demographic Information</b> .....	7
<b>Departmental Information</b> .....	8
<b>Clinical Operations</b> .....	8
<b>Business Operations</b> .....	9
<b>Provider Network and Evaluation</b> .....	11
<b>Information Technology</b> .....	12
<b>Community Relations</b> .....	13
<b>Corporate Compliance</b> .....	14
<b>Strategic Operations</b> .....	15
<b>General Fund Revenues</b> .....	18
<b>General Fund Revenues</b> .....	19
<b>General Fund Expenditures</b> .....	20
<b>Budget Comparison</b> .....	22
<b>Budget and Amendment Process</b> .....	24
<b>Budget Calendar</b> .....	25
<b>Glossary of Terms</b> .....	25

# Alliance

## BEHAVIORAL HEALTHCARE

June 2, 2016

Alliance Board Members,

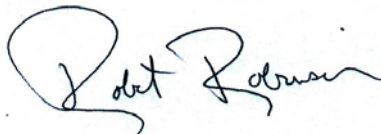
On behalf of the entire organization I thank each of you for your expertise, guidance and support during the past year of continued organizational growth.

Since the recommended budget was presented to you on May 5, 2016, several changes have been made resulting in a reduction of Alliance's budget by \$2.7M. These changes include a reduction to the PMPM related to the postponement of the resource allocation services as well as an increase of \$580k in County funds. The change in County funds relate to an increase in Wake funds for services and a decrease in Durham funds due to the County directly funding some of their judiciary services.

With this budget we will maintain our ongoing effort to build North Carolina's most fiscally-stable, clinically-sound behavioral health managed care organization. We are excited to have reached a point at which we can begin to implement a plan to strategically reinvest some of our savings into innovative, effective services and supports that fill identified gaps in our communities and help ensure effective pathways to recovery and self-determination for the individuals we serve.

I told you in this letter last year that Alliance was in a strong position as we looked to the future of Medicaid reform in North Carolina, and our work over the past year, as well as the work that this budget will fund, will continue to enhance that position.

Best Regards,



Rob Robinson  
Chief Executive Officer

## Reader's Guide

FY 2016 - 2017 is the fifth annual budget presented for Alliance Behavioral Healthcare (Alliance). This section is provided to help the reader understand the budget by explaining how the document is organized. This document details the budget for fiscal year 2016 - 2017 for Alliance's administrative and service operations covering Durham, Wake, Cumberland and Johnston counties. The budget year begins July 1, 2016 and ends June 30, 2017. The document will show how the funds are allocated and how they will be spent.

Alliance Behavioral Healthcare LME/MCO will have one fund called the General Fund. The General Fund will account for all administrative and service operations and will be divided into functional areas for Administration, Medicaid Services, State Services, Local Services, and Grant Funds, when applicable.

### **Revenues and Expenditures of the General Fund**

The categories of the revenue and expenditures are the same. They include the following:

#### ***Administration***

Alliance Behavioral Healthcare is administratively funded through a combination of the Medicaid waiver, state LME allocation, and county administrative contribution.

Alliance began the management of Medicaid services under a waiver according to Session Law 2011-264 House Bill 916 on February 1, 2013. These funds refer to the administration dollars allocated under a contract with the NC Division of Medical Assistance. The funds are allocated based on a per member per month basis. The members per month budgeted is based on historical experience and projections.

The NC Division of Mental Health, Developmental disabilities, and Substance Abuse services (NC DMH) continue to allocate funds to administer state and federal block grant dollars for the purposes of serving the non-Medicaid population.

Cumberland, Durham, and Wake counties allocate 1% of the county dollars in administrative support for the management of their dollars in serving consumers in their respective county.

#### ***Miscellaneous***

This category is to account for any funds received during the fiscal year that do not fall into one of the above mentioned categories and are not significant enough to require their own category. The funds roll up into the Administrative budget.

#### ***Medicaid Services***

Alliance Behavioral Healthcare began the management of Medicaid services under a waiver according to Session Law 2011-264 House Bill 916 on February 1, 2013. These funds refer to the dollars allocated under the contract with the NC Division of Medical Assistance to provide services to Medicaid enrollees of Durham, Wake, Cumberland, and Johnston counties.

#### ***State Services***

These funds represent state allocated dollars for Durham, Wake, Cumberland, and Johnston communities to provide services for non-Medicaid citizens with mental health, intellectual/developmental disabilities and substance abuse needs. The funds include Federal Block Grant dollars as allocated from the NC DMH.

***Local Services***

These funds represent the Cumberland, Durham, and Wake county allocations to Alliance to provide services for citizens with mental health, intellectual/developmental disabilities, and substance abuse needs in their respective counties.

***Grants***

When applicable, grant funds are those that are specified for a particular project or program.

**Draft Budget Ordinance**

A draft budget ordinance is being included for informational purposes.

**Additional Information**

The basis of accounting and budgeting for Alliance Behavioral Healthcare is modified accrual per G.S. 159-26. This means that revenues are recorded in the time period in which they are measurable and available. Revenues are recognized when they are received in cash. Expenditures are recognized in the period when the services are received or liabilities are incurred.

This document was prepared by Alliance Behavioral Healthcare Business Operations and is available online at [www.alliancebhc.org](http://www.alliancebhc.org). If further information is needed, please contact Kelly Phillips, Director of Budget & Financial Analysis, at 4600 Emperor Blvd, Durham, North Carolina 27703 or by email at [kphillips@alliancebhc.org](mailto:kphillips@alliancebhc.org).

## Alliance Demographic Information

### Alliance Regional Population Data

	Population*	Medicaid Eligible	Medicaid Eligible % of Population	Medicaid Served	Non-Medicaid Served	Total Served
Cumberland	323,838	71,466	22.1%	10,859	2,952	13,811
Durham	300,952	49,278	16.4%	8,044	3,554	11,598
Johnston	185,660	36,796	19.8%	5,138	1,683	6,821
Wake	1,024,198	113,852	11.1%	15,637	8,645	24,282
<b>Total</b>	<b>1,834,648</b>	<b>271,392</b>	<b>14.8%</b>	<b>39,678</b>	<b>16,834</b>	<b>56,512</b>

\* 2015 Statistics, US Census Bureau

### Persons Served by Age and Disability Based on Claims Paid by Medicaid and IPRS

Child/Youth (ages 0-17)	Mental Health	SA	I/DD	Total
Cumberland	4,956	185	721	5,862
Durham	3,877	74	501	4,452
Johnston	2,367	35	374	2,776
Wake	7,955	152	1187	9,294
<b>Total Child/Youth</b>	<b>19,155</b>	<b>446</b>	<b>2783</b>	<b>22,384</b>

Adult (ages 18+)	Mental Health	SA	I/DD	Total
Cumberland	6,824	1495	799	9,118
Durham	5,552	1812	830	8,194
Johnston	3,517	869	341	4,727
Wake	11,496	3007	1973	16,476
<b>Total Adult</b>	<b>27,389</b>	<b>7,183</b>	<b>3,943</b>	<b>38,515</b>

**Total Served** **56,512**

#### Providers: Credentialed

Agencies	343
CABHAs	49
Hospitals	61
ED Only	100
LIP - Group	100
LIP - Solo	321
LP Only	5,113
PRTF	12
<b>Total</b>	<b>6,099</b>

# Departmental Information

## Clinical Operations

### Brief Description of Department and Units

The Clinical Operations Department is comprised of five units and receives clinical oversight from the Alliance Medical Director.

- The Access and Information Center (the Alliance 24/7 call center) links consumers to a range of services in the community and ensures that callers in need of crisis services are provided with timely access and follow-up. In addition to screening and referral activities, the call center provides information to general healthcare providers, CCNCs and to crisis providers to help coordinate the care of consumers needing routine services or during an after-hours crisis. It handles general information requests for Alliance as well.
- MH/SA and IDD Utilization Management (UM) are responsible for authorizing services and monitoring and managing consumers during an episode of care. Activities include monitoring utilization of services authorized, reviewing effectiveness of treatment interventions and making recommendations to improve the effectiveness of consumer treatment plans.
- MH/SA and IDD Care Coordination are responsible for working with specific high-risk populations identified within the waiver contract and priority populations that have been identified by Alliance, including individuals with high ED utilization patterns. Care Coordination links consumers with both services and supports and helps eliminate barriers that allow consumers to live as successfully as possible within the community. MH/SA Care Coordination is extending their ability to better address the needs of individuals with serious and persistent mental illness with co-occurring physical health conditions
- Eligibility and Enrollment staff process State-funded consumer enrollment requests and consumer demographic updates, assist the UM team with a number of administrative tasks and provide support to the MDs by scheduling URAC required post denial peer-to-peer conversations.
- UM Appeals manually processes all adverse decision letters and manages the entire UM appeals process.

### Accomplishments for FY16

- Clinical Operations met all waiver performance standards for the year.
- Innovations spending was within budget targets.
- Significant increase in utilization of Multi Systemic Therapy (MST); MST moved to a case rate model of reimbursement
- There has been a continued downward trend in Intensive In-Home utilization; met target utilization goal for the end of the year and continues to trend downward.
- Improved care coordination functions that are managed within the Access Center primarily around assisting families waiting for C Waiver slots and needing Medicaid covered behavioral health services. Average days between a call to Access and an appointment was 4 days.
- Maintained low Psychiatric Residential Treatment Facility (PRTF) utilization. No children in true out of state facilities.
- ED liaisons had a reported significant impact on both reducing consumer time in the ED and deferring consumers from inpatient care, with inpatient readmission rates low throughout the year.
- Successfully implemented best practice integrated care models in all Alliance counties.
- Successfully filled all available Innovations slots, moved from ICFs to the community using Money Follows the Person Funding and B3 services



- Implemented three evidenced based outpatient models of care with enhanced rates
- Added IDD/MHSA care coordinator to Wake CC Team, reduction in IDD wait times in EDs already occurring
- Implemented NC START program for children, available to all Alliance counties
- Implemented a population health analytics tool

### Summary of Goals and Objectives for FY17

- Continue to meet and exceed all waiver contract requirements.
- Expand the use of case rates and other risk sharing payment arrangements
- Decrease ED readmissions by expanding ED liaisons to additional hospitals and increase the follow-up scope of positions.
- Improve consumer adherence with antipsychotic medications
- Decrease services that require prior authorization and manage based on data review, including outcome measures.
- Decrease number of consumers with stays beyond expected ranges for highly utilized services
- Develop and pilot an IDD Patient Centered Behavioral Health Home that is responsible for managing total health of patient population.
- Maintain low consumer appeals rate.
- Increase number of consumers served through integrated healthcare teams.
- Increase intensive in-home and residential services alternatives.
- Expand use of general outpatient services.
- Increase use of Medication Assisted Treatment for substance abusers.
- Decrease average length of stay (ALOS) of children in Therapeutic Foster Care.
- Implement law enforcement division program in Cumberland for individuals arrested for low level drug offenses.
- Decrease inappropriate Opiate and Benzodiazepine prescribing practices of both in-network and primary care prescribers.
- Improve options and use of community based treatment for youth with problematic sexual behavior.
- Implement Resource Allocation Model under the Medicaid C Waiver.

## Business Operations

### Brief Description of Department and Units

The Business Operations Department is responsible for the oversight and management of Alliance's financial accountability relating to budgeting, claims, auditing and financial analysis. It includes:

- Finance and Accounting - responsible for the agency's financial transactions, financial reporting, adherence to Generally Accepted Accounting Principles (GAAP), ensuring adequate and effective internal controls, etc.
- Claims Processing - responsible for the monitoring and review of all claims processing for all funding sources, analysis of paid and denied claims, special ED claim review, etc.
- Budget and Financial Analysis - responsible for the development and monitoring of the Alliance budget and analyzing budget to actual at both the administrative and service level. The staff in this unit are also responsible for the review and analysis of Medicaid dollars to include Per Member Per Month (PMPM) spending by category of service and aid, budget vs. actual, individual provider or service trends, etc. Responsibility also includes rate setting for programs, services, and providers.
- Facility Management - responsible for the oversight of all Alliance leased locations in coordination with landlord and management of Alliance vehicles.

## Accomplishments for FY16

- Implemented a formal procurement program to increase control and security of procurement cards.
- Hired an Accounting Manager which allows for greater segregation of duties and oversight.
- Revised our Vendor Maintenance procedure and incorporated an IRS Tax Identification Number Verification program to improve accuracy of vendor information.
- Formed a new committee specifically designed to review our Medicaid Per Member Per Month (PMPM) by category of service on a monthly basis. The Committee has allowed for some very informative discussions as well as provided an opportunity to compare financial data with clinical data.
- Implemented a new IBNR model to improve the accuracy of estimating our outstanding claims liability.
- Implemented a web based employee expense reimbursement which improves the efficiency and accuracy of the reimbursement process.
- Improved department efficiencies by combining Reimbursement and Analysis team with the Budget and Analysis team.
- Revised the reimbursement and rate setting process which allowed for efficiency in approving rates and greater communication among departments.
- Formalized administrative budget reports, as well as budget to actual reports, for reporting to the Chiefs to allow for budget ownership and flexibility of spending.
- Alliance claims staff continues to provide weekly claims training for providers to ensure updated knowledge of systems and claim information is shared with all providers. Provider survey satisfaction noted that Alliance claims rated as one of the best in claims training, accurate information given to provider, and claims processed in a timely and accurate manner.
- The HMS audit for March 2015 through August 2015 resulted in high scores of 99.96% in timeliness of provider payment, 99.81% in claims processing accuracy, and 99.96% in financial accuracy.

## Summary of Goals and Objectives for FY17

- Review the need for additional positions in all areas to increase support and improve efficiencies such as a Grant Accountant who can focus on federal funding requirements.
- Implement changes to our billing software which will improve the interface between the billing software and accounting software.
- Upgrade our accounting software to a newer version which will give team members access to more efficient software
- Identify budget software that works in conjunction with the accounting software
- Review the need for building modifications, relocation of site staff, and complete a review of all facility needs including a 3-5 facility plan
- Continue to enhance our reporting and analysis of our services especially in the area of Medicaid drilling down to the population level, Medicaid eligible lives, and category of service.
- Enhance training and development so that staff are fully trained and have the tools they need to do their job. We will focus on building a unified team with the help of updated procedures and process flows, mutual understanding of work, cross departmental training and most importantly adhering to our mission and values.

## **Provider Network and Evaluation**

### **Brief Description of Department and Units**

The Provider Network and Evaluation Department is responsible for the continuous review and evaluation of the provider network for quality of services, adherence to contract requirements, standards of care and performance, while ensuring a full array of providers is available to meet the needs of our service recipients. It also is responsible to ensure the quality of all Alliance services and processes through quality management activities and evaluating the quality of services provided by Alliance.

The Department is comprised of two sections:

- Provider Network Operations has three components:
  - Networks is responsible for managing the communication and dissemination of information to the community of providers, identifying and recruiting new providers, and for providing or arranging for technical assistance for currently enrolled providers.
  - Credentialing assures that all providers in the Alliance network meet agency, State, Federal and accreditation requirements and that credentialing information is reviewed and tracked for continuous and timely review.
  - Contracts is responsible for the timely development and distribution of all contracts, amendments, and extensions and ensures coordination of administrative activities including official correspondence with providers, provider education and liaison, and administration of provider contracts.
- Quality Management is responsible for creating a culture of continuous quality improvement across the agency and assuring quality within the agency, across the provider network, and with contracted vendors. Quality Management has three components:
  - Quality Assurance develops reports for Alliance management, committees and the state; investigates and resolves incidents and complaints and analyzes data from NC-TOPPS, IRIS and other sources.
  - Quality Review oversees our Quality Improvement Projects (QIPs); performs quality reviews to identify opportunities for improvement; conducts in-depth analyses of provider programs; and develops quality management standards and training for our providers.
  - Provider Monitoring completes on-site monitoring reviews to determine provider compliance with rules and regulations; conducts post-payment reviews to identify inappropriate payments to providers; and completes focused reviews to investigate other compliance issues. Data Analysis manages data, creates reports, and offers analysis of data to support decision making.

### **Accomplishments for FY16**

- Establishment of provider collaboratives to provide technical assistance and improve quality.
- Expansion of Continuous Quality Improvement (CQI) processes throughout the agency.
- Implementation of multiple evidence based practice service models.
- Development of multiple new evidence based service definitions to fill service gaps.
- Improved processes and relationships with our hospital partners.
- Implementation of contract tracking software to improve accuracy and efficiency.

### **Summary of Goals and Objectives for FY17**

- Improve and streamline business process for implementing new services.
- Implement credentialing software.
- Improve relationships with and contract management of hospitals/health systems.
- Improve capacity for risk and trends analysis.

- Address provider network needs and gaps as specified in network development plan.
- Focus provider collaborative efforts on implementation of evidence based practices.
- Enhance provider performance measure reporting.
- Streamline reports generation.
- Increase number of provider contracts for evidence based practices.
- Identify and implement a process for monitoring evidence based practices.
- Improve communication processes with Providers.

## **Information Technology**

### **Brief Description of Department and Units**

The IT department is comprised of three distinct teams:

- Application Development and Quality Assurance - Responsible for all internal application development, including SharePoint and the corporate Intranet. Manages all quality assurance and user acceptance testing and documentation to support corporate audits.
- Informatics/Business Intelligence Development - Responsible for extracting, organizing, cataloging and defining all key data elements that support Alliance. BI also is responsible for report and dashboard development to support the information needs of the company.
- IT Infrastructure and Support - Installs and supports all business data and voice networks within the Alliance sites. They are responsible for maintaining network and data security, HIPAA compliancy, email security, network and server performance and administration.

### **Accomplishments for FY16**

- Deployed Enterprise Vault Email Archiving system.
- Deployed Netwrix Password management system.
- Deployed Commvault File Archiving and Unitrends Backup systems.
- Relocated hardware, network and communication systems to new Call Center location.
- Migrated SharePoint and Existing Shared Drives to New Storage Solution.
- Developed Corporate Intranet to Provide Efficient Enterprise Communications.
- Selected Care Management Technologies and MicroStrategy Business Intelligence Solutions to provide enterprise class reporting solutions.
- Developed Independent Living Initiative application and provider portal to streamline the process of evaluating and approving the application.
- Implemented agile approach to software development.
- Implemented New ICD-10 Codes in AlphaMCS, Back Office Systems and Providers to meet conversion date of October 1, 2015.
- Fully implemented Team Foundation Server in department to effectively monitor application development and testing.

### **Summary of Goals and Objectives for FY17**

- Continue to improve quick response and reduce resolution time on KACE support tickets.
- Enhance disaster recovery solution and relocate to secondary colocation facility.
- Upgrade corporate PC's to Windows 10.
- Develop Accounts Receivable reconciliation application to track all claims activity submissions and messaging.

- Develop DOJ Application and provider portal for Supported Employment Initiative.
- Implement MicroStrategy as an enterprise wide reporting solution for Alliance.
- Develop and begin implementation of Alliance IT Strategic Plan.
- Enhance Credentialing Workflow within AlphaMCS Application.
- Develop Provider Search and Resource Availability Tracking Application.
- Develop improved process for requesting and tracking AlphaMCS enhancements.

## **Community Relations**

### **Brief Description of Department and Units**

Community Relations is one of the most varied and diverse departments within Alliance. Recognizing that a local and visible presence is essential to building and sustaining partnerships critical to meeting organizational outcomes, the Community Relations teams take an innovative approach to improving the systems that support the effectiveness of services.

Teams are continually assessing system and service gaps from multiple vantage points including co-location within other systems, outreach activities to stakeholders and advocates, and hosting community collaborative and workgroups. Utilizing a System of Care (SOC) framework, Community Relations focuses on the strengths and vulnerabilities of complex public systems, treatment of the “whole person,” and system transformation to improve policy, shared funding, collaboration and best practices.

Recognizing that social determinants of health (i.e. homelessness, poverty/inequality and lack of education/employment) are key drivers of health care costs, Community Relations often plays a tangential role to the MCO functions - improving the environments in which people live increases engagement and retention in services, overall health and wellness, and more meaningful and productive lives that promote recovery.

### **Accomplishments for FY16**

- Implemented short-term rental assistance program (ILI) in each community.
- Developed a standardized Alliance overview presentation training to over 500 community partners and stakeholders.
- Each community has highly successful Crisis Intervention Training (CIT) training programs with designated CIT Coordinators.
- Implemented Care Review in each community.
- Developed crisis reduction plans for each community.
- Won two national Excellence in Communication and Community Outreach Awards for BECOMING.
- Funding renewed for two HUD-funded supportive housing programs in Durham.
- Wake and Durham Community Collaborative completed strategic plans outlining SOC priorities.

### **Summary of Goals and Objectives for FY17**

- Hire a Director of Housing and Director of Community Relations.
- Study the need for additional personnel to target key areas across the 4 counties (i.e. System of Care Manager).
- Promote cross-departmental collaboration to improve person and service outcomes.
- Assist in the development of models of care for special and high-risk populations.

- Assist in the development of comprehensive community supports to increase community tenure and quality of life for high-risk adolescents and adults.
- Expand Assertive Engagement to special populations across the four communities.
- Identify activities of Community Relations (i.e. housing, Care Review) and develop key performance indicators to show the impact and return on investment.
- Develop pilot programs in partnership with other internal departments to study the quality and effectiveness of programs targeting high risk populations (i.e. IHH, ED diversion, etc.).

## **Corporate Compliance**

### **Brief Description of Department and Units**

The Alliance Corporate Compliance Department focuses on the prevention, detection and correction of identified violations of federal and state laws and regulations, and fraud control and unethical conduct, and encourages an environment where employees can report compliance concerns without fear of retaliation.

It includes thirteen employees and is responsible for internal and external compliance to include policies and procedures, accreditation compliance, compliance training, internal audits and monitoring, claims audits, hotline reporting, investigation and correction of non-compliance, remediation, HIPAA privacy and security, medical records, public records, Network fraud and abuse investigations, provider actions and sanctions, and provider dispute resolution.

### **Accomplishments for FY16**

- Opened 114 fraud and abuse investigations, closed 87 investigations, and referred 10 full investigations to DMA Program Integrity for determination of credible allegation of fraud.
- Identified over \$147,000 in overpayments as a result of fraud, waste and abuse investigations.
- Conducted internal audits of three major Alliance functions.
- Continued the implementation process for policy and procedure management, third party risk management, contract management, incident management, and HIPAA breaches.
- Monitored all sites for HIPAA Privacy compliance. Contracted with external vendor to conduct Security Risk Assessment.
- Implemented a Compliance Page on the Alliance Intranet, containing resources, training materials, information about internal compliance and program integrity, etc.
- Issued 48 notice of action letters in response to Network compliance issues referred to the Compliance Committee.
- Identified over \$1 million in overpayments through the Corporate Compliance Committee process.
- Managed 29 requests for reconsideration of actions against providers.
- Audited 3% of adjudicated claims weekly.
- Audited inpatient and ED claims weekly.
- Conducted internal investigations and developed remediation plans where applicable, monitored corrective action plans to ensure successful implementation.
- Conducted new hire orientation ongoing, annual compliance training to all employees and the Board of Directors, providers and published informational materials related to compliance, fraud and abuse to a variety of stakeholder groups.
- Conducted targeted HIPAA training to clinical departments.
- Conducted targeted Program Integrity training to several internal departments.

## Summary of Goals and Objectives for FY17

- Our goal is to embed compliance, fraud control, and business ethics into Alliance day-to-day business through the use of infrastructures and tools designed to help achieve compliance with Federal, State, and local laws and regulations, and accreditation standards. The infrastructure and tools of focus for FY17:
  - Continue/finalize the implementation of C360 to increase efficiencies, improve employee training and track internal compliance as well as Business Associate compliance.
  - Improve process to assess the impact of regulatory changes on Alliance operations, including review and revision to policies and procedures, manuals and training to ensure compliance with applicable changes.
  - Contract with vendor for fraud detection data mining purposes to enhance our current methods and increase effectiveness of fraud detection efforts.
  - Provide specialized training to department staff to promote professional growth and to achieve nationally recognized certifications in the areas of fraud examination and internal audits.
  - Adjust positions within the department in order to continue to meet the needs of Alliance.
  - Add positions in areas where current staffing is inadequate and to meet the increased demands of our department.
- An annual work plan developed as a result of an annual risk assessment drives all compliance operations. Items selected for the work plan pose significant risk (legal, financial, reputation) to Alliance. The plan is finalized at the beginning of each fiscal year and has therefore not yet been developed for FY17. Below are a few anticipated areas of focus:
  - Increased staff training with focus on HIPAA, confidentiality, policies and procedures, and regulatory and accreditation requirements.
  - Expand the internal audit plan and increase compliance monitoring with timely resolution and implementation of risk mitigation plans.
  - Monitor implementation of identified strategies to correct HIPAA security deficiencies and audit for compliance.
  - Provide compliance training and resources to providers.
  - Expand focused and ad hoc claims audits to identify overpayments, underpayments and other irregularities or compliance issues.
  - Prepare for and achieve URAC reaccreditation
  - Conduct fraud and abuse investigations to detect and deter fraud and abuse in the Alliance Network. Prioritize areas of highest risk.
  - Provide assistance, input and compliance oversight of Alliance pilots and other efforts.

## Strategic Operations

### Brief Description of Department and Units

The Strategic Operations Department is housed under Administration and provides support and connectivity to the entire organization, serving as a change agent and a cross departmental liaison to all Alliance departments. The Chief of Staff leads the 11 staff members who make up the department, which is comprised of 4 distinct units, below:

- The Strategic Project Management team (SPMO) is maturing into an internal consulting group, including a director and 3 project managers. They have engaged in a number of high priority projects including the ICD-10 transition, analysis and reengineering of the DOJ/TCLI processes, strategic plan initiatives, encounter data enhancements, and implementation of integrated care pilots. All of the projects have centered on cross departmental workflows and increasing efficient use of resources while meeting contractual requirements. The SPMO has also offered intensive 6 month training to Alliance staff in Project management skills and is embarking on a 6 month training on

Process Improvement, enhancing skill building across the company and modeling a culture of cross functional collaboration.

- The Alliance Communications Unit, which consists of the Director of Communications and a Communications Specialist, has oversight of all internal and external organizational communications to multiple stakeholders within a four-county audience of nearly two million people. This broad scope of work includes all organizational advertising/marketing development and production, oversight of organizational branding efforts, content maintenance of a robust and complex website and social media program, a leadership role in organizational internal communications, and provision of communications support and technical assistance for the entire organization.
- The Medicaid Program Director (MPD) is responsible for ensuring compliance with the DMH and Medicaid Waivers contracts, all external reviews (EQRO, Mercer, and TCLI) and projects related to same, and is a liaison between Alliance and DHHS staff. As a team of one, the MPD participates in multiple cross functional work groups to ensure collaboration and compliance.
- Cumberland and Johnston sites - The Cumberland site director oversees the facilities and two administrative staff at the Cumberland site and is also the Military Veterans Point of Contact (MVPOC) for the entire Alliance catchment area, as established by statute. The MVPOC is required to serve as a care coordination liaison for veterans and their families who qualify for services, and to educate staff and other stakeholders about the special needs of veterans. The Chief of Staff serves as the executive liaison to the Johnston site director.

### Accomplishments for FY16

- 103 staff members attended the Project Management 101 classes conducted across all of Alliance's offices and 25 students completed the 6 month project management class curriculum.
- 83 staff members attended the Business Process Improvement introduction classes across all Alliance office locations with 27 students that have registered for the BPR curriculum over the upcoming months.
- The Process Reengineering project for TCL/DOJ team helped in preparation for the DOJ audit and streamlined the end to end process including Supportive Employment and Tenancy Supports while clarifying roles and responsibilities for staff and providers.
- SPMO led the successful ICD10 conversion project which went live without issues on Oct 10th.
- The SPMO has successfully managed 25 projects so far sponsored by 16 distinct Alliance departments.
- Organizational branding campaign in multiple media developed and executed, resulting in 8% increase in brand awareness, 10+% increase in web traffic, and significant positive stakeholder feedback.
- SEO (Search Engine Optimization) analysis completed, including numerous website enhancements creating easier navigation, improved site search capacity and search engine search results, overall better user experience, and enhanced analytic capacity.
- Created social media plan and user guidelines and implemented polished organizational Facebook and LinkedIn presence; worked with key units across organization on using social media and email automation to meet their business goals.
- Completed production of high-quality Annual Report six weeks sooner than in 2015; made changes to core brochures to reflect changes in WakeBrook branding; ensure adequate supply of all materials
- Hired Communications Specialist with knowledge of public system and MCO experience.
- MVPOC successfully completed Mental Health First Aid training and is partnering with Community relations staff to serve communities.
- Progress made on implementation of Alliance's Military Veterans Plan.
- Strategic Plan implementation: of 30 original initiatives, 12 initiatives completed, 8 are in progress and on target, and 10 are pending with a 22% cross departmental staff participation in the work.



## Summary of Goals and Objectives for FY17

- Recruit and hire additional Project Manager for SPMO.
- Identify funding for additional administrative support staff person.
- Focus on training and certification preparation for additional Project Management team.
- Funding for additional consultation and support from Zelos to ensure successful implementation of the Strategic Plan and other projects of high importance.
- Funding for ongoing consultation to improve business process reengineering projects
- Plan, manage and communicate strategic plan initiatives and other high impact cross departmental projects.
- Develop the SPMO into an internal consulting team.
- Increase skill mastery of project management principles and process reengineering methodologies across Alliance.
- Assist in identifying and addressing Business Process Re-engineering opportunities, aligning with strategic goals, to provide maximum effectiveness and efficiency, potentially utilizing external resources/consultants.
- Assist Executive Leadership Team with evaluation and research analysis for strategic opportunities.
- Develop and implement next stage of organizational branding based on outcome of consolidation/service area expansion.
- Continue to build social media/email automation program to meet identified business goals.
- Provide technical assistance in the creation of an organizational internal communications plan.
- Investigate a plan to increase organizational awareness of the importance of health literacy.
- Expand Alliance's role as a leader in the state on Veteran's issues by ongoing implementation of the Military Veterans Plan.
- Improve Alliance's performance on newly created Annual External review from previous EQRO and Mercer scores by 12%.

## General Fund Revenues

FY2016-2017 Approved Budget

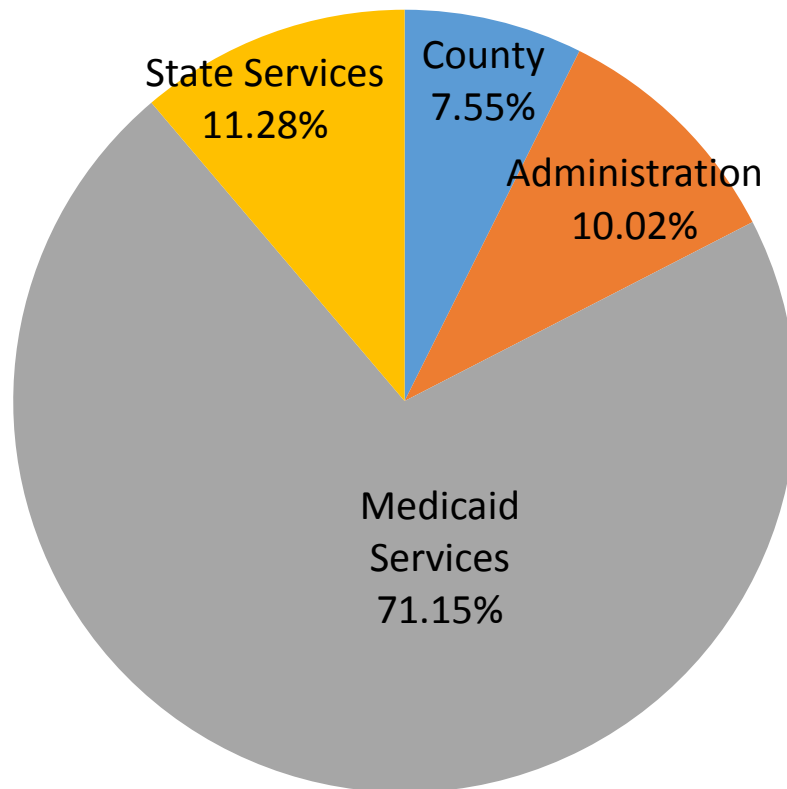
**Total General Fund Revenues: \$489,368,403**

County Administrative funds	\$	369,836
LME Administrative funds		4,359,385
Medicaid Administrative funds		44,330,623
Medicaid Services & Reserves		348,220,800
Alliance		
Federal	\$	5,563,857
Durham		
State	\$	11,066,741
Federal		2,093,427
County		6,089,867
Wake		
State	\$	17,614,466
Federal		5,256,417
County		26,032,181
Cumberland		
State	\$	7,131,287
Federal		1,305,339
County		4,752,000
Johnston		
State	\$	4,293,829
Federal		385,124
Grants	\$	403,224
Miscellaneous	\$	100,000
<b>TOTAL</b>	<b>\$</b>	<b>489,368,403</b>

## General Fund Revenues

FY2016-2017 Approved Budget

Total General Fund Revenues: \$489,368,403



■ County ■ Administration ■ Medicaid Services ■ State Services

## General Fund Expenditures

FY2016-2017 Approved Budget

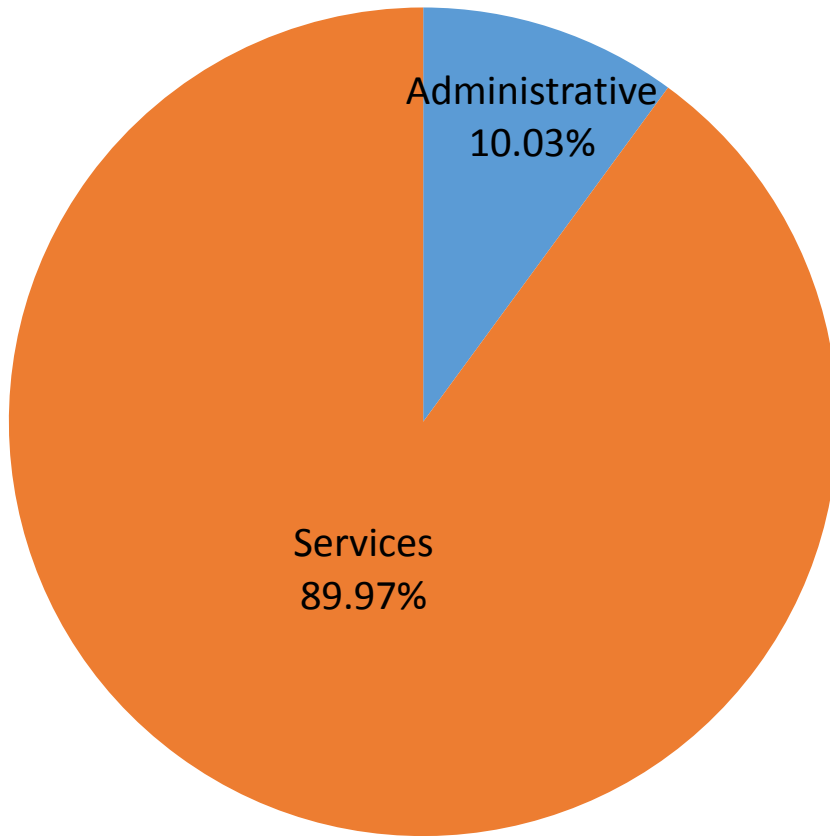
**Total General Fund Expenditures: \$489,368,403**

Administrative	\$	49,059,844
Medicaid Services		348,220,800
State Services		54,710,487
Local Services		36,874,048
Grants		403,224
Miscellaneous		100,000
<b>TOTAL</b>	<b>\$</b>	<b>489,368,403</b>

# General Fund Expenditures

FY2016-2017 Approved Budget

**Total General Fund Expenditures: \$489,368,403**



■ Administrative      ■ Services

## Budget Comparison

	Budgeted Revenue			Budgeted Expenditures	
	FY16	FY17		FY16	FY17
Administrative	\$ 52,049,443	\$ 49,059,844	Administrative	\$ 52,049,443	\$ 49,059,844
Medicaid Services	\$ 372,401,144	\$ 348,220,800	Medicaid Services	372,401,144	348,220,800
Alliance			State & Federal Services	54,088,431	54,710,487
Federal	\$ 5,563,857	\$ 5,563,857	Local Services	36,294,009	36,874,048
Durham			Grants	403,224	403,224
State	\$ 11,066,741	\$ 11,066,741	Miscellaneous	100,000	100,000
Federal	2,093,427	2,093,427			
County	6,594,828	6,089,867			
Wake					
State	\$ 16,992,410	\$ 17,614,466			
Federal	5,256,417	5,256,417			
County	24,947,181	26,032,181			
Cumberland					
State	\$ 7,131,287	\$ 7,131,287			
Federal	1,305,339	1,305,339			
County	4,752,000	4,752,000			
Johnston					
State	\$ 4,293,829	\$ 4,293,829			
Federal	385,124	385,124			
Grants	403,224	403,224			
Miscellaneous	100,000	100,000			
<b>TOTAL</b>	<b>\$ 515,336,251</b>	<b>\$ 489,368,403</b>		<b>\$ 515,336,251</b>	<b>\$ 489,368,403</b>

Administrative funding decreased by \$2,989,599 and Medicaid service funding decreased by \$24,180,344. The decrease is due to the reduction of our PMPM as well as the recognition of retro-active Medicaid payments in FY16 but not in FY17.

The state dollars for Wake were more by \$622,056. This is due to an increase in the state inpatient bed contract with one of the local hospitals.

The county dollars for Wake were more by \$1,085,000. This is due to Wake County agreeing to fund additional services within the county. The county dollars for Durham were less by \$504,961. This is due to the County directly funding some of their judiciary services.

**ANNUAL BUDGET ORDINANCE**  
**ALLIANCE BEHAVIORAL HEALTHCARE**  
**FY 2016 - 2017**

WHEREAS, the proposed budget and budget message for FY 2016 - 2017 was submitted to the Alliance Behavioral Healthcare Area Board on May 5, 2016 by the Budget Officer; was filed with the Executive Secretary to the Board;

WHEREAS, on June 2, 2016, the Alliance Behavioral Healthcare Area Board held a public hearing pursuant to NC G.S. 159-12 prior to adopting the proposed budget;

BE IT ORDAINED by the Alliance Behavioral Healthcare Area Board that for the purpose of financing the operations of Alliance Behavioral Healthcare, for the fiscal year beginning July 1, 2016 and ending June 30, 2017, there is hereby appropriated funds the following by function:

**Section 1: General Fund Appropriations**

Administration	\$ 49,059,844
Medicaid Services	\$ 348,220,800
State Services	\$ 54,710,487
Local Services	\$ 36,874,048
Grants	\$ 403,224
Miscellaneous	\$ 100,000
<b>TOTAL</b>	<b>\$ 489,368,403</b>

**Section 2: General Fund Revenue**

Administration	\$ 49,059,844
Medicaid Services	\$ 348,220,800
State Services	\$ 54,710,487
Local Services	\$ 36,874,048
Grants	\$ 403,224
Miscellaneous	\$ 100,000
<b>TOTAL</b>	<b>\$ 489,368,403</b>

**Section 3: Authorities**

A. The LME/MCO Board authorizes the Budget Officer to transfer within an appropriation up to \$100,000 cumulatively without report to the Board.

B. The LME/MCO Board authorizes the Budget Officer to transfer up to \$100,000 between appropriations with a report to the Board at the subsequent meeting.

C. The CEO may enter into the following within budgeted funds:

1. Form and execute grant agreements within budgeted appropriations;
2. Execute leases for normal and routine business;
3. Enter into consultant, professional, maintenance, provider, or other service agreements;
4. Approve renewals for of contracts and leases;
5. Purchase of apparatus, supplies, materials or equipment and construction or repair work;
6. Reject any and all bids and re-advertise to receive bids.

## **Budget and Amendment Process**

### **Overview**

The purpose of the budget and amendment process is to ensure that public dollars are spent in the manner as intended and in an effort to meet the needs of the citizens in relation to mental health, intellectual/developmental disabilities, and substance abuse needs. Through the budget, Alliance Behavioral Healthcare aims to fulfill its mission as granted by NC G.S. 122-C.

### **Governing Statutes**

Alliance Behavioral Healthcare abides by the North Carolina Local Government Budget and Fiscal Control Act. It is the legal framework in which all government agencies must conduct their budgetary processes. NC G.S. 159 provides the legislation which includes several key dates such as:

- 159-10 - By April 30, Departments must submit requests to the Budget Officer
- 159-11(b) - By June 1, the Recommended Budget must be submitted the Board
- 159-12(b) - A public hearing must be held
- 159-13(a) - From 10 days after submitting to the Board, but by July 1, a balanced budget must be adopted

### **Budget Process**

FY 2016-2017 is the fifth recommended budget representing Alliance Behavioral Healthcare as a multi-county Area Authority. The budget represents services for Cumberland, Durham, Johnston and Wake counties.

The administrative budget for this fiscal year was driven by our Per Member Per Month (PMPM) rate, FY17 projected costs, FTE positions, Department of Health and Human Services contract requirements, and costs related to the operating the Medicaid waiver.

The Medicaid service budget was created based on historical experience and projections into the next fiscal year. Alliance will review the need for a budget amendment in the first quarter of FY17 if the projection of lives has changed based on payments received.

The State and Local services budget was developed by gathering service information for each area based on the claims trends and information from staff. The FY17 allocations and benefit packages were reviewed and staff worked together to ensure all services were appropriately planned to be consistent with current services.

### **Amendment Process**

The budget ordinance is approved at a function/appropriation level. The Budget Officer is authorized to transfer budget amounts within an appropriation up to \$100,000 cumulatively without reporting to the Board. The Budget Officer is authorized to transfer budget amounts between functions up to \$100,000 with an official report of such transfer being noted at the next regular Board meeting.

Per G.S. 159-15, the governing board may amend the budget ordinance at any time after the ordinance's adoption in any manner, so long as the ordinance, as amended, continues to satisfy the requirements of G.S. 159-8 and 159-13.



## Budget Calendar

Thursday, May 5, 2016	FY 2016-2017 recommended budget presented at LME/MCO Board meeting
By Friday, May 13, 2016	Notice of June 2, 2016 Public Hearing published
Thursday, June 2, 2016	Public Hearing
By Friday, June 24, 2016	LME/MCO Board adoption of FY 2016-2017 Budget Ordinance
Friday, July 1, 2016	Budget is available in the General Ledger system

## Glossary of Terms

LME	Per G.S. 122C-3(20b), Local Management Entity or LME means an area authority, county program, or consolidated human services agency. It is a collective term that refers to functional responsibilities rather than governance structure.
MCO	Managed Care Organization; LMEs that have adopted the financial risk and service review functions of the 1915(b) and 1915(c) waivers. LME-MCOs carry out the function of an LME and also act as health plans that provide health care in return for a predetermined monthly fee and coordinate care through a defined network of providers, physicians and hospitals.
Medicaid Waiver	States can submit applications to the federal Centers for Medicare and Medicaid Services, asking to be exempt from certain requirements. If granted a “1915(b)” waiver, a state can limit the number of providers allowed to serve consumers, easing the state’s administrative burden and saving money. If granted a “1915(c)” waiver, a state can offer more services focused on helping an intellectually or developmentally disabled consumer continue living in his or her home, rather than a group home.