ITEM 21
06-19-12

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Scott County

June 11, 2012

TO: Dee F. Bruemmer

FROM: Lori A. Elam

RE: FY13 MH/DD Funding Options and Recommendations from the MH/DD Advisory Committee

The MH/DD Advisory Committee met to review the 2012 Legislation and the impacts as well as discuss the FY13 funding dilemma and options.

The county will only have the current mental health levy amount of $3,252,241 as revenue. The State will keep all state funds usually sent to the counties, as they will begin paying for all Medicaid services effective 7/1/12. The county is projecting a shortfall of $1,578,333. The committee reviewed four options:

1. Cut services (reduce block grant funds) effective 7/1/12 to equal $1,578,333.
2. Provide only 6 months of block grant funding.
3. Cut services 7/1/12, complete the "Transition Funds" application, and if Transition funds are received, restore funding/services.
4. Fund the authorized agencies (HDC and VFCMHC) and the remaining 100% county funded services according to what revenue is available (after commitment costs, MHI expenses and staff/office expenses).

The revenue available to the counties is the only constant in the budget. The number of commitments, associated costs and placements at MHI vary from year to year and are very difficult to predict. If the number of commitments are lower, there will be additional revenue to fund services further into third quarter. Those expenses will be monitored on a monthly basis.

I have attached a spreadsheet showing the breakdown of expenses, revenue, and quarterly payments to agencies. I will be available at the Committee of the Whole meeting for questions.

<u>FY13 Scott County MH/DD Funding Scenarios</u>

<u>Fixed revenue amount</u>: $3,252,241 MH levy
<u>Projected expenditures for required services</u>: $1,204,392 (Commitment Costs, MHIs, Staff/Office Expenses, Medications)
<u>Revenue available for Non-Medicaid services after required projected expenses</u>: $2,047,849
<u>Projected expenditures</u>: $3,926,182 (includes HDC, VFCMHC, Out of County Vocational/Residential and 100% Case Management)
<u>Projected shortfall</u>: (Revenue) $2,047,849 - (Expenditures) $3,926,182 = -$1,878,333
<u>Carryover Risk Pool Language/Funds</u>: $300,000
<u>New Projected Shortfall</u>: -$1,578,333
Possible options:

1 Cut services July 1, 2012 to equal $1,578,333
2 Provide only 6 months of funding
3 Cut services 7/1/12, complete Transition Fund application and if funding is received, restore funding/services
4 Fund by quarters according to what revenue is available

<u>1st Quarter:</u>
HDC- $61,949
VF- $838,784
O/C Voc-Res- $79,964
Case mang- $849
<u>Total Spent: $981,546</u>

<u>2nd Quarter:</u>
HDC- $61,949
VF- $838,784
O/C Voc-Res- $79,964
Case mang- $849
<u>Total Spent: $981,546 added to 1st quarter = $1,963,092</u>

<u>3rd Quarter:</u>
HDC- $4,000
VF- $131,696
<u>Total Spent: $135,696 added to 2nd quarter = $2,098,788</u>

<u>4th Quarter:</u>
No funding available

Notes: Commitment costs and MHI costs will vary and effect funds available. Will need to monitor those expenditures closely.
Medication costs will be paid throughout the year.
Case Management costs will be eliminated by staff in CSD doing the work instead of DHS/TCM.
FY12 final expenses/fund balance will impact revenue for FY13.
O/C Voc-Res services will end 12/31/12.