



# Impact of the State Budget and Single Stream Funding Reductions

The biennium budget recently passed by the NC General Assembly cuts over **\$175 million** in Single Stream Funding from our state's behavioral healthcare system over the next two years. This reduction is on top of the **\$262 million** cut during the previous two fiscal years. Because significant portions of the funds are **recurring** reductions, this trend will continue, meaning that this funding is being **permanently removed** from the public behavioral health system.

## What is Single Stream Funding?

These are critical non-Medicaid funds that support mental health, substance use and intellectual and developmental disability (IDD) services for uninsured and underinsured North Carolinians. Unlike Medicaid services, non-Medicaid services are not an entitlement and are dependent on funding allocated as part of the State budget. This policy of reducing service funds for individuals without Medicaid has been underway for the last decade and is severely eroding our ability to provide services for this population. It is important to understand that these cuts will reduce access to care for many of our most vulnerable citizens, resulting in increased Emergency Room visits and inappropriate incarcerations across our 23 counties, rather than community treatment.

## How much was cut from Vaya's funding?

Vaya Health's portion of the statewide cuts from FY15 through FY19 totals **\$64.5 million**. This is in addition to the approximately **\$31 million** in non-Medicaid dollars cut from Vaya's funding between 2009 and 2015.

## What is the impact on services?

The recent budget mandates that all MCOs continue to offer the 2015 level of State-funded services, despite dramatically cutting the funding to support those services. Since 2015, Vaya has used our fund balance to supplement funding of non-Medicaid services above the level mandated by the General Assembly (in addition to filling the hole left by the Single Stream funding cuts). Moving forward, Vaya will only be able to maintain services at the 2015 level. However, we will prioritize continuity of residential services and access to the crisis continuum as core safety net programs. Because of some of the technical requirements around matching federal block grant funds for mental health and substance use services, IDD services may be disproportionately impacted.

## What funds are available to offset these reductions?

Since 2015, Vaya has been making up the funding cuts by utilizing our Medicaid savings to pay for services for the uninsured and under-insured. Medicaid savings are the funds Vaya saved through prudent management of the 1915(b)/(c) Waiver across our 23 counties. Those funds are rapidly being depleted, and the recent cuts (and recurring reductions planned for next year) are now forcing us to suspend our comprehensive plan to reinvest **an additional \$10 million** of our savings to meet urgent MH/SU/IDD needs of our communities. When the State transitioned to managed care in 2012, it was based on a fundamental premise that MCOs would be able to use these savings to reinvest in innovative services and supports for the communities we serve. Instead, we are being forced to use the savings to pay for services that the State previously paid for, resulting in a **net loss** of service funds to the public system of behavioral health and IDD care.

## What does this mean for Vaya and its community stakeholders?

Vaya is in the process of evaluating the effect of these cuts and collaborating with our community stakeholders to reduce the impact on our members. We recognize that we have a responsibility to share in these reductions. In anticipation of these cuts and to minimize the effect on services, we already reduced our staffing by reorganizing and flattening our management structure effective July 1.

## What programs were included in Vaya's community reinvestment plan?

It is important to note that for the last two years Vaya has been spending its Medicaid savings on services for our communities. The Vaya Board designated **\$21,469,683** to support community reinvestment initiatives across the 23 counties in the Vaya catchment area. We were proud to develop several high-value services as part of our community reinvestment plan, and have already spent approximately **\$11 million** of our savings on these initiatives.

Examples include:

C3356 Behavioral Health Urgent Care Center	Vaya developed the C3356 in partnership with Mission Health, RHA Health Services, Buncombe County Health and Human Services, Asheville Buncombe Community Christian Ministries and NAMI Western North Carolina. C3356 is successfully diverting individuals from the ED and providing crisis intervention, response and stabilization services and supports within a recovery-oriented system of care.
Caldwell Facility-based Crisis Center	In April 2017, Vaya opened a new adult FBC center in Caldwell County. The project was a collaborative effort between Vaya, Foothills Foundation and the North Carolina Housing Finance Agency. Other partners include Caldwell County, RHA, Caldwell Memorial and McDowell hospitals and local law enforcement agencies.
Balsam Facility-based Crisis Center expansion	Vaya expanded and upgraded the existing FBC center in Haywood County from 12 to 16 beds and developed an enhanced involuntary commitment (IVC) drop-off process at the facility. The expansion provides additional capacity for the westernmost Vaya counties and assists local law enforcement agencies by providing a secure IVC drop-off site.
Emergency respite beds	These are placements intended to provide much-needed respite relief for caregivers of children with mental health needs and individuals with an IDD. In addition it will help reduce unnecessary out-of-home placements and emergency department presentations.
CLASP Initiative and SOAR expansion	In partnership with Pisgah Legal, Vaya funded the Community Living and SOAR (CLASP) program to address housing barriers for members facing eviction or needing assistance with ADA accommodations. Vaya expanded the Social Security Income (SSI)/Social Security Disability Insurance (SSDI) Outreach, Access, and Recovery (SOAR) initiative to targeted areas within our catchment. The initiative helps homeless individuals obtain Social Security disability benefits and plays an important role in jail diversion and successful reentry for inmates back into the community, reducing reliance on state-funded services.
YVLifeset™	YVLifeset™ assists young adults in their transition from the child treatment system. It has been shown to reduce costs in the adult treatment and legal systems, while simultaneously demonstrating exceptional outcomes for the individual. Vaya expanded the program to all 23 counties we serve.
Narcan® distribution	In response to the opioid epidemic gripping the country, Vaya invested in supplies of Narcan®, the first FDA-approved nasal spray version of naloxone hydrochloride for distribution to targeted agencies throughout our 23 counties. Vaya partnered with the Governor's Office, DHHS and the N.C. Harm Reduction Coalition in this initiative.
MindKare kiosks	Vaya is placing education and screening kiosks at local Departments of Social Services and other community gathering spots in every county we serve. The kiosks offer quick, anonymous screenings to help educate individuals and increase awareness about mental health and substance use issues, connecting users with available resources and providing information on where to seek support prior to going to an ED. Primary prevention and early intervention are critical to improving the health of our communities and to turn the tide of the current opioid epidemic.
Expansion of MAT	Providers across Vaya's catchment received training and funding to provide Medication Assisted Treatment (MAT) for opioid users to the Medicaid and the un- and under-insured populations.
Project SEARCH	This program provides real-life work experience to help youth with significant disabilities make successful transitions from school to adult life. The impact of social determinants on disease is well documented, and having a job and housing contribute to a meaningful life.
Integrated care initiatives and workforce development	In collaboration with the Mountain Area Health Education Center (MAHEC) and Mission Medical Practices, we developed and expanded whole-person care across our network through broad-based integrated care training and other initiatives.

### **Can these community reinvestment programs continue?**

We do not have large amounts of unrestricted reserve funds available to fund these projects indefinitely, and any future Medicaid savings are already allocated to offset the recurring Single Stream cuts. Unfortunately, we will be unable to maintain some of the initiatives above or develop additional projects and services that we had planned, such as the Wilkes Facility-Based Crisis project, specialized veterans' services, substance use recovery housing, peer-run recovery centers and jail diversion.

### **What are the next steps?**

The effort to align services with the 2015 level will be a painstaking process. Over the coming days, we will work with our Provider Network and community stakeholders on plans to minimize the impact of these changes on Vaya members and their families. Vaya will be prioritizing services for those people with the highest needs, and for whom no other insurance coverage exists to pay for medically necessary services. We will also ask DMA for permission to expand our (b)(3) service array to provide more enhanced access to care for those with Medicaid (including those who previously received some services funded with Single Stream dollars).