

MHBE Board Meeting

June 15, 2020

FY21 Budget Deep Dive

Presented by:

Tony Armiger, CFO
MHBE

State Special Funds – 2 Sources

- 1. MHBE has a \$ 35 Million Floor for State Special funds by Statute and usually also a \$ 35 Million Ceiling set by DBM**
- 2. State Reinsurance Funds**

Federal Funds – 2 Sources

- 1. Federal Medicaid Funds – APD (Advanced Planning Documents) are filed annually**
- 2. Federal Reinsurance Funds**

Background – Call Center

- In Spring 2017, MHBE issued an RFP for Call Center Services and a new contract was awarded. The new contract charged a base amount plus a per call fee.
- The new contract was favorable to MHBE. Below are the Budget to Actuals/Projected for FY17 to FY21.

		FY17	FY18	FY19	FY20	FY21
Budget		24,106,689	26,000,000	26,000,000	19,450,000	17,054,000
Actual		23,192,116	16,536,530	14,170,311	14,000,000	14,000,000
					Projected	Projected

- Good News – MHBE saved money.
- Bad News – Possible Future Funding Reductions

- **In the 2019 Session, the legislature reduced the Call Center by \$ 2.4 Million based on a DLS recommendation. \$ 1 Million was State Special Funds.**
- **In the 2020 Session, in the Governor's Budget, State Revenue was to be increased by a \$ 3 Million Reversion by MHBE for FY20.**
- **In the MHBE Board Financial Statement, this \$ 3 Million Reduction is reflected and has been explained in the accompanying Financial Statement Narrative.**

- **In the 2020 Session, when the BRFA (Budget Reconciliation and Finance Act) was introduced, there was a provision to permanently reduce MHBE State Special Funds by \$ 3 Million for FY21 and all subsequent years.**
- **In the Final Bill, only FY21 MHBE State Special Funds are reduced by \$ 3.5 Million.**
- **Additionally, there is a decrease of \$ 210,000 for a CMS IT contract related to reinsurance data.**
- **Lastly, MHBE is to file a report on future funding needs to the legislature by December 1, 2020.**

FY21 Budget Eliminations Summary

Budget Item Eliminated		State Funds Savings
Interns		112,024
HEAU Contract Term.		400,000
Shop Marketing		250,000
SHOP Activity		500,000
SHOP Development		650,000
Total Eliminations		1,912,024

FY21 Budget Reductions Summary

Budget Item Reduced	Total Reduction	State Funds Savings
Marketing	300,000	171,000
Promo Items	50,000	50,000
DOIT Services	150,000	53,250
Call Center	1,476,455	590,582
Reports and Studies	90,000	90,000
Actuarial Services	50,000	50,000
Reins. Claims Server	210,000	210,000
Software Licences	325,000	115,375
MDTHINK Costs	500,000	177,500
Computer Equipment	125,000	44,375
Total Reductions	3,276,455	1,552,082

- **Any Questions?**