



Department of County Management
MULTNOMAH COUNTY OREGON

Budget Office

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TO: Board of County Commissioners

FROM: Jeff Renfro

DATE: June 8, 2016

SUBJECT: Behavioral Health Managed Care Fund Contingency request to appropriate \$5,000,000. (Budget Modification HD-36-16)

The Health department is requesting permission to appropriate \$5,000,000 in the Behavioral Health Managed Care Fund contingency to cover projected operating expenses. Without this appropriation, the fund may exceed its approved appropriation level.

FY 2016 expenditures have been greater than expected due in part to an error in budgeting Medicaid contracts. Contracts with community providers were erroneously budgeted against the State Mental Health Grant in the Fed/State Fund rather than the Behavioral Health Managed Care Fund. As a result, expenditures may exceed appropriation in the Behavioral Health Managed Care Fund.

As of April 30th, 2016 (the end of FY 2016 Period 10), the remaining fund balance was \$14,541,030. If this request is approved, the balance will be reduced by \$5,000,000 for a new total of \$9,541,030. It should be noted that the monthly net change in the fund balance varies by month, but the overall trend is negative due in part to the ongoing impact of the retroactive Health Share of Oregon per-member-per-month rate reduction. In the last two months of FY 2015, the fund lost just over \$6 million. If May and June of FY 2016 match May and June of FY 2015, the end of year fund balance would be approximately \$4 million. Health estimates that actuals in May and June of FY 2016 will come in such that the fund will end the year with a balance of \$6.1 million.

Contingency Policy Compliance

While contingency requests for the Behavioral Health Managed Care Fund are not explicitly required to follow Board Guidelines for General Fund Contingency requests, the following responses address those guidelines for this action.

In particular,

- Criteria 1 states contingency requests should be for one-time-only purposes.
This contingency request is OTO, in response to unexpected expenditures.
- Criteria 2 addresses emergencies and unanticipated situations.
Expenditures in this fund were greater than anticipated.
- Criteria 3 addresses items identified in Board Budget Notes.
This item was not identified in a specific Budget Note.