



RESOLUTION NO. 2020-06-24-039

ADOPTION OF THE FISCAL YEAR 2019-2020 SUPPLEMENTAL BUDGET – MEDICAID FUND

WHEREAS, annually in May or June, the LTD Board adopts a budget for each of its five funds;

WHEREAS, the budget for each fund reflects LTD's financial plan for the fiscal year that starts every July 1 and ends every June 30;

WHEREAS, supplemental budgets require a public hearing and Board adoption, but does not require Budget Committee approval;

WHEREAS, the budget for each fund reflects LTD's financial plan for the fiscal year that starts every July 1 and ends every June 30;

WHEREAS, the budget is reviewed and approved by the LTD Budget Committee, who provides a recommendation to the Board of Directors to adopt the budget as presented, or as amended, on or before June 30 of every year;

WHEREAS, each of the five funds have their own budget and the resources and expenditures within those funds must balance in order for the budget to be adopted;

WHEREAS, the budget adopted by the LTD Board of Directors creates the authority for LTD to spend public money;

WHEREAS, the budget is based on LTD's good faith estimate of expected resources and expenditures for the year;

WHEREAS, Oregon Local Budget Law allows for changes after the budget is adopted known as a "supplemental budget" (ORS 294.473);

WHEREAS, supplemental budgets are required for transfers and expenditures that expect to exceed the adopted budget by greater than 10%;

WHEREAS, each January, LTD performs a mid-year forecast;

WHEREAS, the mid-year forecast activity reviews actual expenditures for the first half of the year and forecasts where resources and expenditures are expected to be at the end of the fiscal year (June 30);

WHEREAS, risks were identified to the Fiscal Year 2018-2019 Budget were as follows:

1. **Medicaid Fund:** Expenditures are forecasted to exceed budget by \$2.5 million as a result of increases in Trillium and Pacific Source Medicaid medical service volume increases and nonemergency medical provider service cost increases from increased OAR 410-141-3920 – 410-141-3965 requirements which became effective January 1, 2020. LTD is contractually obligated to provide non-emergent transportation services based on least-cost, most appropriate mode of transport for all eligible trips, for all eligible individuals for the Coordinated Care Organizations (CCO) coordinating services for OHP members primarily within Lane County. These include trips within and outside of our region. Trillium and Pacific Source both reimburse LTD 100 percent for the costs to provide the nonemergency medical services. Increased costs



resulting from additional OAR requirements are covered through negotiated administrative state reimbursement rates.

2. Medicaid Fund: In January 2020, the Comprehensive Annual Financial Report (CAFR) was issued. The FY20 Medicaid Fund had a beginning working capital assumption of \$132,000, but the CAFR actual beginning working capital was only \$5,831.

WHEREAS, the two risks identified above require a request for a public hearing and a supplemental budget in order to comply with Oregon Local Budget Law; and,

WHEREAS, the proposed Fiscal Year 2019-2020 Supplemental Budget request is summarized below:

Medicaid Fund:

- Increase the budgeted expenditures by \$2,488,795, which results in an amended expenditure budget of \$13,578,609. This increase in expenditures is planned to be offset by a \$2,105,320 increase in resources through reimbursements from Trillium and Pacific Source for services provided. The remaining administrative cost of \$330,220 will be reimbursed by the state.
- Increase the transfer from the General Fund by \$413,000 to cover lower than budgeted beginning working capital fund balance and to increase the working capital operating reserve.
- There are no other budget changes to the Medicaid Fund expenditures, transfers, or reserves, and with these changes the Medicaid Fund is in balance.

WHEREAS, the 2019-2020 Supplemental Budget proposal request was approved by the Budget Committee on May 18, 2020, and a public hearing was held on the 2019-2020 Medicaid Fund Supplemental Budget on May 27, 2020.

NOW, THEREFORE, BE IT RESOLVED that the Lane Transit District Board of Directors, approves a resolution as follows:

- Adopting the Fiscal Year 2019-2020 Supplemental Budget for the Medicaid Fund

SUMMARY OF PROPOSED BUDGET CHANGES
AMOUNTS SHOWN ARE REVISED TOTALS IN THOSE FUNDS BEING MODIFIED

FUND: MEDICAID FUND			
Resource	Amount	Expenditure—indicate Org. unit / Prog. & Activity, and Object class.	Amount
1. CLAIMS REIMBURSEMENT	\$ 12,158,275.00	1. MEDICAL SERVICES	\$ 12,201,275.00
2. STATE	\$ 1,001,500.00	2. NON-MEDICAL SERVICES	\$ 1,297,500.00
3. GENERAL FUND/BEG WC	\$ 418,834.00	3. OPERATING RESERVE	\$ 79,834.00
Revised Total Fund Resources	\$ 13,578,609.00	Revised Total Fund Requirements	\$ 13,578,609.00

ADOPTED BY THE LANE TRANSIT DISTRICT BOARD OF DIRECTORS ON THIS 24TH DAY OF JUNE, 2020.


Carl Yeh (Jun 26, 2020 17:18 PDT)

Board President, Carl Yeh