

## Chapter 6: Forecasts

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This section contains agency expense forecasts for each of the program areas included in the study: Adult Outpatient, Community Rehabilitation and Treatment (CRT), Children's Mental Health, Developmental Services, Emergency Services and Substance Abuse Treatment. The forecasts extend from state fiscal year 2006 through 2011.

The forecasts were developed using historical data from state fiscal years 1998 – 2004, as presented in the first set of tables within this chapter, as well as the data presented in the report's appendices.

There are three sets of forecasts, or models, each with its own discrete set of assumptions. They are:

1. *General Fund Growth Model* – This model assumes that Designated Agency budgets will be restricted to an average annual rate of growth equal to what is anticipated for the General Fund over the next five years, or 3.2 percent. This model would dictate a reduction in the level of services relative to current service availability and caseload.
2. *Health Care Inflation Model* – This model sets the growth rate equal to the projected average annual health care inflation rate, as published by the Department of Banking, Insurance, Securities and Health Care Administration (BISHCA), or 7.6 percent. (BISHCA bases its projections on data from the National Healthcare Expenditure Survey.) This model would permit modest program growth, but establishes a growth rate below the average annual growth in expenses between FY1998 and FY2004, equal to 9.3 percent.
3. *Demand Model* – This model targets program components within the Designated Agencies that were reported by the various stakeholders, including the agencies, to be under funded, and contributing to a reduction in access to services. Most significantly, it includes a three percent annual increase for DA providers in 2006, 2007 and 2008 to address wage issues as well as other pressures on operating budgets. The three-percent increase is applied across all agency expenses therefore, the three-year adjustment would enable agencies to increase all staff salaries by ten percent or more, depending on other budget priorities.

The data was projected forward through application of program-specific assumptions addressing expected service utilization, caseload growth and provider costs (wages, benefits etc). The first two models (general fund growth and health care inflation) were derived to meet annual inflation targets of 3.2 percent and 7.6 percent, respectively. Under these models, numerous scenarios exist in terms of the impact of a targeting overall program growth on specific cost drivers (e.g., caseload, wages, investment in infrastructure, and availability of services). The model presents one possible scenario regarding the impact of growth on service utilization, caseload and wages.

### *Impact on State General Fund Needs*

The three models project agency expenditures for State Fiscal Years 2006 through 2011. Agencies rely on a number of funding sources across program areas in order to derive sufficient revenues to meet expenses. Some of the revenue sources are relatively constant (e.g., grant funds), while projected growth rates for other funding streams, such as first and third party payments, are difficult to ascertain. Further, the federal matching rate for Medicaid-eligible services changes annually. Therefore, the ratio of Vermont General Fund revenues to total agency expenses varies annually. While the models present growth rates for agency expenditures, the additional General Fund necessary to support these levels of agency expenses would not necessarily increase at the same rate.

More detailed information about the assumptions and implications underlying each forecast is attached in the second set of tables, followed by forecast tables for each program area.

## Historical Expenses and Caseload

### Adult Outpatient Services

	FY98	FY99	FY00	FY01	FY02	FY03	FY04	Average Annual Percentage Change
Agency Expenses	\$ 4,662,359	\$ 5,107,567	\$ 5,687,948	\$ 6,042,941	\$ 6,054,416	\$ 5,999,612	\$ 6,952,678	6.9%
Agency Revenues	\$ 3,969,927	\$ 4,013,576	\$ 4,566,432	\$ 5,031,222	\$ 5,443,081	\$ 5,640,922	\$ 6,684,609	9.1%
Net Gain (Loss)	\$ (692,432)	\$ (1,093,991)	\$ (1,121,516)	\$ (1,011,719)	\$ (611,335)	\$ (358,690)	\$ (268,069)	
DDMHS Funded Revenues (GF Only)	\$ 1,058,799	\$ 849,845	\$ 1,007,698	\$ 930,397	\$ 959,660	\$ 787,315	\$ 910,031	-2.5%
Percent of Agency Revenues	26.7%	21.2%	22.1%	18.5%	17.6%	14.0%	13.6%	-10.6%
State and Federal Funded Revenues*	\$ 1,781,821	\$ 1,459,052	\$ 2,042,740	\$ 2,579,545	\$ 2,544,066	\$ 2,722,244	\$ 3,224,571	10.4%
Percentage of Agency Revenues	44.9%	36.4%	44.7%	51.3%	46.7%	48.3%	48.2%	1.2%
Clients Served	7,847	7,317	7,316	7,268	7,345	7,130	7,120	-1.6%
Agency Expense per Client	\$ 594.16	\$ 698.04	\$ 777.47	\$ 831.44	\$ 824.29	\$ 841.46	\$ 976.50	8.6%
DDMHS (GF)-Funded Revenues per Client	\$ 134.93	\$ 116.15	\$ 137.74	\$ 128.01	\$ 130.65	\$ 110.42	\$ 127.81	-0.9%
State and Federal Funded Revenues per Client	\$ 227.07	\$ 199.41	\$ 279.22	\$ 354.92	\$ 346.37	\$ 381.80	\$ 452.89	12.2%

*State and Federal Funded Revenues includes all stated and federal grants and expenditures including local monies matched by the Medicaid program.*

## Historical Expenses and Caseload

### Community Rehabilitation and Treatment (CRT)

	FY98	FY99	FY00	FY01	FY02	FY03	FY04	Average Annual Percentage Change
Agency Expenses	\$ 20,565,010	\$ 23,434,065	\$ 27,330,306	\$ 28,403,579	\$ 30,243,568	\$ 30,315,056	\$ 31,065,234	7.1%
Agency Revenues	\$ 21,930,569	\$ 23,702,735	\$ 27,380,352	\$ 28,620,263	\$ 30,095,621	\$ 31,276,258	\$ 31,911,602	6.5%
Net Gain (Loss)	\$ 1,365,559	\$ 268,670	\$ 50,046	\$ 216,684	\$ (147,947)	\$ 961,202	\$ 846,368	
DDMHS Funded Revenues (GF Only)	\$ 9,840,270	\$ 9,188,027	\$ 10,286,688	\$ 11,570,899	\$ 11,262,381	\$ 12,053,995	\$ 12,582,888	4.2%
Percent of Agency Revenues	44.9%	38.8%	37.6%	40.4%	37.4%	38.5%	39.4%	-2.1%
State and Federal Funded Revenues	\$ 20,122,868	\$ 21,079,805	\$ 24,864,829	\$ 26,732,685	\$ 27,378,561	\$ 28,552,396	\$ 29,208,760	6.4%
Percentage of Agency Revenues	91.8%	88.9%	90.8%	93.4%	91.0%	91.3%	91.5%	0.0%
Clients Served	3,155	3,073	3,002	3,204	3,296	3,210	3,205	0.3%
Agency Expense per Client	\$ 6,518.23	\$ 7,625.79	\$ 9,104.03	\$ 8,865.04	\$ 9,175.84	\$ 9,443.94	\$ 9,692.74	6.8%
DDMHS (GF)-Funded Revenues per Client	\$ 3,118.94	\$ 2,989.92	\$ 3,426.61	\$ 3,611.39	\$ 3,416.98	\$ 3,755.14	\$ 3,926.02	3.9%
State and Federal Funded Revenues per Client	\$ 6,378.09	\$ 6,859.68	\$ 8,282.75	\$ 8,343.53	\$ 8,306.60	\$ 8,894.83	\$ 9,113.50	6.1%

*Expenditures for emergency services moved to CRT program area in SFY00*

## Historical Expenses and Caseload

### Children's Mental Health Services

	FY98	FY99	FY00	FY01	FY02	FY03	FY04	Average Annual Percentage Change
Agency Expenses	\$ 26,729,655	\$ 31,099,104	\$ 38,390,034	\$ 44,465,277	\$ 51,261,814	\$ 58,660,387	\$ 67,763,532	16.8%
Agency Revenues	\$ 27,800,529	\$ 32,773,682	\$ 40,090,031	\$ 46,834,722	\$ 55,266,273	\$ 59,943,063	\$ 70,318,660	16.7%
Net Gain (Loss)	\$ 1,070,874	\$ 1,674,578	\$ 1,699,997	\$ 2,369,445	\$ 4,004,459	\$ 1,282,676	\$ 2,555,128	
DDMHS Funded Revenues (GF Only)	\$ 2,757,554	\$ 3,879,971	\$ 6,651,106	\$ 5,988,743	\$ 5,850,265	\$ 7,164,000	\$ 7,049,157	16.9%
Percent of Agency Revenues	9.9%	11.8%	16.6%	12.8%	10.6%	12.0%	10.0%	0.2%
State and Federal Funded Revenues	\$ 22,179,708	\$ 26,440,187	\$ 34,001,283	\$ 40,666,458	\$ 48,025,922	\$ 51,989,751	\$ 59,154,744	17.8%
Percentage of Agency Revenues	79.8%	80.7%	84.8%	86.8%	86.9%	86.7%	84.1%	0.9%
Clients Served	7,122	7,424	8,200	8,686	8,802	9,581	10,040	5.9%
Agency Expense per Client	\$ 3,753.11	\$ 4,189.00	\$ 4,681.71	\$ 5,119.19	\$ 5,823.88	\$ 6,122.57	\$ 6,749.36	10.3%
DDMHS (GF)-Funded Revenues per Client	\$ 387.19	\$ 522.63	\$ 811.11	\$ 689.47	\$ 664.65	\$ 747.73	\$ 702.11	10.4%
State and Federal Funded Revenues per Client	\$ 3,114.25	\$ 3,561.45	\$ 4,146.50	\$ 4,681.84	\$ 5,456.25	\$ 5,426.34	\$ 5,891.91	11.2%

## Historical Expenses and Caseload

### Developmental Services

	FY98	FY99	FY00	FY01	FY02	FY03	FY04	Average Annual Percentage Change
Agency Expenses	\$ 60,314,598	\$ 65,116,298	\$ 72,044,832	\$ 80,342,386	\$ 86,952,140	\$ 90,608,753	\$ 93,562,887	7.6%
Agency Revenues	\$ 60,512,530	\$ 65,154,079	\$ 72,209,472	\$ 80,526,120	\$ 88,053,857	\$ 91,140,482	\$ 94,736,025	7.8%
Net Gain (Loss)	\$ 197,932	\$ 37,781	\$ 164,640	\$ 183,734	\$ 1,101,717	\$ 531,729	\$ 1,173,138	
DDMHS Funded Revenues (GF Only)	\$ 20,717,243	\$ 21,769,403	\$ 23,636,472	\$ 26,565,819	\$ 28,300,879	\$ 29,917,272	\$ 31,869,730	7.4%
Percent of Agency Revenues	34.2%	33.4%	32.7%	33.0%	32.1%	32.8%	33.6%	-0.3%
State and Federal Funded Revenues	\$ 57,049,907	\$ 61,020,975	\$ 67,414,781	\$ 74,415,079	\$ 81,988,311	\$ 84,834,963	\$ 88,563,902	7.6%
Percentage of Agency Revenues	94.3%	93.7%	93.4%	92.4%	93.1%	93.1%	93.5%	-0.1%
Clients Served	2,285	2,387	2,560	2,702	2,795	2,889	2,979	4.5%
Agency Expense per Client	\$ 26,395.89	\$ 27,279.56	\$ 28,142.51	\$ 29,734.41	\$ 31,109.89	\$ 31,363.36	\$ 31,407.48	2.9%
DDMHS (GF)-Funded Revenues per Client	\$ 9,066.63	\$ 9,119.98	\$ 9,233.00	\$ 9,831.91	\$ 10,125.54	\$ 10,355.58	\$ 10,698.13	2.8%
State and Federal Funded Revenues per Client	\$ 24,967.14	\$ 25,563.88	\$ 26,333.90	\$ 27,540.74	\$ 29,333.92	\$ 29,364.82	\$ 29,729.41	3.0%

## Historical Expenses and Caseload

### Emergency Services

	FY98	FY99	FY00	FY01	FY02	FY03	FY04	Average Annual Percentage Change
Agency Expenses	\$ 4,503,775	\$ 4,897,346	\$ 2,534,642	\$ 2,848,226	\$ 2,699,424	\$ 2,557,777	\$ 3,049,262	-6.3%
Agency Revenues	\$ 3,668,274	\$ 4,232,978	\$ 1,690,244	\$ 1,787,003	\$ 1,666,540	\$ 1,891,151	\$ 2,426,823	-6.7%
Net Gain (Loss)	\$ (835,501)	\$ (664,368)	\$ (844,398)	\$ (1,061,223)	\$ (1,032,884)	\$ (666,626)	\$ (622,439)	
DDMHS Funded Revenues (GF Only)	\$ 1,674,307	\$ 1,983,230	\$ 813,977	\$ 843,994	\$ 804,228	\$ 791,910	\$ 897,257	-9.9%
Percent of Agency Revenues	45.6%	46.9%	48.2%	47.2%	48.3%	41.9%	37.0%	-3.5%
State and Federal Funded Revenues	\$ 2,813,308	\$ 3,537,082	\$ 1,065,513	\$ 1,193,939	\$ 1,048,440	\$ 1,169,253	\$ 1,441,141	-10.5%
Percentage of Agency Revenues	76.7%	83.6%	63.0%	66.8%	62.9%	61.8%	59.4%	-4.2%
Clients Served	6,500	6,412	6,291	5,674	5,864	6,094	6,690	0.5%
Agency Expense per Client	\$ 692.89	\$ 763.78	\$ 402.90	\$ 501.98	\$ 460.34	\$ 419.72	\$ 455.79	-6.7%
DDMHS (GF)-Funded Revenues per Client	\$ 257.59	\$ 309.30	\$ 129.39	\$ 148.75	\$ 137.15	\$ 129.95	\$ 134.12	-10.3%
State and Federal Funded Revenues per Client	\$ 432.82	\$ 551.63	\$ 169.37	\$ 210.42	\$ 178.79	\$ 191.87	\$ 215.42	-11.0%

Note: Emergency service funding for CRT clients was transferred to the CRT program area in SFY00

## Historical Expenses and Caseload

### Substance Abuse Services

	FY98	FY99	FY00	FY01	FY02	FY03	FY04	Average Annual Percentage Change
Agency Expenses	\$ 4,539,963	\$ 4,998,638	\$ 5,323,517	\$ 5,617,529	\$ 6,118,011	\$ 7,144,373	\$ 7,986,055	9.9%
Agency Revenues	\$ 4,677,592	\$ 4,809,565	\$ 5,160,290	\$ 5,225,246	\$ 5,709,483	\$ 6,495,685	\$ 7,669,336	8.6%
Net Gain (Loss)	\$ 137,629	\$ (189,073)	\$ (163,227)	\$ (392,283)	\$ (408,528)	\$ (648,688)	\$ (316,719)	
DDMHS Funded Revenues (GF Only)	\$ 267,876	\$ 76,809	\$ 104,852	\$ 95,448	\$ 90,278	\$ 105,854	\$ 127,839	-11.6%
Percent of Agency Revenues	5.7%	1.6%	2.0%	1.8%	1.6%	1.6%	1.7%	-18.6%
State and Federal Funded Revenues	\$ 2,934,840	\$ 2,482,684	\$ 2,585,993	\$ 2,624,340	\$ 2,728,014	\$ 3,098,313	\$ 3,852,515	4.6%
Percentage of Agency Revenues	62.7%	51.6%	50.1%	50.2%	47.8%	47.7%	50.2%	-3.6%
Clients Served	4,407	4,518	4,789	4,379	5,217	5,087	5,101	2.5%
Agency Expense per Client	\$ 1,030.17	\$ 1,106.38	\$ 1,111.61	\$ 1,282.83	\$ 1,172.71	\$ 1,404.44	\$ 1,565.59	7.2%
DDMHS (GF)-Funded Revenues per Client	\$ 60.78	\$ 17.00	\$ 21.89	\$ 21.80	\$ 17.30	\$ 20.81	\$ 25.06	-13.7%
State and Federal Funded Revenues per Client	\$ 665.95	\$ 549.51	\$ 539.99	\$ 599.30	\$ 522.91	\$ 609.06	\$ 755.25	2.1%

## Historical Expenses and Caseload

### Other (Non-DDMHS Services)

	FY98	FY99	FY00	FY01	FY02	FY03	FY04	Average Annual Percentage Change
Agency Expenses	\$ 3,294,452	\$ 4,968,807	\$ 5,624,520	\$ 4,745,363	\$ 6,535,941	\$ 5,079,328	\$ 1,926,564	-8.6%
Agency Revenues	\$ 3,609,704	\$ 5,455,741	\$ 7,645,581	\$ 6,760,746	\$ 6,570,548	\$ 5,384,710	\$ 1,941,610	-9.8%
Net Gain (Loss)	\$ 315,252	\$ 486,934	\$ 2,021,061	\$ 2,015,383	\$ 34,607	\$ 305,382	\$ 15,046	
DDMHS Funded Revenues (GF Only)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Percent of Agency Revenues	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
State and Federal Funded Revenues	\$ 518,239	\$ 1,333,360	\$ 1,587,779	\$ 1,426,780	\$ 1,319,722	\$ 1,630,012	\$ 1,162,324	14.4%
Percentage of Agency Revenues	14.4%	24.4%	20.8%	21.1%	20.1%	30.3%	59.9%	26.9%

## Historical Expenses and Caseload

### Total System Expenses and Revenues

	FY98	FY99	FY00	FY01	FY02	FY03	FY04	Average Annual Percentage Change
Agency Expenses	\$ 124,609,812	\$ 139,621,825	\$ 156,935,799	\$ 172,465,301	\$ 189,865,314	\$ 200,365,286	\$ 212,306,212	9.3%
Agency Revenues	\$ 126,169,125	\$ 140,142,356	\$ 158,742,402	\$ 174,785,322	\$ 192,805,403	\$ 201,772,271	\$ 215,688,665	9.3%
Net Gain (Loss)	\$ 1,559,313	\$ 520,531	\$ 1,806,603	\$ 2,320,021	\$ 2,940,089	\$ 1,406,985	\$ 3,382,453	
DDMHS Funded Revenues (GF Only)	\$ 36,316,048	\$ 37,747,285	\$ 42,500,791	\$ 45,995,300	\$ 47,267,692	\$ 50,820,346	\$ 53,436,901	6.6%
Percent of Agency Revenues	28.8%	26.9%	26.8%	26.3%	24.5%	25.2%	24.8%	
State and Federal Funded Revenues	\$ 107,400,691	\$ 117,353,145	\$ 133,562,918	\$ 149,638,826	\$ 165,033,036	\$ 173,996,932	\$ 186,607,957	9.6%
Percentage of Agency Revenues	85.1%	83.7%	84.1%	85.6%	85.6%	86.2%	86.5%	0.3%
Clients Served	31,316	31,131	32,158	31,913	33,319	33,991	35,135	1.9%
Agency Expense per Client	\$ 3,979.11	\$ 4,484.98	\$ 4,880.15	\$ 5,404.23	\$ 5,698.41	\$ 5,894.66	\$ 6,042.58	7.2%
DDMHS (GF)-Funded Revenues per Client	\$ 1,159.66	\$ 1,212.53	\$ 1,321.62	\$ 1,441.27	\$ 1,418.64	\$ 1,495.11	\$ 1,520.90	4.6%
State and Federal Funded Revenues per Client	\$ 3,429.58	\$ 3,769.66	\$ 4,153.33	\$ 4,688.96	\$ 4,953.12	\$ 5,118.91	\$ 5,311.17	7.6%

**Forecast Model by Program Area**

**Adult Outpatient**

	<b>Background</b>	<b>General Fund Growth</b>	<b>Health Care Growth</b>	<b>Demand-Based</b>
<b>Service Utilization</b>	Service utilization per client increased 11.9 percent between SFY01 and SFY03; Reduced access to certain services due to budget reductions	No increase in availability of services	Affords modest growth in service utilization of 2 to 3 percent annually	Moderate service growth of three percent annually; First-year, base increase of three percent to improve psychiatric reimbursement rates, thereby increasing access
<b>Caseload</b>	Caseload unchanged between SFY03 and SFY04; Some evidence of reduced access to services, absent a crisis	No increase in caseload	Affords modest growth in caseload of 1 to 2 percent annually	Caseload increase of two percent annually
<b>Provider Costs</b>	Employee health insurance cost growth equal to 12 percent between SFY02 and SFY04; Operating cost increases of 8 percent between SFY00 and SFY04	Provides little or no funding for salary increases, absent a reduction in services	Provides funding for salary increases of 2 to 3 percent, as well as funding for operating costs	Increase of nine percent (over three years) to address salary disparities and turnover issue; Additional increase of three percent annually to address salary increases and other operational needs
<b>Total Annual Growth</b>	State-funded expenditures increased by 10.4 percent between SFY98 and SFY04	3.2%	7.6%	Base increase of 14.4 percent in first year; 11.4 percent in subsequent two years and 8.2 percent thereafter

**Forecast Model by Program Area**

**Community Rehabilitation and Treatment (CRT)**

	<b>Background</b>	<b>General Fund Growth</b>	<b>Health Care Growth</b>	<b>Demand-Based</b>
<b>Service Utilization</b>	Service utilization per client decreased 18.7 percent between SFY01 and SFY03	No increase in availability of services	Affords modest growth in service utilization of 1 to 2 percent annually	Moderate service growth of three percent annually; First-year, base increase of three percent to improve psychiatric reimbursement rates, thereby increasing access
<b>Caseload</b>	Caseload unchanged between SFY98 and SFY04 (.3%); Evidence of reduced access to services, absent a crisis	No increase in caseload	Caseload increase of one percent annually	Caseload increase of one percent annually
<b>Provider Costs</b>	Employee health insurance cost growth equal to 12 percent between SFY02 and SFY04; Operating cost increases of 8 percent between SFY00 and SFY04	Provides little or no funding for salary increases, absent a reduction in services	Provides funding for salary increases of 2 to 3 percent, as well as funding for operating costs	Increase of nine percent (over three years) to address salary disparities and turnover issue; Additional increase of three percent annually to address salary increases and other operational needs
<b>Total Annual Growth</b>	State-funded expenditures increased by 6.4 percent between SFY98 and SFY04	3.2%	7.6%	Base increase of 13.3 percent in first year; 10.3 percent in subsequent two years and 7.2 percent thereafter

**Forecast Model by Program Area**

**Children's Mental Health Services**

	<b>Background</b>	<b>General Fund Growth</b>	<b>Health Care Growth</b>	<b>Demand-Based</b>
<b>Service Utilization</b>	Service utilization per client decreased 18.6 percent between SFY01 and SFY03; Increased participation in Success Beyond Six program contributes to high level of growth in agency expenses per client (16.8 percent between SFY98 and SFY04)	No increase in availability of services	Affords modest growth in service utilization of 1 to 2 percent annually	Moderate service growth of three percent annually; First-year, base increase of five percent to improve access to child psychiatry, respite and other services
<b>Caseload</b>	Caseload increased an average of 5.9 percent annually between SFY98 and SFY04	No increase in caseload; Participation criteria would need to be tightened	Permissible caseload growth of two to three percent (below historical average)	Caseload growth of four percent annually
<b>Provider Costs</b>	Employee health insurance cost growth equal to 12 percent between SFY02 and SFY04; Operating cost increases of 8 percent between SFY00 and SFY04	Provides little or no funding for salary increases, absent a reduction in services	Provides funding for salary increases of 2 to 3 percent, as well as funding for operating costs	Increase of nine percent (over three years) to address salary disparities and turnover issue; Additional increase of three percent annually to address salary increases and other operational needs
<b>Total Annual Growth</b>	State-funded expenditures increased by 17.8 percent between SFY98 and SFY04	3.2%	7.6%	Base increase of 18.7 percent in first year; 13.5 percent in subsequent two years and 10.3 percent thereafter

## Forecast Model by Program Area

### Developmental Services

	<b>Background</b>	<b>General Fund Growth</b>	<b>Health Care Growth</b>	<b>Demand-Based</b>
<b>Service Utilization</b>	Service utilization per client decreased 13.3 percent between SFY01 and SFY03; Agency expense per client increased 3.6 percent between SFY98 and SFY04	No increase in availability of services for existing clients	Affords modest growth in availability of services for existing clients of 1 to 2 percent annually	Moderate service growth for existing clients of two percent annually
<b>Caseload</b>	Caseload increased 3.6 percent annually between SFY98 and SFY04; Aging of caregivers and clients likely to increase need for services	Caseload growth near historical rates; may require some tightening of participation criteria	Caseload growth of four percent annually	First-year, base increase of three percent to restore service availability for children; Caseload increase of four percent in SFY06; Increasing by one-half percent annually (i.e., 4.5% in SFY07, 5% in SFY08)
<b>Provider Costs</b>	Employee health insurance cost growth equal to 12 percent between SFY02 and SFY04; Operating cost increases of 8 percent between SFY00 and SFY04	Provides no funding for salary increases, absent a reduction in services	Provides funding for salary increases of 2 to 3 percent, as well as funding for operating costs	Increase of nine percent (over three years) to address salary disparities and turnover issue; Additional increase of three percent annually to address salary increases and other operational needs
<b>Total Annual Growth</b>	State-funded expenditures increased by 7.6 percent between SFY98 and SFY04	3.2%	7.6%	Base increase of 15.7 percent in first year; varies annually due to salary adjustment and increasing caseload

**Forecast Model by Program Area**

**Emergency Services**

	<b>Background</b>	<b>General Fund Growth</b>	<b>Health Care Growth</b>	<b>Demand-Based</b>
<b>Service Utilization</b>	Service utilization per client decreased 18.6 percent between SFY01 and SFY03; Increased need for crisis beds	No increase in availability of services	Affords modest growth in service utilization of 1 to 2 percent annually	Moderate service growth of three percent annually; First-year, base increase of three percent to improve access to overnight crisis care
<b>Caseload</b>	Caseload increased by 21.8 percent between SFY98 and SFY04	No increase in caseload	Modest increase in caseload of one percent	Moderate increase in caseload of two percent
<b>Provider Costs</b>	Facing additional staff and training costs related to disaster preparedness	Provides little or no funding for salary increases, absent a reduction in services	Provides funding for salary increases of 2 to 3 percent, as well as funding for operating costs	Increase of nine percent (over three years) to address salary disparities and turnover issue; Additional increase of three percent annually to address salary increases and other operational needs
<b>Total Annual Growth</b>	State-funded expenditures decreased by 14.1 percent between SFY98 and SFY04; Emergency services for CRT clients moved to CRT budget	3.2%	7.6%	Base increase of 19.7 percent in first year; 11.4 percent in subsequent two years and 8.2 percent thereafter

## Forecast Model by Program Area

### Substance Abuse Treatment Services

	Background	General Fund Growth	Health Care Growth	Demand-Based
<b>Service Utilization</b>	Service utilization per client increased 10.5 percent between SFY01 and SFY03; Reduced access to services, absent crisis situation	No increase in availability of services	Affords modest growth in service utilization of 1 to 2 percent annually	Moderate service growth of two percent annually
<b>Caseload</b>	Caseload unchanged between SFY98 and SFY04 (.3%); Evidence of reduced access to services, absent a crisis	No increase in caseload	Modest caseload increase of 1 to 2 percent annually	Caseload increase of two percent annually
<b>Provider Costs</b>	Employee health insurance cost growth equal to 12 percent between SFY02 and SFY04; Operating cost increases of 8 percent between SFY00 and SFY04	Provides little or no funding for salary increases, absent a reduction in services	Provides funding for salary increases of 2 to 3 percent, as well as funding for operating costs	Increase of nine percent (over three years) to address salary disparities and turnover issue; Additional increase of three percent annually to address salary increases and other operational needs
<b>Total Annual Growth</b>	State-funded expenditures increased by 10.4 percent between SFY98 and SFY04	3.2%	7.6%	Base increase of 10.3 percent in first three years and 7.2 percent thereafter

**Projected Agency Expenses and Caseload: SFY06 - SFY11**

**Adult Outpatient Services**

	Base-SFY05 Est.	SFY06	SFY07	SFY08	SFY09	SFY11	Average Annual Percent Change
<b>General Fund Model</b>							
Inflation		3.2%	3.2%	3.2%	3.2%	3.2%	
Agency Expense per Member	\$ 1,001.95	\$ 1,034.01	\$ 1,067.10	\$ 1,101.24	\$ 1,136.48	\$ 1,172.85	3.2%
Caseload Growth		0.0%	0.0%	0.0%	0.0%	0.0%	
Caseload	7,130	7,130	7,130	7,130	7,130	7,130	0.0%
Total Agency Expenses	\$ 7,143,877	\$ 7,372,481	\$ 7,608,400	\$ 7,851,869	\$ 8,103,129	\$ 8,362,429	3.2%
Net Increase		\$ 228,604	\$ 235,919	\$ 243,469	\$ 251,260	\$ 259,300	
Percent Increase		3.2%	3.2%	3.2%	3.2%	3.2%	
<b>Health Care Inflation Model</b>							
Inflation		6.0%	6.0%	6.0%	6.0%	6.0%	
Agency Expense per Member	\$ 1,001.95	\$ 1,062.06	\$ 1,125.79	\$ 1,193.33	\$ 1,264.93	\$ 1,340.83	6.0%
Caseload Growth		1.5%	1.5%	1.5%	1.5%	1.5%	
Caseload	7,130	7,237	7,346	7,456	7,568	7,681	1.5%
Total Agency Expenses	\$ 7,143,877	\$ 7,686,097	\$ 8,269,472	\$ 8,897,125	\$ 9,572,416	\$ 10,298,963	7.6%
Net Increase		\$ 542,220	\$ 583,375	\$ 627,653	\$ 675,292	\$ 726,546	
Percent Increase		7.6%	7.6%	7.6%	7.6%	7.6%	
<b>Demand-Based Model</b>							
Inflation		12.2%	9.2%	9.2%	6.1%	6.1%	
Agency Expense per Member	\$ 1,001.95	\$ 1,123.98	\$ 1,227.16	\$ 1,339.82	\$ 1,421.41	\$ 1,507.98	8.5%
Caseload Growth		2.0%	2.0%	2.0%	2.0%	2.0%	
Caseload	7,130	7,273	7,418	7,566	7,718	7,872	2.0%
Total Agency Expenses	\$ 7,143,877	\$ 8,174,281	\$ 9,103,173	\$ 10,137,622	\$ 10,970,103	\$ 11,870,946	10.7%
Net Increase		\$ 1,030,404	\$ 928,893	\$ 1,034,448	\$ 832,481	\$ 900,843	
Percent Increase		14.4%	11.4%	11.4%	8.2%	8.2%	

**Projected Agency Expenses and Caseload: SFY06 - SFY11**

**Community Rehabilitation and Treatment**

	Base-SFY05 Est.	SFY06	SFY07	SFY08	SFY09	SFY11	Average Annual Percent Change
<b>General Fund Model</b>							
Inflation		3.2%	3.2%	3.2%	3.2%	3.2%	
Agency Expense per Member	\$ 10,291.40	\$ 10,620.72	\$ 10,960.59	\$ 11,311.33	\$ 11,673.29	\$ 12,046.83	3.2%
Caseload Growth		0.0%	0.0%	0.0%	0.0%	0.0%	
Caseload	3,210	3,210	3,210	3,210	3,210	3,210	0.0%
Total Agency Expenses	\$ 33,035,393	\$ 34,092,526	\$ 35,183,486	\$ 36,309,358	\$ 37,471,257	\$ 38,670,338	3.2%
Net Increase		\$ 1,057,133	\$ 1,090,961	\$ 1,125,872	\$ 1,161,899	\$ 1,199,080	
Percent Increase		3.2%	3.2%	3.2%	3.2%	3.2%	
<b>Health Care Inflation Model</b>							
Inflation		6.5%	6.5%	6.5%	6.5%	6.5%	
Agency Expense per Member	\$ 10,291.40	\$ 10,960.34	\$ 11,672.76	\$ 12,431.49	\$ 13,239.54	\$ 14,100.11	6.5%
Caseload Growth		1.0%	1.0%	1.0%	1.0%	1.0%	
Caseload	3,210	3,242	3,275	3,307	3,340	3,374	1.0%
Total Agency Expenses	\$ 33,035,393	\$ 35,534,520	\$ 38,222,707	\$ 41,114,255	\$ 44,224,548	\$ 47,570,135	7.6%
Net Increase		\$ 2,499,127	\$ 2,688,186	\$ 2,891,548	\$ 3,110,293	\$ 3,345,587	
Percent Increase		7.6%	7.6%	7.6%	7.6%	7.6%	
<b>Demand-Based Model</b>							
Inflation		12.2%	9.2%	9.2%	6.1%	6.1%	
Agency Expense per Member	\$ 10,291.40	\$ 11,544.89	\$ 12,604.71	\$ 13,761.83	\$ 14,599.92	\$ 15,489.06	8.5%
Caseload Growth		1.0%	1.0%	1.0%	1.0%	1.0%	
Caseload	3,210	3,242	3,275	3,307	3,340	3,374	1.0%
Total Agency Expenses	\$ 33,035,393	\$ 37,429,695	\$ 41,274,398	\$ 45,514,022	\$ 48,768,684	\$ 52,256,084	9.6%
Net Increase		\$ 4,394,302	\$ 3,844,703	\$ 4,239,624	\$ 3,254,662	\$ 3,487,400	
Percent Increase		13.3%	10.3%	10.3%	7.2%	7.2%	

**Projected Agency Expenses and Caseload: SFY06 - SFY11**

**Children's Mental Health Services**

	Base-SFY05 Est.	SFY06	SFY07	SFY08	SFY09	SFY11	Average Annual Percent Change
<b>General Fund Model</b>							
Inflation		3.2%	3.2%	3.2%	3.2%	3.2%	
Agency Expense per Member	\$ 6,580.38	\$ 6,790.95	\$ 7,008.27	\$ 7,232.53	\$ 7,463.97	\$ 7,702.82	3.2%
Caseload Growth		0.0%	0.0%	0.0%	0.0%	0.0%	
Caseload	10,581	10,581	10,581	10,581	10,581	10,581	0.0%
Total Agency Expenses	\$ 69,627,029	\$ 71,855,094	\$ 74,154,457	\$ 76,527,400	\$ 78,976,276	\$ 81,503,517	3.2%
Net Increase		\$ 2,228,065	\$ 2,299,363	\$ 2,372,943	\$ 2,448,877	\$ 2,527,241	
Percent Increase		3.2%	3.2%	3.2%	3.2%	3.2%	
<b>Health Care Inflation Model</b>							
Inflation		5.5%	5.5%	5.5%	5.5%	5.5%	
Agency Expense per Member	\$ 6,580.38	\$ 6,942.30	\$ 7,324.13	\$ 7,726.96	\$ 8,151.94	\$ 8,600.30	5.5%
Caseload Growth		2.0%	2.0%	2.0%	2.0%	2.0%	
Caseload	10,581	10,793	11,008	11,229	11,453	11,682	2.0%
Total Agency Expenses	\$ 69,627,029	\$ 74,925,646	\$ 80,627,488	\$ 86,763,240	\$ 93,365,922	\$ 100,471,069	7.6%
Net Increase		\$ 5,298,617	\$ 5,701,842	\$ 6,135,752	\$ 6,602,683	\$ 7,105,147	
Percent Increase		7.6%	7.6%	7.6%	7.6%	7.6%	
<b>Demand-Based Model</b>							
Inflation		14.2%	9.2%	9.2%	6.1%	6.1%	
Agency Expense per Member	\$ 6,580.38	\$ 7,513.48	\$ 8,203.22	\$ 8,956.27	\$ 9,501.71	\$ 10,080.37	8.9%
Caseload Growth		4.0%	4.0%	4.0%	4.0%	4.0%	
Caseload	10,581	11,004	11,444	11,902	12,378	12,873	4.0%
Total Agency Expenses	\$ 69,627,029	\$ 82,680,148	\$ 93,880,992	\$ 106,599,238	\$ 117,614,777	\$ 129,768,618	13.3%
Net Increase		\$ 13,053,118	\$ 11,200,845	\$ 12,718,246	\$ 11,015,539	\$ 12,153,841	
Percent Increase		18.7%	13.5%	13.5%	10.3%	10.3%	

**Projected Agency Expenses and Caseload: SFY06 - SFY11**

**Developmental Services**

	Base-SFY05 Est.	SFY06	SFY07	SFY08	SFY09	SFY11	Average Annual Percent Change
<b>General Fund Model</b>							
Inflation		0.0%	0.0%	0.0%	0.0%	0.0%	
Agency Expense per Member	\$ 33,745.26	\$ 33,745.26	\$ 33,745.26	\$ 33,745.26	\$ 33,745.26	\$ 33,745.26	0.0%
Caseload Growth		3.2%	3.2%	3.2%	3.2%	3.2%	
Caseload	3,074	3,173	3,274	3,379	3,487	3,599	3.2%
Total Agency Expenses	\$ 103,744,010	\$ 107,063,818	\$ 110,489,860	\$ 114,025,536	\$ 117,674,353	\$ 121,439,932	3.2%
Net Increase		\$ 3,319,808	\$ 3,426,042	\$ 3,535,676	\$ 3,648,817	\$ 3,765,579	
Percent Increase		3.2%	3.2%	3.2%	3.2%	3.2%	
<b>Health Care Inflation Model</b>							
Inflation		3.5%	3.5%	3.5%	3.5%	3.5%	
Agency Expense per Member	\$ 33,745.26	\$ 34,926.35	\$ 36,148.77	\$ 37,413.98	\$ 38,723.47	\$ 40,078.79	3.5%
Caseload Growth		4.0%	4.0%	4.0%	4.0%	4.0%	
Caseload	3,074	3,197	3,325	3,458	3,597	3,740	4.0%
Total Agency Expenses	\$ 103,744,010	\$ 111,670,052	\$ 120,201,644	\$ 129,385,050	\$ 139,270,068	\$ 149,910,301	7.6%
Net Increase		\$ 7,926,042	\$ 8,531,592	\$ 9,183,406	\$ 9,885,018	\$ 10,640,233	
Percent Increase		7.6%	7.6%	7.6%	7.6%	7.6%	
<b>Demand-Based Model</b>							
Inflation		8.1%	8.1%	8.1%	5.1%	5.1%	
Agency Expense per Member	\$ 33,745.26	\$ 36,485.38	\$ 39,447.99	\$ 42,651.17	\$ 44,809.32	\$ 47,076.67	6.9%
Caseload Growth		7.0%	4.5%	5.0%	5.5%	6.0%	
Caseload	3,074	3,290	3,438	3,609	3,808	4,036	5.6%
Total Agency Expenses	\$ 103,744,010	\$ 120,019,785	\$ 135,604,834	\$ 153,946,744	\$ 170,631,954	\$ 190,021,887	12.9%
Net Increase		\$ 16,275,775	\$ 15,585,049	\$ 18,341,910	\$ 16,685,210	\$ 19,389,933	
Percent Increase		15.7%	13.0%	13.5%	10.8%	11.4%	

Projected Agency Expenses and Caseload: SFY06 - SFY11

Emergency Services

	Base-SFY05 Est.	SFY06	SFY07	SFY08	SFY09	SFY11	Average Annual Percent Change
<b>General Fund Model</b>							
Inflation		3.2%	3.2%	3.2%	3.2%	3.2%	
Agency Expense per Member	\$ 1,307.64	\$ 1,349.49	\$ 1,392.67	\$ 1,437.24	\$ 1,483.23	\$ 1,530.69	3.2%
Caseload Growth		0.0%	0.0%	0.0%	0.0%	0.0%	
Caseload	2,396	2,396	2,396	2,396	2,396	2,396	0.0%
Total Agency Expenses	\$ 3,133,117	\$ 3,233,376	\$ 3,336,844	\$ 3,443,624	\$ 3,553,819	\$ 3,667,542	3.2%
Net Increase		\$ 100,260	\$ 103,468	\$ 106,779	\$ 110,196	\$ 113,722	
Percent Increase		3.2%	3.2%	3.2%	3.2%	3.2%	
<b>Health Care Inflation Model</b>							
Inflation		6.5%	6.5%	6.5%	6.5%	6.5%	
Agency Expense per Member	\$ 1,307.64	\$ 1,392.64	\$ 1,483.16	\$ 1,579.57	\$ 1,682.24	\$ 1,791.59	6.5%
Caseload Growth		1.0%	1.0%	1.0%	1.0%	1.0%	
Caseload	2,396	2,420	2,444	2,469	2,493	2,518	1.0%
Total Agency Expenses	\$ 3,133,117	\$ 3,370,137	\$ 3,625,088	\$ 3,899,326	\$ 4,194,310	\$ 4,511,609	7.6%
Net Increase		\$ 237,020	\$ 254,951	\$ 274,238	\$ 294,984	\$ 317,300	
Percent Increase		7.6%	7.6%	7.6%	7.6%	7.6%	
<b>Demand-Based Model</b>							
Inflation		12.2%	9.2%	9.2%	6.1%	6.1%	
Agency Expense per Member	\$ 1,307.64	\$ 1,466.92	\$ 1,601.58	\$ 1,748.60	\$ 1,855.09	\$ 1,968.07	8.5%
Caseload Growth		2.0%	2.0%	2.0%	2.0%	2.0%	
Caseload	2,396	2,444	2,493	2,543	2,594	2,645	2.0%
Total Agency Expenses	\$ 3,133,117	\$ 3,585,025	\$ 3,992,413	\$ 4,446,095	\$ 4,811,199	\$ 5,206,285	10.7%
Net Increase		\$ 451,908	\$ 407,388	\$ 453,682	\$ 365,104	\$ 395,086	
Percent Increase		14.4%	11.4%	11.4%	8.2%	8.2%	

**Projected Agency Expenses and Caseload: SFY06 - SFY11**

**Substance Abuse Treatment Services**

	Base-SFY05 Est.	SFY06	SFY07	SFY08	SFY09	SFY11	Average Annual Percent Change
<b>General Fund Model</b>							
Inflation		3.2%	3.2%	3.2%	3.2%	3.2%	
Agency Expense per Member	\$ 1,608.64	\$ 1,660.12	\$ 1,713.24	\$ 1,768.06	\$ 1,824.64	\$ 1,883.03	3.2%
Caseload Growth		0.0%	0.0%	0.0%	0.0%	0.0%	
Caseload	5,101	5,101	5,101	5,101	5,101	5,101	0.0%
Total Agency Expenses	\$ 8,205,672	\$ 8,468,253	\$ 8,739,237	\$ 9,018,893	\$ 9,307,497	\$ 9,605,337	3.2%
Net Increase		\$ 262,581	\$ 270,984	\$ 279,656	\$ 288,605	\$ 297,840	
Percent Increase		3.2%	3.2%	3.2%	3.2%	3.2%	
<b>Health Care Inflation Model</b>							
Inflation		6.5%	6.5%	6.5%	6.5%	6.5%	
Agency Expense per Member	\$ 1,608.64	\$ 1,713.20	\$ 1,824.56	\$ 1,943.16	\$ 2,069.46	\$ 2,203.98	6.5%
Caseload Growth		1.0%	1.0%	1.0%	1.0%	1.0%	
Caseload	5,101	5,152	5,204	5,256	5,308	5,361	1.0%
Total Agency Expenses	\$ 8,205,672	\$ 8,826,431	\$ 9,494,150	\$ 10,212,382	\$ 10,984,949	\$ 11,815,961	7.6%
Net Increase		\$ 620,759	\$ 667,719	\$ 718,232	\$ 772,567	\$ 831,011	
Percent Increase		7.6%	7.6%	7.6%	7.6%	7.6%	
<b>Demand-Based Model</b>							
Inflation		8.1%	8.1%	8.1%	5.1%	5.1%	
Agency Expense per Member	\$ 1,608.64	\$ 1,739.26	\$ 1,880.49	\$ 2,033.19	\$ 2,136.06	\$ 2,244.15	6.9%
Caseload Growth		2.0%	2.0%	2.0%	2.0%	2.0%	
Caseload	5,101	5,203	5,307	5,413	5,521	5,632	2.0%
Total Agency Expenses	\$ 8,205,672	\$ 9,049,411	\$ 9,979,908	\$ 11,006,082	\$ 11,794,250	\$ 12,638,860	9.0%
Net Increase		\$ 843,740	\$ 930,497	\$ 1,026,174	\$ 788,168	\$ 844,610	
Percent Increase		10.3%	10.3%	10.3%	7.2%	7.2%	

**Projected Agency Expenses and Caseload: SFY06 - SFY11**

**All Program Areas**

	Base-SFY05 Est.	SFY06	SFY07	SFY08	SFY09	SFY11	Average Annual Percent Change
<b>General Fund Model</b>							
Inflation		2.9%	2.9%	2.9%	2.9%	2.8%	
Agency Expense per Member	\$ 7,141.08	\$ 7,346.64	\$ 7,557.44	\$ 7,773.58	\$ 7,995.15	\$ 8,222.24	2.9%
Caseload Growth		0.3%	0.3%	0.3%	0.3%	0.3%	
Caseload	31,492	31,591	31,692	31,797	31,905	32,017	0.3%
Total Agency Expenses	\$ 224,889,097	\$ 232,085,548	\$ 239,512,285	\$ 247,176,679	\$ 255,086,332	\$ 263,249,095	3.2%
Net Increase		\$ 7,196,451	\$ 7,426,738	\$ 7,664,393	\$ 7,909,654	\$ 8,162,763	
Percent Increase		3.2%	3.2%	3.2%	3.2%	3.2%	
<b>Health Care Inflation Model</b>							
Inflation		5.8%	5.8%	5.8%	5.7%	5.7%	
Agency Expense per Member	\$ 7,141.08	\$ 7,553.24	\$ 7,988.64	\$ 8,448.53	\$ 8,934.27	\$ 9,447.25	5.8%
Caseload Growth		1.7%	1.7%	1.8%	1.8%	1.8%	
Caseload	31,492	32,041	32,601	33,174	33,759	34,357	1.8%
Total Agency Expenses	\$ 224,889,097	\$ 242,012,883	\$ 260,440,548	\$ 280,271,377	\$ 301,612,213	\$ 324,578,037	7.6%
Net Increase		\$ 17,123,786	\$ 18,427,665	\$ 19,830,828	\$ 21,340,836	\$ 22,965,824	
Percent Increase		7.6%	7.6%	7.6%	7.6%	7.6%	
<b>Demand-Based Model</b>							
Inflation		12.6%	9.5%	9.7%	6.8%	6.9%	
Agency Expense per Member	\$ 7,141.08	\$ 8,039.90	\$ 8,804.22	\$ 9,657.50	\$ 10,311.03	\$ 11,027.45	9.1%
Caseload Growth		3.1%	2.8%	2.9%	3.0%	3.0%	
Caseload	31,492	32,455	33,374	34,341	35,359	36,433	3.0%
Total Agency Expenses	\$ 224,889,097	\$ 260,938,345	\$ 293,835,719	\$ 331,649,803	\$ 364,590,967	\$ 401,762,679	12.3%
Net Increase		\$ 36,049,248	\$ 32,897,375	\$ 37,814,083	\$ 32,941,164	\$ 37,171,712	
Percent Increase		16.0%	12.6%	12.9%	9.9%	10.2%	

Note: Agency budgets for SFY05 total \$226,868,641, due to budgeting for "other" programs equal to \$1,979,545, not included in this analysis

## Projected Agency Expenses and Caseload: SFY06 - SFY11

### Summary of Projection Models

	General Fund Growth	Health Care Growth	Demand-Based
<b>Average Annual Caseload</b>			
Adult Mental Health	7,130	7,457	7,569
CRT	3,210	3,308	3,308
Children's Mental Health	10,581	11,233	11,921
Developmental Services	3,382	3,464	3,636
Emergency Services	2,396	2,469	2,544
Substance Abuse Treatment	5,101	5,256	5,415
<b>Total</b>	<b>31,800</b>	<b>33,186</b>	<b>34,393</b>
<b>Total Expenses: SFY06 - SFY11</b>			
Adult Mental Health	\$ 39,298,307	\$ 44,724,072	\$ 50,256,124
CRT	\$ 181,726,965	\$ 206,666,165	\$ 225,242,883
Children's Mental Health	\$ 383,016,745	\$ 436,153,364	\$ 530,543,773
Developmental Services	\$ 570,693,500	\$ 650,437,115	\$ 770,225,205
Emergency Services	\$ 17,235,206	\$ 19,600,470	\$ 22,041,017
Substance Abuse Treatment	\$ 45,139,217	\$ 51,333,873	\$ 54,468,511
<b>Total</b>	<b>\$ 1,237,109,939</b>	<b>\$ 1,408,915,058</b>	<b>\$ 1,652,777,513</b>
<b>Average Annual Growth in Expenses</b>			
Adult Mental Health	3.2%	7.6%	10.7%
CRT	3.2%	7.6%	9.6%
Children's Mental Health	3.2%	7.6%	13.3%
Developmental Services	3.2%	7.6%	12.9%
Emergency Services	3.2%	7.6%	10.7%
Substance Abuse Treatment	3.2%	7.6%	9.0%