



**I-149 Funds for Service Expansions, Provider Rate Increases, and Base Matching Funds  
Executive Recommendation Compared to Tobacco Alliance Recommendation**

Description of Funding Request	FY 2004		Biennial Cost		Notes
	Base	Executive	Alliance		
<b>MEDICAID RATE INCREASES</b>					
<b>Disability Services Division (DSD)</b>					
DD Provider Wages - 25th to the 35th Labor Market Percentile	\$21,353,663	\$1,900,000	\$720,000		Unknown % Increase
<b>Health Resources Division (HRD) (State Plan Services)</b>					
Hospital Rate Increase (1% Across the Board in FY 2006)	\$40,768,008	\$540,000	\$3,688,464		Inpatient and Outpatient Rate Incr.
Ambulatory Surgery Centers to Medicare Rates	844,478	97,536	97,536		(Assumed Part of Alliance Recomm)
Neonatal Care Paid at Costs	7,312,472	295,656	300,000		
Raise Physician Provider Rates to 89% of Medicare Level	23,900,000	438,000	3,240,000		Raise to Medicare Upper Pay Limit
Maternity Rate Increase to 51% of Billed Charges	3,400,000	729,247	729,247		(Assumed Part of Alliance Recomm)
Children's Mental Health 6% Rate Increase		1,407,524	2,160,000		Unknown % Increase
Dental Access: Funds to Hire Dentists for Medicaid Clients		500,000	954,000		Unknown % Increase
Cardiac and Pulmonary Rehabilitation		233,680	242,000		
Critical Access Hospital Payments to 101% of Cost	8,680,808	79,248	80,000		
Increase Physical Rehabilitation		0	240,000		
<b>Subtotal Health Resources Division</b>		<b>\$4,320,891</b>	<b>\$11,731,247</b>		
<b>Senior and Long Term Care Division</b>					
3% Nursing Home Provider Rate Increase (IGT not Included)	\$21,017,301	\$2,130,335	\$4,930,943		Percent of Increase Not Specified
Nursing Facility Direct Care Wage Initiatives (.16 plus 33% Benefits)		829,057	829,057		(Assumed Part of Alliance Recomm)
3% Community Based Provider Rate Increase	9,258,321	784,592	784,592		Allocated from Waiver Expansion
Community Services Direct Care Wage Initiatives (.16 plus 33% Benefits)		258,434	258,434		and Rate Increase Below
<b>Subtotal Senior and Long Term Care</b>		<b>\$4,002,418</b>	<b>\$6,803,026</b>		
<b>Total Medicaid Rate Increase Proposals</b>		<b>\$10,223,309</b>	<b>\$19,254,273</b>		
<b>MEDICAID SERVICE EXPANSIONS</b>					
Eliminate Medicaid Asset Test for Children		\$0	\$3,121,200		
Reinstate Medicaid Mental Health Benefits for Non SED and Non SDMI		0	1,754,000		
Community Services Expansion (20 New Senior/Disabled Slots)	4,871,238	233,880	1,116,974		Waiver Expansion & Rate Increase
Early Periodic Screening and Diagnosis for Children	1,677,000	380,000			
Home/Community Waiver Services for Mentally Ill Adults (105 Slots Jan 2007)		631,601			
Adults		340,384			
Additional Clinic Children's Special Health Care		100,000			
Flexible Funds for Waiver for Seriously Emotionally Disturbed Children		50,000			
<b>Total Medicaid Service Expansions</b>		<b>\$1,735,865</b>	<b>\$5,992,174</b>		
<b>CHIP</b>					
CHIP Base Funding (2005 Biennium Appropriation = \$5,143,384)	\$2,976,103	\$2,575,347	\$0		Alliance Recommends GF for Base
Expand CHIP by 3,000 Additional Children	2,976,103	2,124,625	2,150,000		
Restore Mental Health Wrap Around for CHIP		687,326	687,326		Exec. Altered to Show Alliance Rec.
New Medicaid Enrollment for Children due to CHIP Expansion		1,350,000	1,350,000		Exec. Altered to Show Alliance Rec.
<b>Total CHIP Recommendations</b>		<b>\$6,737,298</b>	<b>\$4,187,326</b>		
<b>TOTAL RECOMMENDATIONS FOR CHIP AND MEDICAID</b>		<b>\$18,696,471</b>	<b>\$29,433,773</b>		

**Prescription Drug Program Proposal  
Related to I-149**

Presented to the Human Services Joint Sub-Committee of Appropriations & Finance  
January 11, 2005

**Recommendations: (Figures are estimated annual expenditures)**

1. ***Montana Rx Access***— a program to provide a meaningful Rx benefit of \$600 annually that will help seniors and disabled persons eligible for Medicare obtain the new federal Part D benefit, and for special populations named in I-149 as described below:

- a. **Medicare Beneficiaries** enrolling in Medicare Part D (new Rx benefit coming January 2006), from 135-199% FPL, n=20,000
- b. **Benefit:** \$600 annually to cover monthly premiums & deductible for Part D.

Cost: \$ 12 M

- c. **Kids with Special Health Needs** (asthma, diabetes, cranial/facial)-- Currently, the \$90,000 spent is only for prescriptions regarding their condition, there is no other pharmacy benefit available under the program; high Rx burden for these children. N=200 individuals.

Cost: \$ 100,000

- d. **Patients Classified as Disabled under SSI Standards (under 200% of FPL)** - Approximately 1200 persons would be eligible for this benefit. This benefit would cover some pharmacy expenses for the 2 year waiting period after being classified as disabled, but before Medicare benefits begin. **Benefit: \$600 annually**

Cost: \$720,000

2. ***Montana Rx Plus*** – A State Pharmacy Discount Program for the uninsured. Modeled after successful programs in Maine, Hawaii, and Vermont, this program provides discounts on prescription drugs to uninsured Montanans up to 250% of the federal poverty level. Pharmacists voluntarily participate, selling drugs at Medicaid discounted rates. Pharmacists are reimbursed for deeper discounts (of 15% to 40%) from pharmaceutical company rebates. This program could benefit up to 150,000 Montanans of all ages.

Cost: \$900,000 one time start up funds, rebates fund the program thereafter. This program is proposed as an option for DPHHS to implement if funding is available.

- 3. Evidence Based Research on the Comparative Effectiveness of Rx Drugs** (Oregon State University research system) for wise use information for consumers and prescribing healthcare professionals.

**Cost: \$30,000**

- 4. Montana PharmAssist** A program to link local pharmacists with any Montanan for consultations on safe and effective, less-expensive alternative drugs, potentially harmful drug interactions, and over medication. Modeled after the successful Wyoming State program that is saving participants from \$350-\$420 a year. Pharmacists receive \$50 from the state and \$25 from the consumer per consult. Consults can be conducted through senior center HRDCs or through a 800# hotline for online.

**Cost: \$400,000**

- 5. Counter-detailing education outreach for prescribing professionals.** Program would create materials to education physicians about the costs and benefits of various drugs, and to encourage them to practice cost-conscious prescribing. Costs include education and outreach materials and department staff. Other states are reaping significant savings in drug costs to state Medicaid program.

**Cost: \$100,000**

- 6. Departmental Administration:** Staff for enrollment and outreach for Rx Access and Counter-detailing program; staff training for SHIP and INA counselors for outreach and enrollment in all programs; materials for enrollment and outreach; software expenses for new Affordable Rx Website; costs of adding one consumer member to the state Formulary Committee. Authorization to participate in a national multi-state initiative for bulk purchasing of Rx.

**Cost: \$200,000**

**TOTAL Estimated COST: \$ 13.55 M**