

EXHIBIT

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Medicaid Pres

Department of Public Health and Human Services

Joan Miles, Director

January 8, 2007

Department of Public Health and Human Services

Mission Statement

**To improve and protect the health,
well-being and self reliance of all
Montanans.**

January 8, 2007

Department of Public Health and Human Services

Goals

- To ensure that all Montana children are healthy, safe and in permanent loving homes.
- To ensure that all Montanans have the tools and support to be as self sufficient as possible.
- To ensure that all Montanans are injury-free, healthy, with access to quality health care.
- To ensure that all Montanans can contribute to the above through community service.

Department of Public Health and Human Services

Accomplishments in the 2006/2007 Biennium

- Children's Mental Health: Montana was one of ten states to receive a Community Alternatives to Psychiatric Residential Treatment Facilities (PRTF) demonstration grant. The grant will be used to design a comprehensive package of community-based services for children with mental illness.
- Child Support Collections: Improved from \$54.32 million in 2004 to \$55.109 million in 2005 and \$58.307 million in 2006.
- Department Audit: The department received its second consecutive unqualified opinion audit for report years 2004 and 2005.
- Food Stamps: Montana was awarded \$1.8 million bonus funds for its excellent performance in the areas of payment accuracy and timeliness of application processing.
- Medicaid Modernization Act: As of January 1, 2006, approximately 13,000 clients eligible for both Medicare and Medicaid received their pharmacy benefits through Medicare Part D plans. During the transition from Medicaid to Medicare Part D, Medicaid continued to cover prescriptions to ensure these clients received their necessary medications.
- Mental Health Waiver: The Department received approval from CMS to implement a Home and Community Based Services waiver for individuals with Severe Disabling Mental Illness (SDMI), only the second such waiver in the nation. This waiver will provide services that enable participants to remain in community settings, who otherwise would require nursing home placements.
- Child and Family Services: Passed the 2006 federal Title IV-E Foster Care Audit with 149 out of 150 cases meeting the requirements; completed both the Program Improvement Plan negotiated after the 2002 federal Child and Family Services Review and the Corrective Action Plan negotiated after the 2003 Title IV-E Foster Care Audit.
- Successful Implementation of the Montana Clean Indoor Air Act: The Act went into effect Oct. 1, 2005, after passage by the 2005 Legislature. Montanans have really embraced this effort to prevent disease and death caused by tobacco addiction. A survey conducted by the department in conjunction with the national Centers for Disease Control and Prevention revealed that 80 percent of Montanans support the new law.
- Fair Hearings: Decisions rendered within statutory timelines improved from 80% in FY 04 to 90% in FY 06 even though appeals have increased 42% since FY 04.

January 8, 2007

Department of Public Health and Human Services

Organizational Changes

- Consolidation of Budget and Policy oversight under the authority of the Director's Office
- Consolidation of overall support functions under the Business and Financial Services Division

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Department of Public Health and Human Services

Challenges for the 2008/2009 Biennium

The top priority of the department in the coming biennium is to maintain current programs due to rising costs and other budget challenges. These include:

1. Potential loss of federal funding for Children's Health Insurance Program as Congress considers reauthorization;
2. Increasing caseload costs in Medicaid, which accounts for about one half of the agency's budget;
3. A reduction in federal matching money for Medicaid services due to improvement in the state's economy; and
4. Reductions in funding of about \$7.7 million over the next biennium as a result of the Federal Deficit Reduction Act (\$3.6M for CFSB and \$4.1M for CSED).

Department of Public Health and Human Services

Personal Services Comparisons

FY2006

- Total authorized FTEs: 2,788.43
- Total authorized budget: \$129,370,099

FY2009

- Total requested FTEs: 2,922.01
- Total authorized budget: \$146,622,222

Majority of the increase in FTEs are for field or institutional staff:

- 41.69 FTE – Secure Treatment and Examination Program (STEP)
- 36.60 FTE – continuing for MSH due to population increase
- 5.00 FTE – Mental Health Community Services Development
- 22.00 FTE – Child and Family Services field staff
- 5.80 FTE – the Montana Veteran's Home
- 2.50 FTE –SHIP Counselors and Adult Protective Services Field Staff
- 6.00 FTE– Montana Chemical Dependency Center

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Key Facts

- Grants and benefits comprise 84% of the total 2009 budget
- Comparison: individuals in services as of 6/30/04 to 6/30/06:
 - Medicaid enrollment declined from 83,621 to 82,067
 - TANF average number of cases declined from 5,425 to 3,938
 - Food Stamp average enrollment: increased from 32,544 to 35,137
 - DD enrollment: increased from 4,022 to 4,119
 - Children in Child & Family Services increased from 5,102 to 5,828

Department of Public Health and Human Services

Key Facts Continued

Department Contracts for:

- Direct Care Services
- Media
- Data Processing
- Office leases
- Technology Services
- Consulting/Facilitating
- Commodities
- Equipment rentals

Approximate number of contracts by Division:

- HSCD	834	- QAD	75
- CFSD	106	- TSD	47
- DO	11	- DSD	105
- CSED	1	- HRD	210
- BFSD	374	- SLTC	227
- PHSD	497	- AMDD	125

January 8, 2007

Department of Public Health and Human Services Staffing (FY2006)

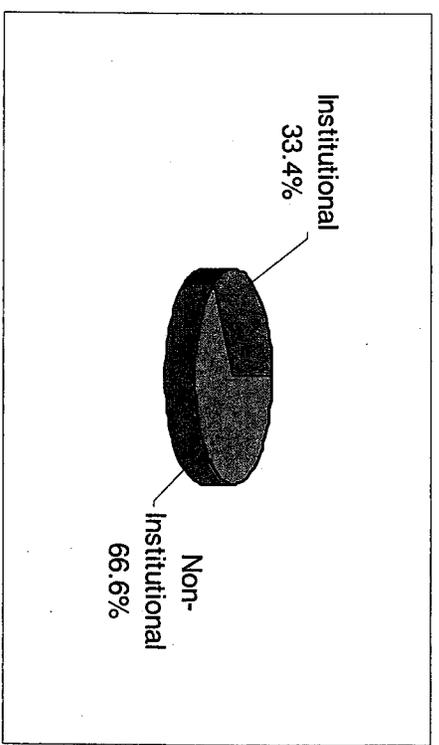
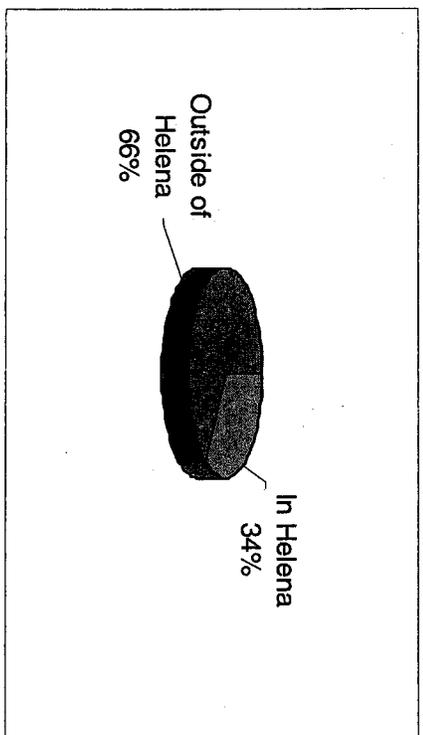
Non-Institutional

In Helena	945
Outside Helena	911
Total Non-Institutional	1,856

Institutional (FTE numbers rounded)

MDC (Boulder)	269
MCDC (Butte)	48
MVH (Columbia Falls)	123
MMHNCC (Lewistown)	123
MSH (Warm Springs)	369
Total Institutional	932

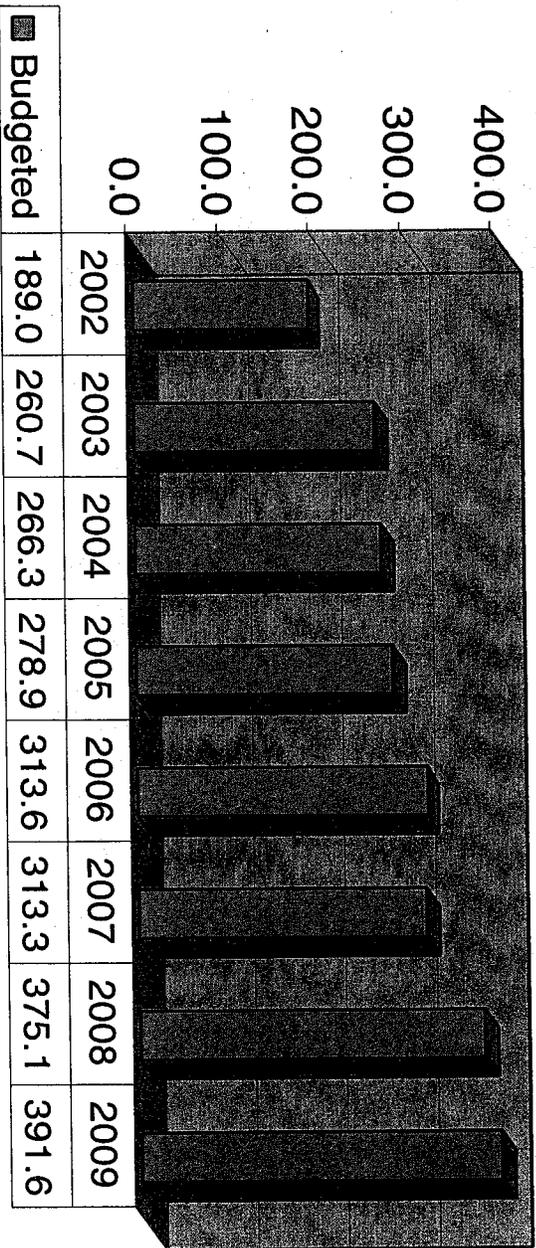
Grand Total **2,788**



Department of Public Health and Human Services

DPHHS General Fund Budget 2002 through 2007

Cost in millions

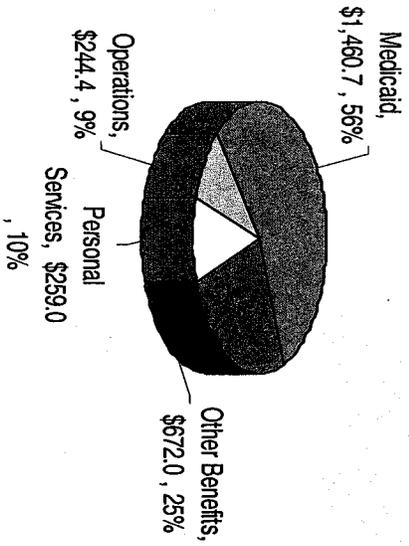


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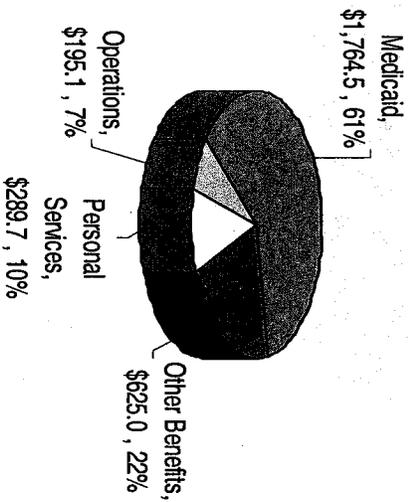
Comparison of Major Expense Categories

Budgeted Amount in Millions

2006/2007 Biennium

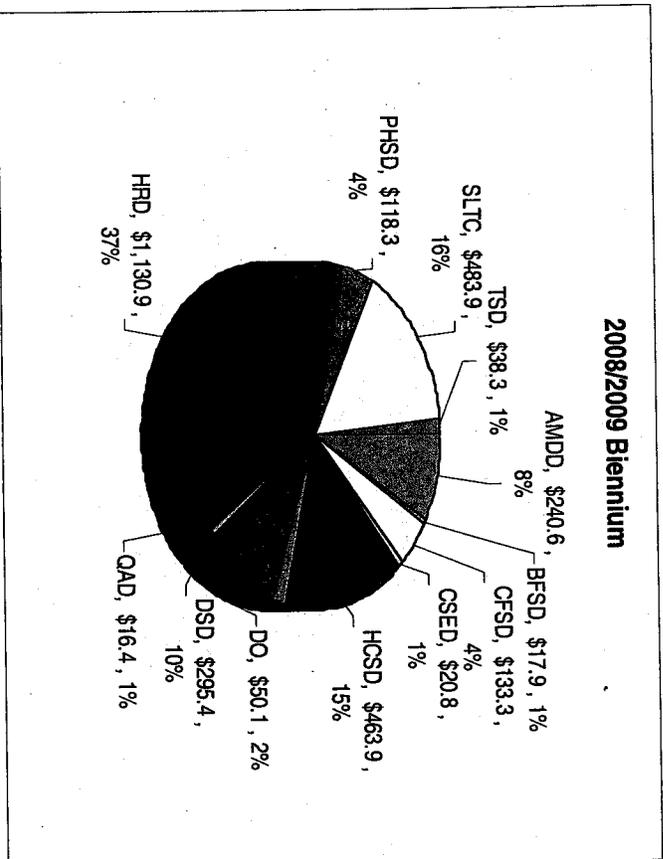
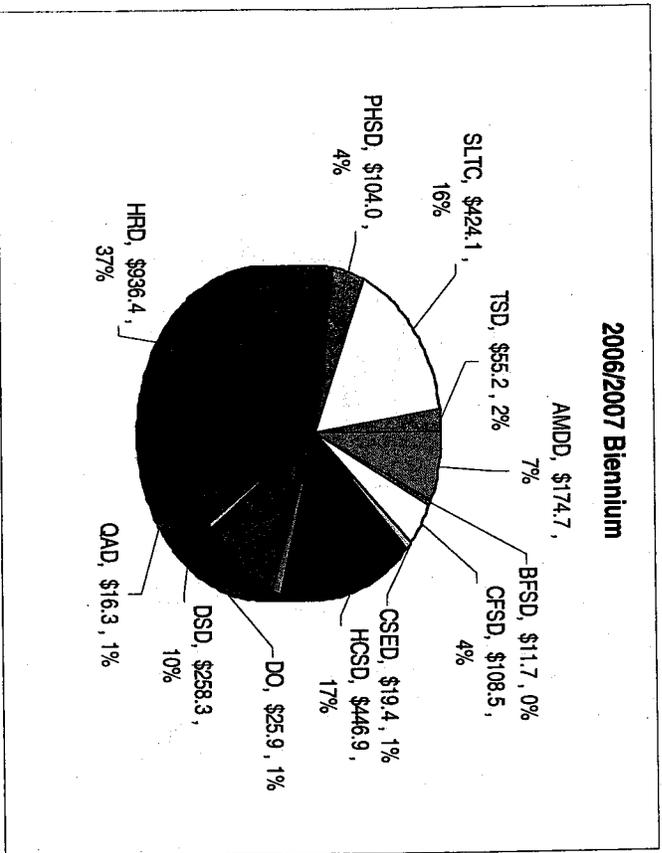


2008/2009 Biennium



Department of Public Health and Human Services

Comparison 2007 to 2009 Biennium Budget by Division



Department of Public Health and Human Services

Key Elements of the Department's Vision for the next Biennium

- Mental Health – Transformation of Montana's mental health system by assessing the services and identifying gaps in the current delivery system relating to inpatient treatment and additional community services for individuals with mental illness and chemical dependency.
- Secure Treatment & Examination Program (STEP) – Collaborative effort with DOC to address the behavioral health problems of offenders.
- Connect public health interventions with human services policy to improve the overall health of individuals receiving DPHHS services.
- DD Rebasing – to meet federal requirements for client choice and portability, increase statewide availability of services and implement a standardized rate structure to reimburse providers.
- Dental Access – additional funding to enhance access for adults and children in Medicaid by raising reimbursement rates to 85% of billed charges.
- CFSD Additional Field Staff – relating to critical caseload issues and to meet federal and state mandates for keeping children safe.
- SLTC Waiver expansion – additional funding to serve individuals waiting to access community services either in their homes, assisted living or supported living settings.

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