

EXHIBIT 4  
DATE 1-19-07  
HB 2

**SENATE BILL 90**

**Multi-year Adjustments to Institutional Per Diem**

Senate Bill 90 authorizes the Department of Public Health and Human Services to adjust the per diem charge for an institution more than once per year. Current interpretation of the statute allows the department to adjust the per diem only once yearly for billing purposes, which may result in lost general fund revenue when the costs of the institution exceed the billing rate.

DPHHS receives a general fund appropriation to operate institutional facilities for people with mental illness, developmental disabilities and chemical dependence, and for senior care. The department must bill responsible parties for services in the facilities at a cost-based, daily per diem rate. Funds paid to the department reimburse the general fund, and are tracked as general fund revenue.

Section 53-1-404, MCA, requires the department to adjust the per diem rate for a new fiscal year on or before October 1 of that year to compensate for expected changes in cost of operating the institutions. Planned costs are affected by such factors as the projected number of residents and their length of stay, staff and security needs, and professional services planned for residents. An institution's projected annual costs are divided by the projected number of resident bed-days to determine the per diem rate charge. The department bills the residents, their representatives, third party payers and federal programs for the number of days spent at the institution, using the daily per diem rate.

Daily per diem rates charged to insurance companies and private payers cannot be changed retroactively. However, current statute does not allow the department to adjust the per diem rate during the year, so the department cannot quickly compensate for significant projected cost changes by adjusting the per diem rate when the change occurs. This delay results in lost general fund revenue, since payers are not billed the full cost of care.

Senate Bill 90 authorizes the department to review and adjust the daily per diem rate during the year to compensate for substantial changes in cost projections in the institutions. Reimbursements to the general fund will tie more accurately and timely to the actual costs of the institution with the passage of SB90.

**For questions, please call:**  
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## **SENATE BILL 124**

### **Cost for State Hospital Forensic Commitment for Court-Ordered Examinations and Unfit to Proceed**

Senate Bill 124 removes a circular requirement for the Office of Court Administrator (OCA) and Office of State Public Defender (OSPD) to obtain a general fund appropriation to reimburse the Department of Public Health and Human Services (DPHHS) for costs of forensic services at Montana State Hospital. DPHHS, in turn, uses the payment to reimburse the general fund.

DPHHS receives a general fund appropriation to operate institutional facilities for civil and forensic patients with mental illness and developmental disabilities. The department must bill responsible parties for services in the facilities at a cost-based, daily per diem rate. Funds paid to the department reimburse the general fund, and are tracked as general fund revenue.

Section 3-5-901, MCA, provides for state assumption of certain costs of the state-funded district court program. Section 46-14-202, MCA, currently provides that when a psychiatric, court-ordered examination (COE) of certain defendants is done at a DPHHS institution, OCA and/or OSPD are required to reimburse DPHHS for the cost of the examination and related expenses.

Section 46-14-221, MCA, currently requires OCA to pay the costs of treating certain defendants to enable the defendant found mentally unfit to proceed to regain fitness. This treatment takes place at Montana State Hospital.

The Office of Court Administrator and the Office of State Public Defender are funded by an appropriation from the general fund. When a psychiatric examination or treatment to regain fitness to proceed are done at a DPHHS institution and charged to the OCA and/or OSPD, they use a general fund appropriation to pay DPHHS for the costs. DPHHS, in turn, reimburses the general fund.

Senate Bill 124 removes the circular requirement for OCA and/or OSPD to obtain a general fund appropriation to reimburse the general fund by paying DPHHS for costs of the COE and treatment for fitness to proceed.

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