



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2009 Biennium

Bill #	SB0394	Title:	Revise state facility fund transfers for persons with disabilities
Primary Sponsor:	Squires, Carolyn	Status:	As Introduced

- | | | |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact | <input checked="" type="checkbox"/> Needs to be included in HB 2 | <input checked="" type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

	<u>FY 2008 Difference</u>	<u>FY 2009 Difference</u>	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>
Expenditures:				
General Fund	\$4,571,823	\$10,677,212	\$17,336,305	\$23,941,644
Federal Special Revenue	\$2,317,801	\$7,101,465	\$11,364,037	\$15,626,610
Revenue:				
General Fund	\$0	\$0	\$0	\$0
Federal Special Revenue	\$2,317,801	\$7,101,465	\$11,364,037	\$15,626,610
Net Impact-General Fund Balance	<u>(\$4,571,823)</u>	<u>(\$10,677,212)</u>	<u>(\$17,336,305)</u>	<u>(\$23,941,644)</u>

Description of fiscal impact:

The fiscal impact of providing funds to individuals placed in communities is material. The intensive services provided at the Montana State Hospital (MSH) and the Montana Developmental Center (MDC) are not offered in a community setting, and the need for these services continues to grow, so operations would need to be maintained at current levels for these facilities.

FISCAL ANALYSIS

Assumptions:

Department of Public Health and Human Services

1. Funding for the Montana State Hospital and the Montana Developmental Center will be retained at current levels, in addition to this proposal. The intensive services provided by these institutions are not available in the community setting. Admissions continue to increase, so the need for these services will not lessen.
2. Costs depicted in this fiscal note assume the daily rate for community services are fully funded at the annualized amounts shown below.

Addictive & Mental Disorders

3. Montana State Hospital discharges 672 individuals each year that will be eligible for these funds.

4. Mental Health services are funded at a daily rate of \$42.03. This is the prevailing rate for Program for Assertive Community Treatment (PACT) services. PACT services most closely resemble the type of bundled services available at the Montana State Hospital.
5. The combined recidivism and attrition rate at the Montana State Hospital is estimated at 10% per year. This amounts to approximately five discharges on a monthly basis, or 60 discharges yearly that reenter the hospital and are already included in the discharge statistics.
6. Benefits costs are calculated based on an additional 56 individuals being discharged from the hospital each month (672 discharges a year). The benefits cost grow each year by \$10,309,118 (\$42.03 x 365 x 672).
7. In FY 2008 35% of the 672 discharges would be Medicaid eligible and 50% would be eligible in FY 2009 through FY 2011. It is estimated that currently 35% of the discharges are Medicaid Eligible, however, this percentage will increase as more individuals are determined to be disabled through the Supplemental Security Income (SSI) process. The SSI eligibility process can take two or more years. Medicaid eligibility is estimated to be available for up to 50% of the discharged individuals.
8. The Federal Medical Assistance Percentage (FMAP) for these services is 31.39% general fund in FY 2008 and 31.49% general fund in FY 2009 and beyond, as follows:

	Annual Impact	Medicaid Eligible	General Fund (GF) Percentage Rate	Total General Fund Annual Impact	Federal Medical Assistance Percentage (FMAP) Rate	Federal Funds Annual Impact X FMAP
FY 2008	5,122,078	35%	31.39%	3,892,088	68.61%	1,229,990
FY 2009	14,400,285	50%	31.49%	9,467,467	68.51%	4,932,818
FY 2010	23,678,492	50%	31.49%	15,567,425	68.51%	8,111,067
FY 2011	32,956,698	50%	31.49%	21,667,381	68.51%	11,289,317

9. The Department of Public Health and Human Services will hire 5.00 FTE for this program: 3.00 FTE in FY 2008 – 2.00 FTE, Financial Specialists, pay band 5, and 1.00 FTE Financial Specialists, pay band 7; another 1.00 FTE in FY 2009, Financial Specialists, pay band 6; another 1.00 FTE in FY 2010, Financial Specialists, pay band 6. It is estimated that the personal services will cost \$143,203 in FY 2008, \$192,831 in FY 2009, \$248,521 FY 2010, \$254,734 FY 2011. FY 2010 and 2011 costs have a 2.5 percent increase included.
10. Operations are affected by the hire of the additional FTE resulting in an increase of \$14,075 in FY 2008, \$10,025 in FY 2009, \$11,525 in FY 2010, and \$8,750 in FY 2011. The operational costs include: one time only office package of \$1,375 and PC cost of \$1,400 for each additional FTE at the time of hire and annual operating costs of approximately \$5,750 in FY 2008, \$7,250 in FY 2009 & \$8,750 in FY 2010 – FY 2011 for travel supplies, and rent.
11. The total for the systems development is \$25,000 in FY 2008, and systems maintenance cost of \$5,000 in FY 2009 increasing \$1,000 each year thereafter.
12. These personal services and operating expenses are 100% general fund.

Disability Services

13. Each year an average of 15.25 individuals are discharged from MDC to community-based services.
14. All individuals discharged from MDC will qualify for Medicaid.
15. The average cost plan of individuals currently referred from MDC to community-based services is \$103,952 per year.

16. The total cost per year is \$1,585,268 in FY 2008 (103,952 x 15.25), \$3,170,536 in FY 2009 (103,952 x (15.25 + 15.25)), \$4,755,804 in FY 2010 (103,952 x (30.5 + 15.25)), and \$6,341,072 in FY 2011 (103,952 x (45.75 + 15.25)).

17. The Federal Medical Assistance Percentage (FMAP) for disability services programs is 31.38% general fund in FY 2008 and 31.60% general fund in FY 2009 and beyond, as follows:

	Annual Impact	General Fund (GF) Percentage Rate	General Fund Annual Impact X GF %	Federal Medical Assistance Percentage (FMAP) Rate	Federal Funds Annual Impact X FMAP
FY 2008	1,585,268	31.38%	497,457	68.62%	1,087,811
FY 2009	3,170,536	31.60%	1,001,889	68.40%	2,168,647
FY 2010	4,755,804	31.60%	1,502,834	68.40%	3,252,970
FY 2011	6,341,072	31.60%	2,003,779	68.40%	4,337,293

18. To maintain certification and the means to continue to operate MDC, an amount equal to the amount of the general fund transferred would be appropriated to MDC.

	<u>FY 2008 Difference</u>	<u>FY 2009 Difference</u>	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>
<u>Fiscal Impact:</u>				
FTE	3.00	4.00	5.00	5.00
<u>Expenditures:</u>				
Personal Services	\$143,203	\$192,831	\$248,521	\$254,734
Benefits	\$6,707,346	\$17,570,821	\$28,434,296	\$39,297,770
TOTAL Expenditures	<u>\$6,850,549</u>	<u>\$17,763,652</u>	<u>\$28,682,817</u>	<u>\$39,552,504</u>
<u>Funding of Expenditures:</u>				
General Fund (01)	\$4,571,823	\$10,677,212	\$17,336,305	\$23,941,644
Federal Special Revenue (03)	\$2,317,801	\$7,101,465	\$11,364,037	\$15,626,610
TOTAL Funding of Exp.	<u>\$6,889,624</u>	<u>\$17,778,677</u>	<u>\$28,700,342</u>	<u>\$39,568,254</u>
<u>Revenues:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
Federal Special Revenue (03)	\$2,317,801	\$7,101,465	\$11,364,037	\$15,626,610
TOTAL Revenues	<u>\$2,317,801</u>	<u>\$7,101,465</u>	<u>\$11,364,037</u>	<u>\$15,626,610</u>
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	(\$4,571,823)	(\$10,677,212)	(\$17,336,305)	(\$23,941,644)
Federal Special Revenue (03)	\$0	\$0	\$0	\$0

Long-Range Impacts:

1. Monies will be paid in perpetuity to persons discharged and placed into the communities. Dependent on life span, payments will be generated for individuals for terms of 30 years or more. The average age at discharge from the Montana State Hospital is 41 years of age. This is based on national statistics of average life span in the United States of 72.2 years for men and 79.1 years for women.
2. If the number of placements per year at the Montana Developmental Center remains at the average of 15.25 per year, then there would be additional general fund costs of approximately \$500,000 per year

Technical Notes:

1. Approximately 145 discharges from the Montana State Hospital each year are pre-commitment stays of short term duration, usually five days or less. These individuals do not require the comprehensive treatment that an involuntary commitment of longer duration may require. However, since they have been admitted to the hospital, it appears they would be eligible for community treatment.
2. Section 1 (1) of the bill states that services must be provided as close as possible to the former resident's county of residence. While individual choice is a value of the developmental disability program (DDP) human and community based services waiver, this may not be the choice of the individual. This part of the bill may be in conflict with the DDP waiver.

Sponsor's Initials

Date

Budget Director's Initials

Date