Exhibit 1

Steinbeck, Lois

From: Steinbeck, Lois
Sent: Tuesday, January 13, 2009 2:01 PM
To: Dalton, Mary
Cc: 'Teresa Henry'; Whiting Sorrell, Anna; Lamson, Laurie; Sim, Scott; Daumiller, Marilyn (LEG); Wilkinson, Kris
Subject: Follow up Questions for I-155

There are some follow up questions about Healthy Montana Kids implementation. Some of the questions relate to legislator's questions today and yesterday. Other questions became apparent after the additional program clarification was provided. Could you address these questions in the HRD budget presentation tomorrow (1/13)?

1. Will Healthy Montana Kids (HMK) be administered as a Medicaid expansion or will the department continue separate CHIP and Medicaid programs?
   a. If HMK is administered as a Medicaid expansion, will the department continue the different service packages or adopt Medicaid services/reimbursement for all children?
   b. What difference in average cost per child for CHIP and Medicaid, not including services for disabled children?
2. Provide the assumptions and work statistics, including cases per worker, for HMK to show:
   a. Computation for 54.00 FTE (most labor intensive scenario)
   b. Calculation for additional:
      i. CHIP eligibility FTE
      ii. Hearings officer FTE
      iii. Attorney FTE
3. Provide the anticipated timeline by date for implementation of HMK showing the following milestones:
   a. Submissions and type of submission to the Centers for Medicaid and Medicare Services (CMS) including expected final response date
   b. Date of hire for FTE by type of position and number hired
   c. Completion of information technology system enhancements
   d. Estimated enrollment by month or quarter starting with month that enrollment will commence through the end of 2012
   e. Transition of children from CHIP to Medicaid with beginning and end dates for anticipated duration of transition and number of children expected to transition from CHIP to Medicaid

I have a two other questions that relate to Medicaid and HRD services.
1. Can you provide a copy of the most recent communication with CMS about the HIFA waiver? If there is a great deal of information, the cover letter would suffice for now.
2. Could you provide a break out of funding in children's mental health that shows the amount in the 2011 biennium budget by fiscal year (FTE, personal services, operating costs, grants, and benefits) and detailed funding?

EXHIBIT 1
DATE 1-14-09
HB —

Lois Steinbeck
Senior Fiscal Analyst
Montana Legislative Fiscal Division
Phone - 406 444-5391

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6901 Dept Of Public Health & Human Services **690111 Health Resources Division**
Revised Executive Budget Comparison Table

R02 Budget Version Budget Item	Base FY 2008	Approp FY 2009	Budgeted FY 2010	Budgeted FY 2011	Biennium FY 2008-09	Biennium FY 2010-11	Biennial Change	Biennial Percent
Personal Services	3,931,820	4,824,779	7,782,363	7,799,969	8,756,599	15,582,332	6,825,733	78.0%
Operating Expenses	9,983,559	8,891,704	11,502,770	11,097,058	18,875,263	22,599,828	3,724,565	19.7%
Equipment & Intangible Assets	5,535	-	5,535	5,535	5,535	11,070	5,535	100.0%
Grants	645,569	189,278	645,569	645,569	834,847	1,291,138	456,291	54.7%
Benefits & Claims	472,602,973	600,772,781	602,492,056	639,954,808	1,073,375,754	1,242,446,864	169,071,110	15.8%
Transfers	-	-	-	-	-	-	-	0.0%
Debt Service	-	2,282	-	-	2,282	-	(2,282)	-100.0%
Total Costs	**487,169,456**	**614,680,824**	**622,428,293**	**659,502,939**	**1,101,850,280**	**1,281,931,232**	**180,080,952**	**16.3%**
General Fund	107,427,618	137,625,754	128,432,693	138,077,914	245,053,372	266,510,607	21,457,235	8.8%
State/other Special Rev. Funds	39,209,729	53,486,558	67,398,509	71,441,056	92,696,287	138,839,565	46,143,278	49.8%
Federal Spec. Rev. Funds	340,532,109	423,568,512	426,597,091	449,983,969	764,100,621	876,581,060	112,480,439	14.7%
Total Funds	**487,169,456**	**614,680,824**	**622,428,293**	**659,502,939**	**1,101,850,280**	**1,281,931,232**	**180,080,952**	**16.3%**

The Governor's Budget Published on December 15, 2008

This addendum includes the December 15 changes to Governor's budget request for the Health Resources Division. This addendum explains the differences between the executive budget released November 15, 2008 as reviewed and evaluated in the Legislative Budget Analysis 2011 Biennium, Volume 4 and the December revisions.

The Health Resources Division (HRD) 2011 biennium revised budget request increases 16.3 percent compared to the 2009 biennium, 0.6 percent lower than the budget published in November. General fund was reduced $2.4 million (total funds reduction was $6.6 million). The reduction is due to elimination of new proposals for:

- A 1 percent annual provider rate increase
- Expansion of dental services to low income persons, including Medicaid beneficiaries
- Funding to implement a federal reimbursement change for therapeutic foster care and therapeutic group homes

The following tables and narrative discuss the differences between the November 15 and the December 15, 2008 budgets. The next table, Executive Budget Reconciliation, shows the November 15th budget submission and the executive budget revisions. The final table is the entire list of present law and new proposal requests included in the Governor's December 15, 2008 budget.

6901 Dept Of Public Health & Human Services **690111 Health Resources Division**
Executive Budget Reconciliation

	General Fund FY 2010	General Fund FY 2011	General Fund FY 2010-11	Total Funds FY 2010	Total Funds FY 2011	Total Funds FY 2010-11
Calculation of Executive Budget (Nov. 15, 2008)						
FY 2008 Base	107,427,618	107,427,618	214,855,236	487,169,456	487,169,456	974,338,912
Statewide Present Law Adjustments	290,598	296,571	587,169	1,019,393	1,041,360	2,060,753
Other Present Law Adjustments	20,581,632	30,164,230	50,745,862	133,977,674	170,870,390	304,848,064
New Proposals	985,303	1,703,065	2,688,368	2,674,089	4,623,021	7,297,110
Original Executive Budget	**129,285,151**	**139,591,484**	**268,876,635**	**624,840,612**	**663,704,227**	**1,288,544,839**
Revised Executive Budget	**128,432,693**	**138,077,914**	**266,510,607**	**622,428,293**	**659,502,939**	**1,281,931,232**
Executive Budget Revisions (Dec. 15, 2008)						
PL07101 Fuel Inflation Reduction	(7)	(8)	(15)	(21)	(24)	(45)
Present Law Total	**(7)**	**(8)**	**(15)**	**(21)**	**(24)**	**(45)**
NP011016 Dental Expansion	(100,000)	(200,000)	(300,000)	(100,000)	(200,000)	(300,000)
NP011029 Federal Mandate to TGF and TFC	(166,189)	(168,540)	(334,729)	(511,192)	(511,192)	(1,022,384)
NP011033 Provider Rate Increase - CHIP	-	-	-	(16,616)	(33,645)	(50,261)
NP011044 Provider Rate Increase - Medicaid	(530,117)	(1,088,678)	(1,618,795)	(1,630,629)	(3,302,026)	(4,932,655)
NP08101 Increasing 4% Vacancy Savings to 7%	(56,145)	(56,344)	(112,489)	(153,861)	(154,401)	(308,262)
New Proposal Total	**(852,451)**	**(1,513,562)**	**(2,366,013)**	**(2,412,298)**	**(4,201,264)**	**(6,613,562)**
Total All Decision Packages	**(852,458)**	**(1,513,570)**	**(2,366,028)**	**(2,412,319)**	**(4,201,288)**	**(6,613,607)**

Executive Budget Changes

The revised executive budget made one change to present law inflationary adjustments and eliminated four new proposals. The top section of this table shows the original budget request for the base budget, present law adjustments, and new proposals for general fund and total funds and compares the total funding for the November 15 budget to the December 15 revised budget. The changes to individual components of the budget request are listed below the division summary.

Present Law Adjustments

DP 7101 – Fuel Inflation Reduction – This request eliminates the inflationary increase for gasoline and diesel included in the original budget. The total reduction is $45 over the biennium.

New Proposals

The following new proposals were removed from the budget request in the December 15 revisions.

Page B-223 of the January 2009 Legislative Budget Analysis, Volume 4

NP 11016 – Dental Expansion – This new proposal to expand dental services to low-income persons, including Medicaid beneficiaries, was eliminated, reducing general fund by $300,000 over the biennium.

Page B-236 of the January 2009 Legislative Budget Analysis, Volume 4

NP 11029 – Federal Mandate to Change Reimbursement Method for Therapeutic Group Care and Therapeutic Foster Care – This new proposal assumes that the federal requirement to unbundle the current per diem payment to each of these provider types and reimburse for individual services will not be implemented. This request was eliminated, reducing general fund by $334,729 (total fund reduction of $1,022,384) over the biennium.

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NP 11044 - Provider Rate Increase- Medicaid – The new proposals for a 1 percent annual provider rate increase for Medicaid services administered by HRD (hospital, physician, drugs) was eliminated. General fund was reduced by $1.6 million (total funds reduction of $4.9 million).

Page B-230 of the January 2009 Legislative Budget Analysis, Volume 4

NP 11044 - Provider Rate Increase- CHIP – The new proposal for a 1 percent annual provider rate increase for selected CHIP services was eliminated for a total reduction of $50,261.

NP 8101 – Increasing 4% Vacancy Savings To 7% - This proposal increases vacancy savings from 4 percent to 7 percent. The 4 percent reduction is included in the statewide present law adjustment. The proposal decreases the general fund by $112,489 and total funds by $308,262. The additional vacancy savings were not imposed on institutional personal services costs.

6901 Dept Of Public Health & Human Services **690111 Health Resources Division**

Executive Budget Revisions (Dec. 15, 2008) Decision Package	General Fund FY 2010	General Fund FY 2011	General Fund FY 2010-11	Total Funds FY 2010	Total Funds FY 2011	Total Funds FY 2010-11
PL011001 Medicaid Physical Svc Caseload	11,319,776	16,691,141	28,010,917	38,997,861	60,447,544	99,445,405
PL011002 Medicaid FMAP	3,997,007	5,668,701	9,665,708	-	-	-
PL011003 Medicare Buy - In Caseload	939,691	1,754,193	2,693,884	2,890,467	5,320,572	8,211,039
PL011004 Medicaid Breast & Cervical Cancer	15,698	32,986	48,684	69,154	143,231	212,385
PL011005 Clawback Base Adjustment	853,782	1,302,427	2,156,209	853,782	1,302,427	2,156,209
PL011006 Medicaid Caseload - Children's Mental Health	2,304,067	3,123,441	5,427,508	7,157,376	9,702,492	16,859,868
PL011007 Indian Health Services Caseload	-	-	-	2,431,146	3,534,592	5,965,738
PL011008 CHIP Caseload	887,370	1,274,391	2,161,761	8,948,058	12,507,107	21,455,165
PL011009 CHIP SSR Fund Adjustment	-	-	-	-	-	-
PL011010 Medicaid Organ Transplants	-	-	-	3,075,977	3,033,060	6,109,037
PL011011 Healthy Montana Kids Plan	-	-	-	52,572,441	56,018,986	108,591,427
PL011034 Big Sky Rx Base Adjustment - Biennial	-	-	-	3,200,000	3,200,000	6,400,000
PL011035 Pharmassist Program	-	-	-	234,980	234,980	469,960
PL011039 Hospital Utilization Fee	-	-	-	13,071,802	14,950,769	28,022,571
PL011041 CHIP - FMAP Rate Increase	109,939	160,464	270,403	-	-	-
PL011042 PRTF Reimbursement To Include State Plan Services	154,302	156,486	310,788	474,630	474,630	949,260
PL07101 Fuel Inflation Reduction	(7)	(8)	(15)	(21)	(24)	(45)
Present Law Total	**20,581,625**	**30,164,222**	**50,745,847**	**133,977,653**	**170,870,366**	**304,848,019**
NP011036 Medicaid Grant	118,060	128,137	246,197	236,119	256,274	492,393
NP011043 Medicaid for Workers with Disabilities	70,937	117,710	188,647	179,533	319,884	499,417
NP08101 Increasing 4% Vacancy Savings to 7%	(56,145)	(56,344)	(112,489)	(153,861)	(154,401)	(308,262)
New Proposal Total	**132,852**	**189,503**	**322,355**	**261,791**	**421,757**	**683,548**
Total All Decision Packages	**20,714,477**	**30,353,725**	**51,068,202**	**134,239,444**	**171,292,123**	**305,531,567**

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PL011010 Medicaid Organ Transplants	-	-	-	3,075,977	3,033,060	6,109,037
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