Fiscal Note 2015 Biennium

Governor's Office of Budget and Program Planning

Bill #	SB0254	**Title:**	Plan for closure of Montana Developmental Center
Primary Sponsor:	Caferro, Mary	**Status:**	As Introduced

- ☐ Significant Local Gov Impact
- ☑ Needs to be included in HB 2
- ☑ Technical Concerns
- ☐ Included in the Executive Budget
- ☐ Significant Long-Term Impacts
- ☐ Dedicated Revenue Form Attached

FISCAL SUMMARY

	FY 2013 Difference	FY 2014 Difference	FY 2015 Difference	FY 2016 Difference	FY 2017 Difference
Expenditures:					
General Fund	$0	$2,989,336	($3,073,912)	($4,397,386)	($3,200,378)
State Special Revenue	$4,185,207	($1,000,594)	($1,132,221)	($1,178,630)	($1,178,630)
Federal Special Revenue	$0	$6,335,150	$4,021,174	$4,654,010	$6,996,372
Revenue:					
General Fund	($4,185,207)	$505,255	($4,805,933)	($6,609,803)	($6,609,556)
State Special Revenue	$4,185,207	($1,000,594)	($1,132,221)	($1,178,630)	($1,178,630)
Federal Special Revenue	$0	$6,335,150	$4,021,174	$4,654,010	$6,996,372
Net Impact-General Fund Balance	($4,185,207)	($2,484,081)	($1,732,021)	($2,212,417)	($3,409,178)

Description of fiscal impact: SB 254 reduces the number of residents at the Montana Developmental Center (MDC) to no more than 12 people by December 31, 2014. This will require approximately 40 people to move from MDC to the community. The bill also requires the Department of Public Health and Human Services (DPHHS) to end new admissions to MDC unless a person can be moved out. Finally, it creates a committee to research, develop, and make a recommendation for the closure, relocation, or redesign of MDC.

FISCAL ANALYSIS

Assumptions:

Department of Public Health and Human Services (DPHHS)

1. The department will work to reduce the number of individuals at MDC. In order to reduce the number of individuals at MDC, there are necessary steps and supports needed in order to avoid more individuals being committed to MDC. The service models in states such as Maine, Virginia, Oregon, and Georgia provided for many of the assumptions surrounding what community services and infrastructure are necessary for successfully reducing or closing institutions. The approaches taken in those four states are the basis for many of the assumptions contained in this fiscal note.

2. It is assumed that the department would be able to comply with all laws and rules when implementing the downsizing of MDC.
3. The department would take a comprehensive approach to reducing the population at MDC. The approach includes:
   - Community Developmental Disabilities (DD) infrastructure and services will be increased in order to reduce or avoid MDC placements.
   - Crisis staff and crisis bed locations will be established in the communities.
   - Residential facilities will replace units at MDC, except for the Assessment & Stabilization Unit (ASU) by December 31, 2014.
   - The bond for MDC will be paid off.
   - The residences and unused buildings at MDC will be vacated and shut down.
   - MDC will be reduced to 12 residents by December 31, 2014, with only the ASU remaining.
   - Staff at MDC will be reduced by 184.04 FTE by December 31, 2014.
   - The remaining staff for MDC will be to staff and support the operations of the ASU.
   - There will be a committee established to research, develop, and make a recommendation for the closure, relocation, or redesign of MDC.
4. The community infrastructure, community DD services, and supports would need to be sufficient in order to avoid placements at MDC. The community infrastructure, services, and supports include:
   - Services to individuals currently in a DD waiver would be increased for individuals who are at risk of placement at MDC beginning July 1, 2013. Permanent changes in service needs, such as a need for housing, supplementing the numbers of direct care staff, and other supports necessary to maintain placement would be provided in order to avoid imminent risk of an MDC placement. The new cost for these additional services would be $80,000 per individual. Over the next four years, amounts needed would be $1,200,000 ($80,000 x 15 individuals) for FY 2014, $2,400,000 ($80,000 x 30 individuals) for FY 2015, $3,600,000 ($80,000 x 45 individuals) for FY 2016, and $4,800,000 ($80,000 x 45 individuals) for FY 2017. These services are funded at the Federal Medical Assistance Participation (FMAP) rate. The funding is 33.73% state funds and 66.27% federal funds for FY 2014 and 33.78% state funds and 66.22% federal funds for FY 2015, FY 2016, and FY 2017.
   - DD waiver slots for individuals in crisis or exiting MDC would be established in order to move individuals out of MDC and to avoid placements at MDC averaging $185,000 annually per individual. These slots would be provided to individuals with significant needs and risks beginning on January 1, 2014 in the amount of $6,290,000 for FY 2014, $7,400,000 for FY 2015, $8,695,000 for FY 2016, and $9,990,000 for FY 2017. These services are funded at the FMAP rate.

	SLOTS:			
$185,000	34	40	47	54
FY 14	$6,290,000			
FY 15		$7,400,000		
FY 16			$8,695,000	
FY 17				$9,990,000

5. Crisis response teams would be available 24 hours a day throughout the state and would staff three crisis homes. The crisis response teams would cover areas of the state and travel as necessary beginning in FY 2014 to avoid admissions at MDC by allowing for crisis services in the community where the individual lives as a short term option and with ongoing support from the crisis teams to the community providers.
   - The crisis response teams would be made up of 32.00 additional FTE statewide. The cost of the crisis homes and teams would be $1,763,468 for FY2014, $1,774,548 for FY 2015, $1,799,746 for FY 2016, and $1,815,457 for FY 2017.

32 FTE	FY 2014	FY 2015	FY 2016	FY 2017
Salary/Benefits	1,538,828	1,538,828	1,562,586	1,576,828
Office Setups/ Desks/Computers	86,250			
Furnishing Units (3)	45,000			
Unit repair & maintenance		6,000	6,000	6,000
Rent (1/2 year in 2014)	36,000	72,000	73,440	74,909
Phones/Office Supplies	12,450	7,950	7,950	7,950
Travel	44,940	49,770	49,770	49,770
Contract relief staff		100,000	100,000	100,000
TOTAL	1,763,468	1,774,548	1,799,746	1,815,457

These services would be funded at 40.15% general fund and 59.85% federal funds.

- The crisis response teams would temporarily enhance existing services or provide services to individuals in crisis in the amount of $500,000 each year for FY 2014, FY 2015, FY 2016, and FY 2017. These services are funded at the FMAP rate.

6. Residential facilities would be identified and individuals from MDC would be placed in the residential facilities beginning September 1, 2013. The provider would not have the option to refuse services to an individual or exit individuals from a residential facility in order to avoid the possibility of a re-admittance to MDC. The department will determine the placements at the residential facility and any exits from a residential facility.
   - The projected cost per individual in a residential facility would be $256,050 per year, based on the current cost of individuals at MDC (minus the average Medicaid State Plan services cost of $25,000). It is estimated that 16 individuals would be placed in residential facilities by December 31, 2013, four more individuals on July 1, 2014, four more individuals on July 1, 2015, and four more on July 1, 2016 for cost of $2,048,400 in FY 2014, $5,121,000 in FY 2015, $6,145,200 in FY 2016, and $7,169,400 in FY 2017. These services are funded at the FMAP rate.
   - It is assumed that the existing Medicaid caseload request (PL10202) will be passed as included in the Executive Budget. The funds included in this decision package for placements from MDC into the community would be applied to the cost of the residential facilities and would reduce the expenses by $2,118,704 for FY 2014, $4,237,407 for FY 2015, $4,237,407 for FY 2016, and $4,237,407 for FY 2017. This decision package was funded at FMAP.
   - The program would have structure changes and service delivery changes in order to manage and oversee this population and the residential facilities that would be serving them. This would require 6.00 FTE in FY 2014 to apply for and manage the new waiver program, manage placements, and coordinate community integration needs for the individuals who leave MDC, support administrative functions no longer taking place at MDC, and manage the reporting requirements for a new waiver. There would be additional quality assurance duties needed that would require 1.00 FTE in FY 2015.

6 FTE + 1 QAD FTE	FY 2014 (6 FTE)	FY 2015 (7 FTE)	FY 2016	FY 2017
Salary/Benefits	333,785	381,163	387,201	390,822
Office Setups/ Desks/Computers	20,125			
Rent	10,500	10,710	10,924	11,143
Phones/Office Supplies	1,855	1,855	1,855	1,855
TOTAL	366,265	393,728	399,980	403,820

These expenses are funded at 40.15% general fund and 59.85% federal funds.

- There would be an increased cost to contract for a medical doctor one additional day per week for a cost of $75,000 for FY 2015, $51,780 for FY 2016, and $51,780 for FY 2017. This is funded at Medicaid Admin match rate of 25% general fund and 75% federal funds.
- There would be an increased cost to contract for a psychiatrist one additional day per week for a cost of $75,000 for FY 2015, $75,000 for FY 2016, and $75,000 for FY 2017. This is funded at Medicaid Admin match rate of 25% general fund and 75% federal funds.

7. The MDC bond would be paid using FY 2013 statutory state special revenue appropriation in the amount of approximately $4,185,207. Revenue supporting the state special appropriation will be diverted from the general fund in FY 2013. This would reduce future payments of approximately $988,900 in each year FY 2015, FY 2016 and FY 2017 and would offset future general fund revenue losses.
8. There would be preparation to shut down the buildings that would no longer be used on the MDC campus and maintenance on the buildings until the buildings are sold or repurposed. This would include staffing reductions, cost shifts for operating the ASU as a stand-alone unit, and reductions in operating costs.
   - As individuals moved to the community, staffing would be reduced at MDC with each residence that closed. This would result in a reduction of 32.25 FTE when the first two units close on December 31, 2013, with a one-time-only termination payout expenditure of $173,570 as well as salary and operating reductions, which net to $688,636 for FY 2014. These reductions are reduced expenses to the general fund and reduce federal Medicaid reimbursement revenue.
   - The remaining residences would close in FY 2015 resulting in a staffing reduction of 151.79 FTE in FY 2015 with a one-time-only termination payout expenditure of $822,316. Additionally, ASU personal services and operating expenditures will be retained in the amount of $194,158. The resulting net reductions to salary and operating will be $8,245,872 for FY 2015. These reductions are reduced expenses to the general fund and reduce federal Medicaid reimbursement revenue.
   - There will be a net reduction in salary and operating expense at MDC of $10,806,405 for FY 2016 and $10,806,405 for FY 2017. This includes ASU personal services and operating expenditures to be retained in the amount of $366,554 for FY 2016 and $366,927 for FY 2017. These net reductions are reduced expenses to the general fund and reduce federal Medicaid reimbursement revenue.
   - As of December 31, 2014, only the ASU will be operating, with no more than 12 individuals remaining. There will be 67.11 FTE remaining to operate the ASU and the supporting administrative operations necessary for a facility, as well as maintaining staff for active treatment of individuals at the ASU.
9. The committee will consist of 15 members and meet quarterly during FY 2014 and FY 2015 with meetings lasting two days per meeting.
   - The department will assign a current position to represent the department as the committee member and to perform the support functions for the committee. Support functions include the research into new waivers or changes within existing waivers to offset the costs of transition planning, the discharge process and community services, assist the committee with research and possible development of new community based facilities or services, work with department staff to provide the data identified by the committee to support the analysis of using a cost-based reimbursement methodology, work on determining whether a need exists for a state-operated facility, work with legal staff to ensure that decisions comply with state statutes, and support other committee needs.
   - All committee members except for legislators and full time salaried state employees will cover their costs of participation.
   - It is assumed that meetings will take place in Helena.
   - The cost of four legislative members would be $5,684 per year for each year FY 2014 and FY 2015. These expenses will be funded with 40.15% general fund and 59.85% federal funds.

10. The Human and Community Services Division child care program is funded with the revenue from the bed tax. The reduction of bed tax revenue will require the child care program to be funded with general fund in the amount of $11,694 in FY 2014, $143,321 in FY 2015, $189,730 in FY 2016, and FY 2017.
11. Individuals who leave MDC will receive various state plan Medicaid services once they are in a residential facility or community placement. The cost is expected to be $400,000 in FY 2014, and $1,000,000 in FY 2015, FY 2016 and FY 2017 (FY 2014 ($25,000 x 16 individuals). FY 2015 ($25,000 x 40 individuals). FY 2016 ($25,000 x 40 individuals). FY 2017 ($25,000 x 40 individuals)).

Department of Commerce

12. It is assumed that the $4.20 million in outstanding bond debt issued on behalf of the Department of Public Health and Human Services in 1993 for the Montana Developmental Center is paid in full by FY2014.

Department of Corrections

13. SB 254 would terminate the Montana Developmental Center (MDC) in Boulder as an option for housing for persons with severe developmental disabilities.
14. Currently, there are six individuals housed at MDC, who have committed criminal acts and are committed to the custody of the Department of Public Health and Human Services (DPHHS).
15. If MDC closes, DPHHS would have less placement options for these individuals. There could be potential impact to the Department of Corrections if DPHHS requests that the individuals who have committed criminal acts be transferred to the Department of Corrections for placement per 46-14-312, MCA. The cost per year per inmate in a women's prison is $37,985 and in a men's prison is $35,634.
16. Montana Board of Pardons and Parole is responsible for granting parole to the six individuals who have committed criminal acts. This bill could create an increase in travel expenses depending on where the offenders are placed.
17. At this time, fiscal impact to the department is difficult to determine.

Governor's Office – Board of Visitors

18. Section 2 of SB 254 creates a transition planning committee to develop a plan for DPHHS to follow in carrying out the purposes of the bill. The transition planning committee is to include one representative of the Mental Disabilities Board of Visitors. This fiscal note assumes that a non-employee board member from the Board of Visitors (BOV) is named to this committee.
19. Between the time that the bill becomes effective and June 30, 2015, when the committee is disbanded, it is assumed that committee meetings occur quarterly over the two year period, for a total of eight full-day meetings. The board member from BOV is paid a daily honorarium of $50/day for a total of $400.
20. Round-trip mileage reimbursement is estimated to be $1,332 for the two year period.
21. Lodging expenses will be $664 total.
22. Total meal reimbursements will be $280.
23. In the event that a BOV staff member is assigned as the representative to the transition planning committee and all committee meetings are held in Helena (still assuming quarterly meetings over a two year time period), the costs could be absorbed into current operating levels.

SB254 Summary by State Fiscal Year

FY 2014	Number of	Cost per	Salary &	Operating	Cost of	Total Annual	Expenses			Revenue		
Description	Individuals	Individual	Benefits	Costs	Service	Expenditures	General Fund	State Spec.	Federal	General Fund	State Spec.	Federal
Community DD Services	15	$ 80,000			$ 1,200,000	$ 1,200,000	$ 404,760		$ 795,240			$ 795,240
DD Waiver Slots	34	$ 185,000			$ 6,290,000	$ 6,290,000	$ 2,121,617		$ 4,168,383			$ 4,168,383
Crisis Response Teams			$ 1,538,828	$ 224,640		$ 1,763,468	$ 708,032		$ 1,055,436			$ 1,055,436
Crisis Funding for Services					$ 500,000	$ 500,000	$ 168,650		$ 331,350			$ 331,350
Residential Facilities - Jan 1, 2014	16	$ 128,025			$ 2,048,400	$ 2,048,400	$ 690,925		$ 1,357,475			$ 1,357,475
Reduction to Caseload request					$ (2,118,704)	$ (2,118,704)	$ (714,639)		$ (1,404,065)			$ (1,404,065)
Program Infrastructure			$ 333,785	$ 32,480		$ 366,265	$ 147,055		$ 219,210			$ 219,210
Medical contracts						$ -						
MDC Reductions			$ (498,965)	$ (189,672)		$ (688,637)	$ (688,637)			$ (27,285)	$ (11,694)	
Committee				$ 5,684		$ 5,684	$ 2,282		$ 3,402			$ 3,402
Child care SSR						$ -	$ 11,694	$ (11,694)				
Medicaid Federal Exp. Reduction					$ (456,360)	$ (456,360)			$ (456,360)	$ (456,360)		$ (456,360)
State Plan Medicaid Services	16	$ 25,000			$ 400,000	$ 400,000	$ 134,920		$ 265,080			$ 265,080
Total Expenditures			$ 1,373,648	$ 73,132	$ 7,863,336	$ 9,310,116	$ 2,986,660	$ (11,694)	$ 6,335,150	$ (483,645)	$ (11,694)	$ 6,335,150

FY 2015	Number of	Cost per	Salary &	Operating	Cost of	Total Annual	Expenses			Revenue		
Description	Individuals	Individual	Benefits	Costs	Service	Expenditures	General Fund	State Spec.	Federal	General Fund	State Spec.	Federal
Community DD Services	30	$ 80,000			$ 2,400,000	$ 2,400,000	$ 810,720		$ 1,589,280			$ 1,589,280
DD Waiver Slots	40	$ 185,000			$ 7,400,000	$ 7,400,000	$ 2,499,720		$ 4,900,280			$ 4,900,280
Crisis Response Teams			$ 1,538,828	$ 235,720		$ 1,774,548	$ 712,481		$ 1,062,067			$ 1,062,067
Crisis Funding for Services					$ 500,000	$ 500,000	$ 168,900		$ 331,100			$ 331,100
Residential Facilities	20	$ 256,050			$ 5,121,000	$ 5,121,000	$ 1,729,874		$ 3,391,126			$ 3,391,126
Reduction to Caseload request					$ (4,237,407)	$ (4,237,407)	$ (1,431,396)		$ (2,806,011)			$ (2,806,011)
Program Infrastructure			$ 381,163	$ 12,565		$ 393,728	$ 158,082		$ 235,646			$ 235,646
Medical contracts				$ 150,000		$ 150,000	$ 37,500		$ 112,500			$ 112,500
MDC Reductions			$ (7,325,224)	$ (1,114,806)		$ (8,440,030)	$ (8,440,030)			$ (334,417)	$ (143,321)	
Committee				$ 5,684		$ 5,684	$ 2,282		$ 3,402			$ 3,402
ASU infrastructure retained			$ 164,998	$ 29,160		$ 194,158	$ 194,158					
Child care SSR						$ -	$ 143,321	$ (143,321)				
Medicaid Federal Exp. Reduction					$ (5,460,416)	$ (5,460,416)			$ (5,460,416)	$ (5,460,416)		$ (5,460,416)
State Plan Medicaid Services	40	$ 25,000			$ 1,000,000	$ 1,000,000	$ 337,800		$ 662,200			$ 662,200
Total Expenditures			$ (5,240,235)	$ (681,677)	$ 6,723,177	$ 801,265	$ (3,076,588)	$ (143,321)	$ 4,021,174	$ (5,794,833)	$ (143,321)	$ 4,021,174

FY 2016	Number of	Cost per	Salary &	Operating	Cost of	Total Annual	Expenses			Revenue		
Description	Individuals	Individual	Benefits	Costs	Service	Expenditures	General Fund	State Spec.	Federal	General Fund	State Spec.	Federal
Community DD Services	45	$ 80,000			$ 3,600,000	$ 3,600,000	$ 1,216,080		$ 2,383,920			$ 2,383,920
DD Waiver Slots	47	$ 185,000			$ 8,695,000	$ 8,695,000	$ 2,937,172		$ 5,757,829			$ 5,757,829
Crisis Response Teams			$ 1,562,586	$ 237,160		$ 1,799,746	$ 722,598		$ 1,077,148			$ 1,077,148
Crisis Funding for Services					$ 500,000	$ 500,000	$ 168,900		$ 331,100			$ 331,100
Residential Facilities	24	$ 256,050			$ 6,145,200	$ 6,145,200	$ 2,075,849		$ 4,069,351			$ 4,069,351
Reduction to Caseload request					$ (4,237,407)	$ (4,237,407)	$ (1,431,396)		$ (2,806,011)			$ (2,806,011)
Program Infrastructure			$ 387,201	$ 12,779		$ 399,980	$ 160,592		$ 239,388			$ 239,388
Medical contracts				$ 126,780		$ 126,780	$ 31,695		$ 95,085			$ 95,085
MDC Reductions			$ (9,266,390)	$ (1,906,568)		$ (11,172,958)	$ (11,172,958)			$ (442,702)	$ (189,730)	
Committee						$ -	$ -		$ -			
ASU infrastructure retained			$ 344,356	$ 22,198		$ 366,554	$ 366,554					
Child care SSR							$ 189,729	$ (189,730)				
Medicaid Federal Exp. Reduction					$ (7,156,001)	$ (7,156,001)			$ (7,156,001)	$ (7,156,001)		$ (7,156,001)
State Plan Medicaid Services	40	$ 25,000			$ 1,000,000	$ 1,000,000	$ 337,800		$ 662,200			$ 662,200
Total Expenditures			$ (6,972,247)	$ (1,507,651)	$ 8,546,792	$ 66,894	$ (4,397,386)	$ (189,730)	$ 4,654,010	$ (7,598,703)	$ (189,730)	$ 4,654,010

FY 2017	Number of	Cost per	Salary &	Operating	Cost of	Total Annual	Expenses			Revenue		
Description	Individuals	Individual	Benefits	Costs	Service	Expenditures	General Fund	State Spec.	Federal	General Fund	State Spec.	Federal
Community DD Services	60	$ 80,000			$ 4,800,000	$ 4,800,000	$ 1,621,440		$ 3,178,560			$ 3,178,560
DD Waiver Slots	54	$ 185,000			$ 9,990,000	$ 9,990,000	$ 3,374,622		$ 6,615,378			$ 6,615,378
Crisis Response Teams			$ 1,576,828	$ 238,629		$ 1,815,457	$ 728,906		$ 1,086,551			$ 1,086,551
Crisis Funding for Services					$ 500,000	$ 500,000	$ 168,900		$ 331,100			$ 331,100
Residential Facilities	28	$ 256,050			$ 7,169,400	$ 7,169,400	$ 2,421,823		$ 4,747,577			$ 4,747,577
Reduction to Caseload request					$ (4,237,407)	$ (4,237,407)	$ (1,431,396)		$ (2,806,011)			$ (2,806,011)
Program Infrastructure			$ 390,822	$ 12,998		$ 403,820	$ 162,134		$ 241,686			$ 241,686
Medical contracts				$ 126,780		$ 126,780	$ 31,695		$ 95,085			$ 95,085
MDC Reductions			$ (9,266,390)	$ (1,906,568)		$ (11,172,958)	$ (11,172,958)			$ (442,702)	$ (189,730)	
Committee						$ -	$ -		$ -			
ASU infrastructure retained			$ 344,356	$ 22,571		$ 366,927	$ 366,927					
Child care SSR							$ 189,729	$ (189,730)				
Medicaid Federal Exp. Reduction					$ (7,155,754)	$ (7,155,754)			$ (7,155,754)	$ (7,155,754)		$ (7,155,754)
State Plan Medicaid Services	40	$ 25,000			$ 1,000,000	$ 1,000,000	$ 337,800		$ 662,200			$ 662,200
Total Expenditures			$ (6,954,384)	$ (1,505,590)	$ 12,066,239	$ 3,606,265	$ (3,200,378)	$ (189,730)	$ 6,996,372	$ (7,598,456)	$ (189,730)	$ 6,996,372

	FY 2013 Difference	FY 2014 Difference	FY 2015 Difference	FY 2016 Difference	FY 2017 Difference
Fiscal Impact:					
FTE	0.00	(16.12)	(184.04)	(184.04)	(184.04)
Expenditures:					
Personal Services	$0	$1,373,648	($5,240,235)	($6,972,247)	($6,954,384)
Operating Expenses	$0	$75,808	($679,001)	($1,507,651)	($1,505,590)
Benefits	$0	$7,863,336	$6,723,177	$8,546,792	$12,066,239
Transfers	$4,185,207	($988,900)	($988,900)	($988,900)	($988,900)
TOTAL Expenditures	$4,185,207	$8,323,892	($184,959)	($922,006)	$2,617,365
Funding of Expenditures:					
General Fund (01)	$0	$2,989,336	($3,073,912)	($4,397,386)	($3,200,378)
State Special Revenue (02)	$4,185,207	($1,000,594)	($1,132,221)	($1,178,630)	($1,178,630)
Federal Special Revenue (03)	$0	$6,335,150	$4,021,174	$4,654,010	$6,996,372
TOTAL Funding of Exp.	$4,185,207	$8,323,892	($184,959)	($922,006)	$2,617,364
Revenues:					
General Fund (01)	($4,185,207)	$505,255	($4,805,933)	($6,609,803)	($6,609,556)
State Special Revenue (02)	$4,185,207	($1,000,594)	($1,132,221)	($1,178,630)	($1,178,630)
Federal Special Revenue (03)	$0	$6,335,150	$4,021,174	$4,654,010	$6,996,372
TOTAL Revenues	$0	$5,839,811	($1,916,980)	($3,134,423)	($791,814)
Net Impact to Fund Balance (Revenue minus Funding of Expenditures):					
General Fund (01)	($4,185,207)	($2,484,081)	($1,732,021)	($2,212,417)	($3,409,178)
Federal Special Revenue (03)	$0	$0	$0	$0	$0

Technical Notes:

1. The fiscal impact of the plan that is recommended by the committee can’t be determined at this time.
2. The bill does not end commitments to MDC. The bill doesn’t provide any way to ensure that no more than 12 residents will remain at MDC as of December 31, 2014.
3. Restricting admissions to MDC would be inconsistent with statute if the commitment is the result of a court order.
4. The current statutes require a Request for Proposal (RFP) process for building facilities. The timeframes of the bill do not allow for compliance with state procurement laws.
5. The department can’t assume that new or different waivers will be approved by Centers for Medicare and Medicaid Services (CMS). If Medicaid approval is not obtained, non-Medicaid approved expenses would be paid 100% from general fund.
6. Community providers may choose not to operate the residential facilities. If community providers did not exercise the option to operate the residential facilities, the department would move to a state-owned and operated model for residential facilities and assume that the cost per individual would remain at the current MDC cost of $281,050 including average Medicaid State Plan services costs of $25,000. The state-owned model would require the shifting of resources from MDC instead of the reduction of resources. Also, it is important to note that the structure and timing of implementation would not be able to meet the requirements of this bill.
7. The department may not have authority to limit waiver costs under the bill. In the Section 13 definition (1) of the bill, “Available”, statutory language limiting available community services to funding has been removed. It is unknown whether this change in statutory language could create legal challenges if the

department chooses to continue to limit waiver placements based on level of appropriation. The loss of a legal challenge, thereby resulting in an open access to the community supports waiver, would have an unknown but very significant cost.

8. Section 11 of the bill changes the department's responsibilities under 53-1-402, MCA, for determining a resident's cost of care from MDC to "a residential facility as defined in 53-20-102", and Section 13 redefines 53-20-102(14), MCA, from MDC to either a state run or a community-based facility. It is unknown how this change affects the department's duty under 53-1-402, MCA, to determine the cost of care, including per diem and ancillary charges or all-inclusive rate charges for the care of residents, and to determine residents' financial responsibility for cost of care at community-based facilities.

Sponsor's Initials	*Date*	*Budget Director's Initials*	*Date*