

Figure 9

Tobacco Settlement Trust Fund Interest - Fund Balance					
Fund Balance, Revenues, Expenditures	Actual FY 2012	Appropriated FY 2013	Budget Request		Biennial % of Tot
			FY 2014	FY 2015	
Beginning Fund Balance	\$13,363	\$16,258	\$1,147,645	\$798,866	
Revenues*	<u>6,030,990</u>	<u>6,143,000</u>	<u>6,575,000</u>	<u>7,072,000</u>	
Revenues Available for Appropriation	6,044,353	6,159,258	7,722,645	7,870,866	
Expenditures					
Health Resources Division					
Medicaid Acute Services	2,304,649	1,245,757	2,304,649	2,304,649	32.0%
Medicaid Hospital & Clinical Services	<u>543,647</u>	<u>543,647</u>	<u>1,428,671</u>	<u>1,972,163</u>	23.6%
Health Resources Division Subtotal	2,848,296	1,789,404	3,733,320	4,276,812	55.7%
Public Health and Safety Division					
Adolescent Vaccinations	400,000	400,000	400,000	400,000	5.6%
Children's Special Health Services	240,542	284,708	240,247	240,235	3.3%
Emergency Medical Services	119,889	122,288	119,889	119,889	1.7%
HIV Treatment	84,000	84,000	84,000	84,000	1.2%
Montana Health Professional Recruitment	75,000	75,000	75,000	75,000	1.0%
WIC Farmer's Market	9,000	9,732	9,000	9,000	0.1%
PHSD Cost Allocation**	13,538	16,029	14,215	14,926	0.2%
Genetics	<u>41,176</u>	<u>0</u>	<u>41,462</u>	<u>41,176</u>	0.6%
Public Health and Safety Division Subtotal	983,145	991,757	983,813	984,226	13.7%
Senior and Long Term Care Division					
Medicaid Nursing Home Services	831,850	831,850	831,850	831,850	11.6%
Traumatic Brain Injury Services	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	0.7%
Healthcare for Healthcare Workers	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	0.0%
Senior and Long Term Care Div. Subtotal	881,850	881,850	881,850	881,850	12.3%
Developmental Services Division					
Medicaid Children's Mental Health Service:	233,552	233,552	233,552	233,552	3.2%
DD Part C, Title XX and MOE	<u>600,000</u>	<u>600,000</u>	<u>600,000</u>	<u>600,000</u>	8.3%
Developmental Division Subtotal	833,552	833,552	833,552	833,552	11.6%
Addictive and Mental Disorders Division					
Mental Health Community Support	415,511	429,468	415,511	415,511	5.8%
Adult Mental Health Medicaid Benefits	27,659	27,659	27,659	27,659	0.4%
Mental Health Administration	<u>48,074</u>	<u>57,923</u>	<u>48,074</u>	<u>48,074</u>	0.7%
Addictive and Mental Disorders Div. Subtotal	491,244	<u>515,050</u>	491,244	491,244	6.8%
Total Expenditures	<u>6,038,087</u>	<u>5,011,613</u>	<u>6,923,779</u>	<u>7,467,684</u>	100.0%
Adjustments	<u>9,992</u>	<u>0</u>	<u>0</u>	<u>0</u>	
Ending Fund Balance	<u>\$16,258</u>	<u>\$1,147,645</u>	<u>\$798,866</u>	<u>\$403,182</u>	

*90% of the trust interest may be appropriated and 10% is deposited to the trust corpus. Revenues are based on LFD staff assumptions presented to the Revenue and Transportation Oversight Committee on November 19, 2012.
 ** Nonbudgeted expenditures

LFD ISSUE	<p>Use of Account Proceeds for Current Level Services</p> <p>Use of tobacco settlement trust fund interest for current level services may be an illegal use of these funds. The issue is discussed in the Health Resources Division budget analysis.</p>
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Tobacco Settlement Account

Figure 10 shows the state special revenue account that receives a direct allocation of tobacco settlement funds. There is a \$3.7 million projected ending fund balance in the portion of the account that receives 32% of the proceeds. Statute governing the account limits its use to tobacco control and prevention, including prevention of chronic diseases related to tobacco use.

Figure 10

Tobacco Settlement Account - Fund Balance					
Master Settlement Agreement Payment Allocations to State Special Revenue Accounts					
Allocation of Revenue, Expenditures, and Fund Balance	Actual FY 2012	Appropriated FY 2013	Budget Request FY 2014	Biennial FY 2015	% of Ttl
32% Allocated to Tobacco Cessation/Prevention					
Beginning Fund Balance	\$188,713	\$1,615,766	\$3,535,901	\$2,941,528	
Revenues*	<u>9,664,875</u>	<u>10,333,000</u>	<u>10,238,000</u>	<u>10,140,000</u>	
Total Available for Appropriation	9,853,588	11,948,766	13,773,901	13,081,528	
Expenditures					
Department of Revenue	301,974	303,271	318,989	318,557	3.2%
Department of Justice	111,045	123,972	118,272	118,564	1.2%
Public Health and Safety Division					
Tobacco Control & Prevention	3,997,104	4,000,000	6,163,409	4,724,708	53.8%
Chronic Disease Programs	2,617,360	2,617,456	2,967,969	2,974,256	29.4%
Home Health Visiting/MIAMI	403,736	404,036	404,012	403,971	4.0%
Tribal Programs	689,554	698,910	720,000	720,000	7.1%
Hospital Discharge	130,313	132,151	0	0	0.0%
Cost Allocated Administration**	<u>126,732</u>	<u>133,069</u>	<u>139,722</u>	<u>146,708</u>	<u>1.4%</u>
Subtotal Expenditures	<u>8,377,818</u>	<u>8,412,865</u>	<u>10,832,373</u>	<u>9,406,764</u>	<u>100.0%</u>
Adjustments	<u>139,996</u>	<u>0</u>	<u>0</u>	<u>0</u>	
Percentage Annual Change		0.4%	28.8%	-13.2%	
Ending Fund Balance	<u>\$1,615,766</u>	<u>\$3,535,901</u>	<u>\$2,941,528</u>	<u>\$3,674,764</u>	
17% Allocated to HMK/MT Comprehensive Health Association					
Beginning Fund Balance	\$0	\$0	\$257,255	\$628,453	
Revenues*	<u>5,134,465</u>	<u>5,489,000</u>	<u>5,439,000</u>	<u>5,387,000</u>	
Revenues Available for Appropriation	5,134,465	5,489,000	5,696,255	6,015,453	
Expenditures					
Healthy Montana Kids Benefits	3,654,168	3,807,867	3,632,791	3,634,403	71.5%
Healthy Montana Kids Administration	51,577	60,349	69,121	74,449	1.4%
MT Comprehensive Health Assoc.	925,563	925,563	946,455	943,696	18.6%
DPHHS Cost Allocated Administration**	<u>399,462</u>	<u>437,966</u>	<u>419,435</u>	<u>440,407</u>	<u>8.5%</u>
Subtotal Expenditures	<u>5,030,770</u>	<u>5,231,745</u>	<u>5,067,802</u>	<u>5,092,955</u>	<u>100.0%</u>
Adjustments	<u>(103,695)</u>	<u>0</u>	<u>0</u>	<u>0</u>	
Percentage Annual Change		4.0%	-3.1%	0.5%	
Ending Fund Balance	<u>\$0</u>	<u>\$257,255</u>	<u>\$628,453</u>	<u>\$922,498</u>	
* Revenues developed by LFD staff and presented to the Revenue and Transportation Interim Committee on November 19, 2012.					
**Nonbudgeted expenditures that are allocated across funding sources to support shared administrative costs.					

**LFD
ISSUE**Use of Funds

The legislature may wish to ask DPHHS to identify areas in the executive budget funded from general fund that could be funded from the tobacco settlement funds allocated to tobacco prevention and control.

Figure 11

Health and Medicaid Initiatives Fund Balance - 2013 Biennium Compared to 2015 Biennium Request Including Elected Official Proposals Tobacco Tax Revenue Dedicated to Health Initiatives					
Fund Balance	Actual	Estimated	Budget Request		% of
Revenue/Expenditures/Elected Official Request	FY 2012	FY 2013	FY 2014	FY 215	Total
Beginning Fund Balance	\$29,199,806	\$23,070,266	\$10,148,571	\$3,074,737	8.1%
Revenue - Cigarette and Tobacco Tax*	37,383,560	36,580,000	35,927,000	35,105,000	91.9%
Transfer from Older Montanans' Trust (HB 604)	<u>3,166,502</u>	<u>0</u>	<u>0</u>	<u>0</u>	0.0%
Total Revenue	69,749,868	59,650,266	46,075,571	38,179,737	100%
Interest Earnings	<u>638,211</u>	<u>59,650</u>	<u>92,151</u>	<u>190,899</u>	
Total Funds Available	70,388,079	59,709,917	46,167,722	38,370,636	
Expenditures					
<u>Medicaid Services</u>					
State Plan Services - Hospitals, Physicians, Prescription Drugs, Dental**	7,869,907	8,058,130	7,869,907	7,869,907	20.6%
Nursing Home Services	5,746,948	6,844,244	5,746,948	5,746,948	15.0%
HIFA Waiver - Adult Mental Health Services	2,402,403	1,843,997	3,918,397	3,965,871	10.4%
Senior/Physically Disabled Waiver	3,092,008	3,476,576	3,092,008	3,092,008	8.1%
Developmental Disability Benefits	2,942,130	2,942,130	2,942,130	2,942,130	7.7%
Mental Health and Chemical Dependency	2,045,955	2,055,711	2,045,955	2,045,955	5.3%
Home-based Services	1,857,206	2,106,888	1,857,206	1,857,206	4.9%
Children's Mental Health Services	1,741,003	1,741,003	1,741,003	1,741,003	4.5%
Adult Mental Health Community Svcs Waiver	1,090,044	1,035,744	1,222,624	1,237,560	3.2%
<u>Other Programs</u>					
Insure Montana Premium Assistance***	7,274,373	6,298,152	3,622,283	(64,037)	-0.2%
Insure Montana Health Insurance Tax Credits**	2,917,736	4,159,099	1,498,190	64,037	0.2%
Big Sky Rx/PharmAssist	4,268,759	4,003,223	4,283,303	4,282,634	11.2%
Healthy Montana Kids/CHIP	3,453,921	3,403,921	3,453,921	3,453,921	9.0%
Insure Montana 95% Restriction/Other Adj.***	523,248	(522,863)	(256,024)	0	0.0%
Mental Health Services Plan	0	2,060,256	0	0	0.0%
Other Services/Administration	<u>92,172</u>	<u>55,134</u>	<u>55,134</u>	<u>55,134</u>	0.1%
Subtotal Expenditures	<u>47,317,813</u>	<u>49,561,345</u>	<u>43,092,985</u>	<u>38,290,277</u>	100.0%
Annual Change	2.4%	4.7%	-13.1%	-11.1%	
Ending Fund Balance	<u>\$23,070,266</u>	<u>\$10,148,571</u>	<u>\$3,074,737</u>	<u>\$80,359</u>	
<u>State Auditor Elected Official Requests</u>					
Reinstate Base Level Funding for Insure Montana			\$5,090,001	\$10,206,715	
Restore 5% Spending Restriction			<u>156,181</u>	<u>156,181</u>	
Subtotal Elected Official Requests			<u>\$5,246,182</u>	<u>\$10,362,896</u>	
Ending Fund Balance With Elected Official Requests***			<u>(\$2,171,445)</u>	<u>(\$13,357,274)</u>	

*Revenue based on estimates developed by LFD staff and presented to the Revenue and Transportation on November 19, 2012.

**FY 2013 estimated costs are based on HB 2 appropriations.

*** Insure Montana is eliminated in the Governor's budget. However, the State Auditor has requested continuation and expansion of the program in elected official budget proposals. The Insure Montana 95% Restriction/Other Adjustments account for the 95% statutory spending restriction from Insure Montana appropriations. In the base year, more is transferred to the Insure Montana appropriations than can be expended. In other years, the negative amounts account for the statutorily required reversion from the full appropriation.

The executive budget includes a recommendation to eliminate funding for the Insure Montana program administered by the State Auditor's Office, which results in a positive ending balance. However, the State Auditor has requested that the program continue. Including the elected office request results in the account being overdrawn by \$13.4 million at the end of the biennium. The issues related to the Insure Montana program are discussed in the State Auditor budget analysis in the General Government section of the LFD budget analysis.

The executive budget for DPHHS includes \$3.5 million in increases from the health and Medicaid initiatives account:

- \$3.1 million to annualize the enrollment increases for the mental health HIFA waiver
- \$0.4 million for the mental health home and community based waiver