

**Program Budget Comparison**

The following table summarizes the total proposed budget by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2014	Approp. Fiscal 2015	Budget Fiscal 2016	Budget Fiscal 2017	Biennium Fiscal 14-15	Biennium Fiscal 16-17	Biennium Change	Biennium % Change
FTE	115.23	115.23	110.23	110.23	115.23	110.23	(5.00)	(4.34)%
Personal Services	6,857,070	7,415,770	7,608,523	7,610,669	14,272,840	15,219,192	946,352	6.63 %
Operating Expenses	1,436,925	1,694,581	1,504,798	1,506,013	3,131,506	3,010,811	(120,695)	(3.85)%
Equipment & Intangible Assets	29,337	525	29,337	29,337	29,862	58,674	28,812	96.48 %
Grants	626,553	584,941	626,553	626,553	1,211,494	1,253,106	41,612	3.43 %
<b>Total Costs</b>	<b>\$8,949,885</b>	<b>\$9,695,817</b>	<b>\$9,769,211</b>	<b>\$9,772,572</b>	<b>\$18,645,702</b>	<b>\$19,541,783</b>	<b>\$896,081</b>	<b>4.81 %</b>
General Fund	2,476,778	2,724,281	2,660,092	2,661,289	5,201,059	5,321,381	120,322	2.31 %
State/Other Special Rev. Funds	317,579	578,112	379,574	379,147	895,691	758,721	(136,970)	(15.29)%
Federal Spec. Rev. Funds	6,155,528	6,393,424	6,729,545	6,732,136	12,548,952	13,461,681	912,729	7.27 %
<b>Total Funds</b>	<b>\$8,949,885</b>	<b>\$9,695,817</b>	<b>\$9,769,211</b>	<b>\$9,772,572</b>	<b>\$18,645,702</b>	<b>\$19,541,783</b>	<b>\$896,081</b>	<b>4.81 %</b>

**Program Description**

The Quality Assurance Division (QAD) promotes and protects the safety and well-being of people in Montana by providing responsive and independent assessment and monitoring of human services. This includes activities related to licensing, fraud investigations, fair hearings, ensuring federal compliance, and operating the medical marijuana registry.

The division has field offices in Anaconda, Billings, Bozeman, Great Falls, Havre, Hinsdale, Kalispell, Miles City, and Missoula.

**Program Highlights**

<p><b>Quality Assurance Division Major Budget Highlights</b></p>
<p>The executive budget request shows a 6.7 % growth in personal services due to the pay plan, benefits increases, and targeted pay adjustments</p>

**Program Discussion -**

*Program Personal Services*

The budget request for the 2017 biennium would support 110.23 FTE and 27 programs with budgets ranging from almost \$2 million down to a few thousand dollars. The actual vacancy savings rate when comparing budgeted to expended hours is about 93.6%. The true vacancy savings rate of 6.4% is higher than the legislative enacted rate of 4% and an additional 2% on general fund. The only long-term vacancy is a licensing permit technician that has not been filled since January of 2014.

Comparison of FY 2015 Legislative Base to FY 2015 Adjusted Base

Quality Assurance Division FY 2015 Executive and Legislative Appropriations			
Category	Legislative Appropriation	Difference Exec/Leg	Total Executive Implementation
Personal Services	7,415,770	\$0	\$7,415,770
Operating Expenses	\$1,694,581	\$0	\$1,694,581
Equipment & Intangible Assets	\$525		\$525
Grants	<u>\$584,941</u>	<u>\$0</u>	<u>\$584,941</u>
Total Costs	\$9,695,817	\$0	\$9,695,817

A comparison between the 2015 legislative base and the 2015 executive implementation shows no program transfers, reorganizations, or one-time-only appropriations included in FY2015.

Funding

The following table shows proposed program funding by source from all sources of authority.

Operations Services Branch, 08-Quality Assurance Division Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	5,321,381	0	0	5,321,381	27.23 %	
02034 Earmarked Alcohol Funds	164,734	0	0	164,734	21.71 %	
02380 02 Indirect Activity Prog 08	13,680	0	0	13,680	1.80 %	
02497 6901-Lien & Estate - SLTCD	113,820	0	0	113,820	15.00 %	
02566 Medical Marijuana	375,496	0	0	375,496	49.49 %	
02585 Recovery Audit Contract	90,991	0	0	90,991	11.99 %	
<b>State Special Total</b>	<b>\$758,721</b>	<b>\$0</b>	<b>\$0</b>	<b>\$758,721</b>	<b>3.88 %</b>	
03096 Discretionary Child Care	1,733,923	0	0	1,733,923	12.88 %	
03251 Child Care Admin	257,735	0	0	257,735	1.91 %	
03303 Title 18 CLIA	308,753	0	0	308,753	2.29 %	
03335 FDA Mammography Inspections	97,164	0	0	97,164	0.72 %	
03341 Frontier Community Health	0	0	0	0	0.00 %	
03359 Recovery Audit Program	96,063	0	0	96,063	0.71 %	
03530 6901-Foster Care 93.658	100,683	0	0	100,683	0.75 %	
03580 6901-93.778 - Med Adm 50%	1,493,204	0	0	1,493,204	11.09 %	
03597 03 Indirect Activity Prog 08	2,750,128	0	0	2,750,128	20.43 %	
03934 Title 19	1,315,255	0	0	1,315,255	9.77 %	
03935 Title 18	3,994,700	0	0	3,994,700	29.67 %	
03948 T-19 OBRA Nurse Aid	4,636	0	0	4,636	0.03 %	
03960 Rural Hospital Flexibility Prog	1,309,437	0	0	1,309,437	9.73 %	
<b>Federal Special Total</b>	<b>\$13,461,681</b>	<b>\$0</b>	<b>\$0</b>	<b>\$13,461,681</b>	<b>68.89 %</b>	
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>	
<b>Total All Funds</b>	<b>\$19,541,783</b>	<b>\$0</b>	<b>\$0</b>	<b>\$19,541,783</b>		

The division is funded primarily with a variety of federal funds at 68.9% of the total. General fund is 27.2% of program costs with the remaining 3.9% supported by state special revenues.

General fund supports some administrative functions including:

- The state match for eligible costs in Medicaid, TitleIV-E (foster care), and federal discretionary child care funds, community residential facilities, and program compliance

State special revenue includes alcohol taxes allocated to DPHHS, lien and estate recoveries for Medicaid services, marijuana registry fees, and indirect cost recovery funds that assist with:

- Alcohol taxes fund staff and operational costs for chemical dependency program licensure
- Lien and estate funds support services to pursue recoveries for the costs of Medicaid, mainly for nursing home services
- Marijuana registry fees cover the cost of administering the registry
- Recovery Audit Contract funds support the audit process addressing fraud, waste or abuse in Medicaid

There are 12 separate federal funding sources in the Quality Assurance Division budget. Some of the federal sources support more than one function. For instance, Medicaid funds support:

- Third party recovery
- The surveillance, utilization, and review unit (SURS)
- The nurse aide registry for nursing homes
- The federal match of the Recovery Audit Program
- The Department of Justice fraud surveillance contract

Medicaid and Medicare funds support certification of services such as nursing home and home health services. Medicare CLIA (clinical laboratory improvement amendments) pays for reviews of some laboratories in order to qualify the labs for federal funding. The rural hospital flexibility grant supports grants and other activities for local hospitals to maintain their critical access hospital status. Childcare discretionary and administrative funding supports licensure of childcare facilities. Title IV-E pays the federal share of costs of licensing community residential facilities to provide foster care.

Mammography funds pay for contracted inspections of mammography equipment. Federal indirect funding represents the federal share of allocated administrative costs.

**Budget Summary by Category**

The following summarizes the total budget utilizing the FY 2015 Legislative base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget
2015 Budget	2,724,281	2,724,281	5,448,562	102.39 %	9,695,817	9,695,817	19,391,634	99.23 %
PL Adjustments	(64,189)	(62,992)	(127,181)	(2.39)%	73,394	76,755	150,149	0.77 %
New Proposals	0	0	0	0.00 %	0	0	0	0.00 %
<b>Total Budget</b>	<b>\$2,660,092</b>	<b>\$2,661,289</b>	<b>\$5,321,381</b>		<b>\$9,769,211</b>	<b>\$9,772,572</b>	<b>\$19,541,783</b>	

**Present Law Adjustments -**

The "Present Law Adjustments" table shows the changes from FY 2015 legislative appropriation to the budget proposed by the executive. PSPL adjusts all personal services. LGPL provides for adjustments to other expenditures such as operating expenses. Each is discussed in the narrative that follows. Total funds in the Present Law Adjustments table do not include proprietary funds budgeted in House Bill 2.

Present Law Adjustments									
-----Fiscal 2016-----					-----Fiscal 2017-----				
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 98 - LEG. Personal Services Present Law									
0.00	6,219	(143,061)	329,595	192,753	0.00	7,593	(143,511)	330,817	194,899
DP 99 - LEG. Present Law									
0.00	(70,408)	(55,477)	6,526	(119,359)	0.00	(70,585)	(55,454)	7,895	(118,144)
<b>Grand Total All Present Law Adjustments</b>									
<b>0.00</b>	<b>(\$64,189)</b>	<b>(\$198,538)</b>	<b>\$336,121</b>	<b>\$73,394</b>	<b>0.00</b>	<b>(\$62,992)</b>	<b>(\$198,965)</b>	<b>\$338,712</b>	<b>\$76,755</b>

DP 98 - LEG. Personal Services Present Law -

This adjustment includes all personal services present law as requested by the executive. This includes the executive implementation of the pay plan, FTE reductions from HB 2 boiler plate, and benefit increases. The below table summarizes personal services present law (PSPL).

Personal Services Present Law Adjustments					
FY 2016					
	FTE	General Fund	State Special	Federal Special	Total Funds
CP 98 PSPL Item					
State Share Health Insurance	110.23	16,398	1,714	35,460	\$53,572
Executive Implementation of 2015 Pay Increase		38,454	3,092	86,783	128,328
Fully Fund 2015 Legislatively Authorized FTE		5,845	1,909	22,527	30,281
Other		(54,478)	(149,775)	184,826	(19,428)
<b>Personal Services Present Law Adjustments</b>	<b>110.23</b>	<b>\$6,219</b>	<b>(\$143,061)</b>	<b>\$329,595</b>	<b>\$192,753</b>
FY 2017					
	FTE	General Fund	State Special	Federal Special	Total Funds
CP 98 PSPL Item					
State Share Health Insurance	110.23	16,398	1,714	35,460	\$53,572
Executive Implementation of 2015 Pay Increase		38,454	3,091	86,783	128,328
Fully Fund 2015 Legislatively Authorized FTE		5,845	1,909	22,527	30,281
Other		(53,104)	(150,225)	186,048	(17,282)
<b>Personal Services Present Law Adjustments</b>	<b>110.23</b>	<b>\$7,593</b>	<b>(\$143,511)</b>	<b>\$330,817</b>	<b>\$194,899</b>

DP 99 - LEG. Present Law -

This adjustment includes all present law requests by the executive that are not related to personal services, including statewide present law adjustments for inflation and fixed costs. Included in this adjustment is a request to continue supporting a modified position for the Recover Audit Act through contracted services in the amount of \$77,224.