

Program Budget Comparison

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

Program Budget Comparison								
Budget Item	Base Fiscal 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	114.24	114.24	117.74	117.74	114.24	117.74	3.50	3.06%
Personal Services	6,224,216	6,416,360	6,679,453	6,677,357	12,640,576	13,356,810	716,234	5.67%
Operating Expenses	1,637,079	1,811,847	1,576,988	1,538,249	3,448,926	3,115,237	(333,689)	(9.68%)
Equipment & Intangible Assets	0	7,500	0	0	7,500	0	(7,500)	(100.00%)
Grants	554,578	550,380	554,578	554,578	1,104,958	1,109,156	4,198	0.38%
Total Costs	\$8,415,873	\$8,786,087	\$8,811,019	\$8,770,184	\$17,201,960	\$17,581,203	\$379,243	2.20%
General Fund	2,318,099	2,571,000	2,341,671	2,343,445	4,889,099	4,685,116	(203,983)	(4.17%)
State Special	424,193	251,015	668,780	668,484	675,208	1,337,264	662,056	98.05%
Federal Special	5,673,581	5,964,072	5,800,568	5,758,255	11,637,653	11,558,823	(78,830)	(0.68%)
Total Funds	\$8,415,873	\$8,786,087	\$8,811,019	\$8,770,184	\$17,201,960	\$17,581,203	\$379,243	2.20%

Program Description

The role of the Quality Assurance Division (QAD) is to protect the safety and well being of Montanans by monitoring and ensuring the integrity and cost-effectiveness of department programs.

The division fulfills its role by:

- Licensing, registering, and certifying health care, day care, and residential services
- Detecting and investigating abusive or fraudulent practices within the Medicaid and Supplemental Nutrition Assistance Program (SNAP, previously food stamps) and initiating recovery efforts
- Reducing Medicaid costs by identifying other insurers or parties responsible for paying a beneficiary's medical expenses
- Providing internal and independent audits for DPHHS programs
- Providing informal dispute resolution conferences for nursing facilities that dispute deficiency citations
- Monitoring and evaluating health maintenance organizations (HMOs) for quality assurance and network adequacy
- Maintaining a registry of certified nurse aides
- Approving and monitoring training programs for nurse aides
- Operating the Certificate of Need program
- Ensuring department compliance with the federal Health Information Portability and Accountability Act
- Operating the medical marijuana registry.

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

Statutory authority: 42 U.S.C. 1818 and 42 U.S.C. 1919; 45 U.S.C.; Title 50, Chapter 5, parts 1 and 2; Title 50, Chapter 5, part 11; Title 52, Chapter 2, part 7; and Title 53, Chapter 2, section 501 MCA; CFR 21, CFR 49, CFR 10; P.L. 102-359 (10-27-92).

Program Highlights

Quality Assurance Division Major Budget Highlights
<ul style="list-style-type: none"> ◆ Total funding for the division increases 2.2% when the 2011 and 2013 biennia are compared, primarily due to increases in statewide present law adjustments ◆ The Governor proposes a 5% general fund reduction in operating and personal services costs over the biennium of \$270,438 ◆ The increase in state special revenue is due to the increased use of the Medical Marijuana Registry

Program Narrative

Goals and Objectives

2013 Biennium Goal

The Legislative Finance Committee recommends the legislature consider the following critical goal and performance measurement(s) as part of its decisions on the executive's budget requests for this program.

The QAD could be impacted by the following overarching critical goals that the LFC has recommended be followed through budget cycle.

- Implement components of federal health insurance reform
 - Integrate Medicaid eligibility determination in the health insurance exchange design
 - Evaluate the potential for a single system to determine Medicaid eligibility
 - Estimate the cost of Medicaid eligibility expansion for consideration by the 2013 Legislature
- Continue to monitor implementation of Healthy Montana Kids
- Review impact of economy on workload and programs
- Review effect of broad based budget reductions (such as proposed 4% FTE/personal services reductions)

The DPHHS Reorganization

The Office of Fair Hearings was moved from the QAD into the Management and Fair Hearings Division (MFH). The move transferred 6.00 FTE and a budget of about \$1.0 million for FY 2010 and FY 2011 to MFH. As noted in the agency overview, this move was made to eliminate the perception of conflict among the office and the division. The transfer is reflected in the base and the 2013 biennium funding.

Budget Increase

The increase from the 2011 biennium to the 2013 biennium is primarily in personal services due to statewide present law adjustments of just over \$1.0 million to fully fund positions that were not filled or partly filled in the base year. The increase is offset by vacancy savings of just over \$0.5 million. Vacant positions at the time of the snapshot used to determine the personal services starting point equated to 10.50 FTE. There is further discussion in the program personal services narrative later in the write-up.

The increase in state special revenue is due to present law and new proposals that address the growth in the Medical Marijuana Program and are funded via medical marijuana registry fees.

5% Reduction Plan

Statute requires that agencies submit plans to reduce general fund and certain state special revenue funds by 5%. The following summarizes the plan submitted for this program.

The total 5% reduction plan for the QAD is included in the Governor's budget. It reduces general fund by \$270,438 over the biennium by:

- \$170,896 in DP 55408 for a 4% reduction in personal services
- \$99,542 in DP 55140 for operations reduction

For a further discussion see the narrative for the individual decision packages below.

Funding

The following table shows program funding, by source, for the base year and for the 2011 biennium as recommended by the Governor.

Program Funding	Base FY 2010	% of Base FY 2010	Budget FY 2012	% of Budget FY 2012	Budget FY 2013	% of Budget FY 2013
01000 Total General Fund	\$ 2,318,099	27.5%	\$ 2,341,671	26.6%	\$ 2,343,445	26.7%
01100 General Fund	2,318,099	27.5%	2,341,671	26.6%	2,343,445	26.7%
02000 Total State Special Funds	424,193	5.0%	668,780	7.6%	668,484	7.6%
02034 Earmarked Alcohol Funds	73,268	0.9%	71,076	0.8%	70,945	0.8%
02380 02 Indirect Activity Prog 08	32,352	0.4%	32,043	0.4%	32,605	0.4%
02497 6901-Lien & Estate - Sltd	56,725	0.7%	56,686	0.6%	56,686	0.6%
02566 Medical Marijuana	261,848	3.1%	508,975	5.8%	508,248	5.8%
03000 Total Federal Special Funds	5,673,581	67.4%	5,800,568	65.8%	5,758,255	65.7%
03096 Discretionary Child Care	603,454	7.2%	640,686	7.3%	641,525	7.3%
03251 Child Care Admin	114,370	1.4%	121,425	1.4%	121,585	1.4%
03303 Title 18 Clia	88,610	1.1%	86,424	1.0%	86,277	1.0%
03335 Fda Mammography Inspections	38,430	0.5%	38,430	0.4%	38,430	0.4%
03530 6901-Foster Care 93.658	63,574	0.8%	59,724	0.7%	59,772	0.7%
03580 6901-93.778 - Med Adm 50%	769,194	9.1%	793,586	9.0%	793,853	9.1%
03597 03 Indirect Activity Prog 08	1,240,638	14.7%	1,205,123	13.7%	1,211,415	13.8%
03934 Title 19	498,863	5.9%	586,457	6.7%	586,634	6.7%
03935 Title 18	1,647,706	19.6%	1,663,605	18.9%	1,613,584	18.4%
03948 T-19 Obra Nurse Aid	21,624	0.3%	21,605	0.2%	21,571	0.2%
03960 Rural Hospital Flexibilty Prog	587,118	7.0%	583,503	6.6%	583,609	6.7%
Grand Total	<u>\$ 8,415,873</u>	<u>100.0%</u>	<u>\$ 8,811,019</u>	<u>100.0%</u>	<u>\$ 8,770,184</u>	<u>100.0%</u>

The Quality Assurance Division is funded primarily with federal funds at 65.7%. General fund supports 26.7% of program costs with the remaining 7.6% of budgeted expenditures supported by state special revenues.

The only funding category with a significant increase over the base year funding is state special revenue for medical marijuana registry fees, which is projected to increase by over \$247,000 each year.

General fund supports some administrative functions, the state match for eligible costs in Medicaid, Title IV-E (foster care), and federal discretionary child care funds, community residential facilities, and program compliance; and the full cost of radiological equipment testing, certificate of need determinations, and state licensure for assisted living or other facilities that receive no federal support as required in MCA, Title 55, Part 5.

State special revenue includes alcohol taxes allocated to DPHHS, lien and estate recoveries for Medicaid services, medical marijuana registry fees, and indirect cost recovery funds. Alcohol taxes fund staff and operational costs for chemical dependency program licensure. Lien and estate funds pay for services to pursue recoveries for the costs of Medicaid, mainly for nursing home services. Medical marijuana registry fees cover the cost of administering the registry.

There are 11 separate federal funding sources in the Quality Assurance Division budget request. Some of the federal sources support more than one function. For instance, Medicaid funds support: 1) third party recovery; 2) the surveillance, utilization, and review unit (SURS); 3) the nurse aide registry for nursing homes; and 4) 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 by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	2,318,099	2,318,099	4,636,198	98.96%	8,415,873	8,415,873	16,831,746	95.74%
Statewide PL Adjustments	154,038	152,719	306,757	6.55%	263,252	262,174	525,426	2.99%
Other PL Adjustments	(45,018)	(41,925)	(86,943)	(1.86%)	(3,502)	7,339	3,837	0.02%
New Proposals	(85,448)	(85,448)	(170,896)	(3.65%)	135,396	84,798	220,194	1.25%
Total Budget	\$2,341,671	\$2,343,445	\$4,685,116		\$8,811,019	\$8,770,184	\$17,581,203	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the adjusted base budget proposed by the executive. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	-----Fiscal 2012-----				-----Fiscal 2013-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					550,524					548,960
Vacancy Savings					(270,990)					(270,924)
Inflation/Deflation					(17,539)					(17,137)
Fixed Costs					1,257					1,275
Total Statewide Present Law Adjustments		\$154,038	\$30,535	\$78,679	\$263,252		\$152,719	\$30,402	\$79,053	\$262,174
DP 55140 - 17-7-140 Operational Reductions	0.00	(49,771)	0	0	(49,771)	0.00	(49,771)	0	0	(49,771)
DP 80003 - Non DofA rent adjustment	0.00	4,753	887	11,009	16,649	0.00	7,846	1,465	18,179	27,490
DP 80005 - Medical Marijuana Program Annualization	0.00	0	29,620	0	29,620	0.00	0	29,620	0	29,620
Total Other Present Law Adjustments	0.00	(\$45,018)	\$30,507	\$11,009	(\$3,502)	0.00	(\$41,925)	\$31,085	\$18,179	\$7,339
Grand Total All Present Law Adjustments	0.00	\$109,020	\$61,042	\$89,688	\$259,750	0.00	\$110,794	\$61,487	\$97,232	\$269,513

Program Personal Services Narrative

The following information is provided so that the legislature can consider various personal services issues when examining the agency budget. It was submitted by the agency and edited by LFD staff as necessary for brevity and/or clarity.

- o **Pay Plan Exceptions** – There are no exceptions to the pay plan across the divisions of DPHHS
- o **Program Specific Obstacles** – QAD competes with the salaries for medical and facilities management professions in recruitment of workers for qualified staff to perform inspections in nursing homes, hospitals, and medical laboratories.
- o **Vacancy** – There has been a recent turnover in compliance specialists. Across the agency, the causes appear linked to high workloads, burnout, and low wages. In some areas causes include cost of living and market competition for talented workers.
- o **Legislatively Applied Vacancy Savings** – The 7% vacancy savings was addressed at the agency level
- o **Pay/Position Changes** – There were two positions that were upgraded and received a pay change. The job profile for a license and permit tech position was updated and the duties of an eligibility technician were reassessed by the Department of Administration.
- o **Retirements** – QAD has 63 out of 106 employees, or 59.4% of its workforce that are eligible for retirement. The division estimates that 9 would retire in the 2013 biennium for an anticipated liability of \$79,695.

The 2009 Legislature Addressed a Workforce Need

House Joint Resolution 17 from the 2009 legislative session requested a look at the shortage of licensed nursing staff, especially in rural communities. A workgroup to study the issue of the use of medication aides in nursing homes was created in October 2009 by the Department of Public Health and Human Services and the Department of Labor and Industry. The workgroup was to discuss and make recommendations on the use of medication aides in nursing homes and obtain and review information from appropriate state or national organizations related to the use of medication aides.

The work group made recommendations for qualifications and curriculum. The full resolution, recommendations, and curriculum can be viewed at: <http://www.dphhs.mt.gov/qad/hj17/index.shtml>

DP 55140 - 17-7-140 Operational Reductions - This request represents the 5% general fund base budget reduction ordered by the Governor per 17-7-140 in April of 2010. The \$99,542 total general fund reduction for the biennium represents the continuation of the operations reduction implemented in FY 2011. The QAD would make operations reductions in the areas of travel, reallocation of office space, and reassignment of leased vehicles.

DP 80003 - Non DofA rent adjustment - The executive requests \$44,139 over the biennium to cover the leases on non-state owned buildings. The total general fund is \$12,598.

DP 80005 - Medical Marijuana Program Annualization - The executive requests \$59,240 in state special revenue authority over the biennium for the Medical Marijuana program due to expenses related to projected increases in participation and in the production and issuance of registry identification cards. The Medical Marijuana program is totally funded by state special revenue from medical marijuana registry fees.

As of August 2010 the medical marijuana registry had 22,635 participants with identification cards. For every participant that has named a caregiver, two cards are generated, one for the participant and one for the caregiver. In addition, the department issues new cards to participants and caregivers whenever a caregiver change occurs or due to changes in address of either the participant or caregiver.

Current participation growth rates show an increase of approximately 7% per month. It is estimated that the number of participants will cap at about 5% of the population of Montana, or 45,000 participants. This would result in the production and mailing of 90,000 cards per year or 7,500 per month.

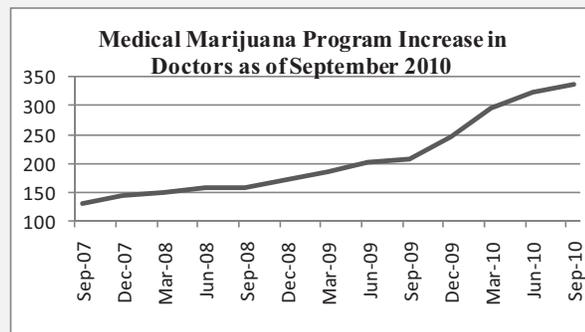
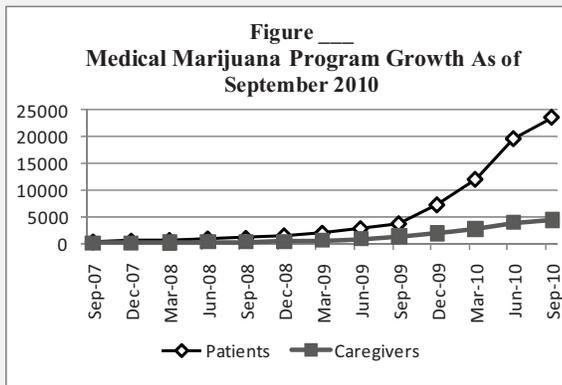
Base year costs for card production and postage was \$51,160, or \$1.80 per participant. Estimated card production and postage for 45,000 participants is \$80,780. An additional \$29,620 is needed each year of the biennium for increased card production and postage costs.

LFD COMMENT

Title: Growth of the Medical Marijuana Registry

The following charts show the growth of the registry for patients, caregivers and doctors from September 2007 through September 2010.

In September of 2007 there were 428 patients, 161 caregivers, and 130 doctors. By September 2009 the registry had grown to 3,821 patients, 1,403 caregivers, and 209 doctors. The registry reached 23,613 patients, 4,463 caregivers, and 338 doctors in September of 2010.



Source of data: DPHHS Medical Marijuana Program

The Children, Families, Health and Human Services Interim Committee also discussed topics related to the Montana Medical Marijuana Act because of the questions raised by many people in the state and local government, law enforcement, and the medical marijuana industry. Information about the activities related to this topic can be found at http://leg.mt.gov/css/Committees/interim/2009_2010/Children_Family/Emerging-Issue/default.asp

New Proposals

The “New Proposals” table summarizes all new proposals requested by the Governor. Descriptions and LFD discussion of each new proposal are included in the individual program narratives.

Program	FTE	Fiscal 2012				Fiscal 2013					
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
DP 55408 - 4% Personal Svcs GF Reduction	08	0.00	(85,448)	103,044	(12,701)	4,895	0.00	(85,448)	102,662	(12,558)	4,656
DP 80001 - Nurse Aide Registry Database	08	0.00	0	0	50,000	50,000	0.00	0	0	0	0
DP 80002 - Medical Marijuana Program Staffing	08	3.50	0	80,501	0	80,501	3.50	0	80,142	0	80,142
Total	3.50	(\$85,448)	\$183,545	\$37,299	\$135,396	3.50	(\$85,448)	\$182,804	(\$12,558)	\$84,798	

DP 55408 - 4% Personal Svcs GF Reduction - This request includes a 4% personal service reduction applied to most agencies. It is a reduction to the base of \$170,896 general fund and \$25,259 federal funds over the biennium that is offset by an increase of \$205,706 in state special revenue. The general fund savings is achieved through the reassignment of three positions from a QAD unit that is paid through a combination of general fund, state special revenue and federal funds to units that are paid 100% with state special revenue or federal funds.

DP 80001 - Nurse Aide Registry Database - This request is for an electronic database to track the federal requirement for a Nurse's Aide Registry. This database is funded entirely with federal Title 18 (Medicare) funds.

DP 80002 - Medical Marijuana Program Staffing - This request is for \$160,643 state special revenue over the biennium to address staffing to process medical marijuana applications for patients and care givers. The request is for the difference in funding between base year costs that were for temporary personnel and the estimated cost for 3.50 permanent FTE in the 2013 biennium.

QAD obtained temporary help to address the rapid increase in applications in the 2011 biennium as requests went from the 2,923 enrolled patients at the beginning of the biennium to over 25,000 by October, 2010.