

### 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	221.05	221.05	220.05	220.05	221.05	220.05	(1.00)	(0.45%)
Personal Services	10,810,841	11,718,957	11,418,974	11,416,875	22,529,798	22,835,849	306,051	1.36%
Operating Expenses	7,046,860	7,230,221	8,296,305	8,318,376	14,277,081	16,614,681	2,337,600	16.37%
Equipment & Intangible Assets	132,303	230,716	132,303	132,303	363,019	264,606	(98,413)	(27.11%)
Grants	8,697,634	8,881,397	8,977,830	8,994,341	17,579,031	17,972,171	393,140	2.24%
Benefits & Claims	210,905,351	216,749,712	230,669,308	232,696,334	427,655,063	463,365,642	35,710,579	8.35%
Transfers	0	0	0	0	0	0	0	n/a
Debt Service	11,484	15,793	11,484	11,484	27,277	22,968	(4,309)	(15.80%)
<b>Total Costs</b>	<b>\$237,604,473</b>	<b>\$244,826,796</b>	<b>\$259,506,204</b>	<b>\$261,569,713</b>	<b>\$482,431,269</b>	<b>\$521,075,917</b>	<b>\$38,644,648</b>	<b>8.01%</b>
General Fund	34,998,185	47,880,277	63,309,257	64,650,746	82,878,462	127,960,003	45,081,541	54.39%
State Special	28,230,568	31,455,641	29,437,405	29,806,007	59,686,209	59,243,412	(442,797)	(0.74%)
Federal Special	174,375,720	165,490,878	166,759,542	167,112,960	339,866,598	333,872,502	(5,994,096)	(1.76%)
<b>Total Funds</b>	<b>\$237,604,473</b>	<b>\$244,826,796</b>	<b>\$259,506,204</b>	<b>\$261,569,713</b>	<b>\$482,431,269</b>	<b>\$521,075,917</b>	<b>\$38,644,648</b>	<b>8.01%</b>

### Program Description

The Senior and Long Term Care Division (SLTC) plans, administers, and provides publicly-funded long-term care services for Montana's senior citizens and persons with disabilities. In addition, the division provides education and support regarding aging and long-term care issues to Montanans of all ages. The division makes services available through six major programs:

- The Office on Aging provides meals, transportation, public education, information and assistance, long-term care ombudsman, and other services;
- The Medicaid Community Services Program pays for in-home, assisted living, and other community-based services to Medicaid-eligible individuals as an alternative to nursing home care;
- The Medicaid Nursing Facility Program pays for care to Medicaid-eligible individuals in 81 Montana nursing homes;
- Protective services, including the investigation of abuse, neglect, and exploitation are provided by adult protective services social workers;
- Skilled nursing facility care is provided to veterans at the 105-bed Montana Veterans Home (MVH) in Columbia Falls and the 80-bed Eastern Montana Veterans Home in Glendive; and,
- The State Supplemental Payments Program pays for a portion of the room and board costs for Supplemental Security Income (SSI) eligible individuals residing in designated residential care facilities.

Statutory References: Aging Services, 52-3-201 et seq., MCA, (Protection Services Act for Aged Persons or Disabled Adults), 52-3-501 et seq., MCA, (Montana Older Americans Act), 52-3-801 et seq., MCA, (Montana Elder and Developmentally Disabled Abuse Prevention Act); P.L.89-75 (Federal Older Americans Act), P.L. 93-66 Section 212, P.L. 93-233 (authorizes states to supplement the Supplemental Security Income Amendments to the (SSI) Payments Program Social Security Act); Veteran's Homes, 10-2-401, MCA (authorizes and establishes Montana Veteran's Homes); 53-1-602, MCA (Eastern Montana Veteran's Home); Medicaid, Title 53, Chapter 6, MCA; Title 19, Social Security Act 42 USC 1396 et. seq. (establishes and authorizes Medicaid Program).

## Program Highlights

<b>Medicaid and Health Services Branch Major Budget Highlights</b>
<ul style="list-style-type: none"> <li>◆ The executive request for the 2013 biennium budget is \$38.6 million higher than the 2011 biennium due to a \$45.0 million increase in general fund that is partially offset by reductions</li> <li>◆ A funding shift between general fund and federal funds due to the expiration of increased federal support for Medicaid services contained in the federal stimulus package accounts for the majority of the increased general fund. Other executive budget requests include: <ul style="list-style-type: none"> <li>• Medicaid caseload adjustments totaling \$30.4 million including, \$6.7 million of general fund</li> <li>• Annualization of waiver service plan costs and health insurance for health care workers at an overall cost of \$5.0 million including, \$1.7 million of general fund</li> </ul> </li> <li>◆ Reductions for elimination of FTE and operational costs are included in the proposals</li> </ul>
<b>Major LFD Issues</b>
<ul style="list-style-type: none"> <li>◆ Nursing facility fee account over budgeted by \$2.0 million</li> </ul>

## Program Narrative

### *Goals and Objectives*

The Legislative Finance Committee (LFC) followed two goals during the 2011 biennium for the Senior and Long-term Care Division:

- Support Montanans in their desire to stay in their own homes or live in a smaller community based residential setting for as long as possible
- Increase the ability of Montanans to prepare to meet their own long term care needs or the long term care needs of a relative or friend

### Community Based Residential Settings

Progress toward meeting the goal of supporting Montanans in staying in community based residential settings, either their own homes or assisted living centers, was measured by the LFC in the 2011 interim using the following performance measurements:

- Maintain or reduce the percentage of nursing facility residents under the age of 65
- Increase the percentage of Montanans age 65 or older who live at home or in a small residential alternative
- Increase the total amount of the SLTC budget that goes to community services
- Increase the number of people served under the Medicaid Home and Community Based Waiver (HCBW) over the biennium
- Maintain or reduce the average length of stay on the HCBW services waiting list to less than one year

At its October 2010 performance measurement LFC workgroup meeting the members determined that SLTC was on track to meet the goal of supporting Montanans in their desire to stay in community based residential settings as all of the measurements showed progress in the first year of the biennium. In addition, the workgroup recommended that the Human Services Joint Appropriation Subcommittee (subcommittee) review the goal and related performance measurements outlined above as part of its deliberations on the SLTC budget. In part, the recommendation includes

discussing with the division the impacts of potential reductions on the ability of the division to continue to make progress toward reducing more costly nursing home stays if funding for community based services:

- Remains stagnate
- Decreases as part of the agency 5% plan to reduce the base budget
- Either increases or decreases to the 5% plan are mad as a result of legislative decisions

Long Term Care Needs

Progress toward meeting the goal of increasing the ability of Montanans to prepare to meet their long term care needs was measured by the LFC in the 2011 interim using the following performance measurements:

- Maintain or increase the number of home delivered meals served through the Aging Network
- Increase the number of care givers receiving supportive services (including respite care) and increase the project income for these services
- Develop a coordinated continuing public education campaign to inform Montanans about long term care issues and options emphasizing the need for long term care planning and personal responsibility
- Increase the number of individuals taking the elderly/dependent tax credit on the state income tax return
- Increase the number of individuals claiming the long term care insurance tax deduction on state income tax returns

The LFC workgroup determined that SLTC was on track to meet its goal of increasing the ability of Montanans preparing to meet their long term care needs for the 2011 interim period at its October 2010 meeting. The workgroup also recommends that the subcommittee review this goal and its related performance measurements as part of its deliberations on the SLTC budget.

Other Changes Affecting The SLTC Outcome Measurements

As discussed above, the LFC recommends that the subcommittee review the impacts of potential reductions or other changes to the SLTC budget on the division’s ability to continue to remain on track in meeting its goals. The Aging Services Program works in partnership with Area Agencies on Aging (AAA) to assist seniors in continuing to live in their communities. Over the 2011 biennium, the Aging Services Program received \$1.5 million annually in one-time-only funding from the federal economic stimulus bill to provide for aging services, and an additional one-time only appropriations for similar purposes. The figure shows the one time only funding and the number of clients provided services supported by the one time only for FY 2010.

Senior and Long-term Care Division One-time Funding for Aging Services By Area Agency on Aging - FY 2010													
Area	Location	Funding	Clients Served										
			Home			Senior Center	Personal Care	Skilled Nursing	Respite Care	Transportation	Other		
Congregate Meals	Delivered Meals	Information & Referral	Homemaker	Care	Care							Care	Transportation
Area I	Glendive	\$238,605	1,062	111	2,762	1,844	0	33	0	0	0	0	173
Area II	Roundup	407,980	652	153	752	347	14	1	4	2	35	0	0
Area III	Conrad	141,647	505	212	0	257	15	0	0	27	17	30	0
Area IV	Helena	240,896	703	286	0	0	0	0	0	0	0	0	0
Area V	Butte	167,534	246	79	1,040	13	6	0	0	67	63	12	0
Area VI	Polson	168,358	908	135	0	0	125	0	0	20	0	70	0
Area VII	Tribal	0	0	0	0	0	0	0	0	0	0	0	0
Area VIII	Great Falls	164,865	75	27	0	0	0	0	0	0	0	0	0
Area IX	Kalispell	138,452	498	215	0	0	115	0	0	33	513	0	0
Area X	Havre	39,363	462	15	1,006	137	0	0	0	0	0	0	0
Area XI	Missoula	<u>223,042</u>	<u>238</u>	<u>69</u>	<u>3,642</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>339</u>	<u>0</u>	<u>776</u>	<u>0</u>
Total		\$ <u>1,930,742</u>	<u>5,349</u>	<u>1,302</u>	<u>9,202</u>	<u>2,598</u>	<u>275</u>	<u>34</u>	<u>4</u>	<u>488</u>	<u>628</u>	<u>1,061</u>	<u>0</u>

This is the second biennium that the Aging Services Program has received one-time-only funding to support AAA providers. As required by state budgeting statutes, due to the designation of one-time-only, the funding supporting these services was not included in the base budget of the Aging Services Program. The executive has not requested additional funding to support these services. The subcommittee may wish to discuss the impact of the one-time-only funding on the Aging Service Program's ability to continue to meet the performance measurements:

- Maintaining or increasing the number of home delivered meals served through the Aging Network
- Increasing the number of care givers receiving supportive services including respite care

### 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.

Total 5% Reduction Plan Identified by Senior and Long-term Care Division Included and not included in Executive Budget 2013 Biennium									
	FTE	General Fund	% Of Branch Total	State Special Revenue	% Of Branch Total	Federal Special Revenue	% Of Branch Total	Total Funds	% Of Branch Total
<i>Included in Executive Budget</i>									
55422 4% Personal Services Reduction	1.00	(\$185,282)	1.28%	\$0	0.00%	\$0	0.00%	(\$185,282)	1.28%
55140 Operations Reductions	0.00	(67,964)	0.47%	0	0.00%	0	0.00%	(67,964)	0.47%
55423 Eliminate PACE program	0.00	(628,918)	4.33%	0	0.00%	(1,281,966)	8.82%	(1,910,884)	13.15%
Subtotal Included in Executive Budget	<u>1.00</u>	<u>(882,164)</u>	<u>6.07%</u>	<u>0</u>	<u>0.00%</u>	<u>(1,281,966)</u>	<u>8.82%</u>	<u>(2,164,130)</u>	<u>14.89%</u>
<i>Not Included in Executive Budget</i>									
95221 3% Reduction in Medicaid Nursing Facility Budgets	0.00	(2,522,222)	17.36%	0	0.00%	(4,888,773)	33.64%	(7,410,995)	51.00%
95222 2.22% Reduction in Medicaid Home and Community Based Waiver	0.00	(476,104)	3.28%	0	0.00%	(943,828)	6.50%	(1,419,932)	9.77%
95223 2.22% Reduction in Medicaid Personal Assistance Services	0.00	(502,716)	3.46%	(682,904)	4.70%	(2,350,380)	16.17%	(3,536,000)	24.33%
Subtotal Not Included in Executive Budget	<u>0.00</u>	<u>(3,501,042)</u>	<u>24.09%</u>	<u>(682,904)</u>	<u>4.70%</u>	<u>(8,182,981)</u>	<u>56.31%</u>	<u>(12,366,927)</u>	<u>85.11%</u>
Total Senior and Long-term Care Division	<u>1.00</u>	<u>(\$4,383,206)</u>	<u>30.16%</u>	<u>(\$682,904)</u>	<u>4.70%</u>	<u>(\$9,464,947)</u>	<u>65.14%</u>	<u>(\$14,531,057)</u>	<u>100.00%</u>

It should be noted that the LFD included reductions related to general fund reduction in state special revenues and federal revenues in the table above for the reduction proposals that are not included in the Governor's 2013 budget proposal. This table is provided to assist the legislature in assessing the overall programmatic of 5% plan impacts.

The majority of the 5% base reduction - 85%, is not included in the Governor's budget request. As shown in the figure the reductions include a 3% reduction in Medicaid nursing home budgets. This reduction is a combination of two proposals:

- Moving 100 individuals from higher cost nursing home services into lower costs community services, reducing general fund by \$685,437 each year
- Reducing the daily Medicaid reimbursements for nursing home providers by \$1.56 per Medicaid day, reducing general fund by \$575,674 each year

Further discussion of the various components of the 5% reduction to the base and the potential effects on services is found in the subprogram narratives of this program.

### Reorganization

DPHHS reorganized division responsibilities and funding during FY 2010. SLTC transferred about \$21,000 of personal services funding to the Medicaid and Health Services Management Program in FY 2010.

### Changes to the SLTC Budget

The SLTC 2013 biennium budget request is \$38.6 million higher than the 2011 biennium budget, including increases of \$45.8 million in general fund and reductions of \$0.5 million in state special revenues and \$6.0 million in federal special revenues. \$44.5 million of the \$45.8 million increase in general fund is due to the expiration of increased federal support for Medicaid costs included in the federal stimulus package. This is discussed further in the agency summary.

The most significant change in the SLTC budget request is the increase of \$35.7 million in benefits and claims, of which \$30.4 million is due to caseload adjustments and \$5.0 million is requested for service plan annualizations. Services provided to individuals in the Home and Community Based Services Program are authorized through an individual service plan. Individuals start services throughout the base year, requiring the costs to be annualized to reflect the full year of service costs and funding.

The majority of the increase in operating expenses (\$2.3 million) is due to a request for \$2.6 million in Veterans Services. The operation of the Eastern Montana Veterans' Home (EMVH) in Glendive is done through a contract with a private provider. Federal per diem reimbursements are paid to the state and then passed through to the provider. \$1.7 million of the increase in operating expenses is due to an increase in the amount of the per diem reimbursements for the EMVH. The remaining increase is mainly for pharmacy and medical inflation at the Montana Veterans' Home in Columbia Falls.

#### *SLTC Budget Request by Major Functions*

While the division administers both Montana veterans' homes, the majority of its 2013 biennium budget request - 89%, is for benefits and claims under the Medicaid program, which are direct services to individuals provided throughout Montana by private providers. Figure XX shows the SLTC 2010 base budget compared to the 2013 biennium budget request.

Senior and Long-term Care Division														
2010 Base Budget Expenditures and 2013 Biennium Budget Request by Major Function and Services														
Function, Benefits, and Grants	FY 2010 Base Budget				FY 2012 Executive Budget Request				FY 2013 Executive Budget Request				% of 2013 Biennial Request	
	General Fund	State Special	Federal Special	Total	General Fund	State Special	Federal Special	Total	General Fund	State Special	Federal Special	Total		
Division Administration	\$190,931	\$60,087	\$174,595	\$425,613	\$199,683	\$60,576	\$179,178	\$439,437	\$202,748	\$60,458	\$179,478	\$442,684	0.17%	
Medicaid Services	28,985,483	20,062,490	163,248,112	212,296,085	57,156,703	21,191,469	153,937,815	232,285,987	58,497,310	21,554,625	154,260,315	234,312,250	89.55%	
Aging Services	3,919,655	0	6,725,827	10,645,482	3,918,663	0	7,028,927	10,947,590	3,918,543	0	7,044,736	10,963,279	4.20%	
Veterans' Services	0	7,777,281	3,833,908	11,611,189	0	7,857,536	5,219,349	13,076,885	0	7,860,575	5,233,236	13,093,811	5.02%	
Adult Protective Services	1,902,116	330,710	393,278	2,626,104	2,034,208	327,824	394,273	2,756,305	2,032,145	330,349	395,195	2,757,689	1.06%	
<b>Total Division</b>	<b>\$34,998,185</b>	<b>\$28,230,568</b>	<b>\$174,375,720</b>	<b>\$237,604,473</b>	<b>\$63,309,257</b>	<b>\$29,437,405</b>	<b>\$166,759,542</b>	<b>\$259,506,204</b>	<b>\$64,650,746</b>	<b>\$29,806,007</b>	<b>\$167,112,960</b>	<b>\$261,569,713</b>	<b>100.00%</b>	
Percent of Annual Budget	14.73%	11.88%	73.39%	100.00%	24.40%	11.34%	64.26%	100.00%	24.72%	11.40%	63.89%	100.00%		
<b>Veterans' Homes</b>														
Montana Veterans' Home	\$0	\$7,515,416	\$2,418,837	\$9,934,253	\$0	\$7,584,054	\$2,849,751	\$10,433,805	\$0	\$7,587,600	\$2,863,284	\$10,450,884	4.01%	
Eastern Veterans' Home	0	261,865	1,415,071	1,676,936	0	273,482	2,369,598	2,643,080	0	272,975	2,369,952	2,642,927	1.01%	
<b>Subtotal Veterans' Homes</b>	<b>\$0</b>	<b>\$7,777,281</b>	<b>\$3,833,908</b>	<b>\$11,611,189</b>	<b>\$0</b>	<b>\$7,857,536</b>	<b>\$5,219,349</b>	<b>\$13,076,885</b>	<b>\$0</b>	<b>\$7,860,575</b>	<b>\$5,233,236</b>	<b>\$13,093,811</b>	<b>5.02%</b>	
Percent of Annual Budget	0.00%	3.27%	1.61%	4.89%	0.00%	3.03%	2.01%	5.04%	0.00%	3.01%	2.00%	5.01%		
<b>Benefits</b>														
<i>Medicaid</i>														
Nursing Homes	\$14,782,817	\$15,164,236	\$100,682,462	\$130,629,515	\$32,626,007	\$14,899,054	\$93,040,043	\$140,565,104	\$32,849,210	\$14,899,054	\$91,622,036	\$139,370,300	53.72%	
Intergovernmental Transfer	265,182	666,915	3,172,248	4,104,345	265,182	1,848,826	5,486,081	7,600,089	265,182	2,211,982	6,137,009	8,614,173	3.11%	
Home Based Services	6,992,324	2,394,147	32,293,988	41,680,459	13,679,871	2,394,147	31,468,182	47,542,200	14,650,184	2,394,147	32,705,615	49,749,946	18.67%	
Waiver Services	5,660,173	1,837,192	23,846,685	31,344,050	9,242,782	1,837,192	21,691,320	32,771,294	9,390,254	1,837,192	21,543,848	32,771,294	12.58%	
PACE	211,939	0	743,503	955,442	0	0	0	0	0	0	0	0	0.00%	
Nurse Aide Testing	128,722	0	128,722	257,444	128,722	0	128,722	257,444	128,722	0	128,722	257,444	0.10%	
State Supplement	999,000	0	0	999,000	1,008,081	0	0	1,008,081	1,008,081	0	0	1,008,081	0.39%	
Adult Protective Services	38,128	0	0	38,128	28,128	0	0	28,128	28,128	0	0	28,128	0.01%	
Institutional - MVH	0	0	896,968	896,968	0	0	896,968	896,968	0	0	896,968	896,968	0.34%	
<b>Subtotal Benefits</b>	<b>\$29,078,285</b>	<b>\$20,062,490</b>	<b>\$161,764,576</b>	<b>\$210,905,351</b>	<b>\$56,978,773</b>	<b>\$20,979,219</b>	<b>\$152,711,316</b>	<b>\$230,669,308</b>	<b>\$58,319,761</b>	<b>\$21,342,375</b>	<b>\$153,034,198</b>	<b>\$232,696,334</b>	<b>88.92%</b>	
Percent of Annual Budget	12.24%	8.44%	68.08%	88.76%	21.96%	8.08%	58.85%	88.89%	22.30%	8.16%	58.51%	88.96%		
<b>Grants</b>														
Aging Grants	2,667,643	0	6,029,991	8,697,634	2,667,643	0	6,310,187	8,977,830	2,667,643	0	6,326,698	8,994,341	3.45%	
Percent of Annual Budget	1.12%	0.00%	2.54%	3.66%	1.03%	0.00%	2.43%	3.46%	1.02%	0.00%	2.42%	3.44%		

Medicaid services are the majority of the division request, increasing \$37.4 million over the biennium when compared to the 2010 base budget expenditures. Nursing home services and home based services are an entitlement under federal Medicaid requirements, meaning that if a person meets Medicaid eligibility criteria and the service is medically necessary, the state must pay for the service.

Skilled nursing services and related nursing home costs are the single largest Medicaid service expenditure included in the 2013 budget request under the SLTC Medicaid services program budget. The costs total \$279.9 million over the biennium and are 45.5% of the total SLTC 2013 biennial budget.

County intergovernmental transfers (IGT) are listed separately under benefits and claims. Counties that support county nursing homes transfer revenues to DPHHS that are used as state matching funds to draw down additional federal Medicaid funds supporting increased nursing home rates. The rate increases funded by the IGT are considered one time by the legislature and continue only so long as counties participate and federal regulations allow the funding mechanisms to be used. IGT increases \$8.0 million or 97.5% over the biennium when compared to the 2010 base expenditures. The increase is due to the expiration of increased federal Medicaid payments included in the federal stimulus package that supported IGT.

**LFD  
COMMENT**

IGT is limited through federal requirements. One of the federal requirements is that the IGT payments be limited to the Medicare Upper Payment Limit (UPL). In FY 2011 the amount of the UPL was increased allowing the Montana program to increase the funding generated through the IGT. This increase is projected to carry forward in the 2013 biennium.

Home based services include personal assistance, hospice, and home health. Personal assistance is the largest of the three services comprising over 82% of FY 2010 expenditures. Home based services increase due to:

- Projected growth in service utilization and the number of individuals - \$11.8 million in total funds, \$4.0 million of general fund
- Annualization of the provider rate increase to fund healthcare for healthcare workers, and funding to pay health insurance premiums for workers in the Medicaid personal assistance and private duty nursing programs - \$2.2 million in total funds, \$0.7 million of general fund

**LFD  
COMMENT**

The 2011 biennial appropriation for healthcare for health care workers was restricted to rate increases for contractors that provide services administered by SLTC and receive the majority of their income for those services from the Medicaid program. Providers accepting funding for healthcare for healthcare workers must fund health insurance that meets an established bench mark for all employees working a designated number of hours. SLTC estimates that in FY 2010 19 providers provided health insurance to 670 workers.

In addition to entitlement services, the Center for Medicare and Medicaid (CMS) has granted Montana two waivers from federal requirements to provide services to individuals to avoid institutionalization:

- Big sky bonanza waiver – provides individuals of all ages who have chronic disabilities with services to maintain independence
- Elderly and physically disabled waiver – targets recipients who have a physical disability, are 65 and older, and who meet the nursing home or hospital level of care requirements

The waivers allow SLTC to limit enrollment in services based on appropriated funding and to provide services that are not included in the standard array of allowable Medicaid services. Annualization of the cost plans for individuals served in the waiver programs adds \$2.8 million to the 2013 biennial budget proposed by the Governor. The Governor is proposing eliminating the program for All-inclusive Care for the Elderly (PACE) included as an optional service in the Medicaid Services Program. This proposal eliminates \$1.9 million in total funds over the biennium, \$0.6 million in general fund. For a further discussion of PACE, see the subprogram section of this narrative.

The increase in the state Medicaid match rate discussed in the agency summary narrative does not change total funding for the Medicaid services administered by SLTC, but it does shift funding, increasing general fund by \$5.0 million with a matching reduction in federal funds.

Other benefits do not increase above FY 2010 base expenditure levels in the 2013 biennium including:

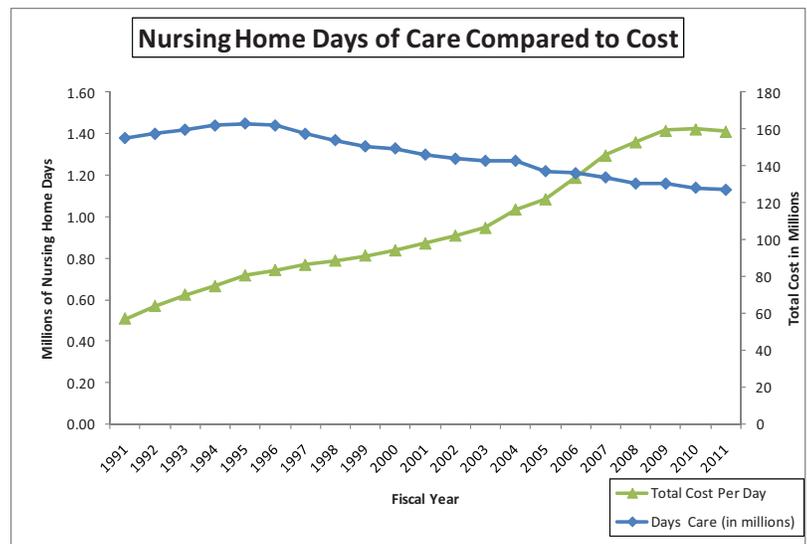
- Nurse aide testing, a program to provide funds to ensure aides meet certain qualifications to work in nursing homes
- State supplement payments from the general fund made to persons eligible for federal Supplemental Security Income (SSI) payments living in certain congregate living situations such as group homes
- Adult protective services to aid victims of elder abuse, funding such services as cleaning and temporary lodging

Grants fund community aging services such as meals on wheels, congregate meals, information and assistance, and caregiver support. The funds are distributed to the 10 AAAs, who deliver community services in their respective regions.

### 2013 Nursing Home Costs

The number of days of nursing home care reimbursed through the Medicaid program has steadily declined over the last several years, although the total cost has not. The figure shows the days of care and total Medicaid cost for nursing homes for FY 2000 through FY 2011.

From FY 2000 through FY 2008 the number of Medicaid nursing home days reimbursed through the Medicaid program has declined an average of 1.8% per year. Between FY 2006 and FY 2010 the decline slowed somewhat to an average of 1.6% per year. The decline in Medicaid funded days of care follows a general declining trend in nursing home care statewide. Movement of individuals out of nursing homes into community waiver services has also contributed to overall declines in Medicaid funded skilled nursing care.



As shown in the figure, the total cost of nursing home care has continued to rise in spite of the reduction in days of care. The total cost rose an average of 5.2% between FY 2000 and FY 2011. The cost of care has risen for a number of reasons, including that nursing home facilities:

- Care for more medically complex and fragile patients
- Have been required to implement processes and procedures to meet federal Medicare and Medicaid regulations
- Compete with other medical providers for nursing staff
- Must sometimes hire “traveling” staff at significantly higher costs

The Medicaid rate for nursing home care has steadily increased in recognition of the medical complexity of patients and the rising cost of providing services.

The executive 2013 biennium budget bases Medicaid nursing home costs on a projected number of bed days of 1.069 million in FY 2012, a decline of 1.42% when compared to the FY 2010 base. In FY 2013 costs are projected on 1.0596 million bed days, a decline of 0.8% when compared to FY 2012. The LFD estimates total nursing home bed days as part of the general fund estimates. LFD estimates of declines in total nursing home bed days (both Medicaid and private pay) for the same period are 2.38% in FY 2012 and 2.44% in FY 2013. Differences between the two estimates could be impacted by differences in the occupancy rates between Medicaid and private pay patients.

Senior and Long-term Care Division Nursing Home Bed Days Decline Total Bed Days as Compared to Medicaid					
Fiscal Year	LFD Total		Medicaid		Medicaid as a % of Total Bed Days
	Bed Days (in Millions)	Annual % Change	Bed Days (in Millions)	Annual % Change	
2000	2.113805		1.33		62.92%
2001	2.083501	-1.43%	1.30	-2.26%	62.39%
2002	2.072696	-0.52%	1.28	-1.54%	61.76%
2003	2.052202	-0.99%	1.27	-0.78%	61.88%
2004	2.043377	-0.43%	1.27	0.00%	62.15%
2005	1.979893	-3.11%	1.22	-3.94%	61.62%
2006	1.922617	-2.89%	1.21	-0.82%	62.94%
2007	1.844016	-4.09%	1.19	-1.65%	64.53%
2008	1.803945	-2.17%	1.16	-2.52%	64.30%
2009	1.841026	2.06%	1.14	-1.72%	61.92%
2010	1.794380	-2.53%	1.10	-3.51%	61.30%
2011	1.706900	-4.88%	1.09	-1.20%	63.67%
2012	1.666300	-2.38%	1.07	-1.64%	64.15%
2013	1.625700	-2.44%	1.06	-0.88%	65.18%

Nursing home occupancy rates have hovered in the 72 to 73% range over the last several years. Historically, Medicaid paid occupancy has averaged around 60% of total nursing home occupancy. The figure shows the total nursing home beds compared to Medicaid nursing home beds for FY 2000 through the FY 2013 budget proposals.

As shown, as a percentage of total nursing home bed days, Medicaid bed days have ranged between 61.3% to 65.2%. For the 2013 biennium, the executive estimate of Medicaid bed days are 64.15% and 65.18% of total estimated bed days, a higher percentage than in FY 2009 or FY 2010.

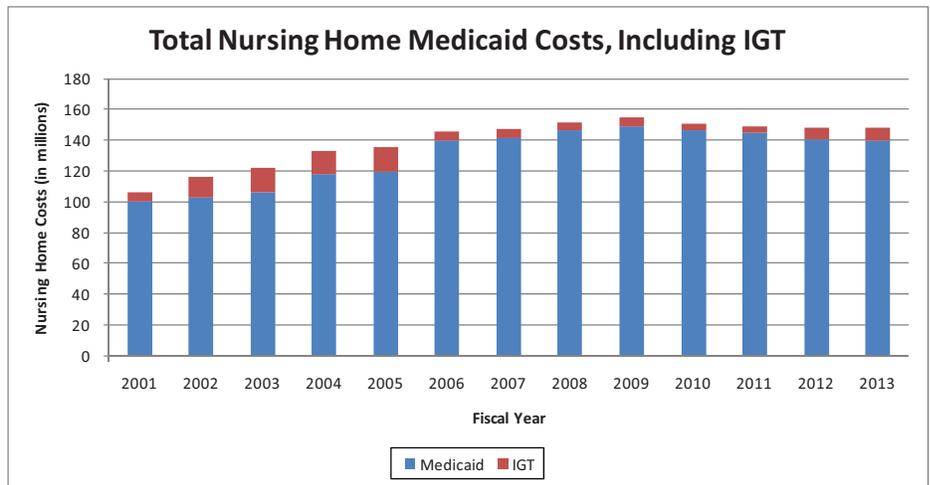
The figure below shows the total Medicaid costs for nursing home care from FY 2001 through the 2013 biennium budget request. FY 2008 and FY 2009 increased more rapidly due to a provider rate increase of 2.5% annually and a rate increase targeted to raise direct care

worker wages up to \$8.50 an hour (including benefits).

The Medicaid rate for nursing home services has two major components: 1) the state/federal share, and 2) the patient contribution. The state/federal share was 80.9% of the total rate in FY 2010 and is funded by federal Medicaid funds and state matching funds. The patient contribution includes:

- Social Security
- Other retirement fund payments
- Personal assets

The patient contribution is paid directly to the nursing home and covers a portion of the cost. Until FY 2010, the state/federal portion of the total rate had risen much faster than the average daily patient contribution. In FY 2010 the state/federal share as a percentage of the total rate declined by 1.8%.



*Budgetary risks for Senior and Long-term Care Division*

As discussed in the agency narrative, the major budgetary risk associated with the Medicaid estimates included in the SLTC budget is that the caseload adjustments may be under or over stated. The figure on the next page shows the expenditure totals for the major program components making up the caseload adjustments for the SLTC division over the last 10 years, including FY 2002 and FY 2003, and the projected costs for FY 2011 through FY 2013. FY 2002 and FY 2003 are significant as the state experienced its last recession during this period. Figures included for FY 2011 through FY 2013 are the executive’s estimates for the amount of total funding needed for the various Medicaid programs budgeted in SLTC.

Senior and Long-term Care Division Medicaid Caseload Expenditures													
Components	Fiscal Year										Estimated Expenditures		
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
% Increase		10.1%	1.8%	7.9%	2.2%	8.9%	1.8%	5.6%	5.2%	0.9%	0.2%	-1.2%	0.9%
Total Caseload	\$147,182,903	\$162,057,378	\$165,049,816	\$178,006,488	\$182,011,219	\$198,258,441	\$201,830,156	\$213,139,034	\$224,135,986	\$226,243,566	\$226,617,610	\$223,892,616	\$225,919,642
% Increase		2.5%	3.9%	11.2%	0.8%	16.9%	1.5%	3.5%	1.6%	-1.2%	-1.2%	-3.1%	-0.9%
Nursing Homes and Swing Beds	99,942,870	102,408,191	106,396,194	118,320,012	119,300,213	139,408,971	141,435,817	146,397,755	148,682,026	146,879,570	145,072,951	140,565,105	139,370,301
% Increase		126.9%	15.7%	-4.7%	6.5%	-59.4%	-4.7%	-12.2%	15.2%	-34.4%	-10.5%	107.0%	13.3%
Nursing Home IGT	6,002,081	13,618,158	15,757,761	15,024,056	16,002,187	6,490,490	6,185,563	5,428,136	6,255,429	4,104,346	3,671,830	7,600,089	8,614,173
% Increase		18.1%	-10.7%	3.1%	5.9%	14.0%	-2.6%	10.7%	17.2%	3.2%	3.3%	3.1%	5.0%
Personal Care	20,275,438	23,938,836	21,369,837	22,031,716	23,336,130	26,607,827	25,908,857	28,668,374	33,597,352	34,658,984	35,789,701	36,886,796	38,731,136
% Increase		6.4%	-2.7%	4.0%	4.7%	8.3%	7.3%	17.3%	8.3%	12.0%	2.0%	-10.8%	0.0%
HCBS Waiver	19,316,125	20,557,441	20,004,955	20,809,328	21,778,132	23,589,537	25,309,187	29,687,859	32,161,131	36,012,980	36,740,666	32,771,294	32,771,294
% Increase		-15.5%	43.9%	39.1%	-15.3%	63.1%	47.9%	-0.6%	18.0%	38.7%	20.2%	15.7%	6.8%
Hospice	688,018	581,043	836,206	1,163,072	985,597	1,607,426	2,376,791	2,361,590	2,787,787	3,867,961	4,651,223	5,383,790	5,747,196

Caseload increases for Medicaid entitlements are based on the number of individuals eligible for the services, the number of individuals anticipated to access the services, and the number and cost of Medicaid services provided throughout the period. Increases for the waiver programs in SLTC are based on legislative appropriation.

As stated earlier, nursing home facilities are 45.5% of the total projected 2013 biennium totals. As shown in the figure on the previous page, the executive assumes that these costs will decline:

- 1.2% in FY 2011
- 3.1% in FY 2012
- 0.9% in FY 2013

The average decline between FY 2006 and FY 2010 was 1.6% a year. While the average decline between FY 2011 and FY 2013 is 1.7%, slightly higher than the average for the previous 4 years, the executive assumes the majority of the reduction will occur in FY 2012, with a leveling off in FY 2013. The agency has based nursing home facility general Medicaid assumptions as discussed in the agency.

Historically, one component of the overall nursing home caseload declines is the increasing use of community based services to offset the need for institutionalization in a nursing home facility. As shown in the figure on the previous page, the executive has not requested funding for additional slots in the Home and Community Based Services Program (HCBS), one of the main programs used to provide services to individuals as an alternative to nursing home placement or hospitalization. As stated above, caseloads for waiver services are based on legislative appropriation. The 2009 Legislature funded 80 additional waiver slots in the 2011 biennium using one-time-only funding from the federal stimulus package. The reduction of 10.8% in the costs for HCBS shown in the figure is due to the elimination of the one-time-only funding in the current biennium, resulting in fewer slots for the 2013 biennium than in the 2011 biennium and a corresponding limit to the number of individuals that could transfer from the nursing home into the waiver programs. Further discussion of waiver services, current waiting lists for services, and impacts of proposals in the 5% reduction plan are included in the subprogram narrative.

Personal care services, including hospice and home health, are Medicaid entitlement services that are also used to offset the need for institutional placement. Based on the general Medicaid assumptions included in the agency narrative, the executive assumes that the caseload costs for these services will increase:

- 3.3% in FY 2011
- 3.1% in FY 2012
- 5.0% in FY 2013

With the significant 3.1% reduction budgeted in nursing home costs in FY 2012 and no offsetting large increases included for community based services, it is unclear how the executive intends to manage these caseloads. The legislature may want to better understand how the department will manage the projected caseloads to the recommended level. Note that it is estimated that a 1% increase in nursing home caseload would result in the need for an additional \$1.5 million in funding, including approximately \$0.5 million more in general fund.

### **Funding**

The following table shows program funding, by source, for the base year and for the 2013 biennium as recommended by the Governor.

Program Funding Table Senior & Long-Term Care						
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	\$ 34,998,185	14.7%	\$ 63,309,257	24.4%	\$ 64,650,746	24.7%
01100 General Fund	34,998,185	14.7%	63,309,257	24.4%	64,650,746	24.7%
02000 Total State Special Funds	28,230,568	11.9%	29,437,405	11.3%	29,806,007	11.4%
02023 Private Ins. Medicaid Reim-Ve	4,725,842	2.0%	4,698,147	1.8%	4,726,788	1.8%
02032 Vets-I&I Lease	10,913	0.0%	10,913	0.0%	10,913	0.0%
02053 Medicaid Nursing Home Match	1,496,882	0.6%	2,413,611	0.9%	2,776,767	1.1%
02260 Cigarette Tax Revenue	3,100,613	1.3%	3,421,302	1.3%	3,395,582	1.3%
02497 6901-Lien & Estate - Sltd	650,569	0.3%	647,683	0.2%	650,208	0.2%
02772 Tobacco Hlth & Medied Initiative	7,731,664	3.3%	7,731,664	3.0%	7,731,664	3.0%
02987 Tobacco Interest	831,850	0.4%	831,850	0.3%	831,850	0.3%
02990 69010-Nursing Home Utilization	9,682,235	4.1%	9,682,235	3.7%	9,682,235	3.7%
03000 Total Federal Special Funds	174,375,720	73.4%	166,759,542	64.3%	167,112,960	63.9%
03005 Emvh V-A Nursing Reimbursement	1,415,071	0.6%	2,369,598	0.9%	2,369,952	0.9%
03073 Aging - Farmers Market	101,920	0.0%	101,920	0.0%	101,920	0.0%
03112 Vets-V.A. Reimb	2,318,021	1.0%	2,748,935	1.1%	2,762,468	1.1%
03285 Ncoa-Benefits Enrollment Cntrs	49,723	0.0%	(277)	0.0%	(277)	0.0%
03501 64.014 - Vets St. Domic Care I	100,816	0.0%	100,816	0.0%	100,816	0.0%
03514 10.570 - Elderly Feeding 100%	801,884	0.3%	860,146	0.3%	863,059	0.3%
03515 93.041 - Elder Abuse Prev 100%	25,028	0.0%	25,028	0.0%	25,028	0.0%
03516 93.042 - Ombudsman Activity 10	73,466	0.0%	75,941	0.0%	76,066	0.0%
03517 93.043 - Preventive Hlth 100%	104,078	0.0%	105,130	0.0%	105,183	0.0%
03518 93.044 - Aging Sup S & Train 1	1,837,190	0.8%	1,840,980	0.7%	1,840,568	0.7%
03519 93.045 - Aging Meals 100%	2,833,530	1.2%	3,108,657	1.2%	3,121,249	1.2%
03537 93.779 - Hlth Info Counseling	216,914	0.1%	228,238	0.1%	228,710	0.1%
03579 93.667 - SsbG - Benefits	303,184	0.1%	302,660	0.1%	303,118	0.1%
03580 6901-93.778 - Med Adm 50%	1,828,124	0.8%	1,576,682	0.6%	1,577,167	0.6%
03583 93.778 - Med Ben Fmap	161,635,854	68.0%	152,582,594	58.8%	152,905,476	58.5%
03666 Aging - Caregiver Iii-E	730,917	0.3%	732,494	0.3%	732,457	0.3%
Grand Total	<u>\$ 237,604,473</u>	<u>100.0%</u>	<u>\$ 259,506,204</u>	<u>100.0%</u>	<u>\$ 261,569,713</u>	<u>100.0%</u>

As shown, SLTC is funded by general fund and a number of state and federal special revenues. General fund increases from 14.7% of the total funding to about 24.5% over the 2013 biennium due to:

- Elimination of increased federal funding support for the Medicaid program provided in the economic stimulus package
- Increases to the state match rate needed to draw down federal Medicaid funds
- Growth in Medicaid costs

State special revenues decrease slightly as a percentage of total funding from the FY 2010 base funding level, but remain relatively constant in total. Most state revenue sources are used as a match for Medicaid services. Nursing home utilization fee revenue is the most significant source of state match, providing 3.7% of the 2013 biennium funding request. Some of the fee revenue is deposited into the general fund, but the majority of the fee is deposited into the state special revenue account appropriated to the SLTC division.

<b>LFD ISSUE</b>	<u>Nursing Facility Fee Account Over Budgeted by \$2.0 Million</u>
	<p>Qualified nursing facilities are required to pay a nursing facility utilization fee of \$8.30 for each bed day in the facility. Nursing facilities are licensed by DPHHS and include those operated for profit or non-profit, freestanding or part of another health facility, and publicly or privately owned. The funds are distributed:</p> <ul style="list-style-type: none"> <li>○ \$5.50 per bed day to the nursing facility fee account to increase the average price paid for Medicaid nursing home services</li> <li>○ \$2.80 per bed day to the general fund</li> </ul>

**LFD  
ISSUE CONT.**

The fees offset the amount of general fund needed to support Medicaid nursing home costs. The figure below shows the fund balance, estimated revenues adopted by the Revenue and Transportation Interim Committee (RTIC), and expenditures as proposed in the Governor’s budget for FY 2011 through FY 2013 and actual revenues and expenditures for FY 2010.

Senior and Long-term Care Division Medicaid Nursing Home Match				
Fund Balance	Actual	Appropriated	Executive Request	
Deposits/Expenditures	FY 2010	FY 2011	FY 2012	FY 2013
Beginning Fund Balance	\$0	\$219,394	(\$422,387)	(\$1,096,622)
Revenue/Transfers In*				
Reimbursements	9,902,647	9,233,000	9,008,000	8,786,000
Expenditures/Transfers Out				
Medicaid Ben Nursing Homes	9,682,235	9,874,781	9,682,235	9,682,235
Adjustment	(1,018)	0	0	0
Ending Fund Balance	\$219,394	(\$422,387)	(\$1,096,622)	(\$1,992,857)

\* Revenues as adopted by the Revenue and Transportation Interim Committee, 11/19/10

As shown in the figure the nursing facility fee account is over appropriated in the executive budget by \$2.0 million over the 2013 biennium. The over appropriation is due to appropriations exceeding revenues in FY 2011, FY 2012, and FY 2013.

Generally expenditures from a state special revenue account cannot exceed revenue. As part of the budgeting process, OBPP requires agencies to comment on any funds that appear to be over appropriated in FY 2011. The process used by OBPP did not identify

the nursing facility fee account as an account for review because OBPP estimates for nursing home utilization fees are substantially higher than those adopted by the RTIC on November 19, 2010.

The budgetary risk for the legislature associated with this account is that, due to the Medicaid nursing home services being an entitlement, to offset decreased revenues in this state special revenue account the agency would need to either use additional general fund of the \$2.0 million between FY 2011 and FY 2013 or reduce costs in other areas to generate additional general fund for support. To address the shortfalls, program spending in all three fiscal years must be addressed.

Options:

- Request that the Senior and Long-term Care Division present a plan to address spending reductions or the use of other funds in FY 2011, FY 2012, and FY 2013 that will offset \$2.0 million in over budgeting of the nursing home fee account. The plan could then be adopted by the subcommittee to ensure revenues match expenditures for the 2013 biennium
- Reduce appropriations for the SLTC division and allow the division to allocate the reductions as needed

Other significant sources of state Medicaid matching funds include:

- Health and Medicaid initiative tobacco tax revenue, about 3% of total SLTC funding
- County intergovernmental transfer revenues (used as Medicaid nursing home state match), increasing to about 1% of total funding due to the expiration of the enhanced federal participation in the Medicaid program

Additional information on the health and Medicaid initiative state special revenue account is discussed in the agency overview as it supports Medicaid and health initiatives throughout the agency as well as health insurance in the Insure Montana Program administered by the State Auditor’s Office.

County intergovernmental transfer revenues (IGT) are used as state match to draw down additional federal funds to augment payments to nursing homes for Medicaid eligible services. The revenue source has been declining due to:

- Federal regulations limiting the use of Medicaid payments received from IGT
- A reduction in the number of Montana counties participating in the program

Montana has one of the few federally approved intergovernmental transfer programs in the western region. Rate

increases to nursing homes are considered one time and not continuing.

Lien and estate funds are reimbursements from the estates of persons who receive Medicaid services (53-6-143, MCA). The funds are collected by the Quality Assurance Division (QAD) as part of its review and work to reduce costs to the Medicaid system. Funding from lien and estate funds is used to offset QAD costs, support adult protective services, and provide a small portion of nursing home state Medicaid matching funds.

Cigarette tax revenue, veterans' interest and income, private insurance, Medicare, and Medicaid reimbursement for services support the Montana veterans' homes. These funding sources are 3.1% of total division funding in the 2013 biennial budget and are not used as state matching funds for the Medicaid program.

#### *Cigarette Tax Revenue*

The figure below shows the estimated fund balance in the cigarette state special revenue account allocated as support to veterans' services and the projected transfer to the general fund. Approximately 8.3% of cigarette taxes collected are deposited into this state special revenue account. Statute requires that amounts in excess of \$2.0 million in the veterans' portion of the cigarette tax fund be transferred to the state's general fund at the end of the fiscal year.

Senior and Long-term Care Division Veterans' Services Cigarette Tax Fund Balance				
Fund Balance	Actual	Appropriated	Executive Request	
Deposits/Expenditures	FY 2010	FY 2011	FY 2012	FY 2013
Beginning Fund Balance*	\$2,262,977	\$1,638,207	\$1,115,288	\$2,000,000
Revenue/Transfers In**				
Cigarette Tax	6,055,087	6,083,000	5,974,506	5,785,017
Other Deposits	6,055,087	6,083,000	5,974,506	5,785,017
Expenditures/Transfers Out				
<u>Veterans' Homes Operations</u>				
Montana Veterans' Home	2,793,334	2,966,365	3,087,244	3,062,149
Eastern Montana Veterans' Home	301,580	298,220	273,482	272,975
<u>Long-range Building</u>				
Montana Veterans' Home	1,131,617	-	-	-
<u>DPHHS Administrative Costs</u>				
DPHHS Cost Allocated Admin	268,972	387,749	312,008	361,929
SLTC Division Admin Cost	60,205	95,931	60,576	60,458
Pay Plan and Retirement Costs	-	-	-	-
Subtotal Expenditures	4,555,708	3,748,265	3,733,310	3,757,511
Annual Rate of Increase				
Other				
Long Range Building Appropriations	(533,920)	(522,920)	(522,920)	(522,920)
Transfer to the General Fund	(1,590,230)	(2,334,735)	(833,564)	(1,504,587)
Subtotal Other	(2,124,149)	(2,857,655)	(1,356,484)	(2,027,507)
Ending Fund Balance	<u>\$1,638,207</u>	<u>\$1,115,288</u>	<u>\$2,000,000</u>	<u>\$2,000,000</u>
* Statute requires that unexpended cash balances in excess of \$2.0 million be deposited into the state's general fund.				
** Revenue based on revenue estimates adopted by the Revenue and Transportation Interim Committee adopted November 19, 2010.				

It should be noted that cigarette taxes are a declining revenue source. LFD estimates that sales will decline by 3.2% in the 2013 biennium due to continued awareness of the health risks associated with smoking. Services supported by the cigarette tax include:

- Operational costs of the two Montana veterans' homes

- Long-range building projects for the veterans’ homes
- Indirect costs of DPHHS

While long-range building projects for the veterans’ homes are not proposed by the executive for the 2013 biennium, several ongoing projects remain open. The funds appropriated for these projects are shown under other in the figure on the previous page and represent uses of the state special revenue funds that affect the cash available for transfer to the general fund. If the projects are completed in the next biennium at a lower cost, additional funds will be available to either support veterans’ home operations or transfer into the general fund. Transfers to the general fund decline significantly in FY 2012 due to:

- A beginning fund balance below \$2.0 million in FY 2012
- Projected revenue declines for cigarette taxes
- Increased operational costs at the Montana Veterans’ Home in Columbia Falls
- Increased administrative costs for DPHHS

Amounts paid for indirect costs, DPHHS centralized services, and some statewide centralized services continue to rise as a cost to the cigarette tax, from \$269,000 in FY 2010 to an estimated \$349,500 in FY 2013. Indirect costs as a portion of state special revenue funds are increasing throughout the agency and are discussed further in the agency narrative.

In addition to 8.3% in cigarette taxes allocated to support veterans’ services, the 2009 Legislature passed HB 213, which temporarily established a 1.2% distribution to a separate account for the 2011 biennium to fund a state veterans’ home in southwestern Montana. This allocation is not included in the figure on the previous page.

Federal funds decrease significantly as a percentage of total funding between the FY 2010 base budget and the 2013 biennium budget, from 73% to about 64%, respectively. The majority of the reduction is due to the elimination of increased federal support for Medicaid services provided in the federal stimulus package. This reduction reduces Medicaid benefits provided through the federal medical assistance percentage (FMAP) calculation from 68% of the total division funding in FY 2010 to about 58.5% over the 2013 biennium.

**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	34,998,185	34,998,185	69,996,370	54.70%	237,604,473	237,604,473	475,208,946	91.20%
Statewide PL Adjustments	22,743,139	22,740,519	45,483,658	35.55%	109,883	119,924	229,807	0.04%
Other PL Adjustments	5,975,033	7,319,142	13,294,175	10.39%	22,834,160	24,887,173	47,721,333	9.16%
New Proposals	(407,100)	(407,100)	(814,200)	(0.64%)	(1,042,312)	(1,041,857)	(2,084,169)	(0.40%)
<b>Total Budget</b>	<b>\$63,309,257</b>	<b>\$64,650,746</b>	<b>\$127,960,003</b>		<b>\$259,506,204</b>	<b>\$261,569,713</b>	<b>\$521,075,917</b>	

An adjustment was made to the federal funding for this division to reflect the end of the increased federal FMAP provided through the federal stimulus package in the 2011 biennium. The 2009 Legislature had anticipated and sanctioned this funding switch in HB 645, which implemented the federal stimulus in Montana. Federal funds totaling \$22.2 million in the FY 2010 base expenditures have been replaced with general fund each year of the 2013 biennium in the proposed executive budget. For additional detail see the agency overview section of this narrative. Other present law adjustments and new proposals are discussed in detail in the subprogram narratives that follow.

**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					600,003					597,716
Vacancy Savings					(456,424)					(456,338)
Inflation/Deflation					(33,404)					(21,531)
Fixed Costs					(292)					77
<b>Total Statewide Present Law Adjustments</b>		<b>\$22,743,139</b>	<b>(\$375,655)</b>	<b>(\$22,257,601)</b>	<b>\$109,883</b>		<b>\$22,740,519</b>	<b>(\$375,955)</b>	<b>(\$22,244,640)</b>	<b>\$119,924</b>
DP 22101 - Med Ben - Nurse Home Caseld	0.00	1,575,221	0	8,360,368	9,935,589	0.00	1,155,352	0	7,585,433	8,740,785
DP 22102 - Nur Home FMAP Adj	0.00	1,641,322	0	(1,641,322)	0	0.00	2,284,394	0	(2,284,394)	0
DP 22104 - Med Ben - Home Based Caseload	0.00	1,616,076	0	3,163,799	4,779,875	0.00	2,393,959	0	4,593,662	6,987,621
DP 22105 - Home Based FMAP Adj	0.00	426,988	0	(426,988)	0	0.00	598,106	0	(598,106)	0
DP 22107 - HCHCW Funding Annualization	0.00	365,779	0	716,087	1,081,866	0.00	370,647	0	711,219	1,081,866
DP 22108 - HCHCW FMAP Adj	0.00	41,032	0	(41,032)	0	0.00	57,476	0	(57,476)	0
DP 22109 - Med Ben - Waiver Annualization	0.00	482,551	0	944,693	1,427,244	0.00	488,974	0	938,270	1,427,244
DP 22110 - Waiver FMAP Adj	0.00	(203,853)	0	203,853	0	0.00	(62,804)	0	62,804	0
DP 22112 - Nursing Facility IGT Spending Authority	0.00	0	1,181,911	2,313,833	3,495,744	0.00	0	1,545,067	2,964,761	4,509,828
DP 22113 - MVH Restore OT/Holidays Worked	0.00	0	508,300	0	508,300	0.00	0	508,300	0	508,300
DP 22114 - MVH - Medical & Pharmacy Inflation	0.00	0	336,312	0	336,312	0.00	0	342,058	0	342,058
DP 22115 - Increase Fed Authority for VA Per Diem MVH	0.00	0	(444,031)	444,031	0	0.00	0	(444,031)	444,031	0
DP 22116 - Increase Fed Authority for VA Per Diem EMVH	0.00	0	0	954,881	954,881	0.00	0	0	954,881	954,881
DP 22117 - Aging Grant Funding	0.00	0	0	280,196	280,196	0.00	0	0	296,707	296,707
DP 22118 - State Supplement Growth	0.00	9,081	0	0	9,081	0.00	9,081	0	0	9,081
DP 22119 - Motor Pool Car Request	0.00	27,668	0	1,003	28,671	0.00	27,668	0	1,003	28,671
DP 22120 - Non DofA rent adjustment	0.00	27,150	0	3,233	30,383	0.00	30,271	0	3,842	34,113
DP 55140 - 17-7-140 Reductions- SLTC Operations Efficiencies	0.00	(33,982)	0	0	(33,982)	0.00	(33,982)	0	0	(33,982)
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$5,975,033</b>	<b>\$1,582,492</b>	<b>\$15,276,635</b>	<b>\$22,834,160</b>	<b>0.00</b>	<b>\$7,319,142</b>	<b>\$1,951,394</b>	<b>\$15,616,637</b>	<b>\$24,887,173</b>
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$28,718,172</b>	<b>\$1,206,837</b>	<b>(\$6,980,966)</b>	<b>\$22,944,043</b>	<b>0.00</b>	<b>\$30,059,661</b>	<b>\$1,575,439</b>	<b>(\$6,628,003)</b>	<b>\$25,007,097</b>

**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 - None**
- o **Program Specific Obstacles -** For all agency programs, decreased numbers of staff and increased stress and burnout for employees has resulted in fewer internal referrals, decreased satisfaction with work/life balance, lack

of available time and resources to train and develop current staff and new recruits, and fear and uncertainty with government job stability. In combination, these factors have led to a shortage of high-level skilled workers seeking public service work with this agency. It continues to be difficult to recruit applicants with specialized skills due to the competitive labor market for certain nursing positions in the Montana Veterans' Home. The funding limitations on pay adjustments coupled with strict compliance with collective bargaining agreements restricts the division's discretion for adjusting pay rates to address these challenges.

- o **Vacancy** - Occupations with historically high turnover rates in SLTC include Community Social Workers, Licensed Practical Nurses, and Registered Nurses. Ongoing vacancies have increased overtime and employee workload and stress. Supervisors are carrying increasingly heavy workloads across all agency programs to cope with staff vacancies and as new employees are trained to be fully productive in their positions.
- o **Legislatively Applied Vacancy Savings** - Each agency division was given a target for personal services budget reductions. In general, vacancies were held open until the 7% savings was accomplished. However, the agency managed the vacancy savings based on ongoing assessment of what positions constituted the most critical need and allocating resources using an agency-wide strategy. Some critical positions were filled quickly while others were held open longer. Each request to fill was reviewed, evaluated, and either held open or approved to be filled by the program administrator. After approval by the administrator, each request to fill was also thoroughly scrutinized and considered for final approval by the agency director.
- o **Pay/Position Changes** - None
- o **Retirements** - Out of 255 total employees in SLTC, 134 or 52.5% are eligible for retirement. The division estimates 41 employees will retire in the 2011 and 2013 biennia (including actual retirements in FY 2010) at a total cost of \$168,245. Planning for these vacancies is ongoing but doesn't contemplate double filling positions at this time due to budget restrictions.

**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	-----Fiscal 2012-----					-----Fiscal 2013-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
DP 55422 - 4% Personal Svs GF Bud Reduction	22	(1.00)	(92,641)	0	5,771	(86,870)	(1.00)	(92,641)	0	6,226	(86,415)
DP 55423 - PACE Elimination	22	0.00	(314,459)	0	(640,983)	(955,442)	0.00	(314,459)	0	(640,983)	(955,442)
<b>Total</b>	<b>(1.00)</b>	<b>(\$407,100)</b>	<b>\$0</b>	<b>(\$635,212)</b>	<b>(\$1,042,312)</b>	<b>(1.00)</b>	<b>(\$407,100)</b>	<b>\$0</b>	<b>(\$634,757)</b>	<b>(\$1,041,857)</b>	

**Language and Statutory Authority**

The executive recommends the following language for the division:

"County Nursing Home Intergovernmental Transfer (IGT) may be used as one-time only payments to nursing homes based on the number of Medicaid services provided. State special revenue in County Nursing Home IGT may be expended only after the Office of Budget and Program Planning has certified that the department has collected from these participating counties the amount necessary to make one-time only payments to nursing homes and to fund the base budget in the nursing facility program and the community services program at the level of \$829,969."

**Sub-Program Details**  
**MEDICAID SERVICES 01****Sub-Program Proposed Budget**

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

Sub-Program Proposed Budget								
Budget Item	Base Budget Fiscal 2010	PL Base Adjustment Fiscal 2012	New Proposals Fiscal 2012	Total Exec. Budget Fiscal 2012	PL Base Adjustment Fiscal 2013	New Proposals Fiscal 2013	Total Exec. Budget Fiscal 2013	Total Exec. Budget Fiscal 12-13
FTE	17.59	0.00	0.00	17.59	0.00	0.00	17.59	17.59
Personal Services	1,031,329	25,690	0	1,057,019	24,914	0	1,056,243	2,113,262
Operating Expenses	1,396,533	(9,414)	(3,500)	1,383,619	(9,401)	(3,500)	1,383,632	2,767,251
Benefits & Claims	209,868,223	20,720,318	(955,442)	229,633,099	22,747,344	(955,442)	231,660,125	461,293,224
<b>Total Costs</b>	<b>\$212,296,085</b>	<b>\$20,736,594</b>	<b>(\$958,942)</b>	<b>\$232,073,737</b>	<b>\$22,762,857</b>	<b>(\$958,942)</b>	<b>\$234,100,000</b>	<b>\$466,173,737</b>
General Fund	28,985,483	28,489,179	(317,959)	57,156,703	29,829,786	(317,959)	58,497,310	115,654,013
State/Other Special	20,062,490	916,729	0	20,979,219	1,279,885	0	21,342,375	42,321,594
Federal Special	163,248,112	(8,669,314)	(640,983)	153,937,815	(8,346,814)	(640,983)	154,260,315	308,198,130
<b>Total Funds</b>	<b>\$212,296,085</b>	<b>\$20,736,594</b>	<b>(\$958,942)</b>	<b>\$232,073,737</b>	<b>\$22,762,857</b>	<b>(\$958,942)</b>	<b>\$234,100,000</b>	<b>\$466,173,737</b>

**Sub-Program Description**

Medicaid Services Program includes nursing home services, intergovernmental transfers, personal assistance, hospice, home health, and home and community-based waiver programs.

*Nursing Facilities*

There are 81 licensed nursing facilities in the state that participate in the Medicaid program (excluding state run facilities) with a total of about 6,614 beds. At any given time about 72% of the available nursing facility beds in the state are occupied. Nursing facilities are located in 43 of Montana's 56 counties, and range in size from 22 to 278 beds. Medicaid pays for about 63% of all nursing facility days of care in the state, while private payers make up 30% and Medicare/Other the remaining 7%. In FY 2010 approximately 1.14 million Medicaid funded days of nursing home care were delivered to 4,875 people.

*Personal Assistance*

Medicaid Personal Assistance Services consists of medically necessary in-home services provided to Medicaid recipients whose health problems cause them to be functionally limited in performing activities of daily living. In FY 2010 more than 3,200 people received personal assistance at a total cost of \$40.6 million. Other Medicaid programs budgeted with personal assistance include hospice and home health.

*Home and Community Based Services (HCBS)*

Home and community based services are individually prescribed and arranged according to the needs of the recipient. An individual service plan is developed by a case management team in conjunction with the recipient. The service plan must meet the needs of the recipient and be cost effective. To be eligible for the HCBS program an individual must be elderly or disabled, Medicaid eligible, and require nursing facility or hospital level of care. In FY 2010, 2,457 people received HCBS services at a total cost of about \$36.0 million dollars. SLTC contracts with 20 agencies to provide case management services. Case management teams are headquartered in Missoula (3), Billings, Great Falls (3), Helena (2), Bozeman, Sidney, Miles City, Kalispell (2), Butte (2), Lewistown, Roundup, Polson and Havre.

**Subprogram Narrative**

The Medicaid Services Program comprises the majority of the SLTC budget with 89.5% (\$466.6 million) of the 2013 biennial budget. The figure on the following page lists each Medicaid service, the FY 2010 base budget, each change proposed by the executive by fiscal year for the 2013 biennium, and the total amount requested for each Medicaid service administered by SLTC.

Senior and Long-term Care Division									
2013 Biennium Medicaid Services Appropriation by Function and Component									
Medicaid Services	FY 2012				FY 2013				% of 2013 Biennial Total
	General Fund	State Special	Federal Special	Total	General Fund	State Special	Federal Special	Total	
<i>Nursing Home Services</i>									
Base	\$16,218,046	\$15,831,151	\$104,128,424	\$136,177,621	\$16,218,046	\$15,831,151	\$104,128,424	\$136,177,621	58.37%
Statewide Present Law Adjustments	14,632,363	(265,182)	(14,356,383)	10,798	14,632,192	(265,182)	(14,356,555)	10,455	0.00%
DP 22112 Nursing Facility IGT Spending Authority	0	1,181,911	2,313,833	3,495,744	0	1,545,067	2,964,761	4,509,828	1.72%
DP 22101 Med Ben Nursing Home Caseload	1,575,221	0	8,360,368	9,935,589	1,155,352	0	7,585,433	8,740,785	4.00%
DP 22102 Nursing Home FMAP Adju	1,641,322	0	(1,641,322)	0	2,284,394	0	(2,284,394)	0	0.00%
DP 22114 - MVH Medical & Pharmacy Inflation	0	212,250	0	212,250	0	212,250	0	212,250	0.09%
Total Nursing Home Appropriation Requests	<u>\$34,066,952</u>	<u>\$16,960,130</u>	<u>\$98,804,920</u>	<u>\$149,832,002</u>	<u>\$34,289,984</u>	<u>\$17,323,286</u>	<u>\$98,037,669</u>	<u>\$149,650,939</u>	64.18%
% Increase over Base Budget	110.06%	7.13%	-5.11%	10.03%	111.43%	9.43%	-5.85%	9.89%	
<i>Home Based Services - Entitlement</i>									
Base	\$6,992,324	\$2,394,147	\$32,293,988	\$41,680,459	\$6,992,324	\$2,394,147	\$32,293,988	\$41,680,459	17.87%
Statewide Present Law Adjustments	4,237,672	0	(4,237,672)	0	4,237,672	0	(4,237,672)	0	0.00%
DP 22104 Med Ben Home Based Caseload	1,616,076	0	3,163,799	4,779,875	2,393,959	0	4,593,662	6,987,621	2.52%
DP 22105 Home Based FMAP Adjustment	426,988	0	(426,988)	0	598,106	0	(598,106)	0	0.00%
DP 22107 HCHCW Funding Annualization	365,779	0	716,087	1,081,866	370,647	0	711,219	1,081,866	0.46%
DP 22108 HCHCW FMAP FMAP Adjustment	41,032	0	(41,032)	0	57,476	0	(57,476)	0	0.00%
Total Home Based Services Appropriation Requests	<u>\$13,679,871</u>	<u>\$2,394,147</u>	<u>\$31,468,182</u>	<u>\$47,542,200</u>	<u>\$14,650,184</u>	<u>\$2,394,147</u>	<u>\$32,705,615</u>	<u>\$49,749,946</u>	20.85%
% Increase over Base Budget	95.64%	0.00%	-2.56%	14.06%	109.52%	0.00%	1.27%	19.36%	
<i>Community Services Waiver - Nonentitlement</i>									
Base	\$ 6,672,081	\$ 1,837,192	\$ 25,928,732	\$ 34,438,005	\$ 6,672,081	\$ 1,837,192	\$ 25,928,732	\$ 34,438,005	14.76%
Statewide Present Law Adjustments	3,682,888	0	(3,668,550)	14,338	3,682,678	0	(3,668,760)	13,918	0.01%
DP 55140 17-1-140 Reductions - SLTC Operations Efficiency:	(8,860)	0	0	(8,860)	(8,860)	0	0	(8,860)	0.00%
DP 55422 - 4% Personal Services GF Bud Reduction	(3,500)	0	0	(3,500)	(3,500)	0	0	(3,500)	0.00%
DP 22109 Med Ben Waiver Annualization	482,551	0	944,693	1,427,244	488,974	0	938,270	1,427,244	0.61%
DP 22110 Waiver FMAP Adjustment	(203,853)	0	203,853	0	(62,804)	0	62,804	0	0.00%
DP 55423 - PACE Elimination	(314,459)	0	(640,983)	(955,442)	(314,459)	0	(640,983)	(955,442)	-0.41%
Total Community Services Waiver Appropriation Requests	<u>\$10,306,848</u>	<u>\$1,837,192</u>	<u>\$22,767,745</u>	<u>\$34,911,785</u>	<u>\$10,454,110</u>	<u>\$1,837,192</u>	<u>\$22,620,063</u>	<u>\$34,911,365</u>	14.96%
% Increase over Base Budget	54.48%	0.00%	-12.19%	1.38%	56.68%	0.00%	-12.76%	1.37%	
Total Medicaid Services Budget	<u>\$58,053,671</u>	<u>\$21,191,469</u>	<u>\$153,040,847</u>	<u>\$232,285,987</u>	<u>\$59,394,278</u>	<u>\$21,554,625</u>	<u>\$153,363,347</u>	<u>\$234,312,250</u>	100.00%
% Increase over Base Budget	94.27%	5.63%	-5.73%	9.42%	98.76%	7.44%	-5.54%	10.37%	

The executive requests an additional \$41.6 million, including an additional \$57.7 million in general fund for Medicaid services, when compared to the funding provided in the FY 2010 base budget. Approximately \$44.5 million of the requested general fund is due to the expiration of the enhanced FMAP discussed in the division narrative. Additional increases are to provide for caseload adjustments and changes in the state matching requirement for all three programs included in Medicaid services.

The home based services program increases also include changes for Health Care for Health Care Workers (HCHCW). The 2007 Legislature provided approximately \$2.6 million dollars of Medicaid funding to provide rate increases when health insurance is provided for direct care workers in the personal assistance and private duty nursing programs. The 2009 Legislature annualized these funds at \$5.2 million per year. Funds available for Health Care for Health Care Workers must be used to cover premiums for health insurance that meet defined benchmark criteria. The executive requests an additional \$0.7 million in general fund to draw down \$1.4 million in federal Medicaid funds to annualize the costs of the program.

*Budget Implications of Adopting of the 5% Reduction Plan*

The Legislative Finance Committee recommends that Joint Appropriation Subcommittees adopt the statutorily required 5% base reduction plan as the starting point of the budget deliberations for the 2013 biennial budget. A number of the items submitted by DPHHS were not included in the Governor's budget request and as such are not included in the budget tables presented for this division. The figure on the following page shows the agency proposals as they relate to the budget of Medicaid services. DPs 95221, 95222 and 95223 are included in the reduction plan but not included in the executive's budget proposals. The overall impact of the reduction is \$12.6 million over the 2013 biennium.

6911 - MEDICAID AND HEALTH SERVICES BRANCH

22-SENIOR & LONG-TERM CARE  
01-MEDICAID SERVICES

Senior and Long-term Care Division									
2013 Biennium Medicaid Services Appropriation by Function and Component									
Medicaid Services	FY 2012				FY 2013				% of 2013 Biennial Total
	General Fund	State Special	Federal Special	Total	General Fund	State Special	Federal Special	Total	
<i>Nursing Home Services</i>									
Base	\$16,218,046	\$15,831,151	\$104,128,424	\$136,177,621	\$16,218,046	\$15,831,151	\$104,128,424	\$136,177,621	59.99%
Statewide Present Law Adjustments	14,632,363	(265,182)	(14,356,383)	10,798	14,632,192	(265,182)	(14,356,555)	10,455	0.00%
DP 22112 Nursing Facility IGT Spending Authority	0	1,181,911	2,313,833	3,495,744	0	1,545,067	2,964,761	4,509,828	1.76%
DP 22101 Med Ben Nursing Home Caseload	1,575,221	0	8,360,368	9,935,589	1,155,352	0	7,585,433	8,740,785	4.11%
DP 22102 Nursing Home FMAP Adju	1,641,322	0	(1,641,322)	0	2,284,394	0	(2,284,394)	0	0.00%
DP 22114 - MVH Medical & Pharmacy Inflation	0	212,250	0	212,250	0	212,250	0	212,250	0.09%
DP 95221 - 5% Base Reduction	(1,261,111)	0	(2,444,386)	(3,705,497)	(1,261,111)	0	(2,444,386)	(3,705,497)	-1.63%
Total Nursing Home Appropriation Requests	<u>\$32,805,841</u>	<u>\$16,960,130</u>	<u>\$96,360,534</u>	<u>\$146,126,505</u>	<u>\$33,028,873</u>	<u>\$17,323,286</u>	<u>\$95,593,283</u>	<u>\$145,945,442</u>	64.33%
% Increase over Base Budget	102.28%	7.13%	-7.46%	7.31%	103.66%	9.43%	-8.20%	7.17%	
<i>Home Based Services - Entitlement</i>									
Base	\$6,992,324	\$2,394,147	\$32,293,988	\$41,680,459	\$6,992,324	\$2,394,147	\$32,293,988	\$41,680,459	18.36%
Statewide Present Law Adjustments	4,237,672	0	(4,237,672)	0	4,237,672	0	(4,237,672)	0	0.00%
DP 22104 Med Ben Home Based Caseload	1,616,076	0	3,163,799	4,779,875	2,393,959	0	4,593,662	6,987,621	2.59%
DP 22105 Home Based FMAP Adjustment	426,988	0	(426,988)	0	598,106	0	(598,106)	0	0.00%
DP 22107 HCHCW Funding Annualization	365,779	0	716,087	1,081,866	370,647	0	711,219	1,081,866	0.48%
DP 22108 HCHCW FMAP FMAP Adjustment	41,032	0	(41,032)	0	57,476	0	(57,476)	0	0.00%
DP 95223 - 5% Base Reduction	(251,358)	(341,452)	(1,175,190)	(1,768,000)	(251,358)	(341,452)	(1,175,190)	(1,768,000)	-0.78%
Total Home Based Services Appropriation Requests	<u>\$13,428,513</u>	<u>\$2,052,695</u>	<u>\$30,292,992</u>	<u>\$45,774,200</u>	<u>\$14,398,826</u>	<u>\$2,052,695</u>	<u>\$31,530,425</u>	<u>\$47,981,946</u>	20.65%
% Increase over Base Budget	92.05%	-14.26%	-6.20%	9.82%	105.92%	-14.26%	-2.36%	15.12%	
<i>Community Services Waiver - Nonentitlement</i>									
Base	\$ 6,672,081	\$ 1,837,192	\$ 25,928,732	\$ 34,438,005	\$ 6,672,081	\$ 1,837,192	\$ 25,928,732	\$ 34,438,005	15.17%
Statewide Present Law Adjustments	3,682,888	0	(3,668,550)	14,338	3,682,678	0	(3,668,760)	13,918	0.01%
DP 55140 17-1-140 Reductions - SLTC Operations Efficiencies	(8,860)	0	0	(8,860)	(8,860)	0	0	(8,860)	0.00%
DP 55422 - 4% Personal Services GF Bud Reduction	(3,500)	0	0	(3,500)	(3,500)	0	0	(3,500)	0.00%
DP 22109 Med Ben Waiver Annualization	482,551	0	944,693	1,427,244	488,974	0	938,270	1,427,244	0.63%
DP 22110 Waiver FMAP Adjustment	(203,853)	0	203,853	0	(62,804)	0	62,804	0	0.00%
DP 55423 - PACE Elimination	(314,459)	0	(640,983)	(955,442)	(314,459)	0	(640,983)	(955,442)	-0.42%
DP 95222 - 5% Base Reduction	(238,052)	0	(471,914)	(709,966)	(238,052)	0	(709,966)	(948,018)	-0.37%
Total Community Services Waiver Appropriation Requests	<u>\$10,068,796</u>	<u>\$1,837,192</u>	<u>\$22,295,831</u>	<u>\$34,201,819</u>	<u>\$10,216,058</u>	<u>\$1,837,192</u>	<u>\$21,910,097</u>	<u>\$33,963,347</u>	15.01%
% Increase over Base Budget	50.91%	0.00%	-14.01%	-0.69%	53.12%	0.00%	-15.50%	-1.38%	
Total Medicaid Services Budget	<u>\$56,303,150</u>	<u>\$20,850,017</u>	<u>\$148,949,357</u>	<u>\$226,102,524</u>	<u>\$57,643,757</u>	<u>\$21,213,173</u>	<u>\$149,033,805</u>	<u>\$227,890,735</u>	100.00%
% Increase over Base Budget	88.42%	3.93%	-8.25%	6.50%	92.90%	5.74%	-8.20%	7.35%	

The plan to reduce general fund in nursing home services consists of two components:

- A proposal to move 100 individuals from higher cost nursing home services into the Community Services Waiver Program. While the proposal reduces general fund in nursing home services by \$1.59 million each year of the biennium, \$0.9 million of the reduction is used to provide support for additional slots in the Community Services Waiver Program. Overall the two transactions result in a reduction of \$0.69 million in general fund each year. This proposal also reduces federal funding support by \$2.7 million a year for a total reduction in funding of \$3.39 million each year of the biennium
- A provider rate reduction for nursing homes of approximately \$1.56 per Medicaid day results in general fund savings of \$0.58 million each year of the biennium. This is based on the assumption that the program will reimburse for 1.1 million Medicaid days in each year of the biennium

Senior and Long-term Care Division 2.22% Reductions for Home and Community Based Services By Providers			
Provider Name	Budget Reduction	General Fund	Federal Special
CMC	\$128,088	\$42,948	\$85,140
Partners	33,026	11,074	21,952
Billings	69,983	23,465	46,518
Great Falls	85,224	28,576	56,648
Bozeman	36,523	12,246	24,277
Helena	38,047	12,757	25,290
Miles City	26,710	8,956	17,754
Sidney	23,890	8,010	15,880
Kalispell	55,222	18,516	36,706
Butte	39,163	13,131	26,032
Lewistown	29,427	9,867	19,560
Area II Roundup	29,277	9,817	19,460
Area IV Polson	25,140	8,429	16,711
Area VIII Great Falls	19,044	6,385	12,659
Area X Havre	9,895	3,318	6,577
Area XI Missoula	21,299	7,142	14,157
Area IV Helena	20,963	7,029	13,934
Area III Conrad	6,439	2,159	4,280
Area V Butte	8,418	2,823	5,595
Area IX Kalispell	4,189	1,405	2,784
<b>Total</b>	<b>\$709,967</b>	<b>\$238,053</b>	<b>\$471,914</b>

SLTC also submitted a proposal to reduce personal assistance by 2.22% by reducing the number of homemaker tasks related to daily meal preparation to a total of 4 hours per week. The proposal would affect 979 individuals currently receiving daily meal preparation in their homes. The proposal would save \$0.25 million of general fund each year, \$0.34 million of tobacco health and Medicaid initiative state special revenue funding, and \$1.17 million of federal Medicaid funds for a total savings of \$1.77 million each year of the biennium.

In addition to increased general fund to support moving 100 individuals out of the nursing homes and into community services waivers, SLTC submitted a proposal to reduce community service waivers by 2.22% each year of the biennium. This proposal reduces funding to waiver service providers and would direct the providers to submit plans to SLTC outlining the services to patients the providers would reduce. The figure shows the home and community based providers under the Medicaid waiver program and the annual budget reductions for each provider included in this proposal.

<b>LFD COMMENT</b>	<p>Home and community based waiver service providers develop an individual service plan using a case management team including the recipient. The service plan must meet the needs of the recipient and be cost effective. It is reviewed every 6 months or as the recipient's condition changes. Services available to recipients include case management, homemaker, personal care, adult day care, respite, habilitation, medical alert monitor, meals, transportation, environmental modification, respiratory therapy, nursing services, adult residential care provided in a personal care or assisted living facility, or adult foster home, as well as a number of specialized services for recipients with a traumatic brain injury. It is unclear from the proposal how the providers would reduce the costs of the service plans for patients needing nursing home or hospital level of care while at the same time maintaining the individuals within the community. An unintended consequence of the reduction may be that the providers would have to reduce the number of individuals served. The legislature may wish to request further clarity from the department.</p>
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**LFD  
COMMENT**

As discussed, home and community based waiver services are limited by funding appropriated by the legislature. As a result, a number of individuals who qualify for waiver services cannot be served until a slot in the program opens up. SLTC maintains a waiting list for the services. The figure below shows this waiting list.

Senior and Long-term Care Division Home and Community Based Services Waiting List for Services as of 9/30/10		
Status of Individual	Recipients	% of Total
Disabled	349	54.79%
Elderly	266	41.76%
Child Under 21	22	3.45%
Total Individuals	637	100.00%
Note: 160 of the recipients are on multiple lists The unduplicated number waiting is 477.		
Type of Service Requested	Recipients	% of Total
Basic	426	65.94%
Adult Residential	193	29.88%
Supported Living	16	2.48%
Heavy Care	0	0.00%
Bridges/Headway	11	1.70%
Total Services	646	100.00%
Note: Some recipients request more than 1 service		

As of September 30, 2010 the waiting list for services had 477 unduplicated individuals requesting services. The majority, 66% requested basic waiver services. Over half of the individuals are disabled and a significant number are elderly. Approximately 23% of the individuals are requesting services in the Great Falls region, 19% in Missoula with 14% requesting disabled services, and 12% in Kalispell. Reductions to the base level of funding for the waiver services may increase the number of individuals on the waiting list to receive services.

*Audit of Home and Community Based Waiver Services*

LAD completed a performance audit of the Home and Community Based Services Waiver Program in August 2010. Audit work found the waiver program is generally a less costly alternative to nursing facility placement. The audit report contains eight recommendations to the division including:

- Comply with administrative rules regarding eligibility of nursing home residents for waiver services
- Improve the allocation of waiver slots for eligible waiver applicants among case management teams
- Ensure case management teams submit accurate waiting list information
- Review case management team activities in accordance with federal agreements and department policy
- Improve the client satisfaction survey process
- Conduct oversight review of level of care needs assessments completed by a contractor
- Improve the process for selecting clients for quality assurance reviews
- Strengthen financial controls by requiring more detailed provider information on bills by undertaking steps to review claims submitted for payment

SLTC concurred with all of the LAD recommendations. The full report can be found at <http://leg.mt.gov/content/Publications/Audit/Report/10P-05.pdf>

*Interim Reports to the Legislature*HJ 25

The 2009 Legislature passed HJ 25 directing the SLTC division to work with nursing home care providers, consumers, and other interested parties to examine issues related to the difficulties encountered by nursing homes and those seeking medical assistance for a nursing home stay. The resolution also directed the division to provide the legislature with a final report on findings, conclusions, or recommendations for the 62<sup>nd</sup> Legislature.

The report was completed in October of 2010 and identifies issues related to the difficulties encountered in medical assistance and presents several options to address the issues including:

- Provide improved educational material for applicants
- Improve the online resources available from SLTC
- Provide improved education for nursing facility providers
- Promote and encourage a pre-application process for nursing home applicants
- Modify and clarify the existing hardship policy
- Provide a “modest means program” in order to give applicants greater access to legal resources to pursue a civil case
- Request legislation that would put into law a penalty for the recipients of assets received in order for an applicant to qualify for Medicaid
- Allow applicants to exempt the value of their life insurance if they name the DPHHS/Medicaid program as the irrevocable primary beneficiary
- Create education material promoting long term care partnerships
- Institute a family farm/small business exemption in the asset transfer policy
- Continue to promote the purchase of long-term partnership insurance policies

The report can be found at: <http://www.dphhs.mt.gov/HJR25WhitePaper.pdf>

### 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	28,985,483	28,985,483	57,970,966	50.12%	212,296,085	212,296,085	424,592,170	91.08%
Statewide PL Adjustments	22,552,923	22,552,542	45,105,465	39.00%	25,136	24,373	49,509	0.01%
Other PL Adjustments	5,936,256	7,277,244	13,213,500	11.43%	20,711,458	22,738,484	43,449,942	9.32%
New Proposals	(317,959)	(317,959)	(635,918)	(0.55%)	(958,942)	(958,942)	(1,917,884)	(0.41%)
<b>Total Budget</b>	<b>\$57,156,703</b>	<b>\$58,497,310</b>	<b>\$115,654,013</b>		<b>\$232,073,737</b>	<b>\$234,100,000</b>	<b>\$466,173,737</b>	

As discussed in the overview of the division, an adjustment was made to the federal funding for this division to reflect the end of the increased federal FMAP provided through the federal stimulus package in the 2011 biennium. This change accounts for the majority of the adjustments included in the statewide present law adjustments for the general fund. Present law adjustments and new proposals are discussed in detail in the following narrative.

**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					69,731					68,925
Vacancy Savings					(44,041)					(44,011)
Inflation/Deflation					(554)					(541)
<b>Total Statewide Present Law Adjustments</b>		<b>\$22,552,923</b>	<b>(\$265,182)</b>	<b>(\$22,262,605)</b>	<b>\$25,136</b>		<b>\$22,552,542</b>	<b>(\$265,182)</b>	<b>(\$22,262,987)</b>	<b>\$24,373</b>
DP 22101 - Med Ben - Nurse Home Caseld	0.00	1,575,221	0	8,360,368	9,935,589	0.00	1,155,352	0	7,585,433	8,740,785
DP 22102 - Nur Home FMAP Adj	0.00	1,641,322	0	(1,641,322)	0	0.00	2,284,394	0	(2,284,394)	0
DP 22104 - Med Ben - Home Based Caseload	0.00	1,616,076	0	3,163,799	4,779,875	0.00	2,393,959	0	4,593,662	6,987,621
DP 22105 - Home Based FMAP Adj	0.00	426,988	0	(426,988)	0	0.00	598,106	0	(598,106)	0
DP 22107 - HCHCW Funding Annualization	0.00	365,779	0	716,087	1,081,866	0.00	370,647	0	711,219	1,081,866
DP 22108 - HCHCW FMAP Adj	0.00	41,032	0	(41,032)	0	0.00	57,476	0	(57,476)	0
DP 22109 - Med Ben - Waiver Annualization	0.00	482,551	0	944,693	1,427,244	0.00	488,974	0	938,270	1,427,244
DP 22110 - Waiver FMAP Adj	0.00	(203,853)	0	203,853	0	0.00	(62,804)	0	62,804	0
DP 22112 - Nursing Facility IGT Spending Authority	0.00	0	1,181,911	2,313,833	3,495,744	0.00	0	1,545,067	2,964,761	4,509,828
DP 55140 - 17-7-140 Reductions- SLTC Operations Efficiencies	0.00	(8,860)	0	0	(8,860)	0.00	(8,860)	0	0	(8,860)
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$5,936,256</b>	<b>\$1,181,911</b>	<b>\$13,593,291</b>	<b>\$20,711,458</b>	<b>0.00</b>	<b>\$7,277,244</b>	<b>\$1,545,067</b>	<b>\$13,916,173</b>	<b>\$22,738,484</b>
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$28,489,179</b>	<b>\$916,729</b>	<b>(\$8,669,314)</b>	<b>\$20,736,594</b>	<b>0.00</b>	<b>\$29,829,786</b>	<b>\$1,279,885</b>	<b>(\$8,346,814)</b>	<b>\$22,762,857</b>

**LFD COMMENT** DP 22102, 22105, 22108, 22110 are for FMAP adjustments. As discussed in the branch narrative, the subcommittee may wish to adopt these decisions jointly.

DP 22101 - Med Ben - Nurse Home Caseld - The executive requests \$2.7 million in general fund and \$15.9 million in federal funds for caseload adjustments in Medicaid nursing home services. The adjustment includes a 1.1% decline in the first year of the biennium and a .85% decline in the second year of the biennium.

**LFD COMMENT** For a further discussion, see the agency summary and the program narrative.

DP 22102 - Nur Home FMAP Adj - The executive requests support for an increase in general fund and a decrease in federal Medicaid funds over the biennium due to a projected change in FMAP rates for FY 2012 and FY 2013 for Medicaid-funded nursing facility services. The match rate will increase to 33.81% in FY 2012 and 34.26% in FY 2013 from the FY 2010 rate of 32.52%. The decrease in federal funds is equal to the increase in general fund.

DP 22104 - Med Ben - Home Based Caseload - The executive requests \$4.0 million in general fund and \$7.8 million in federal funds for caseload adjustments in Medicaid-funded personal assistance, home health and hospice services.

DP 22105 - Home Based FMAP Adj - The executive requests support to provide an increase in general fund and a decrease in federal Medicaid funds over the biennium due to a projected change in FMAP rates for FY 2012 and FY 2013 for Medicaid-funded personal assistance, home health and hospice services. The match rate will increase to 33.81% in FY 2012 and 34.26% in FY 2013 from the FY 2010 rate of 32.52%.

DP 22107 - HCHCW Funding Annualization - The executive requests \$0.7 million in general fund to draw down \$1.4 million in federal funds to annualize the costs associated with Health Care for Health Care Workers program. This adjustment would continue the coverage of this insurance program at the current level.

DP 22108 - HCHCW FMAP Adj - The executive requests support to provide an increase in general fund and a decrease in federal Medicaid funds over the biennium due to a projected change in FMAP rates for FY 2012 and FY 2013 for the Medicaid-funded Health Care for Health Care Workers program. The match rate will increase to 33.81% in FY 2012 and 34.26% in FY 2013 from the FY 2010 rate of 32.52%.

DP 22109 - Med Ben - Waiver Annualization - The executive proposes to annualize the cost of nursing home transition placements into community based service settings by requesting \$0.9 million in general fund to draw down \$1.9 million in federal funds. Approximately 38 individuals transitioned at different times during the year from the nursing facility to home and community based waiver placements, resulting in less than a full year of expenditures being recognized in the FY 2010 base year.

DP 22110 - Waiver FMAP Adj - The executive requests support to provide an increase in general fund and a decrease in federal Medicaid funds over the biennium due to a projected change in FMAP rates for FY 2012 and FY 2013 for Medicaid-funded home and community based waiver services. The match rate will increase to 33.81% in FY 2012 and 34.26% in FY 2013 from the FY 2010 rate of 32.52%.

DP 22112 - Nursing Facility IGT Spending Authority - The executive requests authority for \$2.7 million in state special revenue funds matched with \$5.3 million in federal Medicaid funds to reflect the anticipated increase in Nursing Facility Intergovernmental Payments (IGT) between the FY 2010 base and the 2013 biennium. The increased ability to leverage matching funds between the Medicaid rate and the Medicare upper payment limit (UPL) is anticipated at approximately \$8.0 million in total funds over the biennium with the state match provided by county governments.

DP 55140 - 17-7-140 Reductions- SLTC Operations Efficiencies - The Governor made reductions to agencies' 2011 biennium general fund budgets in accordance with 17-7-140, MCA. A portion of the reductions was effective in FY 2011 and therefore is not reflected in the base. This reduction is to continue the original reduction in the 2013 biennium. SLTC plans to reduce expenditures for travel, conferences, supplies, newspaper ads, cell phones, and postage.

**New Proposals**

The "New Proposals" table summarizes all new proposals requested by the Governor.

New Proposals	-----Fiscal 2012-----					-----Fiscal 2013-----					
	Sub Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 55422 - 4% Personal Svs GF Bud Reduction											
01	0.00	(3,500)	0	0	(3,500)	0.00	(3,500)	0	0	(3,500)	
DP 55423 - PACE Elimination											
01	0.00	(314,459)	0	(640,983)	(955,442)	0.00	(314,459)	0	(640,983)	(955,442)	
<b>Total</b>	<b>0.00</b>	<b>(\$317,959)</b>	<b>\$0</b>	<b>(\$640,983)</b>	<b>(\$958,942)</b>	<b>0.00</b>	<b>(\$317,959)</b>	<b>\$0</b>	<b>(\$640,983)</b>	<b>(\$958,942)</b>	

DP 55422 - 4% Personal Svs GF Bud Reduction - The executive recommends a 4% reduction of personal services funded with general fund.

**LFD  
COMMENT**

The reduction in personal services does not permanently remove FTE from the budgeting process. The process used for budgeting FTE will reinstate funding for all positions and could include this funding in the 2015 biennium and beyond.

DP 55423 - PACE Elimination - The Governor proposes to eliminate the Program of All-inclusive Care for the Elderly (PACE) from the base budget of the Medicaid Services. The reduction removes the base budget expenditure amount of \$314,459 per year in general fund and a related \$1.3 million in matching federal funds. PACE is a managed care service for the frail community-dwelling elderly, most of whom are dually eligible for Medicare and Medicaid benefits, and all of whom are assessed as being eligible for nursing home placement according to the standards established by their respective states. The program enables them to remain in familiar surroundings and preserve maximum physical, social and cognitive function. The program covers both long term and acute care needs of its consumers. Montana has operated the PACE program since November of 2008 when Billings Clinic received a federal rural PACE grant to develop this program in Montana. There are currently 39 participants in PACE in Montana

*The following information is provided so that the legislature can consider various performance measurement principles when examining this proposal. It is submitted by the agency, with editing by LFD staff as necessary for brevity and/or clarity*

**Justification:** The Program of All-inclusive Care for the Elderly (PACE) program will be permanently removed from the base budget of the Senior and Long Term Care Division. The reduction removes the base budget expenditure amount of \$314,459 per year in general fund. Montana has operated the PACE program since November of 2008 when Billings Clinic received a federal rural PACE grant to develop this program in Montana.

Currently the program is exclusively for individuals 55 or older who live in Yellowstone County or the City of Livingston and meet nursing facility level of care. The PACE organization has informed the state and CMS that it will close the Livingston site in December 2010. The monthly per member per month capitated rate is \$2,545 for participants who are dually eligible (eligible for both Medicare and Medicaid) and \$3,653 for participants who are Medicaid but not Medicare eligible.

**Reason for the Reduction:** PACE is an optional service under Medicaid. There are 39 consumers currently in Montana's PACE program, and 6 of the consumers will lose services due to closure of the Livingstone site. The PACE Organization cannot continue to offer this service at the current service level of 39 individuals. The need for the services is not as great as anticipated.

**Effect on Program or Project Outcomes:** While all of the participants meet the Medicaid long term care eligibility criteria, we do not anticipate participants would move into institutional settings in the 2013 biennium if PACE were eliminated. Most individuals are likely to remain in the local area and access other community supports as would any other Medicaid-eligible consumers.

**Adjusted Performance Criteria:** None

**FTE Impacts:** There is no FTE impact relative to the elimination of the PACE program. This is one of the community based long term care service options that the division's staff manages on a daily basis.

**Funding Impacts All Types:** This request will eliminate the 2010 base budget funding of \$314,459 general fund and \$955,442 total funds in each year of the 2013 biennium. There is no maintenance of effort requirement for PACE as it is an optional Medicaid service.

**Risks:** The consumers enrolled in PACE will receive the same level of services as all other Medicaid consumers based on eligibility and need.

**Sub-Program Details****VETERANS SERVICES 02****Sub-Program Proposed Budget**

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

Sub-Program Proposed Budget								
Budget Item	Base Budget Fiscal 2010	PL Base Adjustment Fiscal 2012	New Proposals Fiscal 2012	Total Exec. Budget Fiscal 2012	PL Base Adjustment Fiscal 2013	New Proposals Fiscal 2013	Total Exec. Budget Fiscal 2013	Total Exec. Budget Fiscal 12-13
FTE	144.24	0.00	0.00	144.24	0.00	0.00	144.24	144.24
Personal Services	6,719,888	396,708	0	7,116,596	396,350	0	7,116,238	14,232,834
Operating Expenses	4,747,714	1,281,238	0	6,028,952	1,298,522	0	6,046,236	12,075,188
Equipment & Intangible Assets	132,303	0	0	132,303	0	0	132,303	264,606
Debt Service	11,284	0	0	11,284	0	0	11,284	22,568
<b>Total Costs</b>	<b>\$11,611,189</b>	<b>\$1,677,946</b>	<b>\$0</b>	<b>\$13,289,135</b>	<b>\$1,694,872</b>	<b>\$0</b>	<b>\$13,306,061</b>	<b>\$26,595,196</b>
State/Other Special	7,777,281	292,505	0	8,069,786	295,544	0	8,072,825	16,142,611
Federal Special	3,833,908	1,385,441	0	5,219,349	1,399,328	0	5,233,236	10,452,585
<b>Total Funds</b>	<b>\$11,611,189</b>	<b>\$1,677,946</b>	<b>\$0</b>	<b>\$13,289,135</b>	<b>\$1,694,872</b>	<b>\$0</b>	<b>\$13,306,061</b>	<b>\$26,595,196</b>

**Sub-Program Description***Montana Veterans' Home (MVH)*

The Montana Veterans' Home is a 105 bed licensed and certified skilled nursing facility located in Columbia Falls, providing all of the care that is typically found in any community nursing home. In addition to the nursing facility, MVH operates a twelve (12) bed domiciliary unit. The domiciliary provides supervision and assistance in a residential setting to veterans who are able to meet their own self-care needs. Montana veterans are admitted if they are over 55 years of age or in need of care, and have had active service in the armed forces. Spouses of veterans may also be admitted if space is available. The current facility population is 99 residents. As is the case with most nursing facilities, the facility participates in the Medicaid and Medicare programs. In addition, MVH historically has been funded by charging members for their care at the facility based on their ability to pay. As of October 1, 2010 the federal Department of Veterans' Affairs contributes \$94.59 for the nursing facility and \$38.90 for the domiciliary.

*Eastern Montana Veterans Home (EMVH)*

The Eastern Montana Veterans' Home operations are provided through a contract with a private provider. EMVH provides 80 skilled and intermediate nursing home beds, including 16 beds dedicated to Alzheimer or dementia residents. The Glendive Medical Center (GMC) has been the independent contractor responsible for management and operation of the facility since the facility opened its doors in 1995. A SLTC employee located on site at the facility is responsible for monitoring contractual compliance and serves as the liaison between the state, the contractor, and the veteran's administration. The EMVH facility had 63 residents as of July 2010. The facility's average occupancy for 2010 was 68.64 residents or an occupancy rate of 85.9%.

**Subprogram Narrative**

Veterans' services are about 5% of the FY 2013 SLTC biennial budget. The figure on the next page shows the total appropriation for each veterans home compared to the FY 2010 base budget expenditures, the estimated daily population, and the annual cost per day of care.

Senior and Long-term Care Division Veterans' Homes FY 2010 Expenditures and Revenues 2013 Biennium Executive Budget Request				
Institution/ Cost/Funding	Actual FY 2010	Budgeted FY 2011	Executive Budget Request FY 2012	Budget Request FY 2013
<u>Montana Veterans' Home</u>				
FTE	143.04	143.19	143.04	143.04
Personal Services	\$6,663,706	\$7,185,508	\$7,049,052	\$7,048,853
All Other	<u>3,270,547</u>	<u>3,157,597</u>	<u>3,597,003</u>	<u>3,614,281</u>
Total Cost	<u>\$9,934,253</u>	<u>\$10,343,105</u>	<u>\$10,646,055</u>	<u>\$10,663,134</u>
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	7,515,416	7,768,498	7,796,304	7,799,850
Federal Special Revenue	<u>2,418,837</u>	<u>2,574,607</u>	<u>2,849,751</u>	<u>2,863,284</u>
Total Funding	<u>\$9,934,253</u>	<u>\$10,343,105</u>	<u>\$10,646,055</u>	<u>\$10,663,134</u>
Population	94.10	104.00	90.30	89.30
Annual Cost Per Person	\$105,571	\$99,453	\$117,897	\$119,408
Cost Per Day	\$289	\$272	\$323	\$327
Annual Change		-5.80%	18.55%	1.28%
Annual Per Person Reimbursement				
State Special Revenue	\$79,866	\$74,697	\$86,338	\$87,344
Annual Change		-6.47%	15.58%	1.17%
Federal Special Revenue	\$25,705	\$24,756	\$31,559	\$32,064
Annual Change		-3.69%	27.48%	1.60%
<u>Eastern Montana Veterans' Home</u>				
FTE	1.20	1.00	1.20	1.20
Personal Services	\$56,182	\$55,668	\$67,544	\$67,385
All Other	<u>1,620,754</u>	<u>1,687,730</u>	<u>2,575,536</u>	<u>2,575,542</u>
Total Cost	<u>\$1,676,936</u>	<u>\$1,743,398</u>	<u>\$2,643,080</u>	<u>\$2,642,927</u>
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	261,865	298,220	273,482	272,975
Federal Special Revenue	<u>1,415,071</u>	<u>1,445,178</u>	<u>2,369,598</u>	<u>2,369,952</u>
Total Funding	<u>\$1,676,936</u>	<u>\$1,743,398</u>	<u>\$2,643,080</u>	<u>\$2,642,927</u>
Population	69	66	69	69
Annual Cost Per Person	\$24,445	\$26,415	\$38,506	\$38,504
Cost Per Day	\$67	\$72	\$105	\$105
Annual Change		8.06%	45.77%	-0.01%
Annual Per Person Reimbursement				
State Special Revenue	\$3,817	\$4,518	\$3,984	\$3,977
Annual Change		18.37%	-11.82%	-0.19%
Federal Special Revenue	\$20,628	\$21,897	\$34,522	\$34,527
Annual Change		6.15%	57.66%	0.01%

The homes are funded from insurance, Medicare, Medicaid, and private payments, as well as federal Veterans' Administration per diem payments. Changes to the annual cost per person for the Montana Veterans' Home are driven by two factors:

1. Reduced census in FY 2010 that carries into the 2013 biennium
2. Elimination of overtime and holiday pay from FY 2010 base budget

Federal per diem payments were increased significantly effective October 1, 2010, from \$77.53 to \$94.59 or a \$17.06 a day increase in reimbursements. Due to the significance of the increase and concerns at the national level with the federal budget, the executive proposal assumes the rate will remain unchanged during the 2013 biennium. The balance of the costs not paid by these funding sources is paid from cigarette tax state special revenue allocated for veterans' uses. The funding for veterans' services is discussed in greater detail in the division funding section.

Present law adjustments add about \$2.8 million over the biennium, approximately \$1.9 million for increased federal per diem payments to the EMVH contract and \$1.0 million for support of the MVH. As shown in the figure on the previous page, the annual cost per person supported by state special revenue in MVH increases 15.58% between FY 2011 and FY 2012 while the annual cost declines by 8.30% in the EMVH. The increases for MVH are driven by restoration of holiday and overtime costs, and medical and pharmacy inflation.

### 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	0	0	0	0.00%	11,611,189	11,611,189	23,222,378	87.32%
Statewide PL Adjustments	0	0	0	0.00%	(121,547)	(110,367)	(231,914)	(0.87%)
Other PL Adjustments	0	0	0	0.00%	1,799,493	1,805,239	3,604,732	13.55%
New Proposals	0	0	0	0.00%	0	0	0	0.00%
<b>Total Budget</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$13,289,135</b>	<b>\$13,306,061</b>	<b>\$26,595,196</b>	

### 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					163,746					163,374
Vacancy Savings					(275,338)					(275,324)
Inflation/Deflation					(9,663)					1,506
Fixed Costs					(292)					77
<b>Total Statewide Present Law Adjustments</b>		<b>\$0</b>	<b>(\$108,076)</b>	<b>(\$13,471)</b>	<b>(\$121,547)</b>		<b>\$0</b>	<b>(\$110,783)</b>	<b>\$416</b>	<b>(\$110,367)</b>
DP 22113 - MVH Restore OT/Holidays Worked	0.00	0	508,300	0	508,300	0.00	0	508,300	0	508,300
DP 22114 - MVH - Medical & Pharmacy Inflation	0.00	0	336,312	0	336,312	0.00	0	342,058	0	342,058
DP 22115 - Increase Fed Authority for VA Per Diem MVH	0.00	0	(444,031)	444,031	0	0.00	0	(444,031)	444,031	0
DP 22116 - Increase Fed Authority for VA Per Diem EMVH	0.00	0	0	954,881	954,881	0.00	0	0	954,881	954,881
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$400,581</b>	<b>\$1,398,912</b>	<b>\$1,799,493</b>	<b>0.00</b>	<b>\$0</b>	<b>\$406,327</b>	<b>\$1,398,912</b>	<b>\$1,805,239</b>
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$292,505</b>	<b>\$1,385,441</b>	<b>\$1,677,946</b>	<b>0.00</b>	<b>\$0</b>	<b>\$295,544</b>	<b>\$1,399,328</b>	<b>\$1,694,872</b>

DP 22113 - MVH Restore OT/Holidays Worked - The executive requests funding to support personal services costs that are removed from the FY 2010 base budget for the Montana Veterans' Home (MVH). This includes overtime, differential, holidays worked, and doctor on-call pay related to operating a facility with 24 hour staffing.

The request includes funding of aggregate positions. Aggregate positions are used to provide coverage for staff on sick leave, vacation leave, and in nurse aide training classes. The total request is for \$1,016,600 of state special revenue over the biennium from cigarette tax revenue.

DP 22114 - MVH - Medical & Pharmacy Inflation - The executive requests \$678,370 in state special revenue from cigarette tax over the biennium to fund inflationary increases in operations, medical, and pharmacy costs for MVH.

DP 22115 - Increase Fed Authority for VA Per Diem MVH - The executive requests increased federal authority due to the increase in federal veteran's administration per diem rates that will be reimbursed for the domiciliary and nursing facility days of care at MVH in the 2013 biennium. The request shifts the funding from cigarette taxes to federal funds.

DP 22116 - Increase Fed Authority for VA Per Diem EMVH - The executive requests \$1.9 million of increased federal authority for veteran's administration per diem paid for nursing facility days of care at EMVH.

**Sub-Program Details****AGING SERVICES 03****Sub-Program Proposed Budget**

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

Sub-Program Proposed Budget								
Budget Item	Base Budget Fiscal 2010	PL Base Adjustment Fiscal 2012	New Proposals Fiscal 2012	Total Exec. Budget Fiscal 2012	PL Base Adjustment Fiscal 2013	New Proposals Fiscal 2013	Total Exec. Budget Fiscal 2013	Total Exec. Budget Fiscal 12-13
FTE	10.00	0.00	0.00	10.00	0.00	0.00	10.00	10.00
Personal Services	559,096	16,491	0	575,587	15,652	0	574,748	1,150,335
Operating Expenses	389,752	(3,660)	0	386,092	(3,643)	0	386,109	772,201
Grants	8,697,634	280,196	0	8,977,830	296,707	0	8,994,341	17,972,171
Benefits & Claims	999,000	9,081	0	1,008,081	9,081	0	1,008,081	2,016,162
<b>Total Costs</b>	<b>\$10,645,482</b>	<b>\$302,108</b>	<b>\$0</b>	<b>\$10,947,590</b>	<b>\$317,797</b>	<b>\$0</b>	<b>\$10,963,279</b>	<b>\$21,910,869</b>
General Fund	3,919,655	10,865	(11,857)	3,918,663	10,745	(11,857)	3,918,543	7,837,206
Federal Special	6,725,827	291,243	11,857	7,028,927	307,052	11,857	7,044,736	14,073,663
<b>Total Funds</b>	<b>\$10,645,482</b>	<b>\$302,108</b>	<b>\$0</b>	<b>\$10,947,590</b>	<b>\$317,797</b>	<b>\$0</b>	<b>\$10,963,279</b>	<b>\$21,910,869</b>

**Sub-Program Description**

The Office on Aging has been designated as the State Unit on Aging for the purposes of administering the Older Americans Act programs in Montana. The Office on Aging contracts with the "Aging Network", which consists of 10 Area Agencies on Aging (AAA), 34 county councils, 157 senior centers, 173 congregate meal sites, and 137 home delivered meal providers as well as other local providers serving Montana's elderly population 60 years and older. The Office on Aging develops the state plan on aging and approves service delivery plans and programs developed by the 10 AAA's located across Montana. Among the services provided by AAA are senior centers, Meals on Wheels, health services, transportation, public education, information and assistance, long-term care ombudsman, and other services.

Some of the services provided in FY 2010 by the Montana Aging Services Network included:

- Home delivered meals - 656,585 meals were delivered to about 7,100 persons.
- Congregate meals - 1,188,002 congregate meals were served to about 24,835 persons. (The Aging Network supports approximately 170 sites across the state.)
- Transportation
- Ombudsman
- Legal assistance
- Nutrition education
- Information and assistance
- Homemaker and personal care

**Sub-Program Narrative**

The executive request for Aging Services is \$0.6 million higher when compared to the FY 2010 base budget, all in federal funds.

In the last two biennia the Aging Services program has received \$1.5 million in additional funding annually for community based aging services. The current level of the services provided through the additional funding is not included in the executive's proposal for this program. A discussion of the services provided is included in the goals and objectives narrative of the program.

**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	3,919,655	3,919,655	7,839,310	100.03%	10,645,482	10,645,482	21,290,964	97.17%
Statewide PL Adjustments	4,284	4,164	8,448	0.11%	15,331	14,509	29,840	0.14%
Other PL Adjustments	6,581	6,581	13,162	0.17%	286,777	303,288	590,065	2.69%
New Proposals	(11,857)	(11,857)	(23,714)	(0.30%)	0	0	0	0.00%
<b>Total Budget</b>	<b>\$3,918,663</b>	<b>\$3,918,543</b>	<b>\$7,837,206</b>		<b>\$10,947,590</b>	<b>\$10,963,279</b>	<b>\$21,910,869</b>	

**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					40,474					39,599
Vacancy Savings					(23,983)					(23,947)
Inflation/Deflation					(1,160)					(1,143)
<b>Total Statewide Present Law Adjustments</b>		<b>\$4,284</b>	<b>\$0</b>	<b>\$11,047</b>	<b>\$15,331</b>		<b>\$4,164</b>	<b>\$0</b>	<b>\$10,345</b>	<b>\$14,509</b>
DP 22117 - Aging Grant Funding	0.00	0	0	280,196	280,196	0.00	0	0	296,707	296,707
DP 22118 - State Supplement Growth	0.00	9,081	0	0	9,081	0.00	9,081	0	0	9,081
DP 55140 - 17-7-140 Reductions- SLTC Operations Efficiencies	0.00	(2,500)	0	0	(2,500)	0.00	(2,500)	0	0	(2,500)
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$6,581</b>	<b>\$0</b>	<b>\$280,196</b>	<b>\$286,777</b>	<b>0.00</b>	<b>\$6,581</b>	<b>\$0</b>	<b>\$296,707</b>	<b>\$303,288</b>
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$10,865</b>	<b>\$0</b>	<b>\$291,243</b>	<b>\$302,108</b>	<b>0.00</b>	<b>\$10,745</b>	<b>\$0</b>	<b>\$307,052</b>	<b>\$317,797</b>

DP 22117 - Aging Grant Funding - The executive requests additional federal authority for anticipated increases in federal aging grants for community aging services such as ombudsman, Title III nutrition programs, and SHIP. The request is for \$576,903 of federal funds over the biennium would augment contracts with Area Agencies on Aging.

DP 22118 - State Supplement Growth - The executive proposes to increase general fund by \$18,162 over the biennium for growth of approximately 10 people in the State Supplement Program. These increases are expected to come from children in foster homes and a small number of individuals moving into DD group homes. These payments are made to SSI eligible individuals who reside in designated residential care facilities, such as community homes for persons with developmental disabilities, adult foster homes, or assisted living facilities.

DP 55140 - 17-7-140 Reductions- SLTC Operations Efficiencies - The Governor made reductions to agencies' 2011 biennium general fund budgets in accordance with 17-7-140, MCA. A portion of the reductions was effective in FY 2011 and therefore is not reflected in the base. This reduction is to continue the original reduction in the 2013 biennium. SLTC plans to reduce expenditures for travel, conferences, supplies, newspaper ads, cell phones, and postage.

**New Proposals**

The “New Proposals” table summarizes all new proposals requested by the Governor.

New Proposals										
Sub Program	-----Fiscal 2012-----					-----Fiscal 2013-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 55422 - 4% Personal Svs GF Bud Reduction										
03	0.00	(11,857)	0	11,857	0	0.00	(11,857)	0	11,857	0
<b>Total</b>	<b>0.00</b>	<b>(\$11,857)</b>	<b>\$0</b>	<b>\$11,857</b>	<b>\$0</b>	<b>0.00</b>	<b>(\$11,857)</b>	<b>\$0</b>	<b>\$11,857</b>	<b>\$0</b>

DP 55422 - 4% Personal Svs GF Bud Reduction - The executive recommends a 4% reduction of personal services funded with general fund.

<b>LFD COMMENT</b>	The reduction in personal services does not permanently remove FTE from the budgeting process. The process used for budgeting FTE will reinstate funding for all positions and could include this funding in the 2015 biennium and beyond.
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**Sub-Program Details****SLTC DIVISION ADMINISTRATION 04****Sub-Program Proposed Budget**

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

Sub-Program Proposed Budget								
Budget Item	Base Budget Fiscal 2010	PL Base Adjustment Fiscal 2012	New Proposals Fiscal 2012	Total Exec. Budget Fiscal 2012	PL Base Adjustment Fiscal 2013	New Proposals Fiscal 2013	Total Exec. Budget Fiscal 2013	Total Exec. Budget Fiscal 12-13
FTE	5.00	0.00	0.00	5.00	0.00	0.00	5.00	5.00
Personal Services	345,296	5,053	0	350,349	4,194	0	349,490	699,839
Operating Expenses	80,317	18,724	(9,953)	89,088	22,477	(9,600)	93,194	182,282
<b>Total Costs</b>	<b>\$425,613</b>	<b>\$23,777</b>	<b>(\$9,953)</b>	<b>\$439,437</b>	<b>\$26,671</b>	<b>(\$9,600)</b>	<b>\$442,684</b>	<b>\$882,121</b>
General Fund	190,931	18,671	(9,919)	199,683	21,417	(9,600)	202,748	402,431
State/Other Special	60,087	489	0	60,576	371	0	60,458	121,034
Federal Special	174,595	4,617	(34)	179,178	4,883	0	179,478	358,656
<b>Total Funds</b>	<b>\$425,613</b>	<b>\$23,777</b>	<b>(\$9,953)</b>	<b>\$439,437</b>	<b>\$26,671</b>	<b>(\$9,600)</b>	<b>\$442,684</b>	<b>\$882,121</b>

**Sub-Program Description**

SLTC Division Administration provides oversight and administrative support for the division's other four divisions including both Montana veterans' homes.

The SLTC division administration budget request grows about \$30,900 over the biennium compared to the FY 2010 base budget. Present laws adjustments for rent increases of \$27,000 annually are partially offset by reductions in operating 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	190,931	190,931	381,862	94.89%	425,613	425,613	851,226	96.50%
Statewide PL Adjustments	1,521	1,146	2,667	0.66%	3,394	2,558	5,952	0.67%
Other PL Adjustments	17,150	20,271	37,421	9.30%	20,383	24,113	44,496	5.04%
New Proposals	(9,919)	(9,600)	(19,519)	(4.85%)	(9,953)	(9,600)	(19,553)	(2.22%)
<b>Total Budget</b>	<b>\$199,683</b>	<b>\$202,748</b>	<b>\$402,431</b>		<b>\$439,437</b>	<b>\$442,684</b>	<b>\$882,121</b>	

**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					19,651					18,756
Vacancy Savings					(14,598)					(14,562)
Inflation/Deflation					(1,659)					(1,636)
<b>Total Statewide Present Law Adjustments</b>		<b>\$1,521</b>	<b>\$489</b>	<b>\$1,384</b>	<b>\$3,394</b>		<b>\$1,146</b>	<b>\$371</b>	<b>\$1,041</b>	<b>\$2,558</b>
DP 22120 - Non DofA rent adjustment	0.00	27,150	0	3,233	30,383	0.00	30,271	0	3,842	34,113
DP 55140 - 17-7-140 Reductions- SLTC Operations Efficiencies	0.00	(10,000)	0	0	(10,000)	0.00	(10,000)	0	0	(10,000)
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$17,150</b>	<b>\$0</b>	<b>\$3,233</b>	<b>\$20,383</b>	<b>0.00</b>	<b>\$20,271</b>	<b>\$0</b>	<b>\$3,842</b>	<b>\$24,113</b>
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$18,671</b>	<b>\$489</b>	<b>\$4,617</b>	<b>\$23,777</b>	<b>0.00</b>	<b>\$21,417</b>	<b>\$371</b>	<b>\$4,883</b>	<b>\$26,671</b>

DP 22120 - Non DofA rent adjustment - The executive requests \$57,500 in additional general fund and \$7,000 in federal funds to pay for increased costs associated with leases of non-state owned buildings.

DP 55140 - 17-7-140 Reductions- SLTC Operations Efficiencies - The Governor made reductions to agencies' 2011 biennium general fund budgets in accordance with 17-7-140, MCA. A portion of the reductions was effective in FY 2011 and therefore is not reflected in the base. This reduction is to continue the original reduction in the 2013 biennium. SLTC plans to reduce expenditures for travel, conferences, supplies, newspaper ads, cell phones, and postage.

**New Proposals**

The "New Proposals" table summarizes all new proposals requested by the Governor.

New Proposals	-----Fiscal 2012-----					-----Fiscal 2013-----					
	Sub Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 55422 - 4% Personal Svs GF Bud Reduction	04	0.00	(9,919)	0	(34)	(9,953)	0.00	(9,600)	0	0	(9,600)
<b>Total</b>		<b>0.00</b>	<b>(\$9,919)</b>	<b>\$0</b>	<b>(\$34)</b>	<b>(\$9,953)</b>	<b>0.00</b>	<b>(\$9,600)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$9,600)</b>

DP 55422 - 4% Personal Svs GF Bud Reduction - The executive recommends a 4% reduction of personal services funded with general fund.

<b>LFD COMMENT</b>	The reduction in personal services does not permanently remove FTE from the budgeting process. The process used for budgeting FTE will reinstate funding for all positions and could include this funding in the 2015 biennium and beyond.
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**Sub-Program Details****ADULT PROTECTIVE SERVICES 05****Sub-Program Proposed Budget**

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

Sub-Program Proposed Budget								
Budget Item	Base Budget Fiscal 2010	PL Base Adjustment Fiscal 2012	New Proposals Fiscal 2012	Total Exec. Budget Fiscal 2012	PL Base Adjustment Fiscal 2013	New Proposals Fiscal 2013	Total Exec. Budget Fiscal 2013	Total Exec. Budget Fiscal 12-13
FTE	44.22	0.00	(1.00)	43.22	0.00	(1.00)	43.22	43.22
Personal Services	2,155,232	207,937	(43,746)	2,319,423	208,568	(43,644)	2,320,156	4,639,579
Operating Expenses	432,544	(4,319)	(19,671)	408,554	(3,668)	(19,671)	409,205	817,759
Benefits & Claims	38,128	0	(10,000)	28,128	0	(10,000)	28,128	56,256
Debt Service	200	0	0	200	0	0	200	400
<b>Total Costs</b>	<b>\$2,626,104</b>	<b>\$203,618</b>	<b>(\$73,417)</b>	<b>\$2,756,305</b>	<b>\$204,900</b>	<b>(\$73,315)</b>	<b>\$2,757,689</b>	<b>\$5,513,994</b>
General Fund	1,902,116	199,457	(67,365)	2,034,208	197,713	(67,684)	2,032,145	4,066,353
State/Other Special	330,710	(2,886)	0	327,824	(361)	0	330,349	658,173
Federal Special	393,278	7,047	(6,052)	394,273	7,548	(5,631)	395,195	789,468
<b>Total Funds</b>	<b>\$2,626,104</b>	<b>\$203,618</b>	<b>(\$73,417)</b>	<b>\$2,756,305</b>	<b>\$204,900</b>	<b>(\$73,315)</b>	<b>\$2,757,689</b>	<b>\$5,513,994</b>

**Sub-Program Description**

Adult Protective Services (APS) provides for adult guardianships and investigates, intervenes or prevents elder abuse, neglect, or exploitation of Montana seniors and disabled citizens. APS also coordinates a variety of support services directed at protecting Montana's vulnerable population. Services are provided by social workers and include:

- Receiving and investigating reports of the abuse, neglect or exploitation of elderly, developmentally disabled and disabled adults
- Developing a case plan in cooperation with the client, including end of life decision making
- Arranging for ongoing support services from other state, county and local agencies
- Assuming the role of court-ordered guardian, conservator or surrogate decision maker, as agency of last resort, for those elderly and disabled who are unable to do so themselves

Adult protective services are a mandated service under Montana law, but expenditures for the program are limited to the appropriation established by the legislature. During FY 2010, APS provided some form of assistance to 3,857 persons. Included in those services were 5,500 investigations involving allegations of adult abuse, neglect, or financial exploitation. Of the total FTE, 41.25 are social workers involved in direct services to vulnerable adults.

Included in the executive budget request for Aging Services are overall increases of \$0.2 million, mainly supported by general fund. The majority the adjustments are made through the statewide present law adjustment budget calculations.

**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	1,902,116	1,902,116	3,804,232	93.55%	2,626,104	2,626,104	5,252,208	95.25%
Statewide PL Adjustments	184,411	182,667	367,078	9.03%	187,569	188,851	376,420	6.83%
Other PL Adjustments	15,046	15,046	30,092	0.74%	16,049	16,049	32,098	0.58%
New Proposals	(67,365)	(67,684)	(135,049)	(3.32%)	(73,417)	(73,315)	(146,732)	(2.66%)
<b>Total Budget</b>	<b>\$2,034,208</b>	<b>\$2,032,145</b>	<b>\$4,066,353</b>		<b>\$2,756,305</b>	<b>\$2,757,689</b>	<b>\$5,513,994</b>	

**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					306,401					307,062
Vacancy Savings					(98,464)					(98,494)
Inflation/Deflation					(20,368)					(19,717)
<b>Total Statewide Present Law Adjustments</b>		<b>\$184,411</b>	<b>(\$2,886)</b>	<b>\$6,044</b>	<b>\$187,569</b>		<b>\$182,667</b>	<b>(\$361)</b>	<b>\$6,545</b>	<b>\$188,851</b>
DP 22119 - Motor Pool Car Request										
0.00	27,668		0	1,003	28,671	0.00	27,668	0	1,003	28,671
DP 55140 - 17-7-140 Reductions- SLTC Operations Efficiencies										
0.00	(12,622)		0	0	(12,622)	0.00	(12,622)	0	0	(12,622)
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$15,046</b>	<b>\$0</b>	<b>\$1,003</b>	<b>\$16,049</b>	<b>0.00</b>	<b>\$15,046</b>	<b>\$0</b>	<b>\$1,003</b>	<b>\$16,049</b>
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$199,457</b>	<b>(\$2,886)</b>	<b>\$7,047</b>	<b>\$203,618</b>	<b>0.00</b>	<b>\$197,713</b>	<b>(\$361)</b>	<b>\$7,548</b>	<b>\$204,900</b>

DP 22119 - Motor Pool Car Request - The executive requests the exchange of three department-owned cars for three motor pool leased cars that are used by field staff in adult protective services. The department owned cars are high mileage and in need of increased maintenance and repairs due to their age.

DP 55140 - 17-7-140 Reductions- SLTC Operations Efficiencies - The Governor made reductions to agencies’ 2011 biennium general fund budgets in accordance with 17-7-140, MCA. A portion of the reductions was effective in FY 2011 and therefore is not reflected in the base. This reduction is to continue the original reduction in the 2013 biennium. SLTC plans to reduce expenditures for travel, conferences, supplies, newspaper ads, cell phones, and postage.

**New Proposals**

The “New Proposals” table summarizes all new proposals requested by the Governor.

New Proposals	-----Fiscal 2012-----					-----Fiscal 2013-----					
	Sub Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 55422 - 4% Personal Svs GF Bud Reduction											
05	(1.00)	(67,365)	0	(6,052)	(73,417)	(1.00)	(67,684)	0	(5,631)	(73,315)	
<b>Total</b>	<b>(1.00)</b>	<b>(\$67,365)</b>	<b>\$0</b>	<b>(\$6,052)</b>	<b>(\$73,417)</b>	<b>(1.00)</b>	<b>(\$67,684)</b>	<b>\$0</b>	<b>(\$5,631)</b>	<b>(\$73,315)</b>	

DP 55422 - 4% Personal Svs GF Bud Reduction - The executive recommends a 4% reduction of personal services funded with general fund.

**LFD COMMENT**

The reduction in personal services does not permanently remove FTE from the budgeting process. The process used for budgeting FTE will reinstate funding for all positions and could include this funding in the 2015 biennium and beyond.