

Program Budget Comparison

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

Program Budget Comparison								
Budget Item	Base Fiscal 2014	Approp. Fiscal 2015	Budget Fiscal 2016	Budget Fiscal 2017	Biennium Fiscal 14-15	Biennium Fiscal 16-17	Biennium Change	Biennium % Change
FTE	353.67	353.67	349.67	349.67	353.67	349.67	(4.00)	(1.13)%
Personal Services	18,012,883	18,228,857	20,806,672	20,754,474	36,241,740	41,561,146	5,319,406	14.68 %
Operating Expenses	5,568,783	7,020,870	5,616,175	5,618,811	12,589,653	11,234,986	(1,354,667)	(10.76)%
Benefits & Claims	234,604,673	262,664,408	274,437,801	293,990,271	497,269,081	568,428,072	71,158,991	14.31 %
Debt Service	37,932	0	37,932	37,932	37,932	75,864	37,932	100.00 %
Total Costs	\$258,224,271	\$287,914,135	\$300,898,580	\$320,401,488	\$546,138,406	\$621,300,068	\$75,161,662	13.76 %
General Fund	78,774,795	86,453,802	94,194,047	99,696,616	165,228,597	193,890,663	28,662,066	17.35 %
State/Other Special Rev. Funds	6,632,940	6,632,940	6,632,940	6,632,940	13,265,880	13,265,880	0	0.00 %
Federal Spec. Rev. Funds	172,816,536	194,827,393	200,071,593	214,071,932	367,643,929	414,143,525	46,499,596	12.65 %
Total Funds	\$258,224,271	\$287,914,135	\$300,898,580	\$320,401,488	\$546,138,406	\$621,300,068	\$75,161,662	13.76 %

Program Description

The Developmental Services Division (DSD) assists Montanans with disabilities and children with mental health needs to live, work, and participate in their communities. The division includes the Developmental Disabilities Program, the Montana Developmental Center, and the Children’s Mental Health Bureau. The division provides or contracts for institutional care, inpatient care, residential services, home and community based services, and case management.

The Developmental Disabilities Program operates three home and community based Medicaid waivers, the state’s IDEA early intervention program, and the state facility for behavioral treatment at the Montana Developmental Center in Boulder. These services include transportation, residential and work habilitation, adaptive equipment, and some medical services not covered by the state Medicaid plan.

The Children’s Mental Health Bureau manages a continuum of services to address the needs of youth with serious emotional disturbance and their families. These services are funded by Medicaid and offered by Medicaid enrolled providers. In addition, the bureau builds linkages to other child serving agencies to support the development of a system of care for youth.

Statutory Title 53, MCA, 29 U.S.C. 721 et. seq., 29 U.S.C. 796, et. seq., 29 U.S.C. 774, 29 U.S.C. 777b, 29 U.S.C. 2201 et. seq., 42 U.S.C. 75, 6602, 72 U.S.C. 1300, 42 CFR 441.302(b), 42 CFR 441.302(g), 45 CFR 74.62, and 34 CRF Part 303.

Program Highlights

Developmental Services Division Major Budget Highlights
<ul style="list-style-type: none"> • Major factors driving growth in expenditures are: <ul style="list-style-type: none"> ◦ Caseload adjustments for core children's mental health and developmental disabilities, as well as, comprehensive school and community treatments programs ◦ Proposed autism services for eligible youth ◦ Proposed provider rate increases for children's mental health and developmental disability services

Program Discussion -

Comparison of FY2015 Legislative Base to FY2015 Appropriation

Developmental Services Division FY 2015 Executive and Legislative Appropriations			
Category	Legislative Appropriation	Difference Exec/Leg	Total Executive Implementation
Personal Services	\$18,228,857	\$0	\$18,228,857
Operating Expenses	\$7,020,870	\$0	\$7,020,870
Benefits and Claims	<u>\$262,623,531</u>	<u>\$40,877</u>	<u>\$262,664,408</u>
Total Costs	\$287,873,258	\$40,877	\$287,914,135

A program transfer totaling \$40,877 from the Addictive and Mental Disorders Division (AMDD) placed a resident out of the Montana State Hospital (MSH) and into community placement within Developmental Disabilities Division (DSD).

Comparison of FY 2014 Legislative Appropriation to FY 2014 Actual Expenditures

Developmental Services Division FY 2014 Legislative Appropriation and Actual Expendature			
Category	Legislative Appropriation	Difference Approp/Actual	Total Executive Implementation
Personal Services	\$17,476,876	\$536,007	\$18,012,883
Operating Expenses	\$6,998,666	(\$1,429,883)	\$5,568,783
	\$37,932		\$37,932
Benefits and Claims	<u>\$242,027,282</u>	<u>(\$7,422,609)</u>	<u>\$234,604,673</u>
Total Costs	\$266,540,756	(\$8,316,485)	\$258,224,271

The above table shows a difference in the FY 2014 appropriation to the executive implementation of approximately \$8.3 million. The majority of this difference was due to non-expenditures in Medicaid waiver services. Specifically, DSD had lower expenditures than anticipated in Medicaid due to:

- Expected transfers out of the Montana Developmental Center did not occur as projected (13 transfers as compared to 24 that were budgeted)
- Federal guideline changes that yielded a temporarily delay for new enrollees in the Developmental Disability waiver

Funding

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

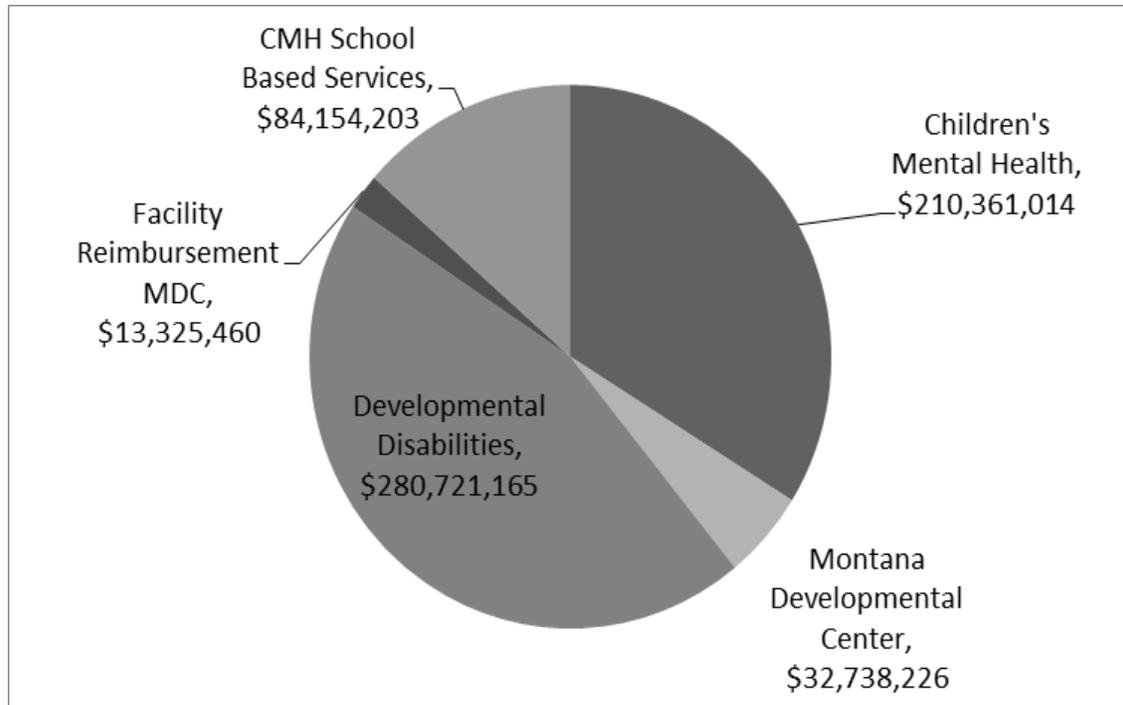
Medicaid and Health Services Branch, 10-Developmental Services Division Funding by Source of Authority					
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	193,890,663	0	0	193,890,663	31.11 %
02035 MDC Vocational	0	0	0	0	0.00 %
02310 MDC Bond Repayment Revenue	0	0	1,990,026	1,990,026	13.04 %
02597 Montana Healthy Kids Initiative	2,309,508	0	0	2,309,508	15.14 %
02772 Tobacco Hlth & Medicd Initiative	9,366,266	0	0	9,366,266	61.39 %
02987 Tobacco Interest	1,590,106	0	0	1,590,106	10.42 %
State Special Total	\$13,265,880	\$0	\$1,990,026	\$15,255,906	2.45 %
03237 Alternative to Psych Treatment Fac	0	0	0	0	0.00 %
03513 CHIPRA Bonus	0	0	0	0	0.00 %
03520 MT Capacity Building Project	0	0	0	0	0.00 %
03556 84.181 - Part H - Early Interv	3,785,368	0	0	3,785,368	0.91 %
03579 93.667 - SSBG - Benefits	9,009,404	0	0	9,009,404	2.18 %
03580 6901-93.778 - Med Adm 50%	5,200,904	0	0	5,200,904	1.26 %
03583 93.778 - Med Ben Fmap	389,199,532	0	0	389,199,532	93.98 %
03599 03 Indirect Activity Prog 10	6,948,317	0	0	6,948,317	1.68 %
Federal Special Total	\$414,143,525	\$0	\$0	\$414,143,525	66.44 %
Proprietary Total	\$0	\$0	\$0	\$0	0.00 %
Total All Funds	\$621,300,068	\$0	\$1,990,026	\$623,290,094	

The division is organized and funded by three major programs.

- Children’s Mental Health Bureau (CMHB) - CMHB is responsible for providing mental health services for youth enrolled in Medicaid. It is funded almost entirely with federal Medicaid funds and associated matching state funds at the Federal Medical Assistance Program (FMAP) rate. Also administered under CMHB is the Children's Mental Health School Based Services (CMHSBS), which provides school based mental health services for seriously emotional disturbed youth (SED). Funding for CMHSBS is provided by medicaid federal dollars matched by local school district funds.
- Montana Developmental Center (MDC) - MDC is the State of Montana facility for seriously developmentally disabled persons. MDC is the institution of last resort for civil and criminal commitments. MDC is entirely funded with general fund. However, eligible services are billed to Medicaid at the federal match and captured into the MDC Medicaid Services program, which requires bond payments be made first for MDC with the remaining balance returned to the general fund.
- Developmental Disabilities Program (DDP) - DDP contracts with private and non-profit organizations to provide services to individuals with developmental disabilities. DDP is funded mostly with federal Medicaid funds and associated matching state funds at the FMAP rate. DDP also receives funding from federal Social Services block grants

The following chart shows the total division expenditure by program for the 2017 biennium.

Total Development Services Division Budget Request - \$621.3 million



For the 2015 biennium, DSD had offered three Medicaid waiver programs : (1) The Comprehensive Services Waiver, (2) The Community Supports Waiver, (3) The Children's Autism Waiver. The division has proposed integrating the Community Supports Waiver into the Comprehensive Waiver for the 2017 biennium. Other waiver details are as follows:

- The Comprehensive Services waiver will serve about 2,600 persons. Currently there are 635 people on the waiting list. The average cost is about \$43,000 per person per year, while cost plans ranged as high as \$330,000 per person per year and as low as \$1,700 per person per year
- Children's Autism Waiver is limited to 55 children between 15 months and 5 years old; children are served for a maximum of three years. Currently, 88 children are on the waiting list. The average cost plan is \$43,000 per child per year

LFD COMMENT

Montana Developmental Center and SB 43 (2013)

SB 43 was established by the 2013 Legislature and required the Department of Justice (DOJ) to investigate and substantiate abuse, neglect, or injury at the Montana Developmental Center (MDC). In support of SB

43, DOJ was appropriated \$194,128 and 1.00 FTE. This funding was actually a transfer out of the MDC budget. Given the diversity of referrals, the amount of information, and the mandated 5 day or less investigation period, DOJ found it necessary to acquire an additional 0.50 FTE through the emergency hire process. The current executive budget does not request the additional 0.50 FTE currently supporting SB 43.

Another resource consideration is that fact that MDC is also strained in supporting the DOJ investigative process. Not only is MDC currently performing their own investigations, they are also supporting the DOJ in their independent investigative efforts. This has placed additional requirements for resources supporting administration, scheduling, and client/staff interviews.

If the number of investigative referrals does not decline, the program will be inadequately staffed to meet the requirements of SB 43. The legislature may wish to consider a revisit of SB 43 to clarify intent and adjust resources as necessary.

Budget Summary by Category

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

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget
2015 Budget	86,403,724	86,403,724	172,807,448	89.13 %	287,873,258	287,873,258	575,746,516	92.67 %
PL Adjustments	4,321,969	6,989,808	11,311,777	5.83 %	2,395,629	13,129,764	15,525,393	2.50 %
New Proposals	3,468,354	6,303,084	9,771,438	5.04 %	10,629,693	19,398,466	30,028,159	4.83 %
Total Budget	\$94,194,047	\$99,696,616	\$193,890,663		\$300,898,580	\$320,401,488	\$621,300,068	

Present Law Adjustments -

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

Present Law Adjustments										
	-----Fiscal 2016-----					-----Fiscal 2017-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 98 - LEG. Personal Services Present Law	0.00	1,859,917	7,686	710,212	2,577,815	0.00	1,807,008	7,691	710,918	2,525,617
DP 99 - LEG. Present Law	0.00	2,462,052	(7,226)	(2,637,012)	(182,186)	0.00	5,182,800	(7,231)	5,428,578	10,604,147
Grand Total All Present Law Adjustments	0.00	\$4,321,969	\$460	(\$1,926,800)	\$2,395,629	0.00	\$6,989,808	\$460	\$6,139,496	\$13,129,764

DP 98 - LEG. Personal Services Present Law -

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

Personal Services Present Law Adjustments					
FY 2016					
CP 98 PSPL Item	FTE	General Fund	State Special	Federal Special	Total Funds
State Share Health Insurance	349.67	140,465	59	29,416	\$169,940
Executive Implementation of 2015 Pay Increase		271,591	128	69,268	340,987
Fully Fund 2015 Legislatively Authorized FTE		36,771	-	17,816	54,587
Other		1,408,216	7,499	596,586	2,012,302
Personal Services Present Law Adjustments	349.67	\$1,857,043	\$7,686	\$713,086	\$2,577,815
FY 2017					
CP 98 PSPL Item	FTE	General Fund	State Special	Federal Special	Total Funds
State Share Health Insurance	349.67	140,465	59	29,416	\$169,940
Executive Implementation of 2015 Pay Increase		271,588	127	69,271	340,987
Fully Fund 2015 Legislatively Authorized FTE		36,771	-	17,816	54,587
Other		1,355,301	7,505	597,298	1,960,104
Personal Services Present Law Adjustments	349.67	\$1,804,125	\$7,691	\$713,801	\$2,525,617

The “other” category in the above chart is driven primarily by the division's current vacancy rate of about 10%. Full funding of vacant positions would account for roughly \$1.8 million per year. Requested salary adjustments for the biennium make up the balance in personal service adjustments.

DP 99 - LEG. Present Law -

This adjustment includes all present law requests by the executive that are not related to personal services, including present law adjustments for inflation and fixed costs

<u>Legislative Present Law Adjustments</u>				
FY 2016				
	General Fund	State Special	Federal Special	Total Funds
CP 99 Item				
Other	2,462,052	(4,352)	(2,639,886)	(182,186)
Legislative Present Law Adjustments	\$2,462,052	(\$4,352)	(\$2,639,886)	(\$182,186)
FY 2017				
	General Fund	State Special	Federal Special	Total Funds
CP 99 Item				
Other	5,182,811	(4,356)	5,425,692	10,604,147
Legislative Present Law Adjustments	\$5,182,811	(\$4,356)	\$5,425,692	\$10,604,147

The Legislative Present Law Adjustment for the biennium includes such items as:

- Children’s mental health caseload adjustment and FMAP increase of approximately \$13.9 million general fund and \$26.8 million in total funding
- Developmental disabilities caseload adjustment and FMAP changes that increase general fund by \$0.9 million and decrease federal funding by \$3.9 million
- FMAP and caseload updates for children’s mental health school based services increase general fund by \$0.6 million and decrease federal funding by \$4.2 million
- Developmental disabilities autism waver adjustment - \$0.5 million
- Facility reimbursement increase - \$1.1 million
- Reductions in children’s mental health benefits and grants - \$0.8 million

New Proposals -

Total funds in the New Proposals table do not include proprietary funds budgeted in House Bill 2.

New Proposals	-----Fiscal 2016-----					-----Fiscal 2017-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1010017 - Med Ben Medicaid Autism Services	0.00	1,655,570	0	3,122,410	4,777,980	0.00	2,605,891	0	4,837,384	7,443,275
DP 1010018 - MDC Community Placements	0.00	195,415	0	368,552	563,967	0.00	385,706	0	715,996	1,101,702
DP 1010019 - PRI - Med Ben DD Waiver	0.00	804,453	0	1,517,201	2,321,654	0.00	1,624,995	0	3,064,746	4,689,741
DP 1010020 - PRI Med Ben DD TCM	0.00	29,301	0	55,261	84,562	0.00	59,731	0	111,084	170,815
DP 1010021 - PRI DDP Non-Medicaid	0.00	82,976	0	71,511	154,487	0.00	167,612	0	144,453	312,065
DP 1010022 - PRI Med Ben Children's Mental Health	0.00	669,990	0	1,263,604	1,933,594	0.00	1,397,239	0	2,597,717	3,994,956
DP 1010023 - PRI CMH Federal Only	0.00	0	0	762,800	762,800	0.00	0	0	1,624,002	1,624,002
DP 1010024 - PRI CMH Non-Medicaid	0.00	30,649	0	0	30,649	0.00	61,910	0	0	61,910
Total	0.00	\$3,468,354	\$0	\$7,161,339	\$10,629,693	0.00	\$6,303,084	\$0	\$13,095,382	\$19,398,466

DP 1010019 - PRI - Med Ben DD Waiver -

Provider Rate Increase Developmental Disability Waiver - This new proposal requests a 2% provider rate increase in each year of the biennium for the Developmental Disabilities Waiver Services. The request includes \$2,429,448 in general fund.

LFD COMMENT	4% Provider Rate Increase in 2015 Biennium
<p>The 2013 Legislature approved a 4% provider rate increase for services for FY 2014 and FY 2015. Language required that 2% of the provider increase came from a reduction of general fund from MDC. This request adds an additional 2% to provider rates. This is an ongoing requirement of general fund dollars, and as service levels change, so will general fund commitment.</p>	

DP 1010023 - PRI CMH Federal Only -

This new proposal requests a 2% provider rate increase in each year of the biennium for children's mental health school-based services. The request includes \$2,386,802 in federal funds.

LFD COMMENT	Matching funds will be provided by local school districts
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DP 1010020 - PRI Med Ben DD TCM -

Provider Rate Increase Targeted Case Management - This new proposal requests a 2% provider rate increase in each year of the biennium for developmental disabilities targeted case management. The request includes \$89,032 in general fund.

DP 1010018 - MDC Community Placements -

This executive requests funds, including \$581,121 in general fund, to provide community placements for 7 people from MDC each year for a total of 14 placements in the 2017 Biennium. The average cost plan during FY 2015 for individuals

from MDC transitioning to community services is estimated at \$157,386. These individuals would be placed into the DDP 0208 Waiver and receive on-going services.

LFD COMMENT **Transition Success of MDC Clients into the Community**

As of mid FY 2015, 24 MDC clients have been transferred to the community. The 2013 Legislature had requested that a total of 48 be made for FY 2014 and FY 2015. As the population of MDC changes the Legislature may wish to further clarify who can be transferred and whom may be appropriately placed in MDC.

The following table shows the executive request for provider rate increase, MDC, and Autism new proposal by General Fund and Medicaid for the biennium.

General Fund and Medicaid - Biennial Summary					
	FY 2016 General Fund	FY 2016 Medicaid Funds	FY 2017 General Fund	FY 2017 Medicaid Funds	Biennial Total
Autism/MDC					
1010017	\$1,655,570	\$3,122,410	\$2,605,891	\$4,837,384	\$12,221,255
1010018	<u>\$195,415</u>	<u>\$368,552</u>	<u>\$385,706</u>	<u>\$715,996</u>	<u>\$1,665,669</u>
	\$1,850,985	\$3,490,962	\$2,991,597	\$5,553,380	\$13,886,924
PRI					
1010019	\$804,453	\$1,517,201	\$1,624,995	\$3,064,746	\$7,011,395
1010020	\$29,301	\$55,261	\$59,731	\$111,084	\$255,377
1010021	\$82,976	\$0	\$167,612	\$0	\$250,588
1010022	\$669,990	\$1,263,604	\$1,397,239	\$2,597,717	\$5,928,550
1010023	\$0	\$762,800	\$0	\$1,624,002	\$2,386,802
1010024	<u>\$30,649</u>	<u>\$0</u>	<u>\$61,910</u>	<u>\$0</u>	<u>\$92,559</u>
	\$1,617,369	\$3,598,866	\$3,311,487	\$7,397,549	\$15,925,271
Total	<u>\$3,468,354</u>	<u>\$7,089,828</u>	<u>\$6,303,084</u>	<u>\$12,950,929</u>	<u>\$29,812,195</u>

In total, the provider rate increase for the biennium require \$9.8 million in general fund and are married by \$20.8 million in federal funds. DP 1010021 and DP 1010024 are non-Medicaid provider rate increases therefore no Medicaid is available.

LFD COMMENT The Legislature may wish to discuss the impact of the provider rate increases regarding the availability or quality of services for consumers. The \$29.8 million investment for proposed rate increases should have a measurable return for consumers. While \$29.8 million is not a large percentage of the total Developmental Service Division's budget, a return on investment should be recognized, such as improved access or quality of care.

DP 1010024 - PRI CMH Non-Medicaid -

This new proposal requests a 2% provider rate increase in each year of the biennium for Children's Mental Health Non-Medicaid. This change package seeks \$92,559 in general fund for the biennium.

DP 1010021 - PRI DDP Non-Medicaid -

This new proposal requests a 2% provider rate increase in each year of the biennium for the Developmental Disabilities program, non-Medicaid. The request includes \$250,588 in general fund.

DP 1010017 - Med Ben Medicaid Autism Services -

This executive requests \$12,221,255 in total funds for the 2017 biennium including \$4,261,461 in general fund to finance Medicaid autism services for eligible youth through age 20. These services would replace most of the autism waiver currently limit services to 55 children.

DP 1010022 - PRI Med Ben Children's Mental Health -

This new proposal requests a 2% provider rate increase in each year of the biennium for Children's Mental Health in the Developmental Services Division. This change package seeks \$5,928,550 in total funds with \$2,067,229 in general fund.