

Agency Budget Comparison

The following table compares 2014 actuals expenditures without one-time appropriations plus 2015 estimated appropriations including one-time appropriations, but excluding certain base appropriations to the 2017 biennial total legislative budget. The comparison is listed by year, type of expenditure, and source of funding. The biennial percent change column has been eliminated to allow for the transition to a comparison of biennial appropriations consistent with SB 140 in the future. The biennial appropriation growth/decline is listed in the agency highlight tables and the expenditure section of Volume 1 of this Fiscal Report.

Agency Budget Comparison							
Budget Item	Base Fiscal 2014	Approp. Fiscal 2015	Legislative Budget 2016	Legislative Budget 2017	Biennium Fiscal 14-15	Biennium Fiscal 16-17	Biennium Change
FTE	1,248.58	1,248.58	1,246.70	1,319.40	1,248.58	1,319.40	70.82
Personal Services	71,028,223	75,504,630	79,830,359	82,766,560	146,532,853	162,596,919	16,064,066
Operating Expenses	43,684,775	50,607,319	52,247,182	51,995,599	94,292,094	104,242,781	9,950,687
Equipment & Intangible Assets	175,110	218,553	218,553	218,553	393,663	437,106	43,443
Grants	25,200,742	23,704,203	25,703,145	25,940,558	48,904,945	51,643,703	2,738,758
Benefits & Claims	1,199,407,681	1,281,262,063	1,370,461,853	1,453,326,565	2,480,669,744	2,823,788,418	343,118,674
Transfers	24,463	27,500	22,500	22,500	51,963	45,000	(6,963)
Debt Service	218,583	193,907	193,907	193,907	412,490	387,814	(24,676)
Total Costs	\$1,339,739,577	\$1,431,518,175	\$1,528,677,499	\$1,614,464,242	\$2,771,257,752	\$3,143,141,741	\$371,883,989
General Fund	346,952,875	365,334,620	395,721,880	408,750,174	712,287,495	804,472,054	92,184,559
State/Other Special Rev. Funds	121,719,566	130,704,643	133,273,281	136,444,743	252,424,209	269,718,024	17,293,815
Federal Spec. Rev. Funds	871,067,136	935,478,912	999,682,338	1,069,269,325	1,806,546,048	2,068,951,663	262,405,615
Total Funds	\$1,339,739,577	\$1,431,518,175	\$1,528,677,499	\$1,614,464,242	\$2,771,257,752	\$3,143,141,741	\$371,883,989

Agency Description

This Medicaid and Health Services Branch provides direct supervision over the Senior and Long Term Care Division, Developmental Services Division, Addictive and Mental Disorders Division, Health Resources Division, and the Medicaid and Health Services Management Program. The branch also provides medical, rehabilitative, and mental health services for Montanans through a variety of programs, including all six state institutions. The branch manager oversees and coordinates programs and activities of the branch and, as the state Medicaid director, establishes policy for the Montana Medicaid program.

Agency Highlights

Medicaid and Health Services Branch Major Budget Highlights
<ul style="list-style-type: none"> • The 2017 biennium appropriation is \$355.6 million or 12.8% greater than the 2015 biennium appropriation • The majority of the growth is in benefits and claims, which funds medical services for persons who meet financial and other eligibility criteria • Major changes include: <ul style="list-style-type: none"> ◦ Medicaid and HMK enrollment and service utilization increases ◦ A 2% annual provider rate increase for most providers ◦ A provider rate increase to raise direct care worker wages in Medicaid services administered by the Senior and Long Term Care Division ◦ Expanded community and state facility adult mental health services • The legislature approved SB411 enacting closure of the Montana Developmental Center and moving clients to community based programs and services. • The FTE change from FY 2015 to FY 2017 is a net of an increase of 70.82 due to: <ul style="list-style-type: none"> ◦ 82.70 new FTE for state facility mental health expansions ◦ Reductions to comply with legislative intent to reduce FTE by the amount of the 4% vacancy savings included in the 2013 legislative appropriation

Summary of Legislative Action

The Health and Medicaid Services branch accounts for 73.9% of the 2017 biennium DPHHS appropriation and 44.8% of the total FTE (in FY 2017). Major programs included in the branch are Medicaid services, the Healthy Montana Kids (HMK) program, and six state inpatient medical facilities. The agency overview includes a discussion of components of and major policy changes associated with Medicaid services appropriations. In addition, each division budget discussion includes a more detailed description of the major changes included in the legislative appropriation.

Funding

The following table shows agency funding by source of authority. Funding for each program is discussed in detail in the individual program narratives that follow.

Total Medicaid and Health Services Branch Funding by Source of Authority 2017 Biennium Budget - Medicaid and Health Services Branch						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
General Fund	804,472,054	0	0	804,472,054	25.51 %	
State Special Total	269,718,024	0	10,281,350	279,999,374	8.88 %	
Federal Special Total	2,068,951,663	0	0	2,068,951,663	65.61 %	
Proprietary Total	0	0	0	0	0.00 %	
Other Total	0	0	0	0	0.00 %	
Total All Funds	\$3,143,141,741	\$0	\$10,281,350	\$3,153,423,091		
Percent - Total All Sources	99.67 %	0.00 %	0.33 %			

The branch is funded predominantly with federal funds. General fund and state special revenue together are 35% of the total. Funding is discussed in greater detail in each division.

Budget Summary by Category

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

Budget Item	-----General Fund-----				-----Total Funds-----			
	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget
2015 Budget	365,164,837	365,164,837	730,329,674	90.78 %	1,431,302,999	1,431,302,999	2,862,605,998	91.07 %
PL Adjustments	16,865,243	30,506,904	47,372,147	5.89 %	65,977,801	137,833,473	203,811,274	6.48 %
New Proposals	13,691,800	13,078,433	26,770,233	3.33 %	31,396,699	45,327,770	76,724,469	2.44 %
Total Budget	\$395,721,880	\$408,750,174	\$804,472,054		\$1,528,677,499	\$1,614,464,242	\$3,143,141,741	

Executive Budget Comparison

The following table compares the legislative budget for the 2017 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Budget Item	Base Budget Fiscal 2014	Executive Budget Fiscal 2016	Legislative Budget Fiscal 2016	Leg — Exec. Difference Fiscal 2016	Executive Budget Fiscal 2017	Legislative Budget Fiscal 2017	Leg — Exec. Difference Fiscal 2017	Biennium Difference Fiscal 16-17
FTE	1,248.58	1,246.70	1,246.70	0.00	1,319.40	1,319.40	0.00	0.00
Personal Services	71,028,223	81,320,674	79,830,359	(1,490,315)	85,324,173	82,766,560	(2,557,613)	(4,047,928)
Operating Expenses	43,684,775	48,514,011	52,247,182	3,733,171	51,159,392	51,995,599	836,207	4,569,378
Equipment & Intangible Assets	175,110	175,110	218,553	43,443	175,110	218,553	43,443	86,886
Grants	25,200,742	28,663,126	25,703,145	(2,959,981)	28,663,126	25,940,558	(2,722,568)	(5,682,549)
Benefits & Claims	1,199,407,681	1,403,796,302	1,370,461,853	(33,334,449)	1,497,001,322	1,453,326,565	(43,674,757)	(77,009,206)
Transfers	24,463	17,963	22,500	4,537	17,963	22,500	4,537	9,074
Debt Service	218,583	221,682	193,907	(27,775)	227,151	193,907	(33,244)	(61,019)
Total Costs	\$1,339,739,577	\$1,562,708,868	\$1,528,677,499	(\$34,031,369)	\$1,662,568,237	\$1,614,464,242	(\$48,103,995)	(\$82,135,364)
General Fund	346,952,875	421,713,368	395,721,880	(25,991,488)	456,119,716	408,750,174	(47,369,542)	(73,361,030)
State/other Special Rev. Funds	121,719,566	129,947,084	133,273,281	3,326,197	133,039,206	136,444,743	3,405,537	6,731,734
Federal Spec. Rev. Funds	871,067,136	1,011,048,416	999,682,338	(11,366,078)	1,073,409,315	1,069,269,325	(4,139,990)	(15,506,068)
Total Funds	\$1,339,739,577	\$1,562,708,868	\$1,528,677,499	(\$34,031,369)	\$1,662,568,237	\$1,614,464,242	(\$48,103,995)	(\$82,135,364)

The Health and Medicaid Services Branch 2017 biennium legislative appropriation is \$82.1 million lower than the executive budget request, including \$73.4 million less general fund. The majority of the difference - \$77.0 million - is in the benefits and claims category, which funds medical services to people who meet specific financial eligibility criteria as well as age and disability criteria in some circumstances. As noted in the agency overview, the legislature adopted lower funding levels for Medicaid and CHIP funded services compared to the executive request.

The legislative appropriation for grants is \$5.7 million lower than the executive request, primarily due to differences in federal grant amounts provided to hospitals and doctors that implement electronic health records. Personal services show the next most significant change with a reduction of \$4.0 million largely due to the legislature not approving the executive implementation of the 2013 biennium pay plan.

Operating costs are \$4.6 million higher than the executive request primarily due to the difference for computer consulting contracts between the legislative starting point - the FY 2015 appropriation - compared to the executive starting point - FY 2014 actual expenditures. The FY 2015 appropriation was \$2.9 million higher than the FY 2014 expenditures. Other changes include increases for some state facility inflation and operating cost increases that exceeded reductions to the new proposals to expand adult mental health facility services in FY 2017.

The difference in general fund appropriations is due to the legislative adoption of lower Medicaid services estimates, and implementation of the enhanced federal funding for CHIP. The majority of the general fund difference - \$47.5 million - is due to the impact of the enhanced federal CHIP match, which was not included in the executive budget request. In addition, the legislature removed \$10.8 million general fund due to savings anticipated due to implementation of SB 405, which expanded Medicaid eligibility. The general fund reductions are partially offset by higher state matching rates for Medicaid services, which raised the general fund cost of Medicaid services by \$18.4 million for this branch over the biennium.

Language and Statutory Authority

The legislature included the following language in HB 2:

Additional Waiver Slots may be used only to fund additional service slots for the comprehensive 0208 waiver above 2,750 service slots in FY 2016 and above 2,750 service slots in FY 2017 administered by the Developmental Service Division.

Provider Rate Increase may be used only to raise rates paid to service providers.

If SB 411 is passed and approved, the Developmental Services Division will be reduced by \$2,792,472 in general fund in FY 2017.

If SB 411 is passed and approved the appropriation for the Disability Services Division may be used to fund additional community-based facilities and services to accommodate individuals who are at or would otherwise be placed at the Montana Developmental Center.

County Nursing Home Intergovernmental Transfer may be used only to make one-time payments to nursing homes based on the number of Medicaid services provided. State special revenue in County Nursing Home Intergovernmental Transfer may be expended only after the Office of Budget and Program Planning has certified that the department has collected the amount that is necessary to make one-time payments to nursing homes based on the number of Medicaid services provided and to fund the base budget in the nursing facility program and the community services program at the level of \$564,785 each year from counties participating in the intergovernmental transfer program for nursing facilities.

Community Services may be used only for non-Medicaid services provided to elderly and disabled persons.

Direct Care Worker Wage Increase may be used only for a rate increase for direct care worker wages and ancillary worker wages and related benefits or to provide lump-sum payments to workers. Funds may be used only for payments for workers who provide direct care and ancillary services in the nursing facility, personal assistance, community first choice, and elderly and physically disabled home and community-based services waiver programs.

Addictive and Mental Disorders Division includes a general fund reduction of \$10,828,414 in FY 2017. This reduction may be reallocated among divisions when establishing the 2017 biennium operating plan.

Existing Jail Diversion Program Grants may be used only to support increased costs for jail diversion and crisis intervention services established pursuant to 53-21-1203, existing on or before January 1, 2015.

Community Mental Health Crisis Jail Diversion may be used only for community mental health crisis jail diversion grants pursuant to 53-21-1203(2).

Community Secure Psychiatric Treatment Beds may be used only to contract for psychiatric emergency detention beds pursuant to 53-21-1204.

Mental Health Community-Based Medicaid Waiver may be used only to expand service slots for the home and community-based waiver above the level of 198 slots funded in the FY 2015 legislative appropriation.

Community Mental Health Services may only be used as follows: (1) 72-hour crisis intervention, \$500,000 in each year of the biennium; and (2) housing reentry \$300,000 in general fund each year of the biennium.

Short-Term Inpatient Treatment may be used only to pay for mental health inpatient treatment that is provided pursuant to 53-21-1205.

The Department of Public Health and Human Services is appropriated \$2,179,275 of general fund and \$4,104,677 of federal special revenue for FY 2016 if nonrestricted general fund Medicaid benefit expenditures, including accruals, exceed \$290,632,967 by no more than \$2,179,275. The appropriations may be used only to pay Medicaid benefit expenditures made in FY 2016.

The Department of Public Health and Human Services is appropriated \$4,358,549 of general fund and \$8,209,355 of federal special revenue for FY 2016 if nonrestricted general fund Medicaid benefit expenditures, including accruals, exceed \$290,632,967 by more than \$2,179,275 but no more than \$4,358,549. The appropriation may be used only to pay Medicaid benefit expenditures incurred in FY 2016.

The Department of Public Health and Human Services is appropriated \$6,537,824 of general fund and \$12,314,032 of federal special revenue for FY 2016 if nonrestricted general fund Medicaid benefit expenditures, including accruals, exceed \$290,632,967 by more than \$4,358,549 but no more than \$6,537,824. The appropriation may be used only to pay Medicaid benefit expenditures incurred in FY 2016.

The Department of Public Health and Human Services is appropriated \$8,717,098 of general fund and \$16,418,709 of federal special revenue for FY 2016 if nonrestricted general fund Medicaid benefit expenditures, including accruals, exceed \$290,632,967 by more than \$6,537,824. The appropriation may be used only to pay Medicaid benefit expenditures incurred in FY 2016.

The Department of Public Health and Human Services is appropriated \$2,932,580 of general fund and \$5,443,828 of federal special revenue for FY 2017 if nonrestricted general fund Medicaid benefit expenditures, including accruals, exceed \$305,216,366 by no more than \$2,932,580. The appropriation may be used only to pay Medicaid benefit expenditures incurred in FY 2017.

The Department of Public Health and Human Services is appropriated \$5,865,159 of general fund and \$10,887,656 of federal special revenue for FY 2017 if nonrestricted general fund Medicaid benefit expenditures, including accruals, exceed \$305,216,366 by more than \$5,865,159 but no more than \$8,209,355. The appropriation may be used only to pay Medicaid benefit expenditures incurred in FY 2017.

The Department of Public Health and Human Services is appropriated \$8,797,739 of general fund and \$16,331,484 of federal special revenue for FY 2017 if nonrestricted general fund Medicaid benefit expenditures, including accruals, exceed \$305,216,366 by more than \$5,865,159 but no more than \$8,797,739. The appropriation may be used only to pay Medicaid benefit expenditures incurred in FY 2017.

The Department of Public Health and Human Services is appropriated \$11,730,318 of general fund and \$21,775,312 of federal special revenue for FY 2017 if nonrestricted general fund Medicaid benefit expenditures, including accruals, exceed \$305,216,366 by more than \$8,797,739. The appropriation may be used only to pay Medicaid benefit expenditures incurred in FY 2017.

The appropriations provided for in the preceding paragraphs are based on the amount of general fund Medicaid benefit expenditures for fiscal years 2016 and 2017. The amounts of \$295,652,291 for FY 2016 and \$312,172,729 for FY 2017 are superseded by the total of nonrestricted general fund appropriations for each separate fiscal year as reflected in House Bill No. 2 as passed and approved.

The Department of Public Health and Human Services is appropriated \$405,057 of general fund and \$5,406,374 of federal special revenue for FY 2016 if medical services funded from the federal Children's Health Insurance Program grant, including accruals and state matching funds, exceed \$97,141,601. The appropriation may be used only to pay for medical services funded from the federal Children's Health Insurance Program grant for expenditures made in FY 2016.

The Department of Public Health and Human Services is appropriated \$611,659 of general fund and \$10,774,192 of federal special revenue for FY 2017 if medical services funded from the federal Health Insurance Program grant, including accruals and state matching funds, exceed \$107,986,476. The appropriation may be used only to pay for medical services funded from the federal Children's Health Insurance Program grant for expenditures made in FY 2017.