

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	Legislative Budget 2016	Legislative Budget 2017	Biennium Fiscal 14-15	Biennium Fiscal 16-17	Biennium Change	Biennium % Change
FTE	221.05	221.05	217.55	217.55	221.05	217.55	(3.50)	(1.58)%
Personal Services	11,707,257	12,731,317	12,880,154	12,754,325	24,438,574	25,634,479	1,195,905	4.89%
Operating Expenses	7,156,221	10,182,788	9,461,179	9,051,976	17,339,009	18,513,155	1,174,146	6.77%
Equipment & Intangible Assets	68,049	111,093	111,093	111,093	179,142	222,186	43,044	24.03%
Grants	11,644,859	12,615,529	13,335,213	13,572,626	24,260,388	26,907,839	2,647,451	10.91%
Benefits & Claims	249,362,661	281,469,496	280,107,465	291,816,864	530,832,157	571,924,329	41,092,172	7.74%
Transfers	163	5,000	0	0	5,163	0	(5,163)	(100.00)%
Debt Service	66,657	76,284	76,284	76,284	142,941	152,568	9,627	6.73%
Total Costs	\$280,005,867	\$317,191,507	\$315,971,388	\$327,383,168	\$597,197,374	\$643,354,556	\$46,157,182	7.73%
General Fund	64,118,404	70,788,909	76,199,420	80,078,714	134,907,313	156,278,134	21,370,821	15.84%
State/Other Special Rev. Funds	33,772,598	38,937,842	35,873,984	35,902,623	72,710,440	71,776,607	(933,833)	(1.28)%
Federal Spec. Rev. Funds	182,114,865	207,464,756	203,897,984	211,401,831	389,579,621	415,299,815	25,720,194	6.60%
Total Funds	\$280,005,867	\$317,191,507	\$315,971,388	\$327,383,168	\$597,197,374	\$643,354,556	\$46,157,182	7.73%

Page Reference

Legislative Budget Analysis, B-103

Funding

The 2017 biennium legislative appropriation for the Senior and Long Term Care Division (SLTC) is \$46.2 million, including \$21.4 million general fund, higher than the 2015 biennium. The majority of the increase is in the benefits and claims expenditure category, which funds services for persons who meet specific eligibility criteria.

The major changes adopted by the legislature are:

- Medicaid services and aging grant appropriation differences between FY 2014 expenditures and the FY 2015 legislative appropriation - \$33.1 million, including \$6.7 million general fund
- 2% annual provider rate increases - \$16.1 million, including \$6.1 million general fund
- A provider rate increase for direct care worker wages - \$6.7 million, including \$2.2 million general fund
- Personal services adjustments to fund pay plan increases and other statutorily required adjustments - \$1.2 million

Some of the increases were partially offset by reductions for lower projected Medicaid nursing home costs - \$10.6 million including \$2.4 million general fund.

Funding

SLTC is funded by general fund, state special revenue, and federal funds. General fund supports:

- State Medicaid match
- Aging services
- Adult protective services
- Administrative costs

General fund increases due to:

- Annual 2% provider rate increases for Medicaid and aging services

- A provider rate increase that supports a direct care worker wage increase
- Medicaid services increases
- Higher state Medicaid matching costs due to the reduction in the federal match rate

Most state revenue sources are used as a match for Medicaid services, including:

- Nursing home utilization fee
- Health and Medicaid initiative tobacco tax revenue
- County intergovernmental transfer revenues (IGT)

Other state special revenue sources are used to fund the Montana veterans' homes including:

- Cigarette taxes
- Payments for nursing home services

Federal funds are used as state Medicaid match and provide categorical grant funding for aging services. Federal funds increase over the 2017 biennium due to:

- Medicaid services for provider rate increases and growth in service utilization
- Annual 2% provider rate increases for Medicaid services
- A provider rate increase that supports a direct care worker wage increase
- Aging services grants
- Less Medicaid federal match due to a lower federal match rate
- Higher anticipated federal VA per diem payments

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	70,446,633	70,446,633	140,893,266	90.16 %	316,849,512	316,849,512	633,699,024	98.50 %
PL Adjustments	2,738,163	3,760,241	6,498,404	4.16 %	(8,906,706)	(5,436,999)	(14,343,705)	(2.23)%
New Proposals	3,014,624	5,871,840	8,886,464	5.69 %	8,028,582	15,970,655	23,999,237	3.73 %
Total Budget	\$76,199,420	\$80,078,714	\$156,278,134		\$315,971,388	\$327,383,168	\$643,354,556	

Present Law Adjustments -

The "Present Law Adjustments" table shows the changes from FY 2015 legislative appropriation to the budget proposed. Each is discussed in the narrative that follows.

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 101 - Personal Services Adjustment	0.00	0	36,655	0	36,655	0.00	0	(89,174)	0	(89,174)
DP 102 - Other Differences for Executive PL	0.00	(22,452)	583,817	(308,197)	253,168	0.00	(378,319)	(43,383)	94,492	(327,210)
DP 515 - State Share Health Insurance	0.00	19,165	42,402	44,162	105,729	0.00	19,165	42,402	44,162	105,729
DP 520 - Fully Fund 2015 Legislatively Authorized FTE	0.00	6,085	33,000	22,232	61,317	0.00	6,085	33,000	22,232	61,317
DP 525 - Fixed Costs Adjustment	0.00	0	(23,623)	0	(23,623)	0.00	0	(23,623)	0	(23,623)
DP 527 - Inflation/Deflation	0.00	769,646	(723,554)	(220,113)	(174,021)	0.00	373,065	(350,724)	(106,693)	(84,352)
DP 532 - General Liability Insurance Rate Adjustment	0.00	0	(8,972)	0	(8,972)	0.00	0	(9,986)	0	(9,986)
DP 2200444 - Statewide 4% FTE Reduction - Program 22	(3.50)	0	0	0	0	(3.50)	0	0	0	0
DP 2222101 - Med Ben Core Cload NH	0.00	(1,273,613)	(548,102)	(3,431,214)	(5,252,929)	0.00	(1,260,265)	(732,184)	(3,698,635)	(5,691,084)
DP 2222102 - Med Ben Core FMAP NH	0.00	1,382,327	0	(1,382,327)	0	0.00	1,874,896	0	(1,874,896)	0
DP 2222103 - Med Ben Core Cload Home Based	0.00	159,334	0	300,107	459,441	0.00	291,283	0	540,716	831,999
DP 2222104 - Med Ben Core FMAP Home Based	0.00	86,533	0	(86,533)	0	0.00	118,261	0	(118,261)	0
DP 2222105 - Med Ben Waiver Cload SLTC HCBS	0.00	662,130	0	1,247,126	1,909,256	0.00	668,430	0	1,240,825	1,909,255
DP 2222106 - Med Ben Waiver FMAP SLTCD HCBS	0.00	354,196	0	(354,196)	0	0.00	484,066	0	(484,066)	0
DP 2222108 - Med Ben Other Cload NH IGT	0.00	0	(1,569,919)	(3,371,894)	(4,941,813)	0.00	0	(1,137,524)	(2,656,946)	(3,794,470)
DP 2222109 - Med Ben Other FMAP NH IGT	0.00	0	215,506	(215,506)	0	0.00	0	294,525	(294,525)	0
DP 2222110 - Med Ben Core Caseload CFC	0.00	(607,474)	0	(1,510,637)	(2,118,111)	0.00	(78,880)	0	(193,026)	(271,906)
DP 2222111 - Med Ben Core FMAP CFC	0.00	597,321	0	(597,321)	0	0.00	776,129	0	(776,129)	0
DP 2222112 - Med Ben MFP SLTC	0.00	190,217	0	906,771	1,096,988	0.00	312,991	0	1,475,018	1,788,009
DP 2222113 - State Supplemental Payments	0.00	42,422	0	0	42,422	0.00	50,190	0	0	50,190
DP 2222115 - Facility Inflation MVH	0.00	0	(114,367)	0	(114,367)	0.00	0	(31,847)	0	(31,847)
DP 2222116 - MVH Fed Auth Per Diem	0.00	0	(779,998)	779,998	0	0.00	0	(779,998)	779,998	0
DP 2222117 - EMVH Fed Auth Per Diem	0.00	0	0	449,999	449,999	0.00	0	0	449,999	449,999
DP 2222118 - Aging Grant Funding	0.00	0	0	236,927	236,927	0.00	0	0	236,927	236,927
DP 2222120 - Med Ben Other Facility Reimbursement - MVH	0.00	0	0	133,484	133,484	0.00	0	0	133,484	133,484
DP 2222121 - Contractual Adjustments	0.00	26,758	0	121,898	148,656	0.00	26,758	0	121,898	148,656
DP 2222122 - MFP Waiver Annualizations	0.00	29,148	0	54,852	84,000	0.00	162,994	0	299,006	462,000
DP 2222201 - Med Ben FMAP Money Follows the Person	0.00	301,717	0	(301,717)	0	0.00	298,689	0	(298,689)	0
DP 2222203 - Nurse Aide Testing	0.00	14,703	0	14,703	29,406	0.00	14,703	0	14,703	29,406
DP 2222600 - Adjust Base - SW Montana Veterans' Home	0.00	0	(206,703)	(1,113,615)	(1,320,318)	0.00	0	(206,703)	(1,113,615)	(1,320,318)
DP 2222602 - County Nursing Home IGT (Restricted)	0.00	0	0	0	0	0.00	0	0	0	0
Grand Total All Present Law Adjustments	(3.50)	\$2,738,163	(\$3,063,858)	(\$8,581,011)	(\$8,906,706)	(3.50)	\$3,760,241	(\$3,035,219)	(\$6,162,021)	(\$5,436,999)

***Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 101 - Personal Services Adjustment -

The legislature adopted all other personal service cost adjustments, except the annualization of the 2015 biennium pay plan.

DP 102 - Other Differences for Executive PL -

The legislature adopted all other operating cost adjustments.

DP 515 - State Share Health Insurance -

The legislature provided appropriation authority for the state share of health insurance, as adopted by the 2013 Legislature.

DP 520 - Fully Fund 2015 Legislatively Authorized FTE -

The legislature provided appropriation authority to restore personal services funding to create a vacancy savings rate of zero.

DP 525 - Fixed Costs Adjustment -

The legislature adopted proprietary rates for fixed costs charged to state agencies for services such as information technology or rent and grounds maintenance within the capitol complex. Rates for messenger services, legislative audit, grounds maintenance, records management, agency legal costs, and the statewide cost allocation plan were adopted as proposed by the executive. The legislature lowered proprietary rates for warrant writer, payroll services, SABHRS, SITSD fees, and rent. The legislature increased insurance premiums to provide for increased costs of claims and to establish a reserve for the insurance fund.

DP 527 - Inflation/Deflation -

The legislature adopted inflation/deflation factors for budgeted expenditures such as food or electricity. The legislature concurred with the executive on the factors with the exception of gasoline, aviation gasoline, diesel fuel, and jet fuel. For these factors the legislature further deflated costs to align the budget with more current information on declining prices of oil and gas projected to continue into the 2017 biennium.

DP 532 - General Liability Insurance Rate Adjustment -

The legislature reduced the rate assessed to state agencies for general liability insurance provided by the Risk Management and Tort Defense Division.

DP 2200444 - Statewide 4% FTE Reduction - Program 22 -

The 2015 biennium budget included a 4% vacancy savings reduction. Language included in the boilerplate of HB 2 passed by the 2013 Legislature, indicated legislative intent that the 4% vacancy savings be made permanent as an FTE reduction for the 2017 biennium. Change package 2200444 includes a reduction of 3.50 FTE each year of the biennium.

DP 2222101 - Med Ben Core Cload NH -

The legislature reduced appropriations for Medicaid funded nursing home services in anticipation of fewer days of care. The appropriation is based on legislative staff estimates.

DP 2222102 - Med Ben Core FMAP NH -

The legislature appropriated additional general fund and reduced federal funds to account for the change in the federal Medicaid match rate. The total cost for the program does not change.

DP 2222103 - Med Ben Core Cload Home Based -

The legislature added funds for anticipated enrollment and utilization increases for home based services, which include personal assistance, home health, and hospice programs.

DP 2222104 - Med Ben Core FMAP Home Based -

The legislature added general fund and reduced federal funds to adjust for the reduction in the federal Medicaid match rate. The total cost for the program does not change.

DP 2222105 - Med Ben Waiver Cload SLTC HCBS -

The legislature added funds for the Medicaid community based services waiver administered by SLTC. This appropriation funds the annualized cost of nursing facility transitions and diversions from institutional placements into community settings.

DP 2222106 - Med Ben Waiver FMAP SLTC HCBS -

The legislature added general fund and reduced federal funds to account for the change in the federal Medicaid match rate. The total cost for the program does not change.

DP 2222108 - Med Ben Other Cload NH IGT -

The legislature adjusted the FY 2015 appropriation base to match the executive request for nursing home IGT (intergovernmental transfer) Medicaid payments. Counties that manage nursing homes can transfer county funds to the state to be used as Medicaid match. The state then distributes the funds to all nursing homes as an add on to the daily rate paid for Medicaid nursing home services, with county nursing homes receiving a higher daily amount than other nursing homes. The legislature has considered the IGT payment as an add on that would not be continued if federal regulations changed and prohibited the methodology. The amount of IGT payment in the 2017 biennium decreases from the FY 2015 appropriated level as there are fewer county nursing homes and participation has declined.

DP 2222109 - Med Ben Other FMAP NH IGT -

The legislature approved an adjustment to increase state special revenue and reduce federal appropriation authority to account for the reduction in the federal Medicaid match rate. There is no overall change in the level of program funding.

DP 2222110 - Med Ben Core Caseload CFC -

The legislature reduced funding to adjust the FY 2015 legislative appropriation to reflect the anticipated costs for the Community First Choice program. The 2017 biennium costs are anticipated to be lower than the FY 2015 appropriation.

DP 2222111 - Med Ben Core FMAP CFC -

The legislature added general fund and reduced federal appropriation authority to reflect the reduction in federal Medicaid match rate changes. The total cost for the program does not change.

DP 2222112 - Med Ben MFP SLTC -

The legislature added funds \$2.9 million in total funds to serve additional persons in the Money Follows the Person program. This grant provides individuals the opportunity to transition from institutional settings into community options at an enhanced federal Medicaid match rate for 365 days. Individuals must transition to regular community based services after the year of eligibility for Money Follows the Person.

DP 2222113 - State Supplemental Payments -

This adjustment funds the caseload growth for the State Supplemental Payment program. The rate of growth for this program is estimated at 30 additional people in FY 2016 and an additional 5 people in FY 2017, who are expected to move from institutional disability services into the community during 2017 biennium. State supplemental payments provide an extra monetary benefit to the Social Security payment made to SSI-eligible individuals, who reside in designated residential care facilities. The monthly benefit is \$94. Additionally, DPHHS pays to the Social Security Administration an administrative fee to process these payments. The fee per payment is estimated to increase to \$11.54 in FY 2016 and \$11.66 in FY 2017.

DP 2222115 - Facility Inflation MVH -

This adjustment funds facility based inflation for the Montana Veterans' Home in the areas of operations, medical and pharmacy costs. However, despite these increases, the 2017 biennium appropriation is lower than the FY 2015 base appropriation, resulting in a reduction of cigarette tax state special revenue.

DP 2222116 - MVH Fed Auth Per Diem -

This adjustment increases federal authority for per diem rates that will be reimbursed for the domiciliary and the nursing facility days of care at the Montana Veterans' Home. Veterans' Administration (VA) per diem rates change on October 1 of each year, and this adjustment assumes the 70%-disabled, service connected veterans per diem payments will increase approximately 2%, and the traditional veterans' per diem payments will increase approximately 5% each year of the biennium. The increase in federal revenue is offset by a like reduction in state special revenue.

DP 2222117 - EMVH Fed Auth Per Diem -

This present law adjustment adds federal authority for each year of the biennium for the Veterans' Administration (VA) per diem rates that will be reimbursed for nursing facility days of care at the Eastern Montana Veterans Home (EMVH). These funds are passed through to the contractor that operates EMVH.

DP 2222118 - Aging Grant Funding -

The legislature added federal appropriation authority each year of the biennium to account for federal grant increases for aging services. These grants are awarded as renewal contracts to the Area Agencies on Aging and support services such as home visiting and nutrition programs.

DP 2222120 - Med Ben Other Facility Reimbursement - MVH -

The legislature adjusted federal authority for reimbursements for Medicaid services provided by MVH.

DP 2222121 - Contractual Adjustments -

The legislature approved funds to annualize the utilization review contract. Increases are due to the anticipated cost of living adjustments growth, an estimated 4% caseload growth due to Community First Choice requirements, an increase in

level of care screens, and additional staff time for contractor to perform utilization review, prior authorization and level of care activities through FY 2017. The majority of the contract is funded at a 75% federal and 25% general fund match.

DP 2222122 - MFP Waiver Annualizations -

The legislature added funds to annualize the cost of Money Follows the Person (MFP) transitions into the elderly and physically disabled Home and Community Based Services (HCBS) waiver. Under MFP, individuals transition into qualified community placements from facility based settings with 365 days of enhanced MFP Medicaid match rate. After 365 days, these individuals continue their community placements in their respective waiver programs, but are funded at the regular Medicaid match rate. This adjustment continues the funding for those placements in the 2017 biennium.

DP 2222201 - Med Ben FMAP Money Follows the Person -

The legislature approved an adjustment to the FY 2015 legislative appropriation for changes in the federal and state matching rates for Medicaid services for each year of the 2017 biennium. The state match increases by the amount that the federal match rates declines for no net change in funding.

DP 2222203 - Nurse Aide Testing -

The legislature added authority for of the cost of nurse aide testing in nursing homes that is reimbursed through Medicaid. This cost is funded half from state funds and half from federal funds.

DP 2222600 - Adjust Base - SW Montana Veterans' Home -

The legislature removed appropriation authority for operating costs for the proposed Southwest Montana Veterans' Home. The FY 2015 legislative base included funds to operate the home in anticipation of its construction in FY 2016. However, the federal share of construction costs was not received so the home was not built. The executive budget did not include a request to continue the funds.

DP 2222602 - County Nursing Home IGT (Restricted) -

The legislature restricted the use of county funds transferred to DPHHS to be used as state match for Medicaid funds to supplement payments for nursing home services. Counties that own nursing homes may transfer funds used to pay for county nursing home services to DPHHS. The funds are used as state match to increase Medicaid funding for nursing home services. The total generated via the county intergovernmental transfer (IGT) is distributed as an add on to the daily Medicaid nursing home rate. All nursing homes receive an increase in the daily rate, with county nursing homes receiving a higher increase. If federal regulations governing IGT funding mechanisms are changed in such a way as to further restrict or eliminate their use, the legislature has not considered rate add ons due to the IGT as part of ongoing base budget expenditures. This change package does not alter funding levels, but is needed to create the line item restricted appropriation in HB 2.

New Proposals -

The "New Proposals" table shows the changes from the legislative appropriation for FY 15 to the proposed budget.

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 2222204 - Med Ben HCHCW Increase	0.00	56,570	0	138,430	195,000	0.00	113,139	0	276,861	390,000
DP 2222205 - Direct Care Worker Wage Increase	0.00	763,612	0	1,436,997	2,200,609	0.00	1,546,595	0	2,910,452	4,457,047
DP 2222206 - PRI Med Ben Core Nursing Homes	0.00	1,045,177	0	1,968,597	3,013,774	0.00	2,131,347	0	3,956,477	6,087,824
DP 2222207 - PRI Med Ben Core Home Based Services	0.00	37,866	0	71,322	109,188	0.00	77,218	0	143,342	220,560
DP 2222208 - PRI Med Ben Community Based Waiver	0.00	272,964	0	514,129	787,093	0.00	556,634	0	1,033,294	1,589,928
DP 2222209 - PRI Aging Services	0.00	232,757	0	0	232,757	0.00	470,170	0	0	470,170
DP 2222210 - PRI Med Ben Community First Choice	0.00	342,119	0	850,765	1,192,884	0.00	699,032	0	1,710,594	2,409,626
DP 2222211 - PRI Med Ben Money Follows the Person	0.00	13,559	0	33,718	47,277	0.00	27,705	0	67,795	95,500
DP 2222601 - NonMedicaid Community Aging Services (Restricted)	0.00	250,000	0	0	250,000	0.00	250,000	0	0	250,000
Total	0.00	\$3,014,624	\$0	\$5,013,958	\$8,028,582	0.00	\$5,871,840	\$0	\$10,098,815	\$15,970,655

**Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 2222204 - Med Ben HCHCW Increase -

The legislature added funds for a provider rate increase to support the cost of health insurance for Medicaid funded health care workers who provide direct home based care. Funding is adequate to fund participation for an additional 50 workers.

DP 2222205 - Direct Care Worker Wage Increase -

The legislature funded a Medicaid rate increase to allow providers to give wage increases or lump sum payments to workers who provide direct care and ancillary services in the nursing facility, personal assistance, CFC, and community waiver programs. Funding is based on an estimated \$0.20 hourly increase in combined wages and benefits in FY 2016 and up to \$0.5hourly increase in FY 2017. About 70% of this funding would go towards wage increases and 30% would fund employee benefits and employer taxes.

DP 2222206 - PRI Med Ben Core Nursing Homes -

The legislature approved a 2% annual provider rate increase in each year of the biennium for nursing home services.

DP 2222207 - PRI Med Ben Core Home Based Services -

The legislature approved a 2% annual provider rate increase in each year of the biennium for home based services, which consist primarily of home health, personal care, and hospice services.

DP 2222208 - PRI Med Ben Community Based Waiver -

The legislature approved a 2% annual provider rate increase in each year of the biennium for community waiver services.

DP 2222209 - PRI Aging Services -

The legislature approved a 2% annual provider rate increase in each year of the biennium for aging services. The increase is fully funded from the general fund.

DP 2222210 - PRI Med Ben Community First Choice -

The legislature approved a 2% provider rate increase in each year of the biennium for Community First Choice services, which include personal assistance and other services that provide supports for elderly and disabled persons to live in community settings.

DP 222211 - PRI Med Ben Money Follows the Person -

The legislature approved a 2% annual provider rate increase in each year of the biennium for services provided under the Money Follows the Person grant.

DP 222601 - NonMedicaid Community Aging Services (Restricted) -

The legislature added general fund to expand nonMedicaid community services for the elderly and disabled and restricted funds for that use. Examples of services that will be funded include meals, home based services, and counseling about health insurance options.