

**Agency Budget Comparison**

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

Agency Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	2,924.57	2,924.57	2,927.57	2,927.57	2,924.57	2,927.57	3.00	0.10%
Estimated Impact of HB 2*			(121.68)	(121.68)		(121.68)	(121.68)	
<b>Net Estimated FTE*</b>			<b>2,805.89</b>	<b>2,805.89</b>		<b>2,805.89</b>	<b>(118.68)</b>	
Personal Services	\$153,864,366	\$159,874,448	\$164,310,967	\$163,466,286	\$313,738,814	\$327,777,253	\$14,038,439	4.47%
Operating Expenses	111,109,855	103,664,824	121,795,043	126,069,489	214,774,679	247,864,532	33,089,853	15.41%
Equipment & Intangibles	712,994	670,318	740,994	802,994	1,383,312	1,543,988	160,676	11.62%
Grants	61,012,886	60,910,876	80,341,324	77,000,770	121,923,762	157,342,094	35,418,332	29.05%
Benefits & Claims	1,394,347,537	1,603,465,315	1,550,481,745	1,625,209,646	2,997,812,852	3,175,691,391	177,878,539	5.93%
Transfers-Out	2,650,614	3,597,289	2,612,219	2,610,419	6,247,903	5,222,638	-1,025,265	-16.41%
Debt Service	254,360	493,757	292,376	292,376	748,117	584,752	-163,365	-21.84%
<b>Total Costs</b>	<b>\$1,723,952,612</b>	<b>\$1,932,676,827</b>	<b>\$1,920,574,668</b>	<b>\$1,995,451,980</b>	<b>\$3,656,629,439</b>	<b>\$3,916,026,648</b>	<b>\$259,397,209</b>	<b>7.09%</b>
General Fund	398,337,886	422,356,927	443,972,724	462,908,431	820,694,813	906,881,155	86,186,342	10.50%
State Special	146,910,929	152,107,295	153,483,881	156,383,873	299,018,224	309,867,754	10,849,530	3.63%
Federal Special	1,178,703,797	1,358,212,605	1,323,118,063	1,376,159,676	2,536,916,402	2,699,277,739	162,361,337	6.40%
<b>Total Funds</b>	<b>\$1,723,952,612</b>	<b>\$1,932,676,827</b>	<b>\$1,920,574,668</b>	<b>\$1,995,451,980</b>	<b>\$3,656,629,439</b>	<b>\$3,916,026,648</b>	<b>\$259,397,209</b>	<b>7.09%</b>

\*Estimated impact of HB 2 boilerplate language showing net FTE with reductions. See boilerplate language on the following pages.

**Agency Description**

Mission statement: Improving and protecting the health, well-being and self-reliance of all Montanans

The Department of Public Health and Human Services (DPHHS) administers a wide spectrum of programs and projects, including: public assistance, Medicaid, foster care and adoption, nursing home licensing, long-term care, aging services, alcohol and drug abuse programs, mental health services, vocational rehabilitation, disability services, child support enforcement activities, and public health functions (such as communicable disease control and preservation of public health through chronic disease prevention).

The department has three branches, the Public Health and Safety Division, and the Director's Office. The branches and the related divisions are:

- Economic Security Services Branch consisting of the Management and Disability Transition Program, Human and Community Services Division, Child and Family Services Division, and the Child Support Enforcement Division
- Operations Services Branch consisting of the Business and Financial Services Division, Quality Assurance Division, Technology Services Division, and the Management and Fair Hearings Program
- Medicaid and Health Services Branch consisting of the Disability Services Division, Health Resources Division, Medicaid and Health Services Program, Senior and Long-term Care Division, and the Addictive and Mental Disorders Division

The department is also responsible for all state facilities except correctional institutions. DPHHS facilities include: Montana State Hospital, Warm Springs; Montana Mental Health Nursing Care Center, Lewistown; Montana Chemical Dependency Center, Butte; Eastern Montana Veterans' Home, Glendive; Montana Veterans' Home, Columbia Falls; and Montana Developmental Center, Boulder.

## Agency Highlights

<b>Department of Public Health and Human Services</b>	
<b>Major Budget Highlights</b>	
<ul style="list-style-type: none"> <li>◆ The DPHHS 2015 biennium budget is \$259.4 million (\$86.2 million general fund) higher than the 2013 biennium</li> <li>◆ Funding for benefits (direct services to eligible persons) adds \$177.9 million total funds over the biennium, with major increases including:               <ul style="list-style-type: none"> <li>• Medicaid service utilization and eligibility increases - \$126.2 million total funds including \$23.2 million general fund</li> <li>• Temporary Assistance for Needy Families (TANF) benefits, child care, and early childhood services - \$15.3 million including \$2.2 million general fund</li> </ul> </li> <li>◆ Provider rate increases, which are allocated to both benefits and grants, add \$67.6 million total funds including \$21.8 million general fund</li> <li>◆ Operating costs increase primarily due to:               <ul style="list-style-type: none"> <li>• Agency-wide information technology systems supporting accounting, management, and reporting functions of Medicaid and public assistance programs</li> <li>• Training and program support for public assistance programs across the state</li> <li>• State facility operating cost and inflation increases</li> </ul> </li> <li>◆ Personal services increases are primarily due to the net increase of funding for 3.00 FTE and for statewide and present law adjustments</li> </ul>	

## Summary of Legislative Action

The 2015 biennium appropriation for DPHHS is \$259.4 million total funds, including \$86.2 million general fund, higher than the 2013 biennium. However, the legislature considered changes from FY 2012 base budget expenditures, which total \$468.7 million, including \$110.2 million general fund. Total appropriation changes approved by the legislature are greater than the biennial difference because FY 2013 appropriations are higher than the FY 2014 appropriation, which causes the biennial difference to be lower than the comparison of each year of the 2015 biennium to the base budget year.

Major legislative changes are:

- Medicaid enrollment and service utilization changes to continue present law services - \$245.6 million total funds, \$64.9 million general fund
- A 2% annual provider rate increase - \$47.6 million total funds, including \$16.9 million general fund
- Additional rate increases for children's mental health case management, developmental disability services, and direct care worker wages - \$21.7 million total funds, \$7.0 million general fund
- Increases in TANF and child care eligibility, TANF payment standards, benefits and support across TANF and early childhood programs - \$20.0 million total funds, \$2.7 million general fund
- Adoption of the Medicaid Community First Choice Option - \$17.1 million federal funds
- Increases to support the present law adjustments for the eligibility system serving CHIMES Medicaid, Healthy Montana Kids, and the TEAMS system supporting public assistance programs including SNAP and TANF - \$6.7 million total funds, \$0.3 million general fund
- One-time-only funding of state special and federal special revenue to complete the planning process for the MACWIS system - \$0.4 million

Legislative appropriation increases are net of the following reductions:

- A 2% reduction in the present law Medicaid services appropriations for services administered by the Health Resources Division and children's mental health services - \$22.5 million total funds, \$6.1 million general fund
- An additional 2% vacancy savings for all personal services costs except state facilities - \$1.3 million total funds, \$0.4 million general fund

*Vacancy Savings and FTE*

The additional 2% vacancy savings reduction was assessed to the Business and Financial services Division with language in HB 2 allowing the agency to allocate the reduction among programs.

The legislature approved funding for 2,927.57 FTE, a net increase in funding for 3.00 FTE. Legislative funding changes include:

- Increases for:
  - 5.00 FTE for eligibility work in the Office of Public Assistance
  - 1.00 FTE to administer the new Southwest Montana Veterans' Home
  - 1.00 FTE to administer the new Medicaid option called Community First Choice to enhance community services, increase the number of persons served in the community and receive an additional 6% federal Medicaid match for services costs
- Reductions of:
  - 2.00 FTE at the Montana Chemical Dependency Center that had been vacant for more than two years and that the agency indicated it would not be filling
  - 1.00 FTE at the Montana Veterans' Home that had been vacant for more than a year
  - 1.00 FTE from the Montana Developmental Center (MDC) to the Department of Justice for a criminal investigator to conduct investigations related to mistreatment, neglect, and abuse of residents of MDC

Bills to Implement HB 2

The legislature passed HB 625 to implement HB 2; however, the Governor vetoed the bill. As of this writing legislators are being polled to vote to uphold or override the veto since HB 625. The vote will not be final until after the Fiscal Report is published.

HB 625 implemented language in HB 2 requiring DPHHS to raise provider rates by 2% annually. HB 625 required the department to raise the base rate for FY 2012 by 2% effective July 1, 2013, and by an additional 2% starting July 1, 2014. HB 625 also limited the rate increase for Medicaid services to only those providers who are paid at a rate that is less than the federally prescribed rates as of January 1, 2013. Additionally, HB 625 required HB 2 appropriations for children's mental health case management rate increases to be used for that purpose.

*Boilerplate*

The boilerplate section in HB 2 includes the following language:

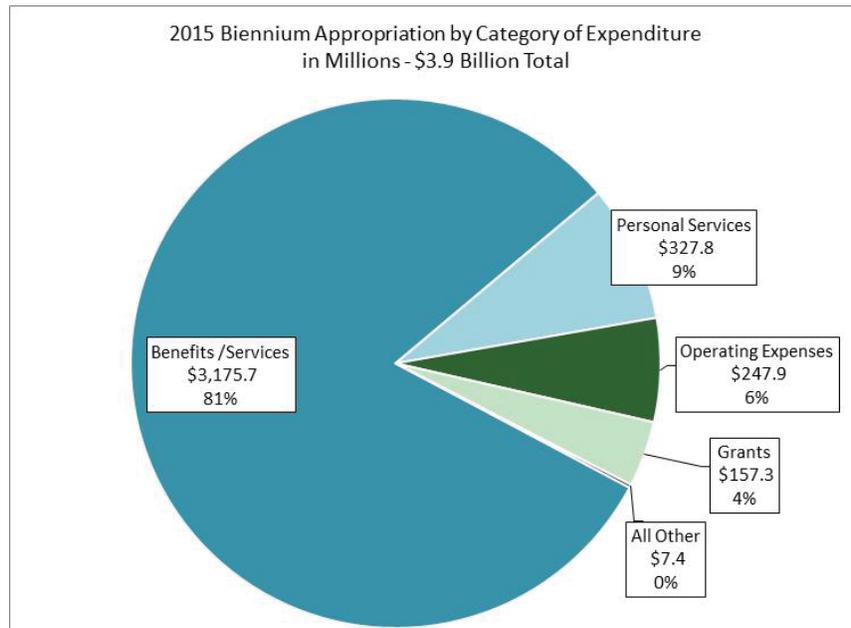
“It is the intent of the legislature that the appropriations for personal services contained in this bill for fiscal year 2014 and fiscal year 2015, except for the reductions contained in decision packages that remove an additional vacancy savings amount, are supported by only the number of FTE that are funded. It is the intent of the legislature that this net level of FTE is the level that will be used to calculate personal services funding in the next biennium.”

The LFD has calculated that this intent language would reduce the current biennium base FTE by 440.00 statewide and by 121.68 for this agency. The lower level of FTE will be the starting point or base the legislature will use for personal services budget deliberations in the 2017 biennium.

*DPHHS Appropriation Characteristics*

Figure 1 shows the major components of the DPHHS appropriation. Benefits and claims, which fund services for persons who meet specific program eligibility usually tied to household income and in some cases age or level of disability, are \$3.2 billion or 81% of the total. Personal services costs are 9% of the total followed by operating expenses at 6%. Grants, which are funds passed through to local governments or other entities, are 4% of the total. All other costs are less than 1%.

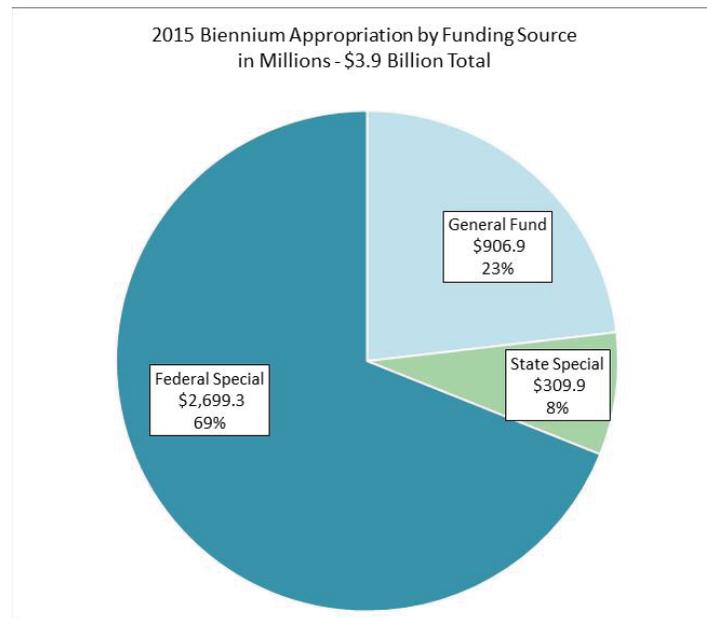
Figure 1



Appropriation by Fund

Figure 2 shows the DPHHS appropriation by fund. Federal funds are 69% of the total, with federal Medicaid funds comprising 40% of the agency appropriation. General fund is just under one-quarter of total funding. State special revenue is 8%. Funding is discussed in greater detail in the Funding section.

Figure 2

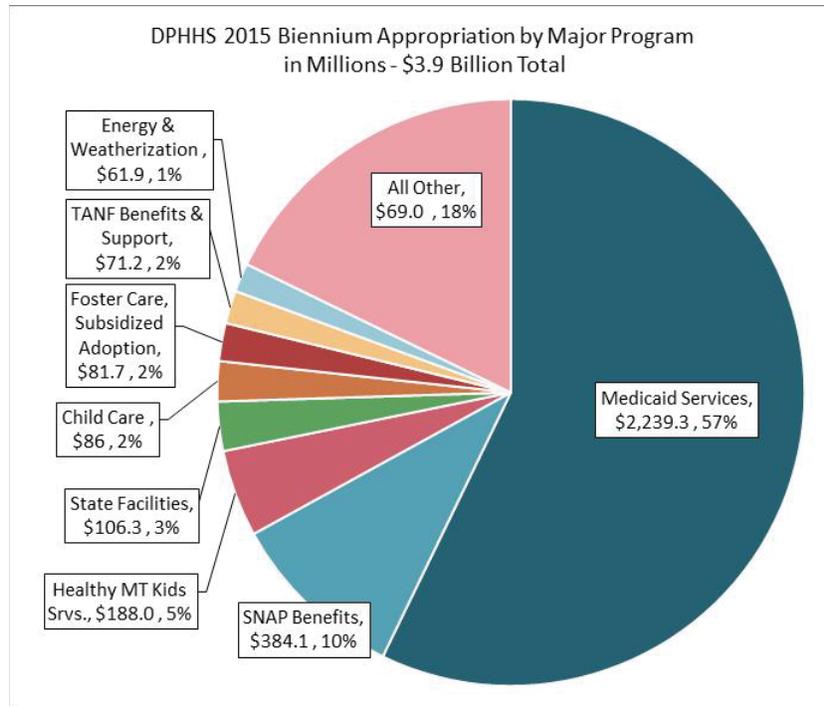


Appropriation by Major Function

Figure 3 shows the DPHHS appropriation by major function. The appropriation for Medicaid services for low-income children and some of their parents, elderly, and disabled persons is 57% of the total DPHHS appropriation. Medicaid

services are the major cost driver of the DPHHS budget, since most Medicaid services are entitlements, meaning that medically necessary services authorized in the Medicaid state plan must be provided to eligible persons.

Figure 3



Federally funded Supplemental Nutrition Assistance Program (SNAP) benefits are 10% of the total 2015 biennium appropriation. Healthy Montana Kids (HMK) services for children in families with incomes from 101% to 250% of the federal poverty level are 5% of the total.

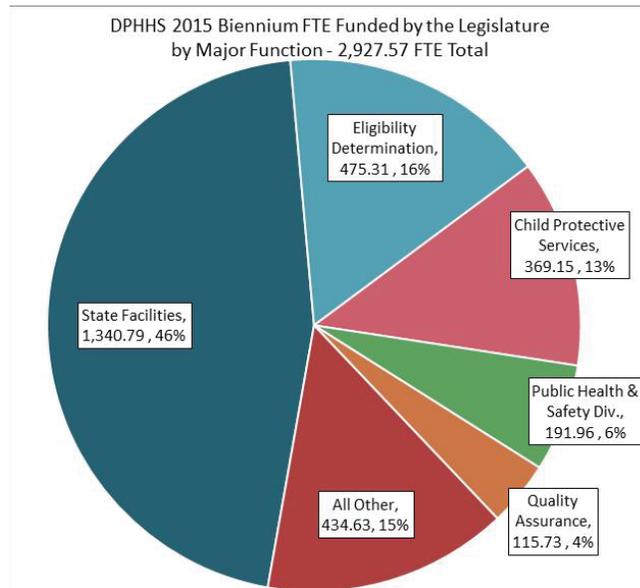
State facility costs are 3% of the total. Appropriations for child care, foster care and subsidized adoption, and Temporary Assistance for Needy Families (TANF) services are each about 2%. Energy and weatherization assistance are 1% of the total. The remaining 18% of the DPHHS appropriation includes other services and grant programs as well as program administrative costs. The aggregated cost for discrete, similar functions for the remaining programs is less than 1%. Examples of the types of costs and programs included in the “All Other” category, which are explained in greater detail in the following program narratives, are:

- Administrative costs for management of the appropriations for services listed in Figure 3, such as Medicaid, child care and foster care services
- Centralized administrative costs that support agency functions such as accounting, budgeting, personnel management and development and maintenance of information technology systems
- Other grant and benefit programs that provide state funded chemical dependency and adult mental health services, emergency preparedness, tobacco control, and prevention and nutrition programs such as the Women Infants and Children program

#### DPHHS FTE by Major Function

The legislature approved funding for 2,927.57 FTE, or 24% of the total FTE funded in HB 2. Figure 4 shows FTE by major program or function. Most of the DPHHS FTE are located outside Helena. The majority of DPHHS FTE – 46% - are employed by the seven state facilities administered by DPHHS.

Figure 4

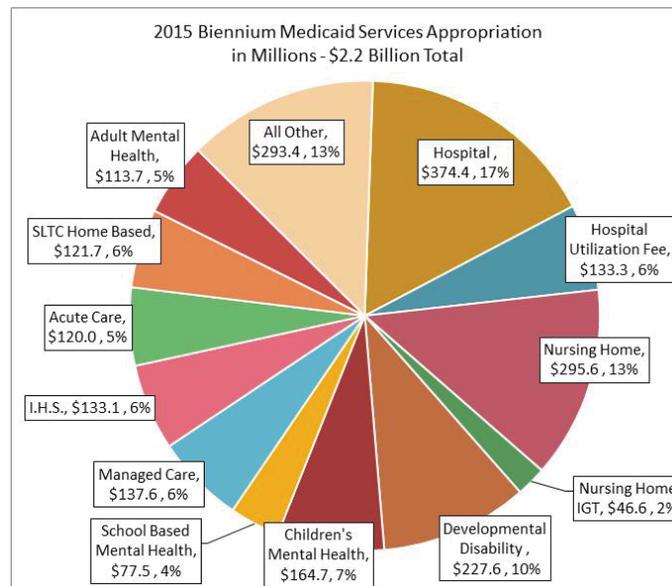


Eligibility determination for programs administered by DPHHS such as Medicaid, SNAP, and TANF are about 16% of the total, while the child protective services function is 13%. The Public Health and Safety Division has 6% of the agency FTE, while the Quality Assurance Division has 4%. The remaining programs and functions are 15% of the total. Personal services costs are proportional to the distribution of FTE.

Medicaid Services

As noted previously funding for medical services provided to low-income eligible children and some parents, elderly, and disabled persons is \$2.2 billion or 57% of the 2015 biennium appropriation. Figure 5 shows the Medicaid services appropriation by major category. Almost one half of the total appropriation supports three main service categories: hospital, nursing home, and developmental disability services. The single largest appropriation supports hospital and clinic services. Adding in the additional funds generated by the hospital utilization fee, the total appropriation for hospital services is \$507.7 million or 23% of the total.

Figure 5



Nursing home services plus the amount generated by the intergovernmental transfer (IGT) of county funds supporting nursing homes is 15% of the total with \$341.8 million. Services for the developmentally disabled, including group home, supported work, autism, and case management services is 10% of the total. Children’s mental health services, including the 100% federal reimbursement for school based mental health services, is \$242.2 million or 12% of the total. Other service categories are less than 7% each and include:

- Managed care, which is primarily physician services
- Indian Health Services (I.H.S.), which is 100% federally funded reimbursement for I.H.S. services provided to Medicaid eligible persons
- Acute care services, such as dental; optometrist; ambulance; durable medical equipment; and physical, speech, and occupational therapy
- Home based services, including personal assistance, home health, and hospice services, administered by the Senior and Long Term Care Division (SLTC)
- Adult mental health services
- All other, such as chemical dependency, pharmacy, breast and cervical cancer, and community services managed by SLTC

#### Provider Rate Increases

The legislature appropriated \$69.3 million for a 2% rate annual increase for service providers as well as targeted rate increases for developmental disability services and children’s mental health case management and ongoing funding to continue a one-time provider rate increase to support direct care worker wage increases in programs administered by the Senior and Long-Term Care Division. Figure 6 shows the total rate increases approved by the legislature.

Figure 6

Department of Health and Human Services									
Provider Rate Increases									
Provider Rate Increase Decision Packages	FY 2014				FY 2015				
	General Fund	State Special	Federal	Total	General Fund	State Special	Federal	Total	
6902 - Economic Securities and Services Branch									
1901 - PRI Vocation Rehabilitation	\$67,384	\$0	\$104,226	\$171,610	\$136,116	\$0	\$210,536	\$346,652	
20901 - PRI Child Care	489,482	0	0	489,482	988,754	0	0	988,754	
30901 - PRI - Foster Care	153,014	0	69,218	222,232	309,193	0	139,716	448,909	
30902 - PRI - Subsidized Adoption	23,746	0	28,261	52,007	48,009	0	57,045	105,054	
30903 - PRI - Subsidized Guardianship	2,686	0	1,823	4,509	5,429	0	3,679	9,108	
30904 - PRI - In Home Services	<u>31,976</u>	<u>0</u>	<u>0</u>	<u>31,976</u>	<u>64,591</u>	<u>0</u>	<u>0</u>	<u>64,591</u>	
Subtotal	768,288	0	203,528	971,816	1,552,092	0	410,976	1,963,068	
6911 - Medicaid and Health Services Branch									
10901 - DD Medicaid Provider Rate Incr.	638,857	0	1,258,551	1,897,408	1,295,474	0	2,537,290	3,832,764	
10902 - DDP Non-Medicaid PRI	87,944	0	0	87,944	177,646	0	0	177,646	
10903 - PRI - CMH Medicaid Core	467,987	0	921,935	1,389,922	948,983	0	1,858,660	2,807,643	
10904 - CMH Non-Medicaid PRI	19,882	0	0	19,882	40,161	0	0	40,161	
10905 - CMH 100% Federal Medicaid PRI	0	0	468,005	468,005	0	0	945,371	945,371	
10909 - Increase DD and Non Medicaid PRI*	726,801	0	1,258,551	1,985,352	1,473,120	0	2,537,290	4,010,410	
11901 - PRI - HMK Group	0	28,360	91,656	120,016	0	57,311	185,122	242,433	
11902 - PRI - Medicaid Core	1,341,245	222,362	3,086,642	4,650,249	2,929,087	229,555	6,230,405	9,389,047	
11903 - PRI - HMK Med CHIP Funded Grp.	0	46,739	151,057	197,796	0	94,454	305,097	399,551	
10915 - Targeted Case Management SED Youth	967,662	0	1,843,674	2,811,336	999,919	0	1,867,644	2,867,563	
22901 - PRI Med Ben Core Nursing Homes	958,145	0	1,882,487	2,840,632	1,938,322	0	3,799,755	5,738,077	
22902 - PRI Med Ben Core Home Services	276,720	0	543,679	820,399	559,804	0	1,097,401	1,657,205	
22903 - PRI Med Ben Waiver SLTC	246,745	0	484,784	731,529	499,163	0	978,526	1,477,689	
22904 - PRI - Aging Services	209,887	0	0	209,887	423,971	0	0	423,971	
22907 - Direct Care Worker Wage Increase	1,684,819	0	3,310,196	4,995,015	1,687,316	0	3,307,699	4,995,015	
33901 - PRI Med Ben Waiver AMDD	0	102,377	201,142	303,519	0	207,108	406,001	613,109	
33902 - PRI Med Ben Adult Mental Health	172,683	95,214	526,342	794,239	348,820	192,400	1,063,170	1,604,390	
33903 - PRI - HB 131 Crisis Beds	5,500	0	0	5,500	11,110	0	0	11,110	
33904 - PRI - CD SAPT Block Grant	0	0	82,718	82,718	0	0	167,091	167,091	
33905 - PRI - Mental Health Services Plan	175,744	0	0	175,744	355,002	0	0	355,002	
Subtotal	<u>7,980,621</u>	<u>495,052</u>	<u>16,111,419</u>	<u>24,587,092</u>	<u>13,687,898</u>	<u>780,828</u>	<u>27,286,522</u>	<u>41,755,248</u>	
Grand Total	<u>\$8,748,909</u>	<u>\$495,052</u>	<u>\$16,314,947</u>	<u>\$25,558,908</u>	<u>\$15,239,990</u>	<u>\$780,828</u>	<u>\$27,697,498</u>	<u>\$43,718,316</u>	
Biennial Total					<u>\$23,988,899</u>	<u>\$1,275,880</u>	<u>\$44,012,445</u>	<u>\$69,277,224</u>	

\*The general fund for this rate increase is funded by a reduction in the general fund to operate the Montana Developmental Center.

**Line Item Veto**

The legislature approved three appropriations that were removed from HB 2 by the Governor via line item veto. The vetoes were made after the legislature adjourned. The appropriations that were stricken include:

- o An additional rate increase for Medicaid nursing home services - \$5.7 million total funds, including \$2.0 million general fund
- o One-time funding for additional mental health crisis jail diversion services - \$0.7 million
- o Funds for reporting requirements on the procedures developed for the implementation of HB 131 and SB 65 and the cases that resulted in better outcomes for children and families - \$1,000 general fund

**Funding**

DPHHS is funded by general fund, state special revenue, and federal funds. Figure 7 shows the major fund sources and the biennial appropriation from each.

Figure 7

Department of Public Health and Human Services Total Funding By Source of Authority 2015 Biennium Budget					
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
General Fund	\$906,881,155	\$0	\$0	\$906,881,155	23.1%
State Special					
02772 Tobacco Hlth and Medicaid Init	\$77,822,359	\$0	\$0	\$77,822,359	2.0%
02989 69010-Hospital Utilization Fee	45,007,976	0	0	45,007,976	1.1%
02597 Healthy Montana Kids Plan	42,730,712	0	0	42,730,712	1.1%
02053 Medicaid IGTs	19,081,258	0	0	19,081,258	0.5%
02990 69010-Nursing Home Utilization	18,613,730	0	0	18,613,730	0.5%
02790 6901-Statewide Tobacco Sttlmnt	17,638,324	0	0	17,638,324	0.4%
02987 Tobacco Interest	14,765,504	0	0	14,765,504	0.4%
02034 Earmarked Alcohol Funds	12,207,100	0	3,821,174	16,028,274	0.4%
02023 Private Ins. Medicaid Reim.-Ve	9,912,842	0	0	9,912,842	0.3%
02789 6901-CHIP/MCHA Tobacco Sett Fd	8,528,659	0	0	8,528,659	0.2%
02366 Public Health Laboratory	6,327,691	0	0	6,327,691	0.2%
02260 Cigarette Tax Revenue	5,028,352	0	0	5,028,352	0.1%
02209 Third Party Contributions-F.C.	3,860,262	0	0	3,860,262	0.1%
02375 02 Indirect Activity Prog 02	3,181,289	0	0	3,181,289	0.1%
Other State Special Revenue	<u>25,161,696</u>	<u>0</u>	<u>5,817,948</u>	<u>30,979,644</u>	0.8%
State Special Total	\$309,867,754	\$0	\$9,639,122	\$319,506,876	8.1%
Federal Special					
03583 93.778 - Med Ben FMAP	\$1,423,806,693	\$0	\$0	\$1,423,806,693	36.3%
03678 6901-Food Stamp Benefits	381,884,068	0	0	381,884,068	9.7%
03426 CHIP Program Fed	146,894,307	0	0	146,894,307	3.7%
03582 93.778 - Med Ben 100%	133,074,183	0	0	133,074,183	3.4%
03109 TANF Benefits	58,159,467	0	0	58,159,467	1.5%
03572 93.568 - LIEAP Blk Grt Adm	47,106,850	0	0	47,106,850	1.2%
03598 03 Indirect Activity Prog 09	45,823,839	0	0	45,823,839	1.2%
03580 6901-93.778 - Med Adm 50%	29,756,501	0	0	29,756,501	0.8%
03096 Discretionary Child Care	28,836,285	-19,634	0	28,816,651	0.7%
03382 03 Indirect Activity Prog 02	27,442,056	0	0	27,442,056	0.7%
03604 84.126 - Rehab-Sec110 A 78.7%	26,386,239	0	0	26,386,239	0.7%
03168 ECIA Chapter 2	22,575,473	0	0	22,575,473	0.6%
03027 WIC (Women,Infants & Children)	20,816,041	0	0	20,816,041	0.5%
03530 6901-Foster Care 93.658	16,443,783	0	0	16,443,783	0.4%
03593 03 Indirect Activity Prog 03	15,486,199	0	0	15,486,199	0.4%
03531 6901-Subsidized Adopt 93.659	15,582,036	0	0	15,582,036	0.4%
Other Federal Special Revenue	<u>259,203,719</u>	<u>0</u>	<u>0</u>	<u>259,203,719</u>	6.6%
Total Federal Special	\$2,699,277,739	-\$19,634	\$0	\$2,699,258,105	68.8%
Total All Funds	\$3,916,026,648	-\$19,634	\$9,639,122	\$3,925,646,136	100.0%
Percent Total All Sources	99.8%	0.0%	0.2%	100.0%	

General fund is 23% of the total. It used for:

- State Medicaid match
- State mental health and developmental disability facilities
- Community aging services grants
- A portion of the community mental health services for low-income adults with a serious and disabling mental illness
- State Children's Health Insurance Program (CHIP) match
- A portion of administrative costs

State special revenue is 8% of the 2015 biennium appropriation for DPHHS. Uses for the major sources of state special revenue are:

- State Medicaid match
  - Tobacco tax health and Medicaid initiatives
  - Hospital utilization fee
  - Medicaid intergovernmental transfer payments from local governments
  - Nursing home utilization fees
  - Alcohol tax
  - Tobacco settlement interest
- Healthy Montana Kids state match for Medicaid and CHIP services
  - Insurance tax Healthy Montana Kids Plan
  - Tobacco tax health and Medicaid initiatives
  - Tobacco settlement interest
- Public health laboratory
  - Public health laboratory fees
- Montana veterans' services
  - Cigarette tax revenue
- Foster care services
  - Third party contributions or payments

Major sources of federal funds include:

- All Medicaid funds - \$1.7 billion
- Supplemental Nutrition Assistance Program (food stamps) - \$381.9 million
- Children's Health Insurance (CHIP) block grant – \$146.9 million
- Temporary Assistance for Needy Families block grant - \$59.2 million

Other sources of federal funds are less than \$50.0 million of the total appropriation and less than 1.5% of the total.

#### Use of Tobacco Settlement Funds

Tobacco settlement revenues support various functions throughout DPHHS. Montana receives revenue as a settling party to a Master Settlement Agreement (MSA) with several tobacco companies. The MSA places no restrictions on how states are to spend the money. 11% of the settlement revenues are deposited to the general fund and the balance is allocated based on initiatives passed by Montana voters:

- November 2000 - Constitutional Amendment 35 established a trust fund and requires not less than 40% of tobacco settlement money be deposited to the trust
- November 2002 - initiative 146 (17-6-606, MCA) established two state special revenue accounts with the following allocations and uses:
  - 32% to tobacco prevention/cessation programs
  - 17% to CHIP supporting HMK and the Montana Comprehensive Health Association (MCHA), a state funded high risk insurance pool

Money not appropriated from the state special revenue accounts within two years is transferred to the trust fund. Figure 8 shows revenues, expenditures, appropriations, and fund balances for these two uses of tobacco settlement funds.

Figure 8

Tobacco Settlement Accounts - Fund Balance					
Master Settlement Agreement Payment Allocations to State Special Revenue Accounts					
Allocation of Revenue, Expenditures, and Fund Balance	Actual FY 2012	Legislative Appropriation FY 2013	FY 2014	FY 2015	Biennial % of Ttl
<b>32% Allocated to Tobacco Cessation/Prevention</b>					
Beginning Fund Balance	\$188,713	\$1,615,766	\$2,865,074	\$3,710,670	
Revenues*	<u>9,664,875</u>	<u>9,662,173</u>	<u>10,238,000</u>	<u>10,140,000</u>	
Total Available for Appropriation	9,853,588	11,277,939	13,103,074	13,850,670	
Expenditures					
Department of Revenue	301,974	303,271	318,989	318,557	3.4%
Department of Justice	111,045	123,972	118,303	118,585	1.3%
Public Health and Safety Division					
Tobacco Control & Prevention	3,997,104	4,000,000	4,723,409	4,724,708	50.3%
Chronic Disease Programs	2,617,360	2,617,456	2,967,969	2,974,256	31.6%
Home Health Visiting/MIAMI	403,736	404,036	404,012	403,971	4.3%
Tribal Programs	689,554	698,910	720,000	720,000	7.7%
Hospital Discharge	130,313	132,151	0	0	0.0%
Cost Allocated Administration**	<u>126,732</u>	<u>133,069</u>	<u>139,722</u>	<u>146,708</u>	<u>1.5%</u>
Subtotal Expenditures	<u>8,377,818</u>	<u>8,412,865</u>	<u>9,392,404</u>	<u>9,406,785</u>	<u>100.0%</u>
Adjustments	<u>139,996</u>	<u>0</u>	<u>0</u>	<u>0</u>	
Total Expenditures	<u>8,517,814</u>	<u>8,412,865</u>	<u>9,392,404</u>	<u>9,406,785</u>	
Percentage Annual Change		-1.2%	11.6%	0.2%	
Ending Fund Balance	<u>\$1,615,766</u>	<u>\$2,865,074</u>	<u>\$3,710,670</u>	<u>\$4,443,885</u>	
<b>17% Allocated to HMK and the MT Comprehensive Health Association</b>					
Beginning Fund Balance	\$0	\$0	\$0	\$0	
Revenues*	<u>5,134,465</u>	<u>5,133,029</u>	<u>5,439,000</u>	<u>5,387,000</u>	
Revenues Available for Appropriation	5,134,465	5,133,029	5,439,000	5,387,000	
Expenditures					
Healthy Montana Kids Services	3,654,168	3,807,867	4,261,244	3,928,448	74.3%
Healthy Montana Kids Administration	51,577	60,349	69,121	74,449	1.3%
MT Comprehensive Health Assoc.**	925,563	925,563	946,455	943,696	17.1%
DPHHS Cost Allocated Admin.***	<u>399,462</u>	<u>399,462</u>	<u>399,462</u>	<u>399,462</u>	<u>7.2%</u>
Subtotal Expenditures	<u>5,030,770</u>	<u>5,193,241</u>	<u>5,676,282</u>	<u>5,346,055</u>	<u>100.0%</u>
Percentage Annual Change		3.2%	9.3%	-5.8%	
Adjustments****	<u>(103,695)</u>	<u>(60,212)</u>	<u>(237,282)</u>	<u>0</u>	
Ending Fund Balance****	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$40,945</u>	
*Revenues are those adopted in SJ 2, except for FY 2013, which includes actual revenue received as of April 19, 2013.					
**FY 2015 appropriations do not reflect the fiscal impact due to passage and approval of SB 223, which requires development and approval of a plan to terminate MCHA due to changes in the federal Affordable Care Act. The FY 2015 cost is estimated to be about \$300,000 lower than the appropriation according to the fiscal note for HB 223.					
***Nonbudgeted expenditures are allocated across funding sources to support shared administrative costs.					
****DPHHS and the State Auditor's Office will need to take actions to reduce expenditures from the account in FY 2013 and FY 2014.					

Funding from the tobacco cessation/prevention account supports additional programs including enforcement activities, chronic disease programs, home health visiting, hospital discharge information, and administrative costs at FY 2012 base budget levels with minor adjustments. Major changes from this tobacco settlement account allocation include:

- Additional funds for prevention of tobacco use by teens and children - \$1.5 million
- An expansion of asthma home visiting and prevention - \$0.2 million

The major change in the tobacco settlement allocation for HMK and MCHA includes replacing general fund state match and funding a provider rate increase for HMK for a total of \$1.0 million over the biennium. SB 223 requires the State Auditor's Office to develop a plan to terminate the MCHA due to insurance changes implemented by the federal Affordable Care Act that require insurance companies to provide insurance to persons without regard to preexisting medical conditions.

#### *Tobacco Trust Fund Interest*

The Montana Constitution stipulates that interest earnings from the tobacco trust fund are to be distributed:

- 90% for appropriation by the legislature for disease prevention programs and state programs providing benefits, services, or coverage related to the health care needs of the people of Montana
- 10% to the tobacco trust

Figure 9 shows the revenues, budgeted appropriations, and fund balance for the tobacco trust fund over the 2015 biennium. Most programs are funded at the FY 2012 expenditure level. Major legislative appropriation changes from the account are:

- Accepting the executive proposal to pay a portion of the state match for cost increases in Medicaid hospital services due to enrollment and service utilization - \$1.4 million
- Partially offsetting reductions to Medicaid community based services administered by the Senior and Long-Term Care Division - \$0.5 million
- Implementing a 2% provider rate increase for Medicaid services - \$0.5 million
- Expanding funding for mental health crisis jail diversion grants to counties - \$0.4 million

Figure 9

Tobacco Settlement Trust Fund Interest - Fund Balance					
Fund Balance, Revenues, Expenditures	Actual	Legislative Appropriations			Biennial % of Ttl
	FY 2012	FY 2013	FY 2014	FY 2015	
Beginning Fund Balance	\$13,363	\$16,258	\$651,386	\$62,923	
Revenues*	<u>6,030,990</u>	<u>6,142,500</u>	<u>6,568,200</u>	<u>7,038,900</u>	
Revenues Available for Appropriation	6,044,353	6,158,758	7,219,586	7,101,823	
Expenditures					
<u>Health Resources Division</u>					
Medicaid Acute Services	2,304,649	1,741,516	2,304,649	2,304,649	31.0%
Medicaid Hospital & Clinical Services	<u>543,647</u>	<u>543,647</u>	<u>1,237,602</u>	<u>1,773,901</u>	<u>20.3%</u>
Health Resources Division Subtotal	2,848,296	2,285,163	3,542,251	4,078,550	51.3%
<u>Senior and Long Term Care Division</u>					
Medicaid Nursing Home Services	831,850	831,850	831,850	831,850	11.2%
Home and Community Based Services	0	0	253,655	260,848	3.5%
Traumatic Brain Injury Services	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>0.7%</u>
Senior and Long Term Care Div. Subtotal	881,850	881,850	1,135,505	1,142,698	15.3%
<u>Public Health and Safety Division</u>					
Adolescent Vaccinations	400,000	400,000	400,000	400,000	5.4%
Newborn Screenings	240,542	284,708	240,247	240,235	3.2%
Emergency Medical Services	119,889	122,288	119,889	119,889	1.6%
HIV Treatment	84,000	84,000	84,000	84,000	1.1%
Montana Health Professional Recruitment	75,000	75,000	75,000	75,000	1.0%
WIC Farmer's Market	9,000	9,732	9,000	9,000	0.1%
PHSD Cost Allocation**	13,538	16,029	14,215	14,926	0.2%
Genetics	<u>41,176</u>	<u>0</u>	<u>41,462</u>	<u>41,176</u>	<u>0.6%</u>
Public Health and Safety Division Subtotal	983,145	991,757	983,813	984,226	13.2%
<u>Developmental Services Division</u>					
Medicaid Children's Mental Health Services	233,552	233,552	202,259	202,259	2.7%
DD Part C, Title XX and MOE	<u>600,000</u>	<u>600,000</u>	<u>600,000</u>	<u>600,000</u>	<u>8.1%</u>
Developmental Srvs Division Subtotal	833,552	833,552	802,259	802,259	10.8%
<u>Addictive and Mental Disorders Division</u>					
Mental Health Community Crisis Services	415,511	429,468	617,102	617,102	8.3%
Adult Mental Health Medicaid Benefits	27,659	27,659	27,659	27,659	0.4%
Mental Health Administration	<u>48,074</u>	<u>57,923</u>	<u>48,074</u>	<u>48,074</u>	<u>0.6%</u>
Addictive and Mental Disorders Div. Subtotal	<u>491,244</u>	<u>515,050</u>	<u>692,835</u>	<u>692,835</u>	<u>9.3%</u>
Total Expenditures	<u>6,038,087</u>	<u>5,507,372</u>	<u>7,156,663</u>	<u>7,700,568</u>	100.0%
Adjustments***	<u>9,992</u>	<u>0</u>	<u>0</u>	<u>(598,745)</u>	
Ending Fund Balance	<u>\$16,258</u>	<u>\$651,386</u>	<u>\$62,923</u>	<u>\$0</u>	
*90% of the trust interest may be appropriated and 10% is deposited to the trust corpus. FY 2014 and FY 2015 revenues are those adopted in SJ 2.					
**Nonbudgeted expenditures are cost allocated administrative overhead expenses.					
***Adjustments includes accounting changes and spending changes necessary to match expenditures to revenues.					

### Health and Medicaid Initiative Funds

The health and Medicaid initiatives account was established by voter initiative in November 2004, which raised cigarette taxes by \$1 per pack and also raised tobacco taxes. Uses for the account are established in statute and fund Medicaid, Healthy Montana Kids, Big Sky Rx, and the Insure Montana program (premium assistance and tax credits for small employers who provide group health coverage for their employees). The Insure Montana program is administered by the State Auditor's Office and is funded from one-time appropriations through the end of the 2015 biennium. Due to changes

in the Affordable Care Act, the legislature did not anticipate continued funding for the program. Figure 10 shows the fund balance for the account.

Figure 10

Health and Medicaid Initiatives Fund Balance - 2013 Biennium Compared to 2015 Biennium					
Tobacco Tax Revenue Dedicated to Health Initiatives					
Fund Balance Revenue/Expenditures/Elected Official Request	Actual FY 2012	Estimated FY 2013	Legislative Appropriation FY 2014 FY 2015		% of Total
Beginning Fund Balance	\$29,199,806	\$23,070,266	\$10,451,874	\$2,907,795	7.5%
Revenue - Cigarette and Tobacco Tax*	37,383,560	36,883,000	36,508,000	35,763,000	92.5%
Transfer from Older Montanans' Trust (HB 604)	<u>3,166,502</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0%</u>
Total Revenue	69,749,868	59,953,266	46,959,874	38,670,795	100%
Interest Earnings	<u>638,211</u>	<u>59,953</u>	<u>93,920</u>	<u>193,354</u>	
Total Funds Available	70,388,079	60,013,220	47,053,794	38,864,149	
Expenditures					
<u>Medicaid Services</u>					
State Plan Services - Hospitals, Physicians, Prescription Drugs, Dental**	7,869,907	8,058,130	8,092,269	8,099,462	20.8%
Nursing Home Services	5,746,948	6,844,244	5,746,948	5,746,948	14.8%
HIFA Waiver - Adult Mental Health Services	2,402,403	1,843,997	3,966,303	4,055,890	10.4%
Senior/Physically Disabled Waiver	3,092,008	3,476,576	3,092,008	3,092,008	8.0%
Developmental Disability Benefits	2,942,130	2,942,130	2,942,130	2,942,130	7.6%
Mental Health and Chemical Dependency	2,045,955	2,055,711	2,139,345	2,238,732	5.8%
Home Based Services	1,857,206	2,106,888	1,857,206	1,857,206	4.8%
Children's Mental Health Services	1,741,003	1,741,003	1,741,003	1,741,003	4.5%
Adult Mental Health Community Srvs Waiver	1,090,044	1,035,744	1,113,354	1,141,052	2.9%
<u>Other Programs</u>					
Insure Montana Premium Assistance***	7,274,373	6,298,152	3,622,283	0	0.0%
Insure Montana Health Insurance Tax Credits***	2,917,736	4,159,099	1,498,190	0	0.0%
Big Sky Rx/PharmAssist	4,268,759	4,003,223	4,822,483	4,821,814	12.4%
Healthy Montana Kids/CHIP	3,453,921	3,403,921	3,453,921	3,453,921	8.9%
Insure Montana 95% Restriction/Other Adj.***	523,248	(522,863)	0	(384,600)	-1.0%
Mental Health Services Plan	0	2,060,256	0	0	0.0%
Other Services/Administration	<u>92,172</u>	<u>55,134</u>	<u>58,556</u>	<u>58,583</u>	<u>0.2%</u>
Subtotal Expenditures	<u>47,317,813</u>	<u>49,561,345</u>	<u>44,145,999</u>	<u>38,864,149</u>	100.0%
Annual Change	2.4%	4.7%	-10.9%	-12.0%	
Ending Fund Balance	<u>\$23,070,266</u>	<u>\$10,451,874</u>	<u>\$2,907,795</u>	<u>(\$0)</u>	

\*Revenue based on estimates included in SJ 2.  
\*\*FY 2013 estimated costs are based on HB 2 appropriations.  
\*\*\*Insure Montana is funded through the end of the 2015 biennium from one-time appropriations. The 2013 Legislature passed HB 48, which eliminated the restriction that Insure Montana could spend only 95% of the amount appropriated for the program. Other adjustments include the 95% spending limit in the 2013 biennium and spending reductions needed to keep the fund balance positive in FY 2015

The health and Medicaid initiatives account is not structurally balanced. Ongoing expenditure levels in FY 2015 exceed ongoing revenues by about \$3.4 million. The 2015 Legislature will need to either curtail expenditures from the account by reducing program costs or shifting costs to other sources, including the general fund.

About half of the FY 2015 biennium appropriations continue the amount expended in the base budget. Major changes in appropriations from the account include:

- Mental health services plan/HIFA Medicaid waiver annualization of enrollment increases over the 2013 biennium – \$3.0 million
- Big Sky Rx premium assistance increases – \$1.0 million
- State matching funds for Medicaid provider rate increases for adult mental health and chemical dependency services - \$0.5 million

**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 2014	Budget Fiscal 2015	Biennium Fiscal 14 - 15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14 - 15	Percent of Budget
Base Budget	\$398,337,886	\$398,337,886	\$796,675,772	\$1	\$1,723,952,612	\$1,723,952,612	\$3,447,905,224	88.0%
Statewide PL Adjustments	3,917,272	3,765,388	7,682,660	0	8,307,532	7,784,565	16,092,097	0.4%
Other PL Adjustments	31,761,955	44,834,260	76,596,215	0	130,933,346	188,895,671	319,829,017	8.2%
New Proposals	<u>9,955,611</u>	<u>15,970,897</u>	<u>25,926,508</u>	<u>0</u>	<u>57,381,178</u>	<u>74,819,132</u>	<u>132,200,310</u>	<u>3.4%</u>
<b>Total Budget</b>	\$443,972,724	\$462,908,431	\$906,881,155		\$1,920,574,668	\$1,995,451,980	\$3,916,026,648	

**Other Legislation**

Bills that have a fiscal impact on DPHHS are summarized in the following section. Some of these bills are discussed in more detail in the program narrative. Those that implement provisions of HB 2 are discussed first.

*Bills Implementing HB 2*

**HB 4** – This bill allows certain appropriations made in HB 2 in the 2013 biennium to continue into the 2015 biennium.

**HB 625** – As was discussed earlier this bill, which implements HB 2, was vetoed by the Governor and legislators are currently being polled to determine if the veto will be overridden.

*Interim Studies affecting DPHHS Programs*

**HJ 2** – This resolution initiates an interim study investigating state and local government electronic records management.

**HJ 16** – This bill recommends an interim study of state-operated public institutions and community services.

**SJ 20** – This bill requests an interim study on prescription drug abuse and the effects of the abuse on Montanans.

*Other House and Senate Bills*

**HB 5** – This bill appropriates \$1.5 million long-range building funds to repair the sewage collection system at the Montana State Hospital.

**HB 12** – This bill appropriates \$6.5 million general fund and \$12.7 million in federal matching funds for restricted provider rate payments in FY 2013. It was vetoed by the Governor, but legislators are being polled to vote to uphold or override the veto. The vote will not be final prior to the publication of the Fiscal Report.

**HB 13** – This bill defines and provides for employee compensation for the 2015 biennium.

**HB 16** – This bill revises involuntary commitment and emergency detention laws related to mental health issues. The agency estimated costs at \$150,600 and revenues at \$278,564 over the biennium. The legislature did not add funds for this purpose.

**HB 74** – This bill requires the release of disclosure of records of child abuse or neglect to certain law enforcement, prosecutorial, and child welfare entities and individuals.

HB 76 – This bill creates the office of the child and family ombudsman in the Department of Justice. The ombudsman will serve as an independent, impartial, and confidential entity to protect the interests and rights of the state’s children and families.

HB 77 - This bill eliminated obsolete language and allows the department to establish one or more offices of public assistance in each county.

HB 84 – This bill codifies 72-hour presumptive eligibility requirements for adult mental health crisis stabilization services and allows for two psychiatric evaluations during that period of time. The bill also clarifies that this service is not an entitlement and is subject to available funding. There is no fiscal impact because any increased costs will be absorbed by providing fewer services.

HB 107 – This bill revises laws related to legal counsel representation in abuse and neglect cases and court assignment of guardian ad litem or special advocates.

HB 131 – This bill authorizes DPHHS to share limited information about an investigation of reports of child abuse or neglect with a mandatory reporter who made a required report of alleged abuse of neglect.

HB 262 - This bill extends Medicaid eligibility to children placed in subsidized guardianship and aligns Montana’s Medicaid statute with changes in the Social Security Act as amended through the “Fostering Connections to Success Act” making subsidized guardianships categorically eligible for Medicaid. There is no fiscal impact as these children typically already receive Medicaid services in Montana.

HB 330 - This bill requires certain data be sealed from public access in dissolution proceedings except data needed in administering Title IV-D of the Social Security Act, relating to child support enforcement and guardian ad litem duties.

HB 403 - This bill increases fees collected by district court clerks for various services that would impact Child Support Enforcement Division.

HB 583 – This bill establishes Montana Suicide Review Team to:

- Perform an in-depth analysis of suicides that occur in Montana, including a review of records available by law
- Compile statistics related to suicides for use in reports published by the department
- Analyze the causes of suicides
- Recommend measures to prevent future suicides

The bill appropriates \$67,000 general fund each year to DPHHS for meetings and administrative costs related to the review team.

HB 630 – This bill establishes the Montana food policy modernization project and requires DPHHS plus other departments and stakeholder groups to assess Montana food laws and to report to the interim Economic Affairs Committee. There is an appropriation of \$18,000 general fund to the Department of Agriculture to support the project.

SB 65 – This bill expands the list of persons to whom DPHHS may release child abuse or neglect case records from parent or person designated by a parent or guardian responsible for the child’s welfare to include grandparent, aunt, uncle, brother, sister, and mandatory reporter.

SB 69 - This bill creates a fine for receiving assets that were transferred in order to qualify an applicant or recipient for Medicaid. A person who receives an asset for less than fair market value from an applicant for or recipient of medical assistance for certain long-term care services under this part is subject to a civil fine payable to the department. A court may impose a civil fine of 100% to 150% of the amount that the department paid for medical assistance for the applicant or recipient during the period of ineligibility that is attributable to the amount transferred to the person receiving the asset,

plus the department's court costs and attorney fees. The bill was a recommendation of the Select Committee on Efficiency In State Government. The fiscal note did not include an estimate of costs due to any legal work by DPHHS or impact on the judiciary due to court cases. Nor did the fiscal note estimate any savings due to recovery of cost or due to any potential for fewer asset transfers.

**SB 84** – This bill establishes definition and regulation of patient-centered medical homes by the Commissioner of Insurance and allows DPHHS to implement rules to establish one or more patient-centered medical home programs as part of the Montana Medicaid program.

**SB 134** – This bill revises elder abuse laws by establishing fines and sentences based on the value money, assets, or property that is taken from the victim.

**SB 160** - This bill creates the offense of criminal child endangerment if the person purposely, knowingly, or negligently causes substantial risk of death or serious bodily injury to a child under 14 years of age

**SB 198** – This bill provides increased penalties for assault on a minor under 36 months of age and requires counseling assessment on violence and dangerous behaviors and participation in referred treatments.

**SB 351** – This bill provides for criminal background checks of residents in homes where a potential emergency placement may be made.

**SB 410** – This bill includes state special revenue appropriations for the 2015 biennium of:

- \$2.0 million allocated to DPHHS for the purpose of funding various operations, benefits, and grant costs of the department
- \$7.5 million allocated to Governor's Office of Budget and Program Planning for the purpose of transferring money to various departments, including DPHHS, to fund operations costs

**Executive Budget Comparison**

The following table compares the legislative budget in the 2015 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Budget Item	Base Budget Fiscal 2012	Executive Budget Fiscal 2014	Legislative Budget 2014	Leg - Exec. Difference Fiscal 2014	Executive Budget Fiscal 2015	Legislative Budget 2015	Leg - Exec. Difference Fiscal 2014	Biennium Difference Fiscal 14 - 15
FTE	2,924.57	2,953.07	2,927.57	(25.50)	2,953.07	2,927.57	(25.50)	(25.50)
Estimated Impact of HB 2*			(121.68)	(121.68)		(121.68)	(121.68)	
<b>Net Estimated FTE*</b>			2,805.89	(147.18)		2,805.89	(147.18)	
Personal Services	\$153,864,366	\$167,281,444	\$164,310,967	(\$2,970,477)	\$167,201,016	\$163,466,286	(\$3,734,730)	(\$6,705,207)
Operating Expenses	111,109,855	121,519,726	121,795,043	275,317	125,677,150	126,069,489	392,339	667,656
Benefits & Claims	1,394,347,537	1,341,241,046	1,550,481,745	209,240,699	1,411,731,049	1,625,209,646	213,478,597	422,719,296
Grants	61,012,886	79,354,733	80,341,324	986,591	76,014,179	77,000,770	986,591	1,973,182
Equipment & Intangibles	712,994	740,994	740,994	0	802,994	802,994	0	0
Debt Service	254,360	292,376	292,376	0	292,376	292,376	0	0
Transfers-Out	2,650,614	2,644,914	2,612,219	(32,695)	2,643,114	2,610,419	(32,695)	(65,390)
<b>Total Costs</b>	<b>\$1,723,952,612</b>	<b>\$1,713,075,233</b>	<b>\$1,920,574,668</b>	<b>\$207,499,435</b>	<b>\$1,784,361,878</b>	<b>\$1,995,451,980</b>	<b>\$211,090,102</b>	<b>\$418,589,537</b>
General Fund	398,337,886	445,360,526	443,972,724	(1,387,802)	464,339,571	462,908,431	(1,431,140)	(2,818,942)
State/Other Special	146,910,929	153,065,327	153,483,881	418,554	156,347,511	156,383,873	36,362	454,916
Federal Special	1,178,703,797	1,114,649,380	1,323,118,063	208,468,683	1,163,674,796	1,376,159,676	212,484,880	420,953,563
<b>Total Funds</b>	<b>\$1,723,952,612</b>	<b>\$1,713,075,233</b>	<b>\$1,920,574,668</b>	<b>\$207,499,435</b>	<b>\$1,784,361,878</b>	<b>\$1,995,451,980</b>	<b>\$211,090,102</b>	<b>\$418,589,537</b>

\*Estimated impact of HB 2 boilerplate language showing net FTE with reductions. See boilerplate language on the previous pages.

The 2015 biennium appropriation is \$418.6 million higher than the executive request, but \$2.8 million general fund lower. The most significant difference is due to SNAP benefits. The executive budget proposed that the federal funds supporting SNAP benefits be statutorily appropriated, which would mean that the appropriation would not be needed in HB 2. The legislature did not pass HB 309, which authorized the statutory appropriation. Since HB 309 did not pass, it triggered a language appropriation in HB 2: “If legislation authorizing a statutory appropriation for SNAP benefits is not passed and

approved, the appropriation for the Human and Community Services Division is increased by \$190,942,034 federal funds each year.” As a result, the legislative appropriation is \$381.8 million federal funds higher over the biennium than the executive budget request.

Other major legislative increases over the executive budget are:

- Approval of the Medicaid caseload changes, which was added to the executive budget request in February 2011 - \$43.8 million, including \$4.9 million general fund
- Additional provider rate increases for developmental disability and children’s mental health Medicaid services - \$8.4 million, including \$3.4 million general fund
- Continuation of one-time appropriations from the 2013 biennium, including removal of the one-time designation, for direct care worker wage supports and personal services meal preparation - \$10.6 million, including \$3.9 million general fund
- Expansion of Developmental Disability community waiver services - \$6.5 million, including \$2.2 million general fund
- Expansion of targeted case management for developmental disabilities - \$3.1 million, including \$1.3 million general fund
- Additional funds for the community waiver services administered by the Senior and Long Term Care Division - \$2.7 million, including \$0.4 million general fund
- Funding for mental health crisis jail diversion services, short term community housing assistance, jail suicide prevention grants, and traumatic brain injury services - \$1.2 million, including \$0.5 million general fund
- Approval of a funding switch for the STARS program in Early Childhood Services from \$2.0 million general fund to federal CHIPRA funds and increasing the amount to \$2.4 million

The legislature made reductions to the executive budget that partially offset some of the increases. The legislative appropriation supports 25.50 fewer FTE than the Governor’s budget request. The lower level of funding is due to removing funding for vacant FTE and due to not approving requests to add funds for additional FTE. The legislature did not approve:

- Making 13.50 modified FTE permanent in Child and Family Services (\$1.2 million total funds - \$0.9 million general fund)
- Adding 2.00 federally funded FTE in the Quality Assurance Division (\$0.3 million federal funds)
- 6.00 FTE within the Medicaid and Health Services branch to support the children’s mental health waiver as a state plan
- Funding for 2.00 FTE at the Montana Chemical Dependency Center and 1.00 FTE at the Montana Veterans’ Home that had been vacant for an extended period of time
- Funding for 1.00 FTE at MDC, which was transferred to the Department of Justice

In addition to the FTE funding reductions, the legislature:

- Reduced the present law Medicaid services request - \$11.0 million, \$5.0 million general fund
- Imposed an additional 2% vacancy savings on all personal services costs except for state facilities - \$1.3 million total funds, \$0.4 million general fund
- Did not approve funding for overtime and holiday pay differential for the Montana Developmental Center - \$0.9 million general fund
- Reduced general fund appropriations for the Montana Developmental Center - \$2.6 million, in part to fund an additional 2% provider rate increase, expand waiver slots for community based service, provide funding for school based mental health coordination, and transfer 1.00 FTE from MDC to the Department of Justice

**2013 Federal Poverty Level**

Figure 11 shows the federal poverty level for 2013 and various levels of poverty by size of household. The federal poverty level index is updated annually and published in February or March each year.

**Figure 11**

2013 Federal Poverty Index															
Levels of Poverty by Family Size															
Family Size	Annual Household Income - 2013 Federal Poverty Level														
	30%	33%	40%	100%	133%	138%	144%	150%	175%	185%	200%	250%	300%	350%	400%
1	\$3,447	\$3,792	\$4,596	\$11,490	\$15,282	\$15,856	\$16,546	\$17,235	\$20,108	\$21,257	\$22,980	\$28,725	\$34,470	\$40,215	\$61,127
2	4,653	5,118	6,204	15,510	20,628	21,404	22,334	23,265	27,143	28,694	31,020	38,775	46,530	54,285	82,513
3	5,859	6,445	7,812	19,530	25,975	26,951	28,123	29,295	34,178	36,131	39,060	48,825	58,590	68,355	103,900
4	7,065	7,772	9,420	23,550	31,322	32,499	33,912	35,325	41,213	43,568	47,100	58,875	70,650	82,425	125,286
5	8,271	9,098	11,028	27,570	36,668	38,047	39,701	41,355	48,248	51,005	55,140	68,925	82,710	96,495	146,672
6	9,477	10,425	12,636	31,590	42,015	43,594	45,490	47,385	55,283	58,442	63,180	78,975	94,770	110,565	168,059
7	10,683	11,751	14,244	35,610	47,361	49,142	51,278	53,415	62,318	65,879	71,220	89,025	106,830	124,635	189,445
8	11,889	13,078	15,852	39,630	52,708	54,689	57,067	59,445	69,353	73,316	79,260	99,075	118,890	138,705	210,832
Family Size	Monthly Earnings - 2013 Federal Poverty Level														
	30%	33%	40%	100%	133%	138%	144%	150%	175%	185%	200%	250%	300%	350%	400%
1	\$287	\$316	\$383	\$958	\$1,273	\$1,321	\$1,379	\$1,436	\$1,676	\$1,771	\$1,915	\$2,394	\$2,873	\$3,351	\$5,094
2	388	427	517	1,293	1,719	1,784	1,861	1,939	2,262	2,391	2,585	3,231	3,878	4,524	6,876
3	488	537	651	1,628	2,165	2,246	2,344	2,441	2,848	3,011	3,255	4,069	4,883	5,696	8,658
4	589	648	785	1,963	2,610	2,708	2,826	2,944	3,434	3,631	3,925	4,906	5,888	6,869	10,441
5	689	758	919	2,298	3,056	3,171	3,308	3,446	4,021	4,250	4,595	5,744	6,893	8,041	12,223
6	790	869	1,053	2,633	3,501	3,633	3,791	3,949	4,607	4,870	5,265	6,581	7,898	9,214	14,005
7	890	979	1,187	2,968	3,947	4,095	4,273	4,451	5,193	5,490	5,935	7,419	8,903	10,386	15,787
8	991	1,090	1,321	3,303	4,392	4,557	4,756	4,954	5,779	6,110	6,605	8,256	9,908	11,559	17,569