

**Program Budget Comparison**

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

Program 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	220.05	220.05	221.05	221.05	220.05	221.05	1.00	0.45%
Personal Services	10,783,866	11,413,008	11,784,778	11,770,762	22,196,874	23,555,540	1,358,666	6.12%
Operating Expenses	7,872,989	8,265,374	8,780,611	10,195,793	16,138,363	18,976,404	2,838,041	17.59%
Equipment & Intangible Assets	111,093	132,303	111,093	111,093	243,396	222,186	(21,210)	(8.71%)
Grants	8,665,823	8,994,341	12,373,156	12,615,529	17,660,164	24,988,685	7,328,521	41.50%
Benefits & Claims	240,910,744	233,267,817	269,324,223	281,469,496	474,178,561	550,793,719	76,615,158	16.16%
Transfers	0	0	0	0	0	0	0	n/a
Debt Service	86,284	87,362	76,284	76,284	173,646	152,568	(21,078)	(12.14%)
<b>Total Costs</b>	<b>\$268,430,799</b>	<b>\$262,160,205</b>	<b>\$302,450,145</b>	<b>\$316,238,957</b>	<b>\$530,591,004</b>	<b>\$618,689,102</b>	<b>\$88,098,098</b>	<b>16.60%</b>
General Fund	60,343,797	62,481,031	67,417,789	70,547,355	122,824,828	137,965,144	15,140,316	12.33%
State Special	34,787,255	32,683,758	37,908,055	38,507,435	67,471,013	76,415,490	8,944,477	13.26%
Federal Special	173,299,747	166,995,416	197,124,301	207,184,167	340,295,163	404,308,468	64,013,305	18.81%
<b>Total Funds</b>	<b>\$268,430,799</b>	<b>\$262,160,205</b>	<b>\$302,450,145</b>	<b>\$316,238,957</b>	<b>\$530,591,004</b>	<b>\$618,689,102</b>	<b>\$88,098,098</b>	<b>16.60%</b>

**Program Description**

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

The Office on Aging provides meals, transportation, public education, information and assistance, long-term care ombudsman and other services;

- 1) Medicaid Community Services Program pays for in-home, assisted living, and other community-based services to Medicaid-eligible individuals as an alternative to nursing home care;
- 2) Medicaid Nursing Facility Program pays for care to Medicaid-eligible individuals in 82 Montana nursing homes;
- 3) Protective services, including the investigation of abuse neglect and exploitation are provided by adult protective services social workers;
- 4) Skilled nursing facility care is provided to veterans at the 105-bed Montana Veterans Home (MVH) in Columbia Falls and the 80-bed Eastern Montana Veterans Home in Glendive; and
- 5) The State Supplemental Payments Program pays for a portion of the room and board costs for SSI eligible individuals residing in designated residential care facilities.

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

## Program Highlights

<b>Senior and Long Term Care Division Major Budget Highlights</b>
<ul style="list-style-type: none"> <li>◆ The 2015 biennium request grows \$88.1 million (\$15.1 million general fund) compared to the 2013 biennium budget</li> <li>◆ Major changes are: <ul style="list-style-type: none"> <li>• Expansion of Medicaid community services for disabled and elderly persons - \$17.1 million federal funds</li> <li>• Authorization for increased spending authority for county funded intergovernmental transfer payments to increase nursing home rates - \$14.5 million</li> <li>• Implementation of a 2% annual provider rate increase - \$13.9 million total funds (\$5.1 million general fund)</li> <li>• Utilization and enrollment increases for Medicaid services and changes in the federal Medicaid match rate - \$9.2 million total funds (\$3.0 million general fund)</li> <li>• Expansion of federal funding for aging services - \$4.4 million</li> <li>• Continuation of a one-time appropriation for community aging services and a \$1.0 million increase for a total of \$4.0 million general fund</li> </ul> </li> </ul>

## Program Narrative

The Senior and Long Term Care Division (SLTC) appropriation for the 2015 biennium is \$88.1 million higher than the 2013 biennium, including \$15.1 million general fund. However, legislative appropriations are based on the difference between the base budget (FY 2012) and the estimated cost each year of the 2015 biennium. Legislative appropriations above base budget spending total \$81.8 million. Changes compared to the base budget are lower than the biennium to biennium comparison because the appropriation for FY 2013 is included in the biennial comparison and it is \$6.3 million lower than the base budget.

Major changes authorized by the legislature compared to base budget expenditures include:

- A new Medicaid state plan amendment that provides an enhanced federal match rate to provide additional community services for persons who otherwise could qualify for nursing home care - \$17.1 million federal funds
- An increase in transfers of county funds (IGT) that support nursing homes to use as state Medicaid match and increase nursing home reimbursement - \$14.4 million
- A 2% annual provider rate increase - \$13.9 million total funds, including \$5.1 million general fund
- A continuation of one-time appropriations for provider rate increases to fund direct care workers wage increases, meal preparation in personal assistance services, and non-Medicaid community services - \$11.5 million total funds, including \$6.9 million general fund
- Net increases in other Medicaid services - \$9.3 million total funds, including \$3.1 million general fund
- An increase in federal categorical grants for aging services - \$4.4 million
- An increase in funding to partially offset a reduction in community services for elderly and physically disabled persons that was instituted in late FY 2013 - \$1.5 million
- An increase to add community waiver services for 50 more persons - \$1.2 million
- An appropriation to operate the new Southwest Montana Veterans' Home - \$1.2 million, and inflation and operating cost increases for the other two veteran's homes - \$1.4 million

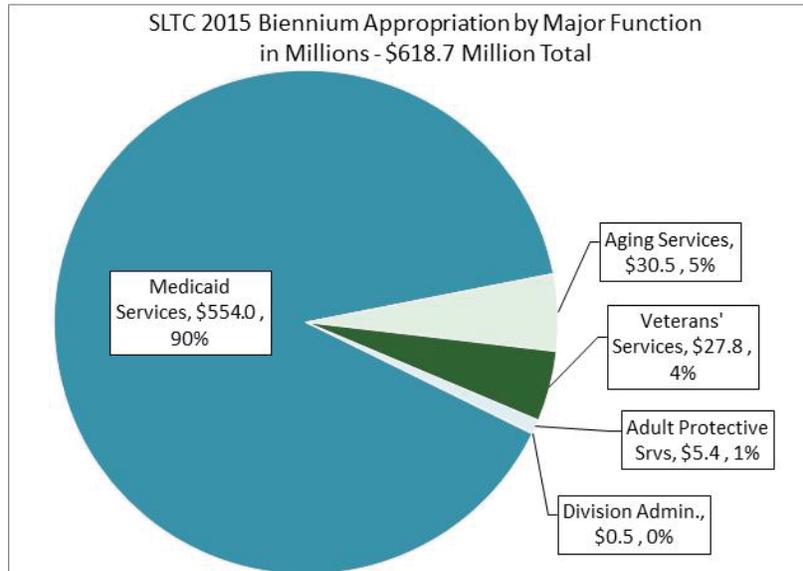
## Line Item Veto

The legislature approved a provider rate increase for Medicaid nursing home services of \$5.8 million, including \$2.0 million general fund. The Governor removed this appropriation via line item veto after the legislature had adjourned.

### Division Appropriation Characteristics

The SLTC division appropriation is 18% of the \$3.5 billion appropriated to DPHHS, including 15% of the total \$906.9 general fund appropriation to DPHHS. Figure 20 shows the appropriation by major division function.

Figure 20



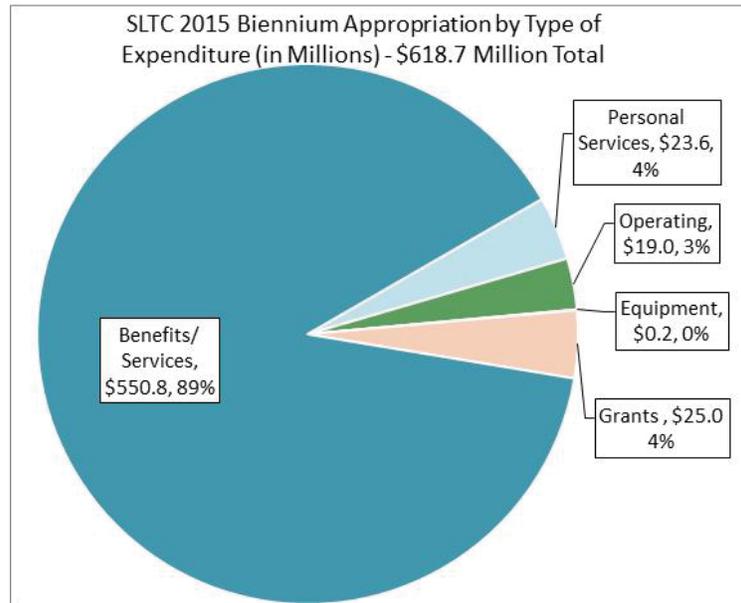
Medicaid services are the largest function with 90% of the appropriation and are the major cost driver for the division. The Medicaid services function includes both payments for medical services for eligible individuals as well as administrative costs for the program. Aging services account for 5% of the appropriation, while veterans' services – three veterans' nursing facilities – are 4% of the total. Adult protective services are 1% of the total division appropriation while division administration is less than 1%.

### Appropriations by Type of Expenditure

Figure 2 shows the 2015 biennium appropriation for SLTC by type of expenditure. Payment for benefits or medical services for persons who meet financial and other eligibility criteria total \$550.8 million or 80% of the appropriation. Benefits and services includes Medicaid services primarily as well as adult protective services, state supplement payments, and short term housing services. Personal services and grants costs are each 4% of the total appropriation, while operating costs are 3% and equipment is less than 1%. Grants are distributed to agencies that contract with DPHHS to provide community services for the elderly and disabled such as:

- Feeding programs including congregate and meals on wheels
- Home maker services
- Elder abuse prevention
- Ombudsman services
- Health information counseling
- Caregiver support services

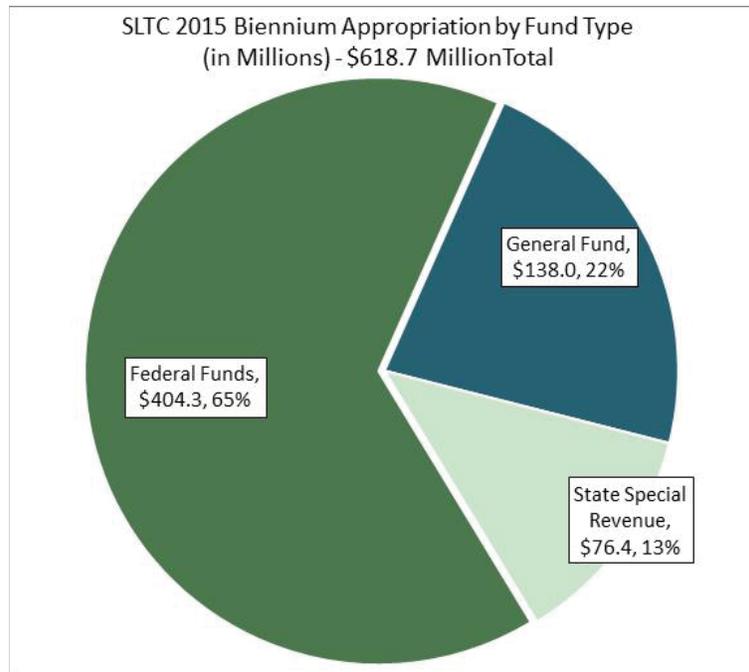
Figure 21



Appropriations by Fund Type

Figure 21 shows the SLTC 2015 biennium appropriation by fund type. Federal funds – primarily Medicaid matching funds – are 65% of the total. General fund is 22% and state special revenue is 13%. The Funding section discusses individual fund sources in greater detail.

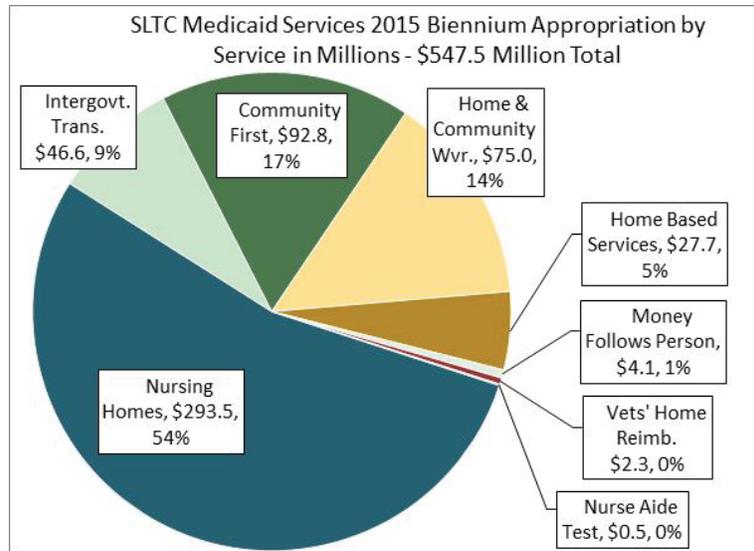
Figure 22



Medicaid Services Appropriations

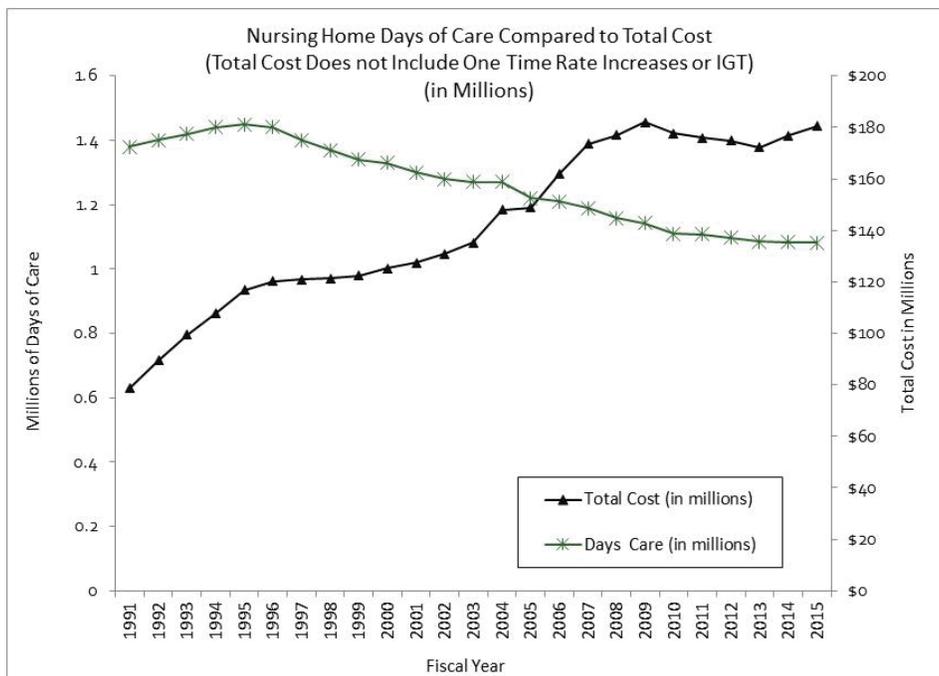
Figure 23 shows the 2015 biennium appropriation for Medicaid services administered by SLTC. Nursing home services are 54% of the total appropriation.

Figure 23



Medicaid nursing home services appropriation estimates are based on the number of days of care multiplied by the cost per day. Figure 24 shows the total days of care compared to the total cost of nursing home services from FY 1991 through the estimated days of care and total appropriation for nursing home services in the 2015 biennium. Total cost does not include the intergovernmental transfer (discussed in greater detail on the following page) or other one-time appropriations that raised provider rates.

Figure 24



Nursing home days of care peaked in FY 1995 at about 1.5 million and have slowly declined since then to a projected level of 1.1 million in each year of the 2015 biennium. Total cost steadily increased through FY 2010 due to provider rate increases. Total costs declined from FY 2010 through FY 2013 due to a decrease in the number of days of care and because temporary provider rate increases are not included in Figure 5. In FY 2010, continuing through the end of FY 2011, the legislature approved a one-time rate increase of 2% and a one-time rate increase dependent on nursing homes raising wages of direct care workers.

The total cost for nursing home care is projected to increase in the 2015 biennium due to the 2% annual rate increase approved by the legislature and because the legislature appropriated funds to continue rate increases tied to direct care worker wage increases and made the direct care worker wage appropriation an ongoing part of the nursing home Medicaid services appropriation.

The intergovernmental transfer (IGT) from county funds that are used for county administered nursing homes is used as state match to draw down federal Medicaid funds and provide additional reimbursements to nursing homes. IGT payments are considered one-time payments since federal regulations governing the payments could alter the allowable use of county funds.

Community First services are a new Medicaid state plan option that provides a 6% increase in the federal Medicaid match rate for home and community attendant services to persons who would need nursing home care if they were not provided services in a community setting. Services for each participant must be based on an individual care plan developed through an assessment of the individual's functional need. As part of the option, states must provide:

- Assistance with activities and instrumental activities of daily living (ADLs and IADLs) and health-related tasks, including hands-on assistance, cuing, and supervision
- Acquisition, maintenance, and enhancement of skills to complete those tasks
- Back-up systems, such as beepers, that will ensure continuity of care and support
- Training on hiring and dismissing attendants, if desired by the individual

Home and community based waiver services are 14% of the total appropriation and include services that are designed to help maintain low income elderly and physically disabled persons in a community setting who otherwise would need facility based care. Waiver services are not an entitlement and the number of service slots is limited to the appropriation available.

Home based services are 5% of the appropriation and include home health and hospice services. These services are an entitlement.

Money Follows the Person is a 5 year demonstration grant that provides a temporary reduction in the state Medicaid matching rate to pay for services to people who are already receiving Medicaid funded care in an institutional setting and choose to move into certain types of community living arrangements. The state match is reduced by 50% for the first year of transitional services.

A detailed description of each legislative change for each Medicaid service can be found in Table 22-A at this link: <http://leg.mt.gov/content/Publications/fiscal/FR-2015/Additional-Data-Tables/22A-SLTC.pdf>

The state veterans' homes receive reimbursement for Medicaid services provided to Medicaid eligible veterans and their spouses and are 1% of the total Medicaid services appropriation. A summary of appropriations supporting each home can be found in Table 22-B at this link:

<http://leg.mt.gov/content/Publications/fiscal/FR-2015/Additional-Data-Tables/22B-SLTC.pdf>

Nurse aide testing is less than 1% of the appropriation.

Detailed Division Appropriation Information

Detailed division appropriation information for SLTC can be found at this link:

<http://leg.mt.gov/content/Publications/fiscal/FR-2015/Additional-Data-Tables/22C-SLTC.pdf>

Funding

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature.

Total Medicaid And Health Services Branch Funding by Source of Authority 2015 Biennium Budget - Senior & Long-Term Care							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
General Fund	\$137,965,144	\$0	\$0	\$137,965,144	22.3%		
State Special Total	\$76,415,490	\$0	\$0	\$76,415,490	12.4%		
02023 Private Ins. Medicaid Reim.-ve	\$9,912,842	\$0	\$0	\$9,912,842	1.6%		
02032 Vets-i&i Lease	\$37,948	\$0	\$0	\$37,948	0.0%		
02053 Medicaid Nursing Home Match	\$16,858,431	\$0	\$0	\$16,858,431	2.7%		
02244 Misc Fees	\$0	\$0	\$0	\$0	0.0%		
02260 Cigarette Tax Revenue	\$5,028,352	\$0	\$0	\$5,028,352	0.8%		
02497 6901-lien & Estate - Slctd	\$2,218,348	\$0	\$0	\$2,218,348	0.4%		
02772 Tobacco Hlth & Medica Initiative	\$21,392,324	\$0	\$0	\$21,392,324	3.5%		
02783 6901-traumatic Brain Injury Dn	\$7,994	\$0	\$0	\$7,994	0.0%		
02959 Emvh Clinic Rent	\$67,318	\$0	\$0	\$67,318	0.0%		
02987 Tobacco Interest	\$2,278,203	\$0	\$0	\$2,278,203	0.4%		
02990 69010-nursing Home Utilization	\$18,613,730	\$0	\$0	\$18,613,730	3.0%		
Federal Special Total	\$404,308,468	\$0	\$0	\$404,308,468	65.3%		
03005 Emvh V-a Nursing Reimbursement	\$4,466,612	\$0	\$0	\$4,466,612	0.7%		
03073 Aging - Farmers Market	\$199,050	\$0	\$0	\$199,050	0.0%		
03112 Vets-v.a. Reimb	\$7,044,517	\$0	\$0	\$7,044,517	1.1%		
03193 Mippa Aaa	\$91,630	\$0	\$0	\$91,630	0.0%		
03202 Mippa Cms	\$127,244	\$0	\$0	\$127,244	0.0%		
03279 Sltc Lifespan Respite	\$367,500	\$0	\$0	\$367,500	0.1%		
03456 69010-aoa Aging One-stop Shop	\$144,972	\$0	\$0	\$144,972	0.0%		
03501 64.014 - Vets St. Domic Care I	\$295,793	\$0	\$0	\$295,793	0.0%		
03511 Sw Mt Vet Home Cnstr	\$1,113,615	\$0	\$0	\$1,113,615	0.2%		
03514 10.570 - Elderly Feeding 100%	\$2,337,619	\$0	\$0	\$2,337,619	0.4%		
03515 93.041 - Elder Abuse Prev 100%	\$29,899	\$0	\$0	\$29,899	0.0%		
03516 93.042 - Ombudsman Activity 10	\$195,079	\$0	\$0	\$195,079	0.0%		
03517 93.043 - Preventive Hlth 100%	\$229,597	\$0	\$0	\$229,597	0.0%		
03518 93.044 - Aging Sup S & Train I	\$3,782,872	\$0	\$0	\$3,782,872	0.6%		
03519 93.045 - Aging Meals 100%	\$6,927,946	\$0	\$0	\$6,927,946	1.1%		
03537 93.779 - Hlth Info Counseling	\$767,942	\$0	\$0	\$767,942	0.1%		
03563 Community Living	\$647,952	\$0	\$0	\$647,952	0.1%		
03579 93.667 - Ssbj - Benefits	\$600,002	\$0	\$0	\$600,002	0.1%		
03580 6901-93.778 - Med Adm 50%	\$4,312,658	\$0	\$0	\$4,312,658	0.7%		
03583 93.778 - Med Ben Fmap	\$368,984,925	\$0	\$0	\$368,984,925	59.6%		
03666 Aging - Caregiver Iii-e	\$1,606,076	\$0	\$0	\$1,606,076	0.3%		
03819 Mippa Adrc	\$34,968	\$0	\$0	\$34,968	0.0%		
Total All Funds	\$618,689,102	\$0	\$0	\$618,689,102	100.0%		
<b>Percent - Total All Sources</b>	<b>100.0%</b>	<b>0.0%</b>	<b>0.0%</b>				

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

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

General fund increases due to:

- o Provider rate increases
- o Growth in Medicaid costs
- o Grants to Area Agencies on Aging

State special revenue supports:

- o State Medicaid match
- o State veterans' homes
- o Adult protective services
- o Administrative costs

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

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

Another significant source of state special revenue is the cigarette tax dedicated to the veterans' homes. Figure 25 shows the estimated revenues and appropriations for the account. Funds in excess of \$2 million at fiscal yearend are transferred to the general fund.

Figure 25

Senior and Long Term Care Division Veterans' Services - Cigarette Tax Fund Balance					
Fund Balance	Actual	Legislative Appropriations			% of
Deposits/Expenditures	FY 2012	FY 2013	FY 2014	FY 2015	Total
Beginning Fund Balance*	\$2,226,269	\$2,000,000	\$2,000,000	\$2,000,000	
Revenue/Transfers In**					
Cigarette Tax	5,952,337	5,859,000	5,754,000	5,577,000	
Total Available for Appropriation	8,178,606	7,859,000	7,754,000	7,577,000	
Expenditures/Transfers Out**					
<u>Veterans' Homes Operations</u>					
Montana Veterans' Home	1,463,345	3,062,149	2,078,063	2,073,745	69.7%
Eastern Montana Veterans' Home	252,976	272,975	245,758	245,043	8.2%
Southwest Montana Veterans' Home	0	0	58,184	206,703	6.9%
<u>Long Range Building</u>					
Southwest Montana Veterans' Home	3,675,615	0	0	0	0.0%
<u>DPHHS Administrative Costs</u>					
Agency cost Allocated Administration	290,785	337,311	371,042	389,594	13.1%
SLTC Division Admin Cost	59,899	69,483	60,326	60,530	2.0%
Subtotal Expenditures	5,742,620	3,741,917	2,813,373	2,975,615	100.0%
Annual Rate of Increase		-34.8%	-24.8%	5.8%	
<u>Other</u>					
Transfer to the General Fund**	206,103	2,117,083	2,940,627	2,601,385	
Adjustments	229,883	0	0	0	
Subtotal Other	435,986	2,117,083	2,940,627	2,601,385	
Ending Fund Balance	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	

\* Statute requires that at fiscal year end unexpended cash balances in excess of \$2.0 million be transferred to the general fund.

\*\* Revenue estimates are based on those included in SJ 2. Expenditures do not include costs expected due to passage of HB 13, the pay plan bill, which will lower the estimated transfer to the general fund in FY 2014 and FY 2015.

Federal funds support:

- o Medicaid costs
- o NonMedicaid community services
- o Veterans’ homes services

Federal funds increase over the 2015 biennium due to:

- o Higher Medicaid services costs
- o Two new proposals to expand community services for persons who meet the level of care requirements for nursing home care
- o Increases in federal aging services block grants
- o Increases in federal veterans’ administration per diem payments for nursing care services

**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	60,343,797	60,343,797	120,687,594	87.48%	268,430,799	268,430,799	536,861,598	86.77%
Statewide PL Adjustments	115,846	116,935	232,781	0.17%	531,018	521,971	1,052,989	0.17%
Other PL Adjustments	1,001,168	2,136,692	3,137,860	2.27%	12,577,191	17,189,064	29,766,255	4.81%
New Proposals	5,956,978	7,949,931	13,906,909	10.08%	20,911,137	30,097,123	51,008,260	8.24%
<b>Total Budget</b>	<b>\$67,417,789</b>	<b>\$70,547,355</b>	<b>\$137,965,144</b>		<b>\$302,450,145</b>	<b>\$316,238,957</b>	<b>\$618,689,102</b>	

The majority of the SLTC budget supports continuation of current level services. About 8% of the request funds new proposals for a 2% annual provider increase, a new option for Medicaid community services that draws down an additional 6% in federal Medicaid matching funds, and legislative initiatives to continue one-time appropriations that support provider payments for reimbursements to direct care workers, expansion of community waiver services to an additional 50 people, and funds to partially offset a reduction in waiver services.

**Present Law Adjustments**

The “Present Law Adjustments” table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments	-----Fiscal 2014-----					-----Fiscal 2015-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					980,381					950,135
Vacancy Savings					(470,570)					(469,363)
Inflation/Deflation					(5,244)					8,826
Fixed Costs					26,451					32,373
<b>Total Statewide Present Law Adjustments</b>		<b>\$115,846</b>	<b>\$223,892</b>	<b>\$191,280</b>	<b>\$531,018</b>		<b>\$116,935</b>	<b>\$212,542</b>	<b>\$192,494</b>	<b>\$521,971</b>
DP 50 - Initial Motion to FY 2012 Base	0.00	(115,846)	(223,892)	(191,280)	(531,018)	0.00	(116,935)	(212,542)	(192,494)	(521,971)
DP 51 - Adjustment for Statewide Personal Services	0.00	79,874	128,979	300,958	509,811	0.00	80,042	109,996	290,734	480,772
DP 52 - Adjustment for Statewide Operations	0.00	(3,307)	14,907	9,607	21,207	0.00	(2,104)	27,110	16,193	41,199
DP 53 - Base Funding Switch	0.00	39,279	80,006	(119,285)	0	0.00	38,997	75,436	(114,433)	0
DP 22201 - Med Ben Core Caseload Nursing Homes	0.00	(805,418)	0	(1,582,420)	(2,387,838)	0.00	(792,341)	0	(1,553,250)	(2,345,591)
DP 22202 - Med Ben Core FMAP Nursing Homes	0.00	(114,492)	0	114,492	0	0.00	(43,427)	0	43,427	0
DP 22203 - Med Ben Core Caseload Home Based	0.00	1,575,388	0	3,095,197	4,670,585	0.00	2,523,854	0	4,947,591	7,471,445
DP 22204 - Med Ben Core FMAP Home Based	0.00	(16,073)	0	16,073	0	0.00	6,165	0	(6,165)	0
DP 22205 - Med Ben Waiver Caseload SLTC HCBW	0.00	130,615	0	256,622	387,237	0.00	130,809	0	256,428	387,237
DP 22206 - Med Ben Waiver FMAP SLTC HCBW	0.00	(17,452)	0	17,452	0	0.00	551	0	(551)	0
DP 22207 - Med Ben Other HCHCW Annualization	0.00	180,814	0	355,250	536,064	0.00	181,082	0	354,982	536,064
DP 22208 - Med Ben Other NH IGT	0.00	0	2,209,963	4,341,959	6,551,922	0.00	0	2,650,410	5,195,680	7,846,090
DP 22209 - Med Ben Other FMAP NH IGT	0.00	0	(25,759)	25,759	0	0.00	0	(17,709)	17,709	0
DP 22210 - Required Overtime/Holiday/Differential Pay	0.00	0	418,520	0	418,520	0.00	0	433,463	0	433,463
DP 22211 - Facility Inflation MVH	0.00	0	133,163	0	133,163	0.00	0	185,617	0	185,617
DP 22212 - Fed Authority for VA Per Diem MVH	0.00	0	(104,416)	104,416	0	0.00	0	(165,610)	165,610	0
DP 22213 - Fed Authority for VA Per Diem EMVH	0.00	0	0	64,914	64,914	0.00	0	0	99,842	99,842
DP 22214 - Aging Grant Funding	0.00	0	0	2,075,612	2,075,612	0.00	0	0	2,319,771	2,319,771
DP 22215 - State Supplemental Payments	0.00	33,772	0	0	33,772	0.00	67,651	0	0	67,651
DP 22216 - Motor Pool Car Request	0.00	2,092	0	373	2,465	0.00	2,092	0	373	2,465
DP 22217 - Private Lease Adjustment	0.00	3,955	0	860	4,815	0.00	10,557	0	1,986	12,543
DP 22218 - EMVH Rent Annualization Fund Switch	0.00	0	0	0	0	0.00	0	0	0	0
DP 22219 - Contractual Adjustments	0.00	27,967	0	57,993	85,960	0.00	49,699	0	122,768	172,467
DP 22220 - Restrict Medicaid Services Funding	0.00	0	0	0	0	0.00	0	0	0	0
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$1,001,168</b>	<b>\$2,631,471</b>	<b>\$8,944,552</b>	<b>\$12,577,191</b>	<b>0.00</b>	<b>\$2,136,692</b>	<b>\$3,086,171</b>	<b>\$11,966,201</b>	<b>\$17,189,064</b>
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$1,117,014</b>	<b>\$2,855,363</b>	<b>\$9,135,832</b>	<b>\$13,108,209</b>	<b>0.00</b>	<b>\$2,253,627</b>	<b>\$3,298,713</b>	<b>\$12,158,695</b>	<b>\$17,711,035</b>

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - This adjustment funds statewide present law personal services adjustments and vacancy savings.

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government Joint Appropriations Subcommittee.

DP 53 - Base Funding Switch - This adjustment establishes a fund switch between fund types to fund base operations.

DP 22201 - Med Ben Core Caseload Nursing Homes - This adjustment funds anticipated changes in the Medicaid nursing facility program. The number of days of nursing home care is anticipated to decline compared to the number funded in FY 2012.

DP 22202 - Med Ben Core FMAP Nursing Homes - The legislature adjusted Medicaid services funding for the projected reduction in state Medicaid match rates. The state match rate will decrease to 33.73% in FY 2014 and an estimated 33.78% in FY 2015 compared to the FY 2012 base level of 33.79%.

DP 22203 - Med Ben Core Caseload Home Based - This adjustment funds anticipated caseload increases for Medicaid home based services, which include personal assistance, home health, and hospice. The adjustment adds about 5% per year for traditional personal assistance services, about 13% for mental health personal assistance services, and about 11% for hospice services per year from FY 2012 through FY 2015. DP 22222 implements the Community First Choice Option, and transfers personal assistance services to a new category.

DP 22204 - Med Ben Core FMAP Home Based - The legislature adjusted Medicaid services funding for the projected reduction in state Medicaid match rates. The state match rate will decrease to 33.73% in FY 2014 and an estimated 33.78% in FY 2015 compared to the FY 2012 base level of 33.79%.

DP 22205 - Med Ben Waiver Caseload SLTC HCBW - The legislature added funds to annualize the cost of nursing facility transition and diversions from institutional placements into community settings. 82 individuals transitioned at different times during FY 2012 from nursing facilities to home and community based waiver placements, resulting in less than a full year of expenditures being included in the FY 2012 base year.

DP 22206 - Med Ben Waiver FMAP SLTC HCBW - The legislature adjusted Medicaid services funding for the projected reduction in state Medicaid match rates. The state match rate will decrease to 33.73% in FY 2014 and an estimated 33.78% in FY 2015 compared to the FY 2012 base level of 33.79%.

DP 22207 - Med Ben Other HCHCW Annualization - The legislature approved funding to annualize the Medicaid-funded health care for health care worker program. Provider rate increases are given to Medicaid service providers that offer health insurance that meets certain requirements to direct care workers. This proposal funds the increase in provider rates that occurred January 1, 2012.

DP 22208 - Med Ben Other NH IGT - The legislature funded the anticipated increase in IGT intergovernmental payments. The difference in the Medicaid rate and the Medicare upper payment limit (UPL) will allow a higher level of reimbursement compared to base year expenditures. The state match is provided by county governments. The legislature restricted the appropriation and added the following language governing the use of the appropriation: "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 IGT 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 from counties participating in the intergovernmental transfer program for nursing facilities."

DP 22209 - Med Ben Other FMAP NH IGT - The legislature adjusted Medicaid services funding for the projected reduction in state Medicaid match rates. The state match rate will decrease to 33.73% in FY 2014 and an estimated 33.78% in FY 2015 compared to the FY 2012 base level of 33.79%.

DP 22210 - Required Overtime/Holiday/Differential Pay - This present law adjustment funds overtime, holidays worked, differential pay, and the corresponding benefits for the Montana Veterans' Home personal services related to operating a facility with 24-hour staffing requirements. The funding includes support of aggregate positions, which are used to provide coverage for staff on sick leave or vacation. Funding is from cigarette tax state special revenue. These expenses are zero-based and must be added in full each biennium.

DP 22211 - Facility Inflation MVH - This present law adjustment funds inflationary increases in operations, medical, and pharmacy costs.

DP 22212 - Fed Authority for VA Per Diem MVH - Federal authority was added for the federal Veterans' Administration per diem rates that will be reimbursed for the domiciliary and nursing facility days of care at MVH in the 2015 biennium. VA per diem rates change on October 1st of each year, and this adjustment assumes a 2% increase in the per diem payments in each year of the biennium. This funding shifts expenses from state special revenue (cigarette taxes) to federal funds.

DP 22213 - Fed Authority for VA Per Diem EMVH - The legislature added federal authority for the federal Veterans' Administration per diem rates that will be reimbursed for the nursing facility days of care at Eastern Montana Veterans' Home (EMVH) in the 2015 biennium. The VA per diem rate increases are effective October 1st of each year. This adjustment is based on an estimated 2% annual increase. The federal VA payments are passed through to the contractor, who operates this facility.

DP 22214 - Aging Grant Funding - This present law adjustment adds appropriation authority for anticipated federal grant increases for aging services. These grants are awarded as renewal contracts to the Area Agencies on Aging and are funded with 100% federal funds.

DP 22215 - State Supplemental Payments - This present law adjustment adds general fund to pay the anticipated cost of state supplemental payments for an additional 25 individuals who will be moving from institutional disability services into the community each year of the biennium. State supplemental payments provide a monetary addition to the Social Security payment made to SSI eligible individuals who reside in designated residential care facilities. Monthly benefits are \$94. In addition, DPHHS pays the Social Security Administration an administrative fee to process the payments. The administrative fee is estimated to be \$11.12 in 2014 and \$11.30 in 2015 per payment.

DP 22216 - Motor Pool Car Request - The legislature funded replacement of three cars used by Adult Protective Services and Community Services field staff. The cars being replaced were department-owned vehicles in Billings, Kalispell, and Great Falls. These vehicles were older and high mileage vehicles that were surplus as a result of repairs exceeding the value of the vehicle.

DP 22217 - Private Lease Adjustment - This adjustment funds work space for employees in non-state owned buildings located throughout the state.

DP 22218 - EMVH Rent Annualization Fund Switch - The legislature funded the lease agreement between the federal Veterans' Administration and the state to pay for space occupied by the Community Based Outpatient Clinic at the Eastern Montana Veterans' Home. Base year costs were funded from cigarette tax revenues. This adjustment is a fund switch to reduce state special revenue from cigarette tax and replace it with state special revenue from the lease payments made under this agreement by the Veterans' Administration.

DP 22219 - Contractual Adjustments - The legislature provided additional funds for two contracts. One contract provides utilization review, level of care determinations, and prior authorization activities for programs in the division.

Other costs provide for maintenance and enhancements to the Adult Protective Services computerized database used for tracking and reporting on abuse, neglect, and exploitation activities.

DP 22220 - Restrict Medicaid Services Funding - The legislature restricted Medicaid services appropriations to be used only for payment of medical services for persons eligible for Medicaid. The department will be able to transfer appropriations for Medicaid services among divisions, but will not be able to transfer Medicaid appropriations to divisions to be used for other purposes.

**New Proposals**

Program	FTE	-----Fiscal 2014-----				-----Fiscal 2015-----				
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 22101 - Aging Services										
22	0.00	2,000,000	0	0	2,000,000	0.00	2,000,000	0	0	2,000,000
DP 22102 - Southwest Montana Veterans' Home										
22	1.00	0	58,184	0	58,184	1.00	0	206,703	1,113,615	1,320,318
DP 22222 - Med Ben Personal Assistance Services Refinance										
22	1.00	0	0	7,123,086	7,123,086	1.00	0	0	9,954,162	9,954,162
DP 22901 - PRI Med Ben Core Nursing Homes										
22	0.00	958,145	0	1,882,487	2,840,632	0.00	1,938,322	0	3,799,755	5,738,077
DP 22902 - PRI Med Ben Core Home Based Services										
22	0.00	276,720	0	543,679	820,399	0.00	559,804	0	1,097,401	1,657,205
DP 22903 - PRI Med Ben Waiver SLTC										
22	0.00	246,745	0	484,784	731,529	0.00	499,163	0	978,526	1,477,689
DP 22904 - PRI - Aging Services										
22	0.00	209,887	0	0	209,887	0.00	423,971	0	0	423,971
DP 22905 - Expand Home and Community Based Waiver										
22	0.00	179,899	0	353,449	533,348	0.00	240,220	0	470,910	711,130
DP 22906 - Personal Services Meal Preparation										
22	0.00	250,763	0	492,680	743,443	0.00	251,135	0	492,308	743,443
DP 22907 - Direct Care Worker Wage Increase (RST)										
22	0.00	1,684,819	0	3,310,196	4,995,015	0.00	1,687,316	0	3,307,699	4,995,015
DP 22910 - Remove Funding for Long Term Vacant Position										
22	(1.00)	0	(46,402)	0	(46,402)	(1.00)	0	(46,084)	0	(46,084)
DP 22911 - Short Term Housing Assistance (RST/OTO)										
22	0.00	100,000	0	0	100,000	0.00	300,000	0	0	300,000
DP 22912 - Traumatic Brain Injury (OTO)										
22	0.00	50,000	0	0	50,000	0.00	50,000	0	0	50,000
DP 22913 - Partially Restore Community Waiver Services (RST)										
22	0.00	0	253,655	498,361	752,016	0.00	0	260,848	511,349	772,197
<b>Total</b>	<b>1.00</b>	<b>\$5,956,978</b>	<b>\$265,437</b>	<b>\$14,688,722</b>	<b>\$20,911,137</b>	<b>1.00</b>	<b>\$7,949,931</b>	<b>\$421,467</b>	<b>\$21,725,725</b>	<b>\$30,097,123</b>

DP 22101 - Aging Services - This new proposal continues funding to support aging programs administered by Area Agencies on Aging. The one-time funding was initially added by the 2009 Legislature and then continued as a one-time appropriation by the 2011 Legislature. The 2013 Legislature removed the one-time designation.

DP 22102 - Southwest Montana Veterans' Home - This adjustment funds ongoing operating costs, including 1.00 FTE state liaison, and the federal VA per diem revenue pass through for the Southwest Montana Veterans' Home (SMVH) in Butte. Federal budget legislation includes funding for 65% of the cost of construction for the facility if the construction grant is approved during FY 2013. SMVH is a 60-bed cottage concept campus that will be operated as a contracted state veterans' home and requires that a state liaison be on site at the facility. The funding is based on the assumption that the facility will be completed by June 2014 with startup and maintenance costs starting in FY 2015. The legislature made the FY 2015 portion of the appropriation contingent on approval of federal funding for construction of the facility.

DP 22222 - Med Ben Personal Assistance Services Refinance - This new proposal will fund the DPHHS goal of rebalancing its long term services and supports system with increased use of home and community based care and decreased use of facility based care. This proposal targets the full spectrum of consumers, including elderly, individuals with developmental disabilities, people with physical disabilities, and adults with severe disabling mental illness. There are two separate programs rolled into this DP – Community First Choice – an optional Medicaid service that will continue, and Money Follows the Person – a 5 year demonstration grant.

Figure 26 shows the changes made to the Medicaid home based services appropriation amounts and the reallocation of general fund among the Community First Choice option, Money Follows the Person grant, and home based services.

Figure 26

Total Change Included in DP 2222 Med Ben Personal Assistance Services Refinance						
Component	FY 2014			FY 2015		
	General Fund	Federal	Total	General Fund	Federal	Total
Community First Choice Admin	\$85,161	\$186,885	\$272,046	\$71,095	\$144,687	\$215,782
Community First Choice Services	10,634,110	27,996,566	38,630,676	14,942,735	39,241,560	54,184,295
Money Follows the Person Services	409,280	804,120	1,213,400	619,951	1,215,308	1,835,259
Reduction to Home Based Services	<u>(11,128,551)</u>	<u>(21,864,485)</u>	<u>(32,993,036)</u>	<u>(15,633,781)</u>	<u>(30,647,393)</u>	<u>(46,281,174)</u>
Annual Change	\$0	\$7,123,086	\$7,123,086	\$0	\$9,954,162	\$9,954,162
Total Biennial Change - Federal Funds						\$17,077,248

DP 22901 - PRI Med Ben Core Nursing Homes - This new proposal funds a 2% provider rate increase in each year of the biennium for nursing home Medicaid services. The legislature directed DPHHS to raise provider rates 2% each year of the biennium, and included the requirement in HB 625, the bill to implement HB 2. At the time of this writing the Governor had vetoed the bill and a veto override poll has been sent to legislators.

DP 22902 - PRI Med Ben Core Home Based Services - This new proposal funds a 2% provider rate increase in each year of the biennium for Medicaid home based services. The legislature directed DPHHS to raise provider rates 2% each year of the biennium, and included the requirement in HB 625, the bill to implement HB 2. At the time of this writing the Governor had vetoed the bill and a veto override poll has been sent to legislators.

DP 22903 - PRI Med Ben Waiver SLTC - This new proposal funds a 2% provider rate increase in each year of the biennium for Medicaid community services. The legislature directed DPHHS to raise provider rates 2% each year of the biennium, and included the requirement in HB 625, the bill to implement HB 2. At the time of this writing the Governor had vetoed the bill and a veto override poll has been sent to legislators.

DP 22904 - PRI - Aging Services - This adjustment funds a 2% provider rate increase in each year of the biennium for aging services. The rate increase is funded entirely from the general fund. The legislature directed DPHHS to raise provider rates 2% each year of the biennium, and included the requirement in HB 625, the bill to implement HB 2. At the time of this writing the Governor had vetoed the bill and a veto override poll has been sent to legislators.

DP 22905 - Expand Home and Community Based Waiver - The legislature appropriated funds to increase the home and community based waiver administered by SLTC to serve an additional 50 persons. The funding is based on persons being served for three quarters of FY 2014 due to anticipated start up, with full funding for 50 persons in FY 2015. The appropriation is restricted to adding waiver slots above the level funded from the Money Follows the Person grant discussed in DP 22222.

DP 22906 - Personal Services Meal Preparation - The legislature added funds to continue the FY 2012 level of meal preparation services as part of personal assistance services funding. These services were supported by a one-time appropriation in the 2013 biennium. This appropriation continues the services, removes the one-time designation, and restricts the use of funds.

DP 22907 - Direct Care Worker Wage Increase (RST) - The legislature added funds to continue lump sum payments or wage increases for direct care workers in Medicaid services administered by SLTC. This appropriation continues payments and wage increases funded from a one-time appropriation in the 2013 biennium. The appropriation is restricted and the one-time designation was removed.

DP 22910 - Remove Funding for Long Term Vacant Position - The legislature eliminated funding for an occupational health safety specialist position at MVH that had been vacant for over a year. Cigarette tax state special revenue was reduced as a result of this action.

DP 22911 - Short Term Housing Assistance (RST/OTO) - The legislature appropriated \$400,000 general fund over the biennium to provide assistance to persons transitioning from facility based care to community services. The funds may be used only to assist a person until that person is eligible for other housing assistance programs.

DP 22912 - Traumatic Brain Injury (OTO) - The legislature added \$100,000 general fund over the biennium to fund activities that educate and support recovery of individuals and families living with traumatic brain injuries, including military service personnel. The funding is one time.

DP 22913 - Partially Restore Community Waiver Services (RST) - The legislature added funds to partially offset a reduction in community services for elderly and physically disabled persons. The annual reduction totaled \$1.5 million. The legislature restored about half of the funding reduction.

#### **Language and Statutory Authority**

"Medicaid Services -- Developmental Services, Medicaid Services -- Health Resources, Medicaid Services -- Senior and Long-Term Care, and Medicaid Services -- Addictive and Mental Disorders may be used only to pay for Medicaid services for eligible Medicaid enrollees for expenses recorded as benefits and claims in the state accounting system and may not be transferred to other uses in the department.

The Department of Public Health and Human Services must use the following amounts of money in the following appropriations to raise Medicaid provider rates, except those Medicaid services funded by the federal children's health insurance grant, by 2% in fiscal year 2014 and by 2% in fiscal year 2015:

- (1) Medicaid Services -- Developmental Services, \$3,755,335 in fiscal year 2014 and \$7,585,778 in fiscal year 2015;
- (2) Medicaid Services -- Health Resources, \$4,650,249 in fiscal year 2014 and \$9,389,047 in fiscal year 2015;
- (3) Medicaid Services -- Senior and Long-Term Care, \$4,392,560 in fiscal year 2014 and \$8,872,971 in fiscal year 2015; and
- (4) Medicaid Services -- Addictive and Mental Disorders, \$1,097,758 in fiscal year 2014 and \$2,217,499 in fiscal year 2015."

"The Department of Public Health and Human Services must use \$209,887 in fiscal year 2014 and \$423,971 in fiscal year 2015 of funds in Senior and Long Term Care Division to raise non-Medicaid provider rates by 2% in fiscal year 2014 and by an additional 2% in FY 2015."

"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 from counties participating in the intergovernmental transfer program for nursing facilities."

"Personal Services Meal Preparation may be used only to provide personal assistance services for meal preparation for persons receiving Medicaid services administered by the senior and long term care division."

“Home and Community Based Waiver may be used only to increase the number of service slots for Medicaid services administered by the senior and long term care division. This funding may be used only to expand services above the level of additional service slots funded in the Money Follows the Person grant for elderly and physically disabled Medicaid eligible persons.”

“Direct Care Provider Rate Increase may be used only to raise provider rates for Medicaid services to allow for continuation of wage increases or lump sum payments to workers who provide direct care and ancillary services.”

“Southwest Montana Veterans' Home is contingent on approval and receipt of federal funding to support construction of the southwest Montana veterans’ home.”

“Short Term Housing Assistance may be used only to provide financial assistance for housing for persons transitioning from Medicaid funded facility-based care to community services through the Money Follows the Person grant program. Short Term Housing Assistance may be used only to assist a person until that person is eligible for other housing assistance programs.”

"Partially Restore Community Waiver Services may be used only to fund services that were reduced in fiscal year 2014."