

**Program Budget Comparison**

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

Program Budget Comparison								
Budget Item	Base Fiscal 2014	Approp. Fiscal 2015	Legislative Budget 2016	Legislative Budget 2017	Biennium Fiscal 14-15	Biennium Fiscal 16-17	Biennium Change	Biennium % Change
FTE	221.05	221.05	217.55	217.55	221.05	217.55	(3.50)	(1.58)%
Personal Services	11,707,257	12,731,317	12,880,154	12,754,325	24,438,574	25,634,479	1,195,905	4.89 %
Operating Expenses	7,156,221	10,182,788	9,461,179	9,051,976	17,339,009	18,513,155	1,174,146	6.77 %
Equipment & Intangible Assets	68,049	111,093	111,093	111,093	179,142	222,186	43,044	24.03 %
Grants	11,644,859	12,615,529	13,335,213	13,572,626	24,260,388	26,907,839	2,647,451	10.91 %
Benefits & Claims	249,362,661	281,469,496	280,107,465	291,816,864	530,832,157	571,924,329	41,092,172	7.74 %
Transfers	163	5,000	0	0	5,163	0	(5,163)	(100.00)%
Debt Service	66,657	76,284	76,284	76,284	142,941	152,568	9,627	6.73 %
<b>Total Costs</b>	<b>\$280,005,867</b>	<b>\$317,191,507</b>	<b>\$315,971,388</b>	<b>\$327,383,168</b>	<b>\$597,197,374</b>	<b>\$643,354,556</b>	<b>\$46,157,182</b>	<b>7.73 %</b>
General Fund	64,118,404	70,788,909	76,199,420	80,078,714	134,907,313	156,278,134	21,370,821	15.84 %
State/Other Special Rev. Funds	33,772,598	38,937,842	35,873,984	35,902,623	72,710,440	71,776,607	(933,833)	(1.28)%
Federal Spec. Rev. Funds	182,114,865	207,464,756	203,897,984	211,401,831	389,579,621	415,299,815	25,720,194	6.60 %
<b>Total Funds</b>	<b>\$280,005,867</b>	<b>\$317,191,507</b>	<b>\$315,971,388</b>	<b>\$327,383,168</b>	<b>\$597,197,374</b>	<b>\$643,354,556</b>	<b>\$46,157,182</b>	<b>7.73 %</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;
- 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;
- Medicaid Nursing Facility Program pays for care to Medicaid-eligible individuals in 82 Montana nursing homes;
- Protective services, including the investigation of abuse neglect and exploitation are provided by adult protective services social workers;
- 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
- State Supplemental Payments Program pays for a portion of the room and board costs for Supplemental Security Income (SSI) eligible individuals residing in designated residential care facilities.

**Program Highlights**

<b>Senior and Long Term Care Division Major Budget Highlights</b>
<ul style="list-style-type: none"> <li>• The 2017 biennium appropriation is \$31.7 million higher than the 2015 biennium appropriation</li> <li>• Major changes are: <ul style="list-style-type: none"> <li>◦ A 2% annual provider rate increase - \$16.2 million</li> <li>◦ Other rate increases including a direct care worker rate increase - \$7.2 million</li> <li>◦ Inflation and facility operating cost increases for the Montana veterans' homes - \$0.7 million</li> <li>◦ Additional nonMedicaid community services for elderly and disabled persons - \$0.5 million</li> </ul> </li> <li>• Medicaid enrollment and service utilization changes are lower in each year of the 2017 biennium compared to the FY 2015 base appropriation offsetting other increases by \$13.2 million</li> <li>• General fund increases a net \$21.4 million between the 2017 and 2015 biennia due primarily to: <ul style="list-style-type: none"> <li>◦ A 2% annual provider rate increase and a direct care worker rate increase - \$7.7 million</li> <li>◦ The difference between the FY 2015 appropriation base and FY 2014 expenditures - \$6.7 million</li> <li>◦ A higher state Medicaid match rate - \$6.3 million</li> </ul> </li> </ul>

**Program Narrative**

The 2017 biennium legislative appropriation totals \$643.4 million, which is \$23.3 million higher than the 2015 biennium. The most significant difference is in the benefits and claims category, which funds services for persons who meet specific age, disability, or financial eligibility criteria.

Most of the difference between the biennia is due to increases anticipated for Medicaid services. In addition, the legislature approved a 2% provider rate increase, other rate increases, and veterans' homes inflation and operating cost increases.

Increases in grant appropriations are due to anticipated changes in the funding of federal categorical grants for aging services. Personal services increases are due to annualization of the 2015 biennium pay plan including increases in the employer share of employee health benefits. Operating cost increases are due primarily to inflation and operating increases for the veterans' homes.

**Medicaid Services**

2017 biennium appropriations for Medicaid services administered by SLTC are 88.4% of the total. The figure on the right shows the components of the Medicaid services appropriation each year of the 2017 biennium.

The FY 2015 legislative appropriation is the majority of the funding in each year. The FY 2015 legislative appropriation is higher than the FY 2016 appropriation by \$1.1 million due to anticipated reductions in nursing home services. FY 2017 exceeds the FY 2015 legislative appropriation by \$10.6 million due to provider rate increases, which are offset by continued estimated reductions in the level of nursing home services.

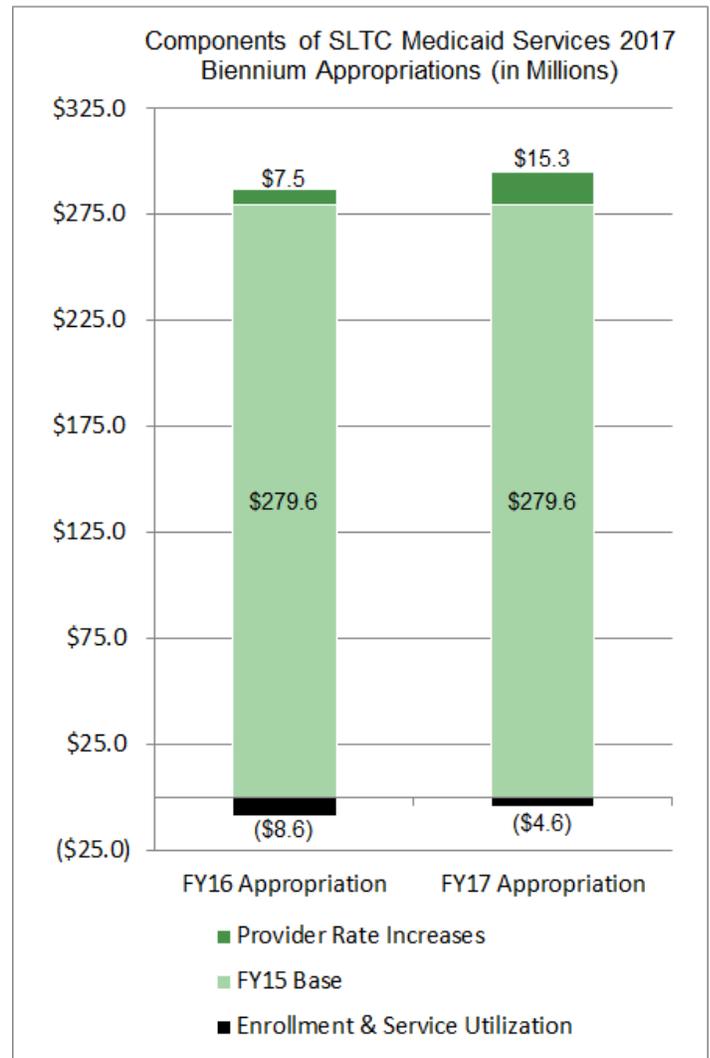
**Medicaid Expenditures and Appropriations by Fiscal Year and Service**

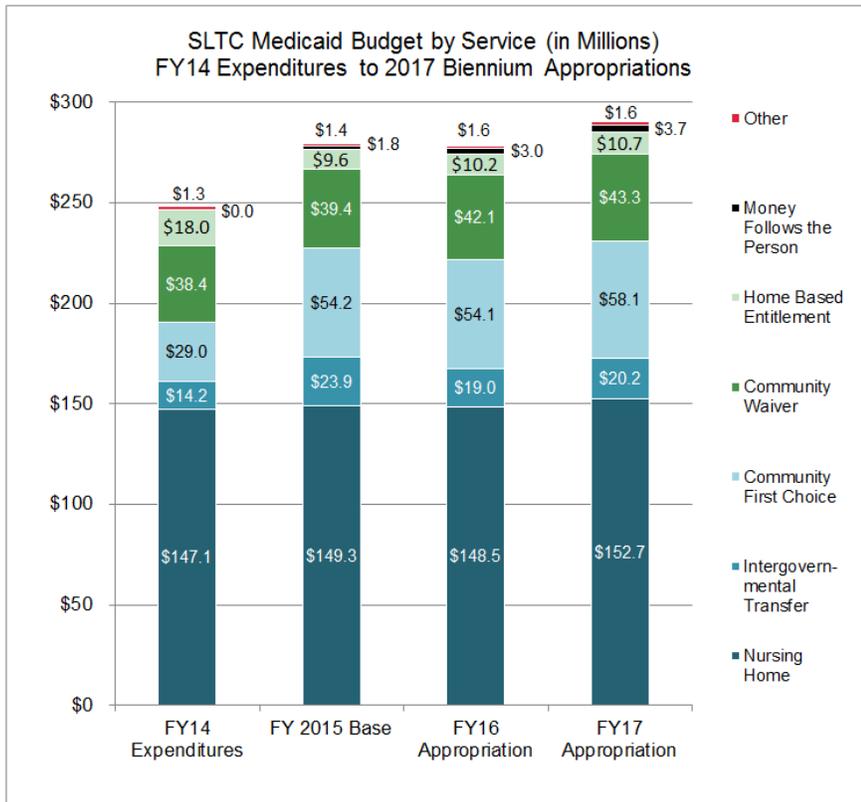
The following figure shows FY 2014 expenditures compared to appropriations for FY 2015 through FY 2017 by major Medicaid service category. Nursing home services are the largest component each year, ranging from a high of 59.3% of the total in FY 2014 to a low of 52.6% of the total in FY 2017. Nursing home services comprise a lower proportion of total Medicaid appropriations due to anticipated reductions in the number of days of care. The total reduction is partially offset by increased provider rates.

The intergovernmental transfer (IGT) is a funding mechanism to provide additional reimbursement for nursing home care. Counties that fund county nursing homes can send in a portion of the county funds used to support a nursing home. DPHHS uses the county funds as a state match to draw down additional federal funds. The total generated from the IGT is redistributed to nursing homes based on the number of Medicaid-funded days of care.

IGT funding is considered a one-time source by the legislature and is subject to federal rules and limitations. IGT appropriations decline from the FY 2015 legislative appropriation due to a lower number of county funded nursing homes and expected lower levels of participation. IGT funding is about 7.0% of the total each year of the 2017 biennium, bringing the total for nursing home services to about 60%.

Community First Choice (CFC) provides home and community services to individuals including personal assistance services. CFC has an enhanced federal match rate that is 6% above the normal federal Medicaid match. DPHHS implemented the CFC program in FY 2014, with increased funding in FY2015, and incremental increases add an additional \$3.9 million in FY 2017. The total appropriated for CFC rises to one-fifth of the FY 2017 appropriation compared to about 11.7% of the total in FY 2014.





Community waiver services help persons live in their own homes or in smaller facilities such as assisted residential facilities. Waiver services are not an entitlement and SLTC can limit the number of services provided. Persons receiving waiver services must meet nursing home level of care criteria. The 2017 biennium appropriation increases about \$4.0 million from the FY 2014 expenditures due to rate increases and growth in the number of service slots.

Home based services are entitlement service such as home health and hospice services. The appropriation for home based services is lower each year of the 2017 biennium compared to the FY 2015 legislative appropriation. About \$8.0 million of the services funded in home based component shifted to CFC during FY 2014 when federal approval to implement CFC was received. Home based services comprise 3.7% of the total appropriation each year of the 2017 biennium.

Money Follows the Person (MFP) is a federal grant with an enhanced match rate. The MFP grant is originally awarded to states for 5 years, but can be extended. Montana implemented MFP in FY 2014. MFP must be used to provide community services to individuals who have been in facility based care for 90 days, with at least one day of that care funded by Medicaid. The first year of services provided through MFP is funded at an enhanced federal match rate that reduces the state share of Medicaid costs to one-half the normal amount, which is about 17.5% each year of the 2017 biennium. After the first year of services provided through MFP, persons must transition to either regular funded or waiver funded Medicaid services. MFP transitions contribute to the expected increase in SLTC community waiver growth. Legislative appropriations anticipate MFP to more than double from the FY 2015 base appropriation.

Medicaid Expansion

SB 405 or the Montana Health and Economic Livelihood Program (HELP) raises Medicaid eligibility for nondisabled, nonpregnant individuals between the ages of 21 and 64 to 138% of the federal poverty level (\$21,983 for a two person household in 2015). SLTC Medicaid services expenditures will not likely be impacted much by the expansion since persons served in most SLTC Medicaid programs are elderly or disabled.

Veterans' Services

SLTC administers two veterans' homes. The adjacent figure compares FY 2014 actual expenditures, the FY 2015 legislative appropriation, and the FY 2016 and FY 2017 appropriations for each facility. The cost per person cannot be compared between the two facilities because of the different management systems. Montana Veterans' Home (MVH) is a state-owned facility staffed by state employees and it resides on a much larger campus than the Eastern Montana Veterans' Home (EMVH), which is run by a contractor. EMVH has a single state FTE that acts as a contract liaison. The adjacent table shows all expenses and funding for MVH, but only part of the expense and funding for EMVH. The EMVH contractor receives Medicaid, Medicare, and private pay revenues that are not reflected in the table. Neither are staffing and operating costs incurred by the EMVH contractor.

The legislative appropriation for MVH is lower each year of the biennium compared to the FY 2015 legislative appropriation. Part of the reason is that the average daily population (ADP) is expected to be lower so variable operating costs would be lower. Additionally, the legislature adopted inflationary assumptions for certain medical and food costs, which lowered the 2017 biennium appropriation.

2017 biennium EMVH appropriations are higher than the FY 2015 legislative appropriation largely due to the agreement with the contractor that federal Veterans' Administration (VA) per diem payments will be passed through. DPHHS is contractually bound to cover certain costs such as the contract liaison and some repair and maintenance costs that are funded through the cigarette tax. MVH FTE decline by 1.00 in compliance with legislative intent that FTE levels be reduced to make permanent the 4% vacancy savings imposed by the 2013 Legislature.

Senior and Long Term Care Division - Veterans' Homes				
2015 Biennium Budget Compared to 2017 Biennium Appropriation and Revenues				
Facility/Cost/ Funding	Expenditures		Legislative Appropriation	
	FY 2014*	FY 2015	FY 2016	FY 2017
<u>Montana Veterans' Home</u>				
FTE	141.86	141.86	141.86	141.86
Personal Services**	\$7,294,525	\$7,229,131	\$7,229,131	\$7,229,131
All Other	2,300,513	3,520,761	3,397,470	3,478,982
Total Cost	9,595,038	10,749,892	10,626,601	10,708,113
State Special Rev.	5,801,863	7,049,140	6,145,851	6,227,363
Federal Revenue*	3,793,175	3,700,752	4,480,750	4,480,750
Total Funding	9,595,038	10,749,892	10,626,601	10,708,113
Average Daily Population**	112	110	105.5	105.5
Annual Cost Per Person***	86,031	97,726	100,726	101,499
Cost Per Day	236	268	276	278
Annual Change		13.6%	3.1%	0.8%
Annual Per Person Reimbursement				
State Special Revenue	52,021	64,083	58,255	59,027
Annual Change		23.2%	-9.1%	1.3%
Federal Special Revenue*	34,010	33,643	42,472	42,472
Annual Change		-1.1%	26.2%	0.0%
<u>Eastern Montana Veterans' Home</u>				
FTE	2.06	2.06	1.06	1.06
Personal Services	66,746	71,080	71,080	71,080
All Other	2,384,668	2,458,392	2,908,343	2,908,337
Total Cost	2,451,414	2,529,472	2,979,423	2,979,417
State Special Revenue	273,384	278,702	278,654	278,648
Federal Special Revenue*	2,178,030	2,250,770	2,700,769	2,700,769
Total Funding	2,451,414	2,529,472	2,979,423	2,979,417
Average Daily Population* <sup>4</sup>	68	65	74	75
<u>Southwest Montana Veterans' Home</u>				
FTE	-	1.00	-	-
Personal Services	-	60,595	-	-
All Other	-	1,259,723	-	-
Total Cost	-	1,320,318	-	-
State Special Revenue	-	206,703	-	-
Federal Special Revenue	-	1,113,615	-	-
Total Funding	-	1,320,318	-	-
Grand Total				
State Special Revenue	6,075,247	7,534,545	6,424,505	6,506,011
Federal Special Revenue	5,971,205	7,065,137	7,181,519	7,181,519
Total Funding	\$12,046,452	\$14,599,682	\$13,606,024	\$13,687,530
*FY 2014 expenditures and funding for MVH do not include an additional \$0.8 million of federal VA reimbursement added by budget amendment. EMVH expenditures and funding do not include an additional \$0.5 million also added by budget amendment.				
**The FY 2015 average daily population is based on DPHHS estimates as of January 16, 2015 and the appropriation amounts are those included in HB 2.				
***Annual per person costs cannot be compared across facilities. There are other costs and revenues associated with EMVH that are not included in HB 2 appropriations.				
****Funding for construction of SWMVH was not reauthorized. However, the appropriation is included in the legislative base budget according to guidelines that HB 2 appropriations that were not designated as one-time be included in the base.				

**Funding**

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

Medicaid and Health Services Branch, 22-Senior & Long-Term Care Division Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	156,278,134	0	0	156,278,134	24.29 %	
02023 Private Ins. Medicaid Reim.-Ve	9,370,830	0	0	9,370,830	13.06 %	
02032 Vets-I&I Lease	34,716	0	0	34,716	0.05 %	
02053 Medicaid Nursing Home Match	15,109,516	0	0	15,109,516	21.05 %	
02260 Cigarette Tax Revenue	3,356,517	0	0	3,356,517	4.68 %	
02497 6901-Lien & Estate - SLTCD	2,931,337	0	0	2,931,337	4.08 %	
02772 Tobacco Hlth & Medicd Initiative	21,392,324	0	0	21,392,324	29.80 %	
02783 6901-Traumatic Brain Injury Dn	8,335	0	0	8,335	0.01 %	
02959 EMVH Clinic Rent	67,318	0	0	67,318	0.09 %	
02987 Tobacco Interest	2,291,198	0	0	2,291,198	3.19 %	
02990 69010-Nursing Home Utilization	17,214,516	0	0	17,214,516	23.98 %	
<b>State Special Total</b>	<b>\$71,776,607</b>	<b>\$0</b>	<b>\$0</b>	<b>\$71,776,607</b>	<b>11.16 %</b>	
03005 EMVH V-A Nursing Reimbursement	5,404,610	0	0	5,404,610	1.30 %	
03073 Aging - Farmers Market	199,562	0	0	199,562	0.05 %	
03112 Vets-V.A. Reimb	4,104,401	0	0	4,104,401	0.99 %	
03193 MIPPA AAA	91,630	0	0	91,630	0.02 %	
03202 MIPPA CMS	127,244	0	0	127,244	0.03 %	
03279 SLTC Lifespan Respite	367,500	0	0	367,500	0.09 %	
03350 Aging-SHIP-ACL	3,072	0	0	3,072	0.00 %	
03368 MIPPA CMS - SHIP	0	0	0	0	0.00 %	
03372 MIPPA CMS - ADRC	0	0	0	0	0.00 %	
03381 MIPPA CMS - AAA	0	0	0	0	0.00 %	
03456 69010-AOA Aging One-Stop Shop	146,425	0	0	146,425	0.04 %	
03501 64.014 - Vets St. Domic Care 1	1,826,337	0	0	1,826,337	0.44 %	
03511 SW MT Vet Home Cnstr	2,227,230	0	0	2,227,230	0.54 %	
03512 MFP Demonstration Grant	0	0	0	0	0.00 %	
03514 10.570 - Elderly Feeding 100%	2,843,408	0	0	2,843,408	0.68 %	
03515 93.041 - Elder Abuse Prev 100%	30,696	0	0	30,696	0.01 %	
03516 93.042 - Ombudsman Activity 10	197,962	0	0	197,962	0.05 %	
03517 93.043 - Preventive Hlth 100%	233,704	0	0	233,704	0.06 %	
03518 93.044 - Aging Sup S & Train 1	3,907,122	0	0	3,907,122	0.94 %	
03519 93.045 - Aging Meals 100%	7,128,557	0	0	7,128,557	1.72 %	
03537 93.779 - Hlth Info Counseling	776,794	0	0	776,794	0.19 %	
03563 Community Living	647,952	0	0	647,952	0.16 %	
03579 93.667 - SSBG - Benefits	741,987	0	0	741,987	0.18 %	
03580 6901-93.778 - Med Adm 50%	5,219,965	0	0	5,219,965	1.26 %	
03583 93.778 - Med Ben Fmap	377,393,028	0	0	377,393,028	90.87 %	
03666 Aging - Caregiver III-E	1,645,661	0	0	1,645,661	0.40 %	
03819 MIPPA ADRC	34,968	0	0	34,968	0.01 %	
<b>Federal Special Total</b>	<b>\$415,299,815</b>	<b>\$0</b>	<b>\$0</b>	<b>\$415,299,815</b>	<b>64.55 %</b>	
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>	
<b>Total All Funds</b>	<b>\$643,354,556</b>	<b>\$0</b>	<b>\$0</b>	<b>\$643,354,556</b>		

SLTC is funded by general fund, state special revenue, and federal funds. General fund supports: Medicaid match, aging services, adult protective services and administrative costs.

*State Special Revenue*

Most state revenue sources are used as a match for Medicaid services including: the nursing home utilization fee, tobacco tax revenue and intergovernmental transfer revenues (IGT)

A portion of the state Medicaid match for nursing homes is paid from a fee assessed for each day of nursing home care. The total fee levied is \$8.30 per day, with \$2.80 of the fee deposited to the general fund and the balance (\$5.50) deposited to a state special revenue account.

Two sources of state special revenue that support the veterans' homes are: cigarette taxes and reimbursements through private insurance, Medicaid and Medicare

*Cigarette Tax Revenue*

By statute, 8.3% of cigarette taxes collected are deposited into a state special revenue account for support of veterans' nursing home costs at state operated veterans' homes. Statute requires that amounts in excess of \$2.0 million in the veterans' portion of the cigarette tax fund be transferred to the general fund at the end of the fiscal year. The table on the right shows the estimated revenue, expenditures, and fund balance for the cigarette state special revenue account.

Cigarette taxes are a declining revenue source. Revenue estimates adopted by the legislature decline from FY 2014 actual collections of \$6.8 million to \$5.3 million in FY 2017. Services supported by the cigarette tax include:

- Operational costs of the two Montana veterans' homes
- Long-range building projects for the veterans' homes
- Cost allocated and direct division administrative costs

Senior and Long Term Care Division Veterans' Services - Cigarette Tax Fund Balance					
Fund Balance	Actual	Appropriated	Legislative	Appropriation	% of
Deposits/Expenditures	FY 2014	FY 2015	FY 2016	FY 2017	Total
Beginning Fund Balance*	\$2,086,942	\$2,000,000	\$2,000,000	\$2,000,000	
Revenue/Transfers In**					
Cigarette Tax	5,789,774	5,428,664	5,361,269	5,260,314	
Total Revenue	7,876,716	7,428,664	7,361,270	7,260,314	
Expenditures/Transfers Out***					
<u>Veterans' Homes Operations</u>					
Montana Veterans' Home	750,173	2,073,745	1,170,456	1,251,968	42.1%
Eastern Montana Veterans' Home	225,813	245,043	230,171	230,335	7.7%
Southwest Montana Veterans' Home****	-	206,703	-	-	0.0%
<u>Transfers/DPHHS Administrative Costs</u>					
Long Range Building MVH	4,157,425	-	-	-	
DPHHS Cost Allocated Admin	380,911	392,338	404,108	416,232	14.0%
SLTC Division Admin Cost	61,055	267,233	194,455	249,654	8.4%
Subtotal Expenditures	5,575,377	3,185,062	1,999,190	2,148,189	72.2%
Annual Rate of Increase		-43%	-37%	7%	
Adjustments	(30,606)	-	-	-	
<u>Transfer to the General Fund</u>	<u>270,733</u>	<u>2,243,601</u>	<u>3,362,079</u>	<u>3,115,125</u>	
Ending Fund Balance	\$2,000,000	\$2,000,000	\$2,000,000	\$1,997,000	

\* 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 adopted in HJ2.  
 \*\*\*2017 biennium appropriations do not include pay plan increases authorized by the 2015 Legislature.  
 \*\*\*\*The legislature did not reauthorize funds to construct the Southwest Montana Veterans' Home.

*Federal Funds*

Federal funds support: Medicaid services, Montana Veterans' Homes, aging services, adult protection services and administrative costs.

**Budget Summary by Category**

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

Budget Item	-----General Fund-----				-----Total Funds-----			
	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget
2015 Budget	70,446,633	70,446,633	140,893,266	90.16 %	316,849,512	316,849,512	633,699,024	98.50 %
PL Adjustments	2,738,163	3,760,241	6,498,404	4.16 %	(8,906,706)	(5,436,999)	(14,343,705)	(2.23)%
New Proposals	3,014,624	5,871,840	8,886,464	5.69 %	8,028,582	15,970,655	23,999,237	3.73 %
<b>Total Budget</b>	<b>\$76,199,420</b>	<b>\$80,078,714</b>	<b>\$156,278,134</b>		<b>\$315,971,388</b>	<b>\$327,383,168</b>	<b>\$643,354,556</b>	

**Present Law Adjustments**

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

Present Law Adjustments	-----Fiscal 2016-----					-----Fiscal 2017-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 101 - Personal Services Adjustment	0.00	0	36,655	0	36,655	0.00	0	(89,174)	0	(89,174)
DP 102 - Other Differences for Executive PL	0.00	(22,452)	583,817	(308,197)	253,168	0.00	(378,319)	(43,383)	94,492	(327,210)
DP 515 - State Share Health Insurance	0.00	19,165	42,402	44,162	105,729	0.00	19,165	42,402	44,162	105,729
DP 520 - Fully Fund 2015 Legislatively Authorized FTE	0.00	6,085	33,000	22,232	61,317	0.00	6,085	33,000	22,232	61,317
DP 525 - Fixed Costs Adjustment	0.00	0	(23,623)	0	(23,623)	0.00	0	(23,623)	0	(23,623)
DP 527 - Inflation/Deflation	0.00	769,646	(723,554)	(220,113)	(174,021)	0.00	373,065	(350,724)	(106,693)	(84,352)
DP 532 - General Liability Insurance Rate Adjustment	0.00	0	(8,972)	0	(8,972)	0.00	0	(9,986)	0	(9,986)
DP 2200444 - Statewide 4% FTE Reduction - Program 22	(3.50)	0	0	0	0	(3.50)	0	0	0	0
DP 2222101 - Med Ben Core Cload NH	0.00	(1,273,613)	(548,102)	(3,431,214)	(5,252,929)	0.00	(1,260,265)	(732,184)	(3,698,635)	(5,691,084)
DP 2222102 - Med Ben Core FMAP NH	0.00	1,382,327	0	(1,382,327)	0	0.00	1,874,896	0	(1,874,896)	0
DP 2222103 - Med Ben Core Cload Home Based	0.00	159,334	0	300,107	459,441	0.00	291,283	0	540,716	831,999
DP 2222104 - Med Ben Core FMAP Home Based	0.00	86,533	0	(86,533)	0	0.00	118,261	0	(118,261)	0
DP 2222105 - Med Ben Waiver Cload SLTC HCBS	0.00	662,130	0	1,247,126	1,909,256	0.00	668,430	0	1,240,825	1,909,255
DP 2222106 - Med Ben Waiver FMAP SLTCD HCBS	0.00	354,196	0	(354,196)	0	0.00	484,066	0	(484,066)	0
DP 2222108 - Med Ben Other Cload NH IGT	0.00	0	(1,569,919)	(3,371,894)	(4,941,813)	0.00	0	(1,137,524)	(2,656,946)	(3,794,470)
DP 2222109 - Med Ben Other FMAP NH IGT	0.00	0	215,506	(215,506)	0	0.00	0	294,525	(294,525)	0
DP 2222110 - Med Ben Core Caseload CFC	0.00	(607,474)	0	(1,510,637)	(2,118,111)	0.00	(78,880)	0	(193,026)	(271,906)
DP 2222111 - Med Ben Core FMAP CFC	0.00	597,321	0	(597,321)	0	0.00	776,129	0	(776,129)	0
DP 2222112 - Med Ben MFP SLTC	0.00	190,217	0	906,771	1,096,988	0.00	312,991	0	1,475,018	1,788,009
DP 2222113 - State Supplemental Payments	0.00	42,422	0	0	42,422	0.00	50,190	0	0	50,190
DP 2222115 - Facility Inflation MVH	0.00	0	(114,367)	0	(114,367)	0.00	0	(31,847)	0	(31,847)
DP 2222116 - MVH Fed Auth Per Diem	0.00	0	(779,998)	779,998	0	0.00	0	(779,998)	779,998	0
DP 2222117 - EMVH Fed Auth Per Diem	0.00	0	0	449,999	449,999	0.00	0	0	449,999	449,999
DP 2222118 - Aging Grant Funding	0.00	0	0	236,927	236,927	0.00	0	0	236,927	236,927
DP 2222120 - Med Ben Other Facility Reimbursement - MVH	0.00	0	0	133,484	133,484	0.00	0	0	133,484	133,484
DP 2222121 - Contractual Adjustments	0.00	26,758	0	121,898	148,656	0.00	26,758	0	121,898	148,656
DP 2222122 - MFP Waiver Annualizations	0.00	29,148	0	54,852	84,000	0.00	162,994	0	299,006	462,000
DP 2222201 - Med Ben FMAP Money Follows the Person	0.00	301,717	0	(301,717)	0	0.00	298,689	0	(298,689)	0
DP 2222203 - Nurse Aide Testing	0.00	14,703	0	14,703	29,406	0.00	14,703	0	14,703	29,406
DP 2222600 - Adjust Base - SW Montana Veterans' Home	0.00	0	(206,703)	(1,113,615)	(1,320,318)	0.00	0	(206,703)	(1,113,615)	(1,320,318)
DP 2222602 - County Nursing Home IGT (Restricted)	0.00	0	0	0	0	0.00	0	0	0	0
<b>Grand Total All Present Law Adjustments</b>	<b>(3.50)</b>	<b>\$2,738,163</b>	<b>(\$3,063,858)</b>	<b>(\$8,581,011)</b>	<b>(\$8,906,706)</b>	<b>(3.50)</b>	<b>\$3,760,241</b>	<b>(\$3,035,219)</b>	<b>(\$6,162,021)</b>	<b>(\$5,436,999)</b>

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

DP 101 - Personal Services Adjustment -

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

DP 102 - Other Differences for Executive PL -

The legislature adopted all other operating cost adjustments.

DP 515 - State Share Health Insurance -

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

DP 520 - Fully Fund 2015 Legislatively Authorized FTE -

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

DP 525 - Fixed Costs Adjustment -

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

DP 527 - Inflation/Deflation -

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

DP 532 - General Liability Insurance Rate Adjustment -

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

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

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

DP 2222101 - Med Ben Core Cload NH -

The legislature reduced appropriations for Medicaid funded nursing home (NH) services in anticipation of fewer days of care.

DP 2222102 - Med Ben Core FMAP NH -

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

DP 2222103 - Med Ben Core Cload Home Based -

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

DP 2222104 - Med Ben Core FMAP Home Based -

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

DP 2222105 - Med Ben Waiver Cload SLTC HCBS -

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

DP 2222106 - Med Ben Waiver FMAP SLTCD HCBS -

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

DP 2222108 - Med Ben Other Cload NH IGT -

The legislature adjusted the FY 2015 appropriation base to match the executive request for nursing home intergovernmental transfer (NH IGT) Medicaid payments. The amount of IGT payment in the 2017 biennium decreases from the FY 2015 appropriated level as there are fewer county nursing homes and participation has declined.

DP 2222109 - Med Ben Other FMAP NH IGT -

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

DP 2222110 - Med Ben Core Caseload CFC -

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

DP 2222111 - Med Ben Core FMAP CFC -

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

DP 2222112 - Med Ben MFP SLTC -

The legislature added \$2.9 million in total funds to serve additional persons in the Money Follows the Person (MFP) program. This grant provides individuals the opportunity to transition from institutional settings into community options at

an enhanced federal Medicaid match rate for 365 days. Individuals must transition to regular community based services after the year of eligibility for Money Follows the Person.

DP 2222113 - State Supplemental Payments -

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

DP 2222115 - Facility Inflation MVH -

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

DP 2222116 - MVH Fed Auth Per Diem -

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

DP 2222117 - EMVH Fed Auth Per Diem -

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

DP 2222118 - Aging Grant Funding -

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

DP 2222120 - Med Ben Other Facility Reimbursement - MVH -

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

DP 2222121 - Contractual Adjustments -

The legislature approved funds to annualize the utilization review contract. Increases are due to the anticipated cost of living adjustments growth, an estimated 4% caseload growth due to Community First Choice requirements, an increase in level of care screens, and additional staff time for contractor to perform utilization review, prior authorization and level of care activities through FY 2017. The majority of the contract is funded at a 75% federal and 25% general fund match.

DP 2222122 - MFP Waiver Annualizations -

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

DP 2222201 - Med Ben FMAP Money Follows the Person -

The legislature increased general fund and reduced federal funds to account for changes in the federal and state matching rates for Medicaid services for each year of the 2017 biennium. The state match increases by the amount that the federal match rates declines for no net change in funding.

DP 2222203 - Nurse Aide Testing -

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

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

The legislature removed appropriation authority for operating costs for the proposed Southwest Montana Veterans' Home. The FY 2015 legislative base included funds to operate the home in anticipation of its construction in FY 2016. However, the federal share of construction costs was not received so the home was not built. The legislature did not reauthorize funds to construct the home in the 2017 biennium.

DP 2222602 - County Nursing Home IGT (Restricted) -

The legislature restricted the use of county funds transferred to DPHHS to be used as state match for Medicaid funds to supplement payments for nursing home services. This change package does not alter funding levels, as it is an offset between decreasing the base budget and creating a positive line item appropriation in HB 2.

**New Proposals**

The "New Proposals" table shows the adopted changes from the FY 2015 legislative appropriation. Each is discussed in the narrative that follows.

New Proposals	-----Fiscal 2016-----					-----Fiscal 2017-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 2222204 - Med Ben HCHCW Increase	0.00	56,570	0	138,430	195,000	0.00	113,139	0	276,861	390,000
DP 2222205 - Direct Care Worker Wage Increase	0.00	763,612	0	1,436,997	2,200,609	0.00	1,546,595	0	2,910,452	4,457,047
DP 2222206 - PRI Med Ben Core Nursing Homes	0.00	1,045,177	0	1,968,597	3,013,774	0.00	2,131,347	0	3,956,477	6,087,824
DP 2222207 - PRI Med Ben Core Home Based Services	0.00	37,866	0	71,322	109,188	0.00	77,218	0	143,342	220,560
DP 2222208 - PRI Med Ben Community Based Waiver	0.00	272,964	0	514,129	787,093	0.00	556,634	0	1,033,294	1,589,928
DP 2222209 - PRI Aging Services	0.00	232,757	0	0	232,757	0.00	470,170	0	0	470,170
DP 2222210 - PRI Med Ben Community First Choice	0.00	342,119	0	850,765	1,192,884	0.00	699,032	0	1,710,594	2,409,626
DP 2222211 - PRI Med Ben Money Follows the Person	0.00	13,559	0	33,718	47,277	0.00	27,705	0	67,795	95,500
DP 2222601 - NonMedicaid Community Aging Services (Restricted)	0.00	250,000	0	0	250,000	0.00	250,000	0	0	250,000
<b>Total</b>	<b>0.00</b>	<b>\$3,014,624</b>	<b>\$0</b>	<b>\$5,013,958</b>	<b>\$8,028,582</b>	<b>0.00</b>	<b>\$5,871,840</b>	<b>\$0</b>	<b>\$10,098,815</b>	<b>\$15,970,655</b>

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

DP 2222204 - Med Ben HCHCW Increase -

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

DP 2222205 - Direct Care Worker Wage Increase -

The legislature funded a Medicaid rate increase to allow providers to give wage increases or lump sum payments to workers who provide direct care and ancillary services in the nursing facility, personal assistance, CFC, and community waiver programs. Funding is based on an estimated \$0.20 hourly increase in combined wages and benefits in FY 2016 and up to \$0.50 hourly increase in FY 2017. About 70% of this funding would go towards wage increases and 30% would fund employee benefits and employer taxes.

DP 2222206 - PRI Med Ben Core Nursing Homes -

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

DP 2222207 - PRI Med Ben Core Home Based Services -

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

DP 2222208 - PRI Med Ben Community Based Waiver -

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

DP 2222209 - PRI Aging Services -

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

DP 2222210 - PRI Med Ben Community First Choice -

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

DP 2222211 - PRI Med Ben Money Follows the Person -

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

DP 2222601 - NonMedicaid Community Aging Services (Restricted) -

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