

Legislative Fiscal Division

Legislative Budget Options

Section Name: Health & Human Services

Time : Low

Committee: CFHH

Agency Name: Dept Of Public Health & Human Services

Status : One-Time

FTE Impact : N

Program Name:

Mode : Research

MCA :

Option	General Fund	State Special	Federal Special
Program Eliminations/Modifications	\$9,301,660	\$39,658	\$16,687,466

Description of Option: Eliminate the 2 Percent Provider Rate Increase

Criteria Name: Other

Summary of Issue

This appropriation affects services administered by the the Health Resources Division, Senior and Long Term Care, Children's Mental Health, Addictive and Mental Disorders, and Disability Services Division. The legislature appropriated \$10.0 million general fund (\$26.5 million total funds) in HB 645 for a 2 percent annual provider rate increase for Medicaid Services for FY 2011. Through the Governor's budget reduction under 17-7-140, the spending level was reduced to the FY 2010 appropriation of \$4,650,830 general fund and \$13,014,392 total funds each year of the 2013 biennium.

While this appropriation was designated as OTO by the legislature and consequently will not be part of the base budget, the LFD included it in the Big Picture report in March due to its on-going nature and the likelihood the legislature will be asked to continue funding. Therefore, a decision to discontinue or reduce funding would improve the projected budget imbalance.

Legislative Fiscal Division

Legislative Budget Options

Section Name: Health & Human Services

Time : Low

Committee: CFHH

Agency Name: Dept Of Public Health & Human Services

Status : On-Going

FTE Impact : N

Program Name: Human And Community Services

Mode : Research

MCA :

Option	General Fund	State Special	Federal Special
Other	\$0	\$0	\$0

Description of Option: Reduce Medicaid Personal Needs Allowance

Criteria Name: Other

Summary of Issue

The legislature could require DPHHS to lower the amount of money that a person receiving Medicaid services in an institution or group home can keep for personal uses. In doing so, the general fund cost of Medicaid services would be offset by the change.

Persons who receive Medicaid nursing home services and Medicaid group home services are allowed to keep up to \$50 per month of their personal income for personal needs that are not funded by Medicaid (eg greeting cards, gifts, personal items). The personal needs allowance could be reduced to offset Medicaid costs.

How the Fund Balance Would be Impacted

More work needs to be done to determine potential savings. In the 2009 biennium, the cost to increase the personal needs allowance for nursing home residents by \$10 per month was about \$256,000 in state matching funds over the biennium.

Other Factors

Changing the personal needs allowance could be construed as a change to Medicaid eligibility by federal agencies. If so, the state would lose Medicaid matching funds if it implemented the change.

There is also a potential that this choice could be viewed as a change to Medicaid eligibility by the federal oversight agency. The Patient Protection and Affordable Care Act of 2010 (federal health reform) requires states to maintain Medicaid eligibility levels as of June 2009 or risk losing federal Medicaid matching funds.

Legislative Fiscal Division

Legislative Budget Options

Section Name: Health & Human Services

Time : Low

Committee: CFHH

Agency Name: Dept Of Public Health & Human Services

Status : One-Time

FTE Impact : Y

Program Name: Human And Community Services

Mode : Research

MCA : 53-19-103

Option	General Fund	State Special	Federal Special
Program Eliminations/Modifications	\$100,023	\$0	\$0

Description of Option: Eliminate Funding for Transitions Coordination for Individuals in Voc. Rehab.

Criteria Name: Other

Summary of Issue

The 2009 Legislature provided a one-time-only (OTO) general fund appropriation of \$100,023 over the biennium to support a disabilities transition coordination function to facilitate cooperation and coordination among all levels of government, as well as between the private and public sectors. Funds were administered through contracts.

How the Fund Balance Would be Impacted

While this appropriation was designated as OTO by the legislature and consequently will not be part of the base budget, the LFD included it in the Big Picture report in March due to its on-going nature and the likelihood the legislature will be asked to continue funding. Therefore, a decision to discontinue or reduce funding would improve the projected budget imbalance.

Contracting organizations could research other sources of funding and/or fundraising activities to replace the loss of funds. The department could potentially absorb some projects into existing funding. There is a half-time contracted position for this program that is paid with this appropriation. The position is at the North Central Independent Living Services in Great Falls.

Recipients of Service

While there has been some youth mentoring, services provided by this funding are not primarily direct services to individuals. Funds have been used to support the development of a Web site to serve as an educational/resource tool, an annual state-wide Youth Transition Conference, and for state-wide facilitation and assistance.

Legislative Fiscal Division

Legislative Budget Options

Section Name: Health & Human Services

Time : Low

Committee: CFHH

Agency Name: Dept Of Public Health & Human Services

Status : One-Time

FTE Impact : N

Program Name: Human And Community Services

Mode : Research

MCA : 52-2-704

Option	General Fund	State Special	Federal Special
Program Eliminations/Modifications	\$1,414,176	\$0	\$0

Description of Option: Eliminate Increases for Child Care Caseload and the Federal Poverty Index

Criteria Name: Other

Summary of Issue

The legislature appropriated \$1,162,186 general fund in HB 645 for increases in Child Care Rates, the Federal Poverty Index, and Case Load Growth for FY 2011. Through the Governor's budget reduction under 17-7-140, the funding was reduced to \$707,088 general fund for FY 2011 when the \$455,098 provider rate increase was removed.

While this appropriation was designated as OTO by the legislature and consequently will not be part of the base budget, the LFD included it in the Big Picture report in March due to its on-going nature and the likelihood the legislature will be asked to continue funding. Therefore, a decision to discontinue or reduce funding would improve the projected budget imbalance.

Recipients of Service

There is presently no waiting list for child care for eligible families. A waiting list would likely be established for the 2013 biennium.

Legislative Fiscal Division

Legislative Budget Options

Section Name: Health & Human Services

Time : Low

Committee: CFHH

Agency Name: Dept Of Public Health & Human Services

Status : One-Time

FTE Impact : N

Program Name: Human And Community Services

Mode : Research

MCA : 53-19-110

Option	General Fund	State Special	Federal Special
Program Eliminations/Modifications	\$2,000,000	\$0	\$0

Description of Option: Discontinue the Vocational Rehabilitation State Grants Funded by HB 645

Criteria Name: Other

Summary of Issue

The legislature provided a one-time-only appropriation of \$1.0 million in federal ARRA funds each year of the 2011 biennium in HB 645 to help persons with disabilities find work, improve technology, and address other infrastructure needs. The one-time-only nature of this appropriation means that the federal funds would be replaced with general fund if the appropriation were to continue.

While this appropriation was designated as OTO by the legislature and consequently will not be part of the base budget, the LFD included it in the Big Picture report in March due to its on-going nature and the likelihood the legislature will be asked to continue funding. Therefore, a decision to discontinue or reduce funding would improve the projected budget imbalance.

Legislative Fiscal Division

Legislative Budget Options

Section Name: Health & Human Services

Time : Low

Committee: CFHH

Agency Name: Dept Of Public Health & Human Services

Status : On-Going

FTE Impact : N

Program Name: Human And Community Services

Mode : Research

MCA : 53-4-211

Option	General Fund	State Special	Federal Special
Program Eliminations/Modifications	\$2,000,000	\$0	\$0

Description of Option: Reduce General Fund Spending beyond Maintenance of Effort in some HCSD Programs

Criteria Name: Other

Summary of Issue
 The legislature has historically provided general fund beyond the required Maintenance of Effort for the TANF and Child Care programs in the Human and Community Services Division.

While the amount changes based on TANF and child care benefit and eligible project utilization as well as child care general fund that could be used for match for grant applications in progress, there could be over \$1.0 million general fund available each year of the 2013 biennium.

Recipients of Service
 There could be a reduction to services, or a child care waiting list might be implemented.

Legislative Fiscal Division

Legislative Budget Options

Section Name: Health & Human Services

Time : Low

Committee: CFHH

Agency Name: Dept Of Public Health & Human Services

Status : One-Time

FTE Impact : N

Program Name: Child & Family Services

Mode : Research

MCA : 52-7-105

Option	General Fund	State Special	Federal Special
Fund Balance Transfers	\$1,000,000	\$0	\$0

Description of Option: Transfer \$1 Million From the Children's Trust Fund to General Fund

Criteria Name: New program, success has not been measured

Summary of Issue

The 2007 Legislature transferred \$1 million general fund into the Children's Trust Fund Endowment. The value of the fund on May 7, 2010 was \$1.2 million.

Earnings could be used to support prevention activities and family resource programs operated by nonprofit or public community-based education and service organizations. However, earnings from the endowment are presently reinvested in the endowment and have not been used to date.

How the Fund Balance Would be Impacted

All or part of the original \$1 million general fund transfer could be transferred back to the general fund.

Legislation Required

52-7-105 would need a temporary amendment to address endowment language.

Legislative Fiscal Division

Legislative Budget Options

Section Name: Health & Human Services

Time : Low

Committee: CFHH

Agency Name: Dept Of Public Health & Human Services

Status : On-Going

FTE Impact : N

Program Name: Child & Family Services

Mode : Research

MCA :

Option	General Fund	State Special	Federal Special
Program Eliminations/Modifications	\$180,012	\$0	\$0

Description of Option: Eliminate Funding for Big Brothers and Big Sisters

Criteria Name: Few corollary impacts on other programs or services

Summary of the Issue

The legislature has historically provided general fund to the Child and Family Services Division in support of Big Brothers and Big Sisters Programs. Since FY 2003 nearly \$625,000 has been provided including the \$90,000 for both FY 2010 and FY 2011. Funding is provided through contracts. There is no performance measure associated with the contracts. Contractors send monthly reports listing the eligible youths served via this funding. Six Big Brothers and Big Sisters organizations receive \$11,667 each and one organization receives \$20,000 from this funding.

Other Factors

The organizations would need to raise funds from other sources.

Legislative Fiscal Division

Legislative Budget Options

Section Name: Health & Human Services

Time : Low

Committee: CFHH

Agency Name: Dept Of Public Health & Human Services

Status : On-Going

FTE Impact : N

Program Name: Public Health & Safety Div.

Mode : Research

MCA :

Option	General Fund	State Special	Federal Special
Change Source of Funding	\$660,000	(\$660,000)	\$0

Description of Option: Eliminate General Fund Support for the Environmental/Public Health Labs

Criteria Name: Funding change over time to GF from other source

Summary of Issue

The environmental and public health laboratories are fee for service functions. The laboratories began to receive general fund support by the 2007 Legislature as one-time-only for equipment purchases. The 2009 Legislature included the funding as ongoing, with \$150,000 a year of the appropriation to be used to replace equipment.

How the Fund Balance Would be Impacted

General fund subsidy of \$330,000 each year would be eliminated and either replaced with lab fees or elimination of equipment purchases. Some equipment purchases can be made using federal grants.

Legislative Fiscal Division

Legislative Budget Options

Section Name: Health & Human Services

Time : Low

Committee: CFHH

Agency Name: Dept Of Public Health & Human Services

Status : On-Going

FTE Impact : N

Program Name: Public Health & Safety Div.

Mode : Research

MCA :

Option	General Fund	State Special	Federal Special
Change Source of Funding	\$143,467	\$0	\$0

Description of Option: Eliminate General Fund Support for Cancer Control

Criteria Name: Other

Summary of Issue

The 2007 Legislature provided state special revenue to cancer control activities (\$1.1 million over the biennium), a 20 percent increase in funding over the biennium. The program has a small amount of general fund, less than 2 percent of total appropriations in the 2011 biennium. The legislature could reduce or eliminate general fund support for the program.

How the Fund Balance Would be Impacted

In FY 2010, general fund is used to fund bureau administrative costs. Through May 21, 2010, general fund supported about 20 percent of the administrative costs charged to cancer control. Eliminating general fund from the program would increase the support required of the state special revenue funds, potentially resulting in decreased support for the program.

Legislative Fiscal Division

Legislative Budget Options

Section Name: Health & Human Services

Time : Low

Committee: CFHH

Agency Name: Dept Of Public Health & Human Services

Status : On-Going

FTE Impact : N

Program Name: Public Health & Safety Div.

Mode : Research

MCA :

Option	General Fund	State Special	Federal Special
Program Eliminations/Modifications	\$1,000,000	\$0	\$0

Description of Option: Eliminate General Fund Support for Contraceptives

Criteria Name: New program, success has not been measured

Summary of Issue

The 2007 Legislature provided one-time-only funding to support increased costs of providing contraceptives for Title X Family Planning Clinics. The 2009 Legislature provided ongoing funding of \$500,000 each fiscal year for the costs of contraceptives. The program has not determined if providing the funding lowered the birth rates for low income women in Montana. Without effective data on the outcomes of the program, the legislature may wish to consider eliminating general fund support.

How the Fund Balance Would be Impacted

Elimination of general fund support could result in increased costs of contraceptives passed on to low-income women in Montana. The funding was used to offset an approximately 70 percent increase in contraceptive costs. The potential exists that some women may forgo contraception resulting in additional Medicaid costs for births.

Legislative Fiscal Division

Legislative Budget Options

Section Name: Health & Human Services

Time : Medium

Committee: CFHH

Agency Name: Dept Of Public Health & Human Services

Status : On-Going

FTE Impact : N

Program Name: Public Health & Safety Div.

Mode : Research

MCA :

Option	General Fund	State Special	Federal Special
Support by Service Recipients/Eliminate GF Subsidy	\$1,062,660	(\$1,062,660)	\$0

Description of Option: Reduce or Eliminate General Fund Support for Food and Consumer Safety

Criteria Name: Funding change over time to GF from other source

Summary of Issue

The Food and Consumer Safety Section provides public health protection through technical services, education, training, and enforcement of health protection standards. Local health departments conduct the inspections of some of the facilities, and the remainder are reviewed by the staff of the section. Food and lodging facilities, swimming pools, day care facilities, etc. are required to obtain a license. A small portion of the license fee is used to offset the costs of operating the state programs and the remainder is deposited to the local counties to offset the costs of the county inspections. The legislature could reduce or eliminate general fund support for the program and offset the reductions with increased fees to the facilities.

How the Fund Balance Would be Impacted

If the legislature chooses to reduce or eliminate general fund without offsetting increases in fees, there could be an impact to public safety as the workload related to facility inspections may have to be adjusted. If the inspections occurred less frequently, it could affect the compliance with requirements that ensure the health of the general public or individuals staying at some of the facilities, for example youth staying at youth camps or work camps.

Further Work Required

Review of the statutes and rules related to food and consumer safety would need to be completed, along with an examination of the workload in the section. Quantification of the affects of general fund elimination without offsetting fee revenues would also need to be examined.

Legislation Required

Depending on legislative choices, statutory changes may be needed.

Legislative Fiscal Division

Legislative Budget Options

Section Name: Health & Human Services

Time : Medium

Committee: CFHH

Agency Name: Dept Of Public Health & Human Services

Status : On-Going

FTE Impact : N

Program Name: Disability Services Division

Mode : Research

MCA : 52-4-202

Option	General Fund	State Special	Federal Special
Change Source of Funding	\$400,000	\$0	\$900,000

Description of Option: Move Eligible Developmentally Disabled General Fund Clients to Medicaid Waiver

Criteria Name: Other

Summary of Issue

Home and Community Based Medicaid Waivers allow states to provide services to eligible individuals who would otherwise require institutional care. The Disabilities Services Division presently serves some individuals with general fund that may be eligible for Waiver services. The division could use refinancing to place eligible Developmentally Disabled individuals that are presently funded with general fund into the Medicaid Waiver. There would be minimal impact on the clients.

How the Fund Balance Would be Impacted

There would be a reduction in general fund and federal funds would increase due to the Medicaid Waiver. This would not require a change in statute.

Further Work Required

The amounts listed above are initial estimates and would need to be refined.

Legislative Fiscal Division

Legislative Budget Options

Section Name: Health & Human Services

Time : Low

Committee: CFHH

Agency Name: Dept Of Public Health & Human Services

Status : One-Time

FTE Impact : N

Program Name: Disability Services Division

Mode : Research

MCA :

Option	General Fund	State Special	Federal Special
Program Eliminations/Modifications	\$400,000	\$0	\$750,000

Description of Option: Eliminate Funding for the Autism Group Home in Bozeman

Criteria Name: Other

Summary of Issue

The 2009 Legislature provided a restricted, biennial, one-time-only (OTO) general fund appropriation of \$400,000 as Medicaid match for residents living in the Bozeman group home that need treatment for autism services.

How the Fund Balance Would be Impacted

While this appropriation was designated as OTO by the legislature and consequently will not be part of the base budget, the LFD included it in the Big Picture report in March due to its on-going nature and the likelihood the legislature will be asked to continue funding. Therefore, a decision to discontinue or reduce funding would improve the projected budget imbalance.

Recipients of the Service

The department, families, and providers would have to look for other sources of funding or reduce services.

Legislative Fiscal Division

Legislative Budget Options

Section Name: Health & Human Services

Time : Low

Committee: CFHH

Agency Name: Dept Of Public Health & Human Services

Status : One-Time

FTE Impact : N

Program Name: Disability Services Division

Mode : Research

MCA : 53-20-205

Option	General Fund	State Special	Federal Special
Program Eliminations/Modifications	\$2,139,842	\$0	\$0

Description of Option: Discontinue HB 645 One-Time-Only ARRA Funds for IDEA Part C

Criteria Name: Other

Summary of Issue

The legislature provided a one-time-only appropriation of \$1,069,921 of federal ARRA funds each year of the 2011 biennium in HB 645 to help increase services for children with disabilities ages 0 through 2 years. The one-time only nature of this appropriation means that the federal funds would be replaced with general fund if the appropriation were to continue.

While this appropriation was designated as OTO by the legislature and consequently will not be part of the base budget, the LFD included it in the Big Picture report in March due to its on-going nature and the likelihood the legislature will be asked to continue funding. Therefore, a decision to discontinue or reduce funding would improve the projected budget imbalance.

Recipients of Services

The department used the ARRA funds in the spirit of one-time-only funding primarily to: 1) enhance Montana's Part C data collection methods for client tracking and invoicing to achieve "real time" data for improvement planning at state and local level; 2) enhance the capacity of technical assistance and training system to disseminate and implement research-based promising early intervention practices in Part C services to professionals providing services; and 3) provide services to children.

Legislative Fiscal Division

Legislative Budget Options

Section Name: Health & Human Services

Time : Low

Committee: CFHH

Agency Name: Dept Of Public Health & Human Services

Status : On-Going

FTE Impact : N

Program Name: Disability Services Division

Mode : Research

MCA :

Option	General Fund	State Special	Federal Special
Program Eliminations/Modifications	\$667,000	\$0	\$0

Description of Option: Continue Elimination for State Funds - System of Care/Kids Management Authority

Criteria Name: Other

Summary of Issue

The 2009 Legislature provided one-time-only support in HB 645 to sustain the children's system of care and kids management authorities. The funds were designated to pay the increased match as part of the federal grant from the Substance Abuse and Mental Health Services Administration. While these appropriations were designated as OTO by the legislature and consequently will not be part of the base budget, the LFD included them in the Big Picture report in March due to their on-going nature and the likelihood the legislature will be asked to continue funding. Therefore, a decision to discontinue or reduce funding would improve the projected budget imbalance.

Legislative Fiscal Division

Legislative Budget Options

Section Name: Health & Human Services

Time : High

Committee: CFHH

Agency Name: Dept Of Public Health & Human Services

Status : On-Going

FTE Impact : N

Program Name: Health Resources Division

Mode : Research

MCA :

Option	General Fund	State Special	Federal Special
Change Source of Funding	\$0	\$0	\$0

Description of Option: Implement Provider Fees to Pay a Portion of Medicaid State Share

Criteria Name: Other

Summary of Issue

The legislature could impose fees on medical service providers and use the revenue as state match for Medicaid to continue services that otherwise might be eliminated, to forego reductions to current Medicaid rates, or to increase Medicaid rates.

Montana levies a bed day utilization fee on nursing homes and hospitals and uses the funds as state match to draw down federal Medicaid funds. The fees have been used to provide and maintain Medicaid rates for those services. The legislature could expand the use of provider fees to maintain Medicaid services and rates and/or to fund rate increases.

Federal law requires that any provider fees or taxes be broad based, meaning that all providers within a class must participate. The total income raised is limited to a certain amount of gross industry revenue.

How the Fund Balance would be Impacted

The impact of this policy choice on the general fund depends on what type(s) of tax the legislature would consider and how the tax proceeds were used.

Further Work Needed

Additional research is needed to determine:

>>Which provider types could be combined or disaggregated for the purpose of levying a fee

>>A fee type and level

>>The estimated revenue from a proposed fee

>>Potential impacts of a new fee

>>Administrative costs

Other Factors

Imposition of a new or higher provider fee could discourage some providers from participating in the Medicaid program if the fee reduced overall income.

Legislative Fiscal Division

Legislative Budget Options

Section Name: Health & Human Services

Time : Medium

Committee: CFHH

Agency Name: Dept Of Public Health & Human Services

Status : On-Going

FTE Impact : N

Program Name: Health Resources Division

Mode : Research

MCA : 53-4-1104

Option	General Fund	State Special	Federal Special
Fund Balance Transfers	\$0	\$0	\$0

Description of Option: Review Healthy Montana Kids Program Fund Balance

Criteria Name: New program, success has not been measured

Summary of Issue

The legislature could review the Healthy Montana Kids state special revenue fund balance to determine whether to transfer some of the balance to the general fund.

The Healthy Montana Kids program was enacted by citizen initiative in November 2008. The initiative raised children's eligibility for the Children's Health Insurance Program to 250 percent of the federal poverty level and 185 percent for Medicaid (funded at 133 percent of the federal poverty level). It also eliminated consideration of family assets. The initiative diverted a portion of insurance license fees from the general fund to a state special revenue account.

The 2009 Legislature reduced the revenue flow of insurance license tax fees to the HMK state special revenue account to 16.5 percent for the 2011 biennium. Effective July 1, 2013 the transfer will revert to 33.0 percent. The legislature could review program enrollment and projected costs to:

- 1) Determine whether to establish a different percentage transfer of insurance license taxes.
- 2) Cap enrollment in the portion of the program that provides coverage to children in families between 133 percent of the federal poverty level and 250 percent.
- 3) Transfer a certain amount or percentage of the HMK state special revenue ending fund balance to the general fund.

How the Fund Balance would be Impacted

More work needs to be done to determine whether there is excess state special revenue in the HMK account that could be transferred to the general fund.

Further Work Required

The HMK program was started November 2008. Enrollment has increased steadily. More information is needed to evaluate enrollment trends, the average cost per child, and estimate future costs and revenues.

Legislation Required

The legislature would need to pass legislation to require a fund balance transfer from the HMK account to the general fund.

Legislative Fiscal Division

Legislative Budget Options

Section Name: Health & Human Services

Time : Medium

Committee: CFHH

Agency Name: Dept Of Public Health & Human Services

Status : On-Going

FTE Impact : N

Program Name: Health Resources Division

Mode : Research

MCA :

Option	General Fund	State Special	Federal Special
Other	\$0	\$0	\$0

Description of Option: Reduce Medicaid Provider Rates

Criteria Name: Not mandated by statute, the constitution, or the federal government

Summary of Issue

The legislature could consider reducing Medicaid provider rates to reduce general fund spending.

States, including Montana, have opted to reduce Medicaid provider rates during times of fiscal down turn. The legislature could opt to reduce all Medicaid provider rates by a certain percentage or to review selective rate reductions.

If Medicaid rates are too low, some providers opt out of the Medicaid program or decline to accept new Medicaid patients. In some states, courts have directed the state to raise Medicaid rates if access to services declines substantially.

Legislation Required

Montana statute directs how physician rates are to be established. If the legislature chooses to direct DPHHS to lower physician rates, it would need to amend 53-6-125, MCA.

Further Work Required

More work is needed to determine the spending reductions due to provider rate reductions. Additionally, the loss of federal Medicaid matching funds would need to be estimated as well.

Legislative Fiscal Division

Legislative Budget Options

Section Name: Health & Human Services

Time : High

Committee: CFHH

Agency Name: Dept Of Public Health & Human Services

Status : On-Going

FTE Impact : N

Program Name: Health Resources Division

Mode : Research

MCA :

Option	General Fund	State Special	Federal Special
Program Eliminations/Modifications	\$0	\$0	\$0

Description of Option: Eliminate Optional Medicaid Services

Criteria Name: Not mandated by statute, the constitution, or the federal government

Summary of Issue

Some Medicaid services are optional and not required to be part of a state Medicaid plan, or provision of the service in an outpatient setting is optional. The legislature could chose to eliminate all optional Medicaid services (except prescription drugs) to lower general fund spending.

How the Fund Balance would be Impacted

This option eliminates payment for certain outpatient Medicaid services for persons over the age of 21 including dental, eyeglasses, ambulatory surgery, public health clinic, podiatry, physical therapy, speech pathology, audiology, occupational therapy, private nursing, optometric, eyeglasses, and targeted case management services.

It is unlikely that persons eligible for Medicaid would be able to pay for the services that would no longer be covered by Medicaid. In some instances, persons would substitute hospital care to receive services not available in outpatient settings (such as ambulatory surgery services) or delay treatment until it became an emergency condition (such as dental).

If there were no cost shift to higher cost or emergency services, the total savings to the general fund would be about \$5 million, based on DPHHS estimates in mid 2008.

Further Work Required

If the legislature opts to eliminate optional Medicaid services, the cost savings would need to be updated based on projected Medicaid spending for the 2013 biennium and in conjunction with other choices the legislature might make regarding the Medicaid program.

Federal health reform legislation may limit the length of time this type of change could be made since states must expand financial eligibility for Medicaid and fund certain essential services, which have not yet been defined. Medicaid changes go into effect January 1, 2014. However, essential services that must be covered have not been defined.

Legislation Required

It may be necessary to change statute to if the legislature wants to ensure that certain services are no longer funded.

Other Factors

There would be a reduction in federal Medicaid matching funds if optional Medicaid services were eliminated.

Legislative Fiscal Division

Legislative Budget Options

Section Name: Health & Human Services

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Committee: CFHH

Agency Name: Dept Of Public Health & Human Services

Status : On-Going

FTE Impact : N

Program Name: Health Resources Division

Mode : Research

MCA :

Option	General Fund	State Special	Federal Special
Program Eliminations/Modifications	\$0	\$0	\$0

Description of Option: Implement Higher Copayments for Higher Income Families in HMK

Criteria Name: New program, success has not been measured

Summary of Issue

Financial eligibility for children's health insurance was raised by voter initiative in November 2008 with the implementation of the Healthy Montana Kids (HMK) program. Eligibility was raised from 150 percent to 250 percent of the federal poverty level.

The legislature could consider raising co-payments for higher income families.

How the Fund Balance Would be Impacted

The amount of savings that could be generated due to raising copayments would depend on whether:

- 1) It is allowable under provisions of federal health reform legislation
- 2) It would be practical or cost effective to implement a tiered co-pay

Legislation Required

The legislature would need to pass legislation to transfer state special revenue savings from the HMK account to the general fund.

Further Work Needed

Additional research is needed to determine the administrative costs and processes to implement this option compared to estimated cost savings. The cost reduction would be in state special revenue funds and federal Medicaid and CHIP grant funds.

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Legislative Budget Options

Section Name: Health & Human Services

Time : High

Committee: CFHH

Agency Name: Dept Of Public Health & Human Services

Status : On-Going

FTE Impact : N

Program Name: Health Resources Division

Mode : Research

MCA :

Option	General Fund	State Special	Federal Special
Program Eliminations/Modifications	\$0	\$0	\$0

Description of Option: Freeze Medically Needy Income Level for Medicaid

Criteria Name: Other

Summary of Issue

During the 2003 biennium, one of the options implemented to reduce Medicaid spending was to freeze the medically needy income level for Medicaid eligibility. Later, the legislature reinstated funding to reverse this option.

How Fund Balance would be Impacted

Additional research is needed to determine the cost savings for this option.

Further Work Needed

Additional research will be needed to determine potential savings associated with this option. Also, this option may be determined by federal staff to change Medicaid eligibility processes and lower or restrict eligibility for Medicaid. If so, the state could be sanctioned by loss of federal Medicaid matching funds. The Medicaid eligibility maintenance of effort was enacted as part of federal health reform.

Legislative Fiscal Division

Legislative Budget Options

Section Name: Health & Human Services

Time : Medium

Committee: CFHH

Agency Name: Dept Of Public Health & Human Services

Status : On-Going

FTE Impact : N

Program Name: Health Resources Division

Mode : Research

MCA :

Option	General Fund	State Special	Federal Special
Program Eliminations/Modifications	\$0	\$0	\$0

Description of Option: Lower Big Sky Rx Program Premium Assistance

Criteria Name: Not mandated by statute, the constitution, or the federal government

Summary of Issue

The legislature authorized a premium assistance program to assist low-income Medicare eligible persons to pay premiums for Medicare Part D (prescription drugs) funded from tobacco tax Medicaid and health initiative state special revenue. The state program augments federal assistance for certain Medicare eligible persons and provides state assistance for other low-income Medicare eligible persons. The legislature could opt to limit enrollment or lower the subsidy provided and divert the state special revenue to other uses, including offsetting on-going general fund costs.

How the Fund Balance Would be Impacted

The amount of general fund savings would depend on legislative choices. The amount of savings will be determined once FY 2010 is complete. LFD staff will determine an average savings per \$1 in premium reduction or average savings per person who is not served.

Legislation Required

The legislature may need to amend statute depending on how it uses the saved state special revenue and whether it would prefer to make enrollment limits or monthly premiums fixed in statute.

Further Work Required

Additional research is needed to determine the policy choices and estimated savings from each choice.

Legislative Fiscal Division

Legislative Budget Options

Section Name: Health & Human Services

Time : Low

Committee: CFHH

Agency Name: Dept Of Public Health & Human Services

Status : On-Going

FTE Impact : N

Program Name: Health Resources Division

Mode : Research

MCA :

Option	General Fund	State Special	Federal Special
Program Eliminations/Modifications	\$1,995,754	\$0	\$4,400,000

Description of Option: Eliminate General Fund Support for Organ Transplants

Criteria Name: Other

Summary of Issue

While this appropriation was designated as one-time-only by the legislature and consequently will not be part of the base budget, the LFD included it in the Big Picture report in March due to its on-going nature and the likelihood the legislature will be asked to continue funding. Therefore, a decision to discontinue or reduce funding would improve the projected budget imbalance.

How the Fund Balance Would be Impacted

The legislature provided funding to support heart, lung, and liver transplants for adults. Additional federal fund support was also budgeted at \$4.4 million. Elimination of the general fund results in a reduction in federal funds supporting the Medicaid program.

Legislative Fiscal Division

Legislative Budget Options

Section Name: Health & Human Services

Time : Low

Committee: CFHH

Agency Name: Dept Of Public Health & Human Services

Status : On-Going

FTE Impact : N

Program Name: Health Resources Division

Mode : Research

MCA :

Option	General Fund	State Special	Federal Special
Program Eliminations/Modifications	\$2,882,162	\$0	\$0

Description of Option: Continue the Elimination of Support for Community Aging Services

Criteria Name: Other

Summary of Issue

The 2009 Legislature provided one-time-only general fund support in HB 645 for non-Medicaid community aging services. Senior and Long Term Care Division contracts with Area Agencies on Aging (AAAs) to provide increased services such as congregate meals, meals on wheels, home care giver and chore services, information and referral services. While this appropriation was designated as OTO by the legislature and consequently will not be part of the base budget, the LFD included it in the Big Picture report in March due to its on-going nature and the likelihood the legislature will be asked to continue funding. Therefore, a decision to discontinue or reduce funding would improve the projected budget imbalance.

Legislative Fiscal Division

Legislative Budget Options

Section Name: Health & Human Services

Time : High

Committee: CFHH

Agency Name: Dept Of Public Health & Human Services

Status : On-Going

FTE Impact : N

Program Name: Health Resources Division

Mode : Research

MCA :

Option	General Fund	State Special	Federal Special
Program Eliminations/Modifications	\$22,000,000	\$0	\$46,000,000

Description of Option: Do Not Reinstate One-Time Medicaid Appropriations in DPHHS Base

Criteria Name: Other

Summary of Issue

The 2009 Legislature designated \$11 million of general fund appropriations for Medicaid services as a one-time appropriation and required DPHHS to study the impact of the loss of one-time funds over the interim.

While these appropriations were designated as OTO by the legislature and consequently will not be part of the base budget, the LFD included them in the Big Picture report in March due to their on-going nature and the likelihood the legislature will be asked to continue funding. Therefore a decision to discontinue or reduce funding would improve the projected budget imbalance.

Further Work Needed

Although DPHHS has reviewed budget reductions internally, not much data has been shared with the Legislative Finance Committee. Additional research will be needed to determine what types of reductions can be made without federal financial penalties and without excessive cost shift or adverse outcomes.

Legislative Fiscal Division

Legislative Budget Options

Section Name: Health & Human Services

Time : Low

Committee: CFHH

Agency Name: Dept Of Public Health & Human Services

Status : On-Going

FTE Impact : N

Program Name: Health Resources Division

Mode : Research

MCA :

Option	General Fund	State Special	Federal Special
Program/Facility Efficiencies/Economy	\$2,637,734	\$0	\$0

Description of Option: Continue Savings - Medicaid Rebates for Drugs Marketed by Multiple Sources

Criteria Name: Other

Summary of Issue

DPHHS contracted for administration of a State Maximum Allowable Cost (SMAC) program to identify the lowest cost source for a drug marketed by 3 or more manufacturers or labelers. The contract was identified as one of the spending reductions under 17-7-140 MCA, implemented by the Governor in 2010. The savings listed for this choice are above those calculated for 17-7-140 spending reductions and were identified in the DPHHS executive planning process (EPP) submission.

How the Fund Balance Would be Impacted

Continuation of the SMAC program would lower general fund costs by about \$1.3 million per year. The cost estimates may change as Medicaid cost forecasts for the 2013 biennium are revised.

Legislative Fiscal Division

Legislative Budget Options

Section Name: Health & Human Services

Time : High

Committee: CFHH

Agency Name: Dept Of Public Health & Human Services

Status : On-Going

FTE Impact : N

Program Name: Health Resources Division

Mode : Research

MCA :

Option	General Fund	State Special	Federal Special
Program/Facility Efficiencies/Economy	\$0	\$0	\$0

Description of Option: Implement Treatment Protocols and Evidence Based Practices in Medicaid

Criteria Name: High cost of provision (with or without comparison to other programs)

Summary of Issue

Total Medicaid services costs were about \$1 billion in FY 2009. The vast majority of Medicaid services require a state matching contribution of about 30 percent. A 1 percent change in the state match rate causes an \$8 to \$9 million change in state funding.

It is difficult to tell whether Medicaid services are being delivered as efficiently and effectively as possible. Some insurance programs have required medical providers to use evidence based models or treatment protocols that are widely believed to be the most effective approach.

This issue proposes to work with DPHHS to determine what types of changes could be made to the Medicaid program to:

- >>Define selected treatment protocols that are deemed to be the most effective, best practice, or evidence based
- >>Insure that these protocols are followed
- >>Provide methods to evaluate the financial efficiency as well as treatment outcomes
- >>Determine the cost and timeline to implement this approach

How Fund Balance would be Impacted

The goal would be to reduce general fund spending while also achieving better treatment outcomes. Potential savings would depend on several factors including selection of treatment protocols and implementation costs, which could include information technology hardware, software, and licensing costs as well as contracted services to evaluate adherence to treatment protocols.

Further Work Required

Additional research will be required to fully define and estimate costs and savings due to this proposal.

Legislation Needed

The legislature may need to amend statute to implement this program.

Legislative Fiscal Division

Legislative Budget Options

Section Name: Health & Human Services

Time : Low

Committee: CFHH

Agency Name: Dept Of Public Health & Human Services

Status : One-Time

FTE Impact : N

Program Name: Senior & Long-term Care

Mode : Research

MCA : 52-3-115

Option	General Fund	State Special	Federal Special
Fund Balance Transfers	\$0	\$0	\$0

Description of Option: Use Older Montanans' Trust Fund Balance

Criteria Name: New program, success has not been measured

Summary of Issue

The Older Montanans' Trust Fund has a balance of \$8.8 million. The trust was initiated by the 2007 Legislature, with a transfer of unspent tobacco tax appropriations for Big Sky Rx (assistance for low-income seniors to help offset the cost of premiums for Medicare Part D drug coverage). Portions of the interest of the trust can be appropriated when the trust balance reaches certain levels or beginning January 1, 2015 (52-3-115, MCA). The funds in the trust are to be used to create new, innovative services or to expand existing services for Montanans 60 years of age or older to enable them to live an independent lifestyle in the least restrictive setting.

How Fund Balance would be Impacted

The legislature could consider amending statute to:

- 1) Transfer all or a portion of the trust balance to the general fund or
- 2) Use the trust proceeds to maintain services that might otherwise be eliminated

The impact to the general fund balance would depend on the legislative choice and amount from the trust that was transferred to the general fund or to support services that would otherwise be reduced or eliminated.

Other Factors

The legislature would need to amend statute to use trust resources in ways currently not authorized.

Legislative Fiscal Division

Legislative Budget Options

Section Name: Health & Human Services

Time : High

Committee: CFHH

Agency Name: Dept Of Public Health & Human Services

Status : One-Time

FTE Impact : N

Program Name: Senior & Long-term Care

Mode : Research

MCA : 16-11-119

Option	General Fund	State Special	Federal Special
Fund Balance Transfers	\$0	\$0	\$0

Description of Option: Review MT Vets' Home Procedures to Determine Residents' Ability to Pay

Criteria Name: Receipt of Service Not Tied to Income/Higher Income Threshold

Summary of Issue

Cigarette tax revenues support Montana Veterans' Homes costs that are not paid for by other sources. Unspent cigarette tax revenues allocated to the vets' homes in excess of \$2 million transfer to the general fund at fiscal year end.

Montana Veterans' Homes have the discretion to determine residents' ability to pay for the cost of nursing home care. The vets' homes are funded through federal Veterans' Administration per diem payments, veterans' self pay, Medicaid, and Medicare. Cigarette tax funding is used to make up the difference between the total cost of vets' home services and revenue from other payment sources.

Further Work Required

Additional research is needed to quantify and understand methods used to determine resident's ability to pay for their own care, to compare those processes to other types of financial eligibility determination, and to develop options for legislative consideration.

How the Fund Balance would be Impacted

Depending on the outcome of the research and legislative choices, the self pay revenues could offset cigarette tax revenue allocated to support the veterans homes. Any balances in excess of \$2 million remaining in the cigarette tax account are transferred to the general fund at fiscal year end. The impact to the general fund balance would be the additional transfer from the cigarette tax account.

Legislative Fiscal Division

Legislative Budget Options

Section Name: Health & Human Services

Time : Low

Committee: CFHH

Agency Name: Dept Of Public Health & Human Services

Status : On-Going

FTE Impact : N

Program Name: Senior & Long-term Care

Mode : Research

MCA : 16-11-119

Option	General Fund	State Special	Federal Special
Fund Balance Transfers	\$500,000	\$0	\$0

Description of Option: Reduce Vets' Home Cigarette Tax Minimum Ending Balance

Criteria Name: Other

Summary of Issue

Statute allocates 8.3 percent of the cigarette tax to operation of veterans' homes and requires that balances in excess of \$2 million be transferred to the general fund at fiscal year end. The legislature could establish a lower minimum balance and transfer the excess to the general fund.

How Fund Balance would be Impacted

The general fund impact could be as high or low as the legislature determined appropriate if it wanted to lower the vets' home cigarette tax fund ending balance ranging up to a high of \$2 million.

Legislative Fiscal Division

Legislative Budget Options

Section Name: Health & Human Services

Time : Low

Committee: CFHH

Agency Name: Dept Of Public Health & Human Services

Status : On-Going

FTE Impact : N

Program Name: Senior & Long-term Care

Mode : Research

MCA :

Option	General Fund	State Special	Federal Special
Other	\$620,000	\$0	\$1,300,000

Description of Option: Continue Elimination of Assisted Living Rate Increase

Criteria Name: Other

Summary of Issue

The 2009 Legislature provided additional general fund and federal funds to support a per day rate increase for assisted living facilities. The increase was estimated to be \$3.67 in FY 2010 and \$1.23 in FY 2011. While this appropriation was designated as OTO by the legislature and consequently will not be part of the base budget, the LFD included it in the Big Picture report in March due to its on-going nature and the likelihood the legislature will be asked to continue funding. Therefore, a decision to discontinue or reduce funding would improve the projected budget imbalance.

Legislative Fiscal Division

Legislative Budget Options

Section Name: Health & Human Services

Time : Low

Committee: CFHH

Agency Name: Dept Of Public Health & Human Services

Status : On-Going

FTE Impact : N

Program Name: Senior & Long-term Care

Mode : Research

MCA :

Option	General Fund	State Special	Federal Special
Program Eliminations/Modifications	\$3,088,618	\$0	\$6,100,000

Description of Option: Eliminate Additional Support of the Community Waiver Services

Criteria Name: Definition of success is nebulous or difficult to measure

Summary of Issue

The 2009 Legislature provided one-time-only general fund support for additional home and community based waiver services. Services provided allow elderly and disabled individuals to be served at home, in their communities instead of in nursing homes or hospitals. While these appropriations were designated as OTO by the legislature and consequently will not be part of the base budget, the LFD included them in the Big Picture report in March due to their on-going nature and the likelihood the legislature will be asked to continue funding. Therefore, a decision to discontinue or reduce funding would improve the projected budget imbalance.

How the Fund Balance Would be Impacted

General fund support is also provided for state match of federal Medicaid funding for individuals served in nursing homes. The potential exists that if the individuals served in the OTO waiver slots cannot receive waiver services they would be placed in nursing homes, potentially increasing the cost to the general fund.

Other Factors

The legislature may not be able to reduce the number of home and community based waiver slots without facing a substantial monetary penalty (withdrawal of all federal Medicaid matching funds). The Patient Protection and Affordability Act of 2010 (health care reform) included a maintenance of effort for Medicaid eligibility. A reduction in waiver slots might be construed as a reduction in eligibility by federal authorities.

Legislative Fiscal Division

Legislative Budget Options

Section Name: Health & Human Services

Time : Low

Committee: CFHH

Agency Name: Dept Of Public Health & Human Services

Status : One-Time

FTE Impact : N

Program Name: Senior & Long-term Care

Mode : Research

MCA :

Option	General Fund	State Special	Federal Special
Program Eliminations/Modifications	\$4,893,692	\$0	\$11,550,606

Description of Option: Discontinue HB 645 OTO Direct Care Worker Wage Increase of \$1 Per Hour

Criteria Name: Other

Summary of Issue

The 2009 Legislature funded a provider rate increase to support a \$1 per hour wage and benefit increase for direct care workers in Medicaid services administered by the Senior and Long Term Care Division.

While this appropriation was designated as one-time-only by the legislature and consequently will not be part of the base budget, the LFD included it in the Big Picture report in March due to their on-going nature and the likelihood the legislature will be asked to continue funding. Therefore, a decision to discontinue or reduce funding would improve the projected budget imbalance.

Legislative Fiscal Division

Legislative Budget Options

Section Name: Health & Human Services

Time : Medium

Committee: CFHH

Agency Name: Dept Of Public Health & Human Services

Status : On-Going

FTE Impact : N

Program Name: Addictive & Mental Disorders

Mode : Research

MCA : 53-21-702

Option	General Fund	State Special	Federal Special
Program Eliminations/Modifications	\$0	\$0	\$0

Description of Option: Reduce Funding for the Mental Health Services Program

Criteria Name: Not mandated by statute, the constitution, or the federal government

Summary of Issue

DPHHS administers a Mental Health Services Plan (MHSP) for adults who are not Medicaid eligible. The program provides prescription drugs and some community mental health services. The legislature could reduce or eliminate funding for the program, lowering general fund and/or state special revenue spending.

How Fund Balance would be Impacted

MHSP funds mental health drugs and some mental health services for adults with incomes up to 160 percent of the federal poverty level. The FY 2010 appropriation is \$5.6 million general fund and \$3.4 million health and Medicaid initiatives tobacco tax state special revenue. MHSP is a state program. The legislature could opt to reduce or eliminate the program.

DPHHS plans to implement a Medicaid waiver program to use part of the MHSP state appropriation to match federal Medicaid funds and serve up to 700 persons currently receiving MHSP services. The waiver implementation could begin prior to the convening of the 2009 Legislature.

Further Work Required

Significant changes to MHSP could cause cost shifts to other programs or other entities. For instance, if a former MHSP participant were unable to purchase mental health drugs, he or she could decompensate and require intensive community or inpatient hospitalization. The entities that could incur costs in this situation are local law enforcement, local county attorneys, county governments, and the state hospital. Quantification of such costs could require significant research.

Legislation Required

Depending on legislative choices, statutory changes may be needed. For instance, if the legislature chose to eliminate the program, it would need to amend statute.

Legislative Fiscal Division

Legislative Budget Options

Section Name: Health & Human Services

Time : High

Committee: CFHH

Agency Name: Dept Of Public Health & Human Services

Status : On-Going

FTE Impact : N

Program Name: Addictive & Mental Disorders

Mode : Research

MCA :

Option	General Fund	State Special	Federal Special
Program/Facility Efficiencies/Economy	\$0	\$0	\$0

Description of Option: Budget State Institutions at Cost of Comparable Private Facilities

Criteria Name: Other

Summary of Issue

Some state institutions (such as nursing homes) provide services that are similar to those provided by private entities. In some instances, private entities charge less for the service than the amount appropriated to run the state institution. The legislature could consider establishing the state institution appropriations at a daily amount similar to the cost of a comparable private institution.

How the Fund Balance Would be Impacted

The impact on the general fund will depend on types of decisions made by the legislature.

Further Research

The research needed includes determination of what:

>>>Drives the cost difference between the state institution and private vendors

>>>The private vendor charge would be to care for a similar population

>>>Impact to the state institution if appropriations were reduced