

Agency Budget Comparison

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

Agency Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	2,892.38	2,892.38	2,921.41	2,935.91	2,892.38	2,935.91	43.53	1.50%
Personal Services	142,108,302	153,945,422	152,757,397	153,033,900	296,053,724	305,791,297	9,737,573	3.29%
Operating Expenses	96,844,794	95,175,297	97,241,862	102,703,456	192,020,091	199,945,318	7,925,227	4.13%
Equipment & Intangible Assets	1,319,488	473,578	1,293,488	1,293,488	1,793,066	2,586,976	793,910	44.28%
Capital Outlay	0	175,067	0	0	175,067	0	(175,067)	(100.00%)
Grants	67,336,765	71,290,230	67,842,825	67,839,151	138,626,995	135,681,976	(2,945,019)	(2.12%)
Benefits & Claims	1,049,202,540	1,268,162,821	1,159,155,174	1,223,175,247	2,317,365,361	2,382,330,421	64,965,060	2.80%
Transfers	0	0	0	0	0	0	0	n/a
Debt Service	510,379	695,800	516,779	516,779	1,206,179	1,033,558	(172,621)	(14.31%)
Total Costs	\$1,357,322,268	\$1,589,918,215	\$1,478,807,525	\$1,548,562,021	\$2,947,240,483	\$3,027,369,546	\$80,129,063	2.72%
General Fund	348,225,059	396,614,084	389,387,171	407,150,274	744,839,143	796,537,445	51,698,302	6.94%
State Special	106,278,801	130,660,952	109,213,727	114,119,081	236,939,753	223,332,808	(13,606,945)	(5.74%)
Federal Special	902,818,408	1,062,643,179	980,206,627	1,027,292,666	1,965,461,587	2,007,499,293	42,037,706	2.14%
Total Funds	\$1,357,322,268	\$1,589,918,215	\$1,478,807,525	\$1,548,562,021	\$2,947,240,483	\$3,027,369,546	\$80,129,063	2.72%

Page Reference

Legislative Budget Analysis, B-1

Executive Budget Comparison

The following table compares the proposed budget in the 2011 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Executive Budget Comparison								
Budget Item	Base Budget Fiscal 2008	Executive Budget Fiscal 2010	Legislative Budget Fiscal 2010	Leg - Exec. Difference Fiscal 2010	Executive Budget Fiscal 2011	Legislative Budget Fiscal 2011	Leg - Exec. Difference Fiscal 2011	Biennium Difference Fiscal 10-11
FTE	2,892.38	2,994.43	2,921.41	(73.02)	3,008.93	2,935.91	(73.02)	
Personal Services	142,108,302	161,790,385	152,757,397	(9,032,988)	163,295,671	153,033,900	(10,261,771)	(19,294,759)
Operating Expenses	96,844,794	105,342,066	97,241,862	(8,100,204)	105,221,513	102,703,456	(2,518,057)	(10,618,261)
Equipment & Intangible Assets	1,319,488	1,343,488	1,293,488	(50,000)	1,293,488	1,293,488	0	(50,000)
Capital Outlay	0	0	0	0	0	0	0	0
Grants	67,336,765	74,846,199	67,842,825	(7,003,374)	74,100,449	67,839,151	(6,261,298)	(13,264,672)
Benefits & Claims	1,049,202,540	1,249,321,286	1,159,155,174	(90,166,112)	1,303,876,089	1,223,175,247	(80,700,842)	(170,866,954)
Transfers	0	0	0	0	0	0	0	0
Debt Service	510,379	516,779	516,779	0	516,779	516,779	0	0
Total Costs	\$1,357,322,268	\$1,593,160,203	\$1,478,807,525	(\$114,352,678)	\$1,648,303,989	\$1,548,562,021	(\$99,741,968)	(\$214,094,646)
General Fund	348,225,059	402,851,088	389,387,171	(13,463,917)	415,940,426	407,150,274	(8,790,152)	(22,254,069)
State/Other Special	106,278,801	144,589,631	109,213,727	(35,375,904)	150,102,857	114,119,081	(35,983,776)	(71,359,680)
Federal Special	902,818,408	1,045,719,484	980,206,627	(65,512,857)	1,082,260,706	1,027,292,666	(54,968,040)	(120,480,897)
Total Funds	\$1,357,322,268	\$1,593,160,203	\$1,478,807,525	(\$114,352,678)	\$1,648,303,989	\$1,548,562,021	(\$99,741,968)	(\$214,094,646)

The 2011 biennium legislative appropriation for the Department of Public Health and Human Services (DPPHS) is \$214.1 million (\$22.3 million general fund) lower than the executive budget request. Significant legislative changes that reduce general fund appropriations include:

- Lowering mental health state institution costs, primarily due to recommending that overtime, shift differential and holiday pay be funded in HB 645 - \$9.2 million
- A 2 percent across the board reduction, excluding Medicaid services - \$7.2 million
- Bypassing rent increases for five divisions - \$3.8 million

- Switching general fund to state special revenue for the Children’s Health Insurance Program state match and Miami Home Health Visits - \$3.3 million
- Removing general fund from the base for Child Support Enforcement - \$2.4 million
- Elimination of funding from the base for Business and Financial Services, Disability Services, and Technology Services - \$1.7 million
- Elimination of funding for 10.00 FTE that had been open for more than 2 years - \$0.5 million
- Elimination of funding for programs including:
 - Therapeutic Group Home and guardian funding for foster care - \$1.4 million
 - Health Information Technology System - \$0.75 million
 - End Stage Renal Program - \$0.2 million

A significant share of the reductions in state special revenue and federal funds is due to lowering the appropriations for Healthy Montana Kids and shifting the state match from state special revenue to general fund. The legislature approved \$10.4 million general fund for Healthy Montana Kids to support raising eligibility for the Children’s Health Insurance Program (CHIP) to 200 percent of the federal poverty level and Medicaid eligibility to 133 percent of the federal poverty level. The executive budget included funds sufficient to raise CHIP eligibility to 250 percent of the federal poverty level. Legislative action related to Healthy Montana Kids lowered state special revenue by \$23.0 million and federal funds by \$30.3 million compared to the executive budget request.

State Special and Federal Funds Reduction from Executive Budget Overstated

The difference between the legislative appropriation and executive budget in state special revenue and federal funds is over stated by about 50 percent. An error in creation of the line item for the hospital utilization fee doubled the base budget amount, necessitating an off setting reduction in present law adjustment. The error will be corrected with a technical amendment to HB 2.

Provider Rate Increase

The legislature included language in HB 2 that would add a 1 percent annual one-time provider rate increase, with 80 percent allocated to direct care worker wage increases where applicable if HB 645 does not include an appropriation of at least \$4,650,830 general fund (\$13,014,392 total funds) and \$10,333,165 general fund (\$26,486,317 total funds). Figure 1 shows the amounts that would be appropriated if HB 645 does not include the provider rate increase.

	FY10 Gen Fund	FY10 SSR	FY10 Federal	Total FY10	FY11 Gen Fund	FY11 SSR	FY11 Federal	Total FY11
All Services	\$706,823	\$5,029	\$1,484,475	\$2,196,327	\$1,451,571	\$10,332	\$2,985,659	\$4,447,562
Health Resources Division								
Senior and Long Term Care	256,005		293,106	549,111	609,053	0	687,738	1,296,791
Direct Care	564,756	0	1,172,422	1,737,178	1,353,108	0	2,750,951	4,104,059
Disability Services Division	104,800	1,200	109,613	215,613	248,866	2,412	256,792	508,070
Direct Care	419,201	4,800	438,451	862,452	995,462	9,648	1,027,167	2,032,277
Addictive and Mental Disorders	313,700	4,955	282,908	601,563	644,079	10,284	579,541	1,233,904
Foster Care	135,947	0	54,412	190,359	325,063	0	129,576	454,639
Child Care	<u>149,827</u>	<u>0</u>	<u>0</u>	<u>149,827</u>	<u>303,399</u>	<u>0</u>	<u>0</u>	<u>303,399</u>
Total.	\$2,651,059	\$15,984	\$3,835,387	\$6,502,430	\$5,930,601	\$32,676	\$8,417,424	\$14,380,701
Biennial Total					<u>\$8,581,660</u>	<u>\$48,660</u>	<u>\$12,252,811</u>	<u>\$20,883,131</u>

2013 Biennium Structural Balance

The legislature shifted \$30 million general fund (\$115.6 million total funds) to one-time-only appropriations to achieve structural balance in the 2013 biennium. The legislature also added language to HB 676 requiring the department to review, evaluate, and select budget reductions for consideration by the 2011 Legislature. The Legislative Finance Committee is directed to monitor the department budget review initiative.

Agency Highlights

Department of Public Health and Human Services Major Budget Highlights
<ul style="list-style-type: none"> ◆ The 2011 biennium DPHHS appropriation totals \$3.0 billion, which is \$80.1 million (\$51.7 million general fund) higher than the 2009 biennium <ul style="list-style-type: none"> • Funding for benefits (direct services to eligible persons) adds \$65.0 million, largely due to increases in Medicaid service utilization and eligibility increases and implementation of Healthy Montana Kids • General fund increases are partially offset by a 2 percent across-the-board reduction, excluding Medicaid services costs, that reduces general fund by \$7.2 million over the biennium • Personal services increase by \$9.8 million, including funding for a net increase of 43.53 new FTE <ul style="list-style-type: none"> ○ 15.00 FTE for local Offices of Public Assistance for application and eligibility work for SNAP (food stamps), TANF, Disability Determination, Medicaid, and the Medicaid for disabled workers program (SB 119) ○ 18.80 FTE for the Montana Veterans' Home in Columbia Falls and the Montana Chemical Dependency Center ○ 9.00 FTE for child and adult protective services ○ Funding for several FTE extended vacancies was removed ◆ Major initiatives in the 2011 biennium budget are: <ul style="list-style-type: none"> • An allocation of \$30.0 million general fund to one-time-only appropriations to achieve structural balance in the 2013 biennium • Implementation of Healthy Montana Kids - \$10.7 million general fund (\$61.7 million total funds) • Continuation of the hospital utilization fee, which expires June 30, 2009 - \$28 million (HB 71) • Addition of \$8.9 million total funds, including \$3.5 million general fund to increase the Medicaid community waiver services for aged or disabled adults and fund additional community services • Language appropriations if funding is not included in HB 645 to: <ul style="list-style-type: none"> ○ Reinstate funding for overtime pay - \$10.5 million general fund ○ Provide a 1 percent annual one-time provider rate increase - \$8.6 million general fund (\$20.8 million total funds) ○ Expand Medicaid services to cover certain transplants for adults - \$1.7 million general fund (\$6.1 million total funds) • Annualization of programs implemented during FY 2008 including: <ul style="list-style-type: none"> ○ Continuation of Medicaid rate increases implemented January 1, 2009 to fund healthcare for healthcare workers - \$10.3 million, with \$0.9 million general fund ○ Medicaid community based waiver service expansions for physically disabled and elderly persons as well as adults with a serious and disabling mental illness ○ 72 hour mental health community crisis stabilization services

Agency Discussion

The 2011 biennium appropriation for the DPHHS is \$3.0 billion, which is \$80.1 million total funds, including \$51.7 million general fund, above the 2009 biennium budget. The majority of the increase (\$42.0 million) is in benefits and claims, which fund direct services to persons who meet program eligibility requirements. Medicaid service utilization and eligibility increases, annualization of FY 2009 provider rate increases as well as increased eligibility for Supplemental

Nutrition Assistance Program (SNAP – formerly Food Stamps) are the most significant cost drivers. Medicaid benefit appropriations total \$1.8 billion (56 percent of the 2011 biennium appropriation).

FTE and Personal Services

Personal services increase \$9.7 million between the two biennia due to:

- Annualization of the FY 2009 pay plan
- Funding for a net increase of 43.53 new FTE

Most of the new FTE were added for state institutions including:

- 14.80 FTE for the Montana Veterans' Home in Columbia Falls
- 4.00 FTE for the Montana Chemical Dependency Center

New FTE were also added to address increased workloads in county offices of public assistance and in adult and protective services:

- 10.00 FTE for county offices of public assistance
- 9.00 FTE for adult and child protective services
- 11.75 FTE for various functions across the department for finance, reimbursement, eligibility determination, prevention and quality assurance.

Going into the 2009 biennium, there were nearly 2,900 FTE funded by HB 2 of which over 1,200 were employed in the six state institutions operated by DPHHS, over 900 were field staff located throughout the state, and about 900 were located in Helena. The six institutions that employ 40 percent of the DPHHS workforce include: Montana State Hospital, Warm Springs; Montana Mental Health Nursing Care Center, Lewistown; Montana Chemical Dependency Center, Butte; Eastern Montana Veterans' Home, Glendive; Montana Veterans' Home, Columbia Falls; and Montana Developmental Center, Boulder.

Operating Costs, Grants, and Benefits and Claims

Operating cost increases are largely related to medical and food costs at state institutions. Grant funds show a net decline due to reallocating budget authority for the Mental Health Services Plan (MHSP) from grants to benefits to reflect a change in program reimbursement and expansion of the number of providers that participate in the program. Benefits costs rise primarily due to increases in Medicaid services and eligibility, funding for the Healthy Montana Kids plan, and expansion of SNAP.

Updated Medicaid Projections

DPHHS revised its Medicaid cost projections for the 2011 biennium in February and at that time requested that the funding increase (\$10.1 million general fund and about \$25.6 million federal funds) be included in HB 645 when it was heard. Although HB 645 includes \$60.0 million general fund over the biennium, and federal matching funds of about \$202.5 million that could be used to cover the February updated cost estimate, the executive does not consider the increased Medicaid costs due to the February update to be funded by the appropriation in HB 645.

Figure 2 shows total Medicaid service appropriations by type of service. Medicaid service appropriations total \$1.8 billion over the biennium and include \$422.3 million in general fund. Hospital and clinic services are about one quarter of the total. Nursing home services are about 16 percent of the total.

Figure 2

Summary of 2011 Biennium Appropriation for Medicaid Services*

Division	FY 2008 Base Expenditures				FY 2010 Appropriation				FY 2011 Appropriation				% of Ttl
	General Fund	SSR	Federal	Total	General Fund	SSR	Federal	Total	General Fund	SSR	Federal	Total	
Health Resources Division													
Hospital and Clinic Services	\$39,732,174	\$18,005,610	\$125,457,675	\$183,195,459	\$46,229,561	\$22,314,494	\$143,473,960	\$212,018,015	\$49,431,746	\$22,994,120	\$149,142,323	\$221,568,189	24.6%
Children's Mental Health Svcs	16,706,265	2,410,070	40,313,326	59,429,661	19,767,338	2,432,866	44,847,723	67,047,927	20,859,284	2,485,541	46,248,285	69,593,110	7.7%
Physician, Lab, Dental Svcs	9,618,471	5,187,530	32,633,643	47,439,644	12,397,022	5,879,662	38,190,958	56,467,642	12,615,367	7,463,386	41,049,267	61,128,020	6.8%
Pharmacy	10,756,729	753,823	25,002,069	36,512,621	14,334,018	753,823	32,428,436	47,516,277	16,477,422	753,823	36,632,584	53,863,829	6.0%
Acute Services**	4,703,551	3,165,091	23,673,350	31,541,992	6,264,432	3,175,783	23,482,829	32,923,044	7,365,858	3,181,729	24,291,049	34,838,636	3.9%
All Other***	21,031,742	5,171	68,259,663	89,296,576	21,031,742	5,171	68,259,663	89,296,576	22,466,269	5,171	71,876,685	94,348,125	10.5%
Senior and Long Term Care													
Nursing Home Services	26,679,429	17,459,690	96,516,693	140,655,812	29,941,549	17,484,941	100,389,584	147,816,074	30,021,640	17,484,941	99,407,443	146,914,024	16.3%
Home Based Services	8,570,540	1,625,654	22,278,031	32,474,225	11,267,240	2,394,149	28,804,516	42,465,905	11,127,669	3,335,510	30,025,425	44,488,604	4.9%
Aged & Physically Disabled Wavier	4,932,661	1,447,528	20,474,996	26,855,185	9,810,558	1,837,193	24,642,228	36,289,979	9,917,373	1,837,193	24,486,095	36,240,661	4.0%
All Other	155,313	1,708,234	4,562,188	6,425,735	1,000,725	1,673,022	4,605,669	7,279,416	1,000,728	1,843,131	4,875,716	7,719,575	0.9%
Disability Services Division													
Medicaid Waiver Services	21,274,118	2,667,826	52,365,610	76,307,554	22,717,121	3,135,587	53,743,067	79,595,775	23,469,643	3,135,587	54,163,532	80,768,762	9.0%
Targeted Case Management	1,023,292	0	2,238,051	3,261,343	1,066,900	0	2,217,893	3,284,793	1,094,708	0	2,228,634	3,323,342	0.4%
Mental Health													
Adult Mental Health Services	8,409,408	1,736,538	24,386,091	34,532,037	9,882,428	1,736,538	26,388,004	38,006,970	10,787,843	1,736,538	27,720,669	40,245,050	4.5%
Mental Health Waiver	0	220,350	514,150	734,500	0	1,210,442	2,569,558	3,780,000	0	1,669,546	3,460,454	5,130,000	0.6%
All Other	95	457,419	997,860	1,455,374	95	497,069	1,030,933	1,528,097	95	515,231	1,046,539	1,561,865	0.2%
Annual Total	<u>\$173,593,788</u>	<u>\$56,850,534</u>	<u>\$539,673,396</u>	<u>\$770,117,718</u>	<u>\$205,710,729</u>	<u>\$64,530,740</u>	<u>\$595,075,021</u>	<u>\$865,316,489</u>	<u>\$216,635,645</u>	<u>\$68,441,447</u>	<u>\$616,654,701</u>	<u>\$901,731,793</u>	100%
Biennial Total									<u>\$422,346,374</u>	<u>\$132,972,187</u>	<u>\$1,211,729,721</u>	<u>\$1,767,048,282</u>	

**Acute services include durable medical equipment, eyeglasses, hearing aids, and other services such as private duty nursing and physical, occupational, and speech therapy.

***All other includes payments for Medicare Part A and B for persons eligible for Medicare when it is cost effective to do so, federal pass through payments to schools and Indian Health Services.

The legislative direction to reduce 2013 biennium expenditures includes review of all programs. However, since Medicaid services are over half of the agency appropriation, reductions will most likely include Medicaid services.

Goals and Objectives:

The legislature recommended that the Legislative Finance Committee monitor the department's goals and objectives in the 2011 biennium.

The legislature made several recommendations to the Legislative Finance Committee to monitor some program goals and objectives as well as certain program expansions. Those recommendations are discussed in the narrative for each division.

Federal/State Medicaid Services Match Rates and the American Recovery and Reinvestment Act (ARRA)

Congressional approval of the American Recovery and Reinvestment Act (ARRA) in mid February 2009 offers states an enhanced federal Medicaid match rate from October 1, 2008 through December 31, 2010. HB 645 includes \$146.0 million in general fund reductions to HB 2 due to the enhanced match rate for Montana for FY 2009 through FY 2011. In order to receive the enhanced federal Medicaid match rate states may not lower eligibility for Medicaid. Additionally, with the exception of about \$19.0 million states may not directly or indirectly increase a rainy day or reserve fund due to the enhanced rate. Montana has received \$28.4 million as of March 5, 2009 due to the enhanced federal match rate.

HB 2 appropriates funding for Medicaid as if the temporary federal match rate increase does not exist (with reductions in HB 645 as noted). HB 2 Medicaid appropriations are based on a federal match rate formula that included an increase in the state Medicaid match from 31.41 in FY 2008 to 32.51 percent in FY 2010, with a projected increase to 32.97 percent in FY 2011 (for most Medicaid services).

HB 645 allows DPHHS to adjust base budget expenditures and add general fund and reduce federal funds as if the enhanced federal Medicaid match rate had not occurred.

Funding

The following table summarizes funding for the agency, by program and source, as recommended by the legislature. Funding for each program is discussed in detail in the individual program narratives that follow.

Total Agency Funding 2011 Biennium Budget					
Agency Program	General Fund	State Spec.	Fed Spec.	Grand Total	Total %
02 Human And Community Services	\$ 64,214,894	\$ 2,550,194	\$ 412,821,022	\$ 479,586,110	15.84%
03 Child & Family Services	67,157,703	5,015,079	56,174,118	128,346,900	4.24%
04 Director'S Office	7,393,981	654,324	14,349,291	22,397,596	0.74%
05 Child Support Enforcement	4,915,529	3,298,869	11,326,692	19,541,090	0.65%
06 Business & Financial Services Division	7,174,639	2,229,759	9,550,769	18,955,167	0.63%
07 Public Health & Safety Div.	5,554,547	36,789,433	88,766,399	131,110,379	4.33%
08 Quality Assurance Division	5,438,279	503,902	12,323,875	18,266,056	0.60%
09 Technology Services Division	8,551,123	2,166,748	22,926,776	33,644,647	1.11%
10 Disability Services Division	111,538,510	11,119,790	189,039,709	311,698,009	10.30%
11 Health Resources Division	273,654,986	70,180,057	761,954,808	1,105,789,851	36.53%
22 Senior & Long-Term Care	117,850,253	64,193,014	341,697,026	523,740,293	17.30%
33 Addictive & Mental Disorders	<u>123,093,001</u>	<u>24,631,639</u>	<u>86,568,808</u>	<u>234,293,448</u>	<u>7.74%</u>
Grand Total	<u>\$ 796,537,445</u>	<u>\$ 223,332,808</u>	<u>\$ 2,007,499,293</u>	<u>\$ 3,027,369,546</u>	<u>100.00%</u>

DPHHS is funded by over 190 distinct funding sources and more than half are federal sources. General fund supports 26 percent of the 2011 biennium budget, state special revenue provides 7 percent, and federal funds are 67 percent of total funding. The DPHHS budget accounts for over 38 percent of the total HB 2 budget and over 25 percent of the total general fund.

Individually the top six DPHHS division budgets exceed most state agency budgets.

Most state funding is used as state match or maintenance of effort for programs funded partly with federal funds, including Medicaid, CHIP, some foster care, subsidized adoption, and child care services as well as Temporary Assistance for Needy Families (TANF) and program administrative costs.

State Special Revenue that Spends Like General Fund

There are two sources of state special revenue that can be used to fund many of the same activities as general fund: health and Medicaid initiative revenues and tobacco settlement funds, including trust fund income. The allocation of these funds in the DPHHS budget request is important because they can offset general fund or be used to fund new

proposals that otherwise would be funded from the general fund. These revenue sources are summarized and the fund balance of each is provided so that the legislature will know the appropriation amounts and revenues available.

Health and Medicaid Initiatives State Special Revenue

Voters enacted initiative 149 (I-149 – codified as 53-6-1201), MCA in the November 2004 election. The initiative raised tobacco taxes, directed deposit of the portion of the increased proceeds to the health and Medicaid initiatives account, and specified the uses of account funds. The state special revenue funds can be used:

- To maximize enrollment in CHIP and provide outreach to eligible children
- For a new need-based prescription drug program for children, seniors, chronically ill, and disabled persons
- For increased Medicaid services and Medicaid provider rates
- To fund new programs to assist eligible small employers with the costs of providing health insurance benefits to eligible employees
- To offset a loss of revenue to the general fund as a result of new tax credits
- To provide a state match for the Medicaid program for premium incentive payments or premium assistance payments to the extent that a waiver is granted by federal law

The initiative included language to prohibit the use of health and Medicaid initiative funds to supplant existing funds for prescription drug programs, Medicaid costs, and CHIP enrollment as of June 30, 2005. The funds cannot be used to offset general fund or other state funds to support present law caseload estimates for Medicaid.

Figure 3 shows the health and Medicaid initiatives account fund balance. The total fund balance available in FY 2008 (updated as of April 2009) was \$91.6 million and expenditures were \$36.0 million, about \$13.0 million less than appropriated. Ongoing revenues are about \$37.0 million annually (excluding interest earnings) compared the \$52.9 million annual appropriation level in FY 2011. The majority of funds from the account support Medicaid provider rate increases and service expansions.

Figure 3
Health and Medicaid Initiatives Fund Balance - 2011 Biennium Budget
Tobacco Tax Revenue Dedicated to Health Initiatives

Fund Balance Revenue/Expenditures	FY 2008*	Budgeted FY 2009	Legislative Appropriations FY 2010*	FY 2011*	% of Ttl
Beginning Fund Balance**	\$45,556,961	\$49,379,755	\$50,523,316	\$36,744,910	49.8%
Revenue - Tobacco Tax*	<u>39,824,984</u>	<u>40,431,000</u>	<u>36,918,000</u>	<u>37,043,000</u>	<u>50.2%</u>
Total Revenue	85,381,945	89,810,755	87,441,316	73,787,910	100%
Interest Earnings		<u>1,796,215</u>	<u>1,748,826</u>	<u>2,213,637</u>	
Total Funds Available	\$85,381,945	\$91,606,970	\$89,190,143	\$76,001,547	
Expenditures**					
<i>Medicaid Services - Provider Rate Increases and Service Expansions</i>					
Nursing Home Services	\$5,233,908	\$5,484,432	\$5,480,319	\$5,480,319	10.4%
State Plan Services - Hospitals, Physicians, Prescription Drugs, Dental	6,336,918	8,448,423	8,031,298	8,031,298	25.6%
Developmental Disability Benefits	2,667,826	3,135,587	3,135,587	3,135,587	31.5%
Children's Mental Health Services	2,176,518	2,176,518	2,176,518	2,176,518	35.6%
Home-based Services	1,088,712	1,107,207	2,607,207	2,607,207	44.3%
Senior/Physically Disabled Waiver	1,447,528	1,837,193	1,987,197	1,987,212	39.4%
Adult Mental Health Waiver	0	1,613,488	990,092	1,449,196	47.0%
Mental Health and Chemical Dependency	1,105,916	888,228	1,080,817	1,080,817	49.1%
<i>Other Programs</i>					
Insure Montana (Premium Assistance)	5,613,733	6,525,413	6,557,168	6,558,167	61.5%
HB 258			3,000,000	3,000,000	67.2%
Health Insurance Tax Credits	4,025,973	4,350,286	4,370,344	4,372,113	75.4%
Big Sky Rx	2,543,967	6,932,549	5,996,819	5,998,975	86.8%
Mental Health Services Plan/HIFA	2,768,810	3,152,605	3,433,968	3,433,968	93.3%
CHIP	907,760	1,582,085	3,473,114	3,418,321	99.8%
Other Services/Administration	84,621	99,640	124,785	125,234	100.0%
Anticipated Reversions	0	<u>(6,250,000)</u>	0	0	100.0%
Subtotal Expenditures	<u>36,002,190</u>	<u>41,083,654</u>	<u>52,445,233</u>	<u>52,854,932</u>	
Annual Change		14.1%	33.5%	28.7%	
Ending Fund Balance	<u>\$49,379,755</u>	<u>\$50,523,316</u>	<u>\$36,744,910</u>	<u>\$23,146,616</u>	

*Revenue based on estimates adopted by House Taxation Committee February 2009.
**FY 2008 fund balance and expenditures updated based on state accounting data as of April 2009.
Note: Annual costs carried forward in FY 2009 are \$48.7 million compared to annual revenues of \$37.0 million.
Fund is solvent through the end of the 2013 biennium based on estimated fund balances that carry forward.
HB 258 appropriates \$6,288,408 from the health and Medicaid initiatives account for additional services for Insure Montana. The bill is in Senate Finance and Claims.

Tobacco Settlement Revenues

Montana receives revenue as a settling party to a Master Settlement Agreement (MSA) with several tobacco companies. The MSA places no restrictions on how states are to spend the money. The Montana voters approved:

- Constitutional Amendment 35 in November 2000 requiring not less than 40 percent of tobacco settlement money to go to a permanent tobacco trust fund
- Initiative 146 to allocate 32 percent of the total tobacco settlement funds to tobacco prevention/cessation programs and 17 percent to CHIP and the Montana Comprehensive Health Association (MCHA)

Money not appropriated within two years is transferred to the general fund. The remaining 11 percent of the MSA money is deposited to the general fund. Figure 4 shows revenues, proposed expenditures, and fund balances for these two uses of tobacco settlement funds.

Figure 4 Tobacco Settlement Account - Fund Balance Master Settlement Agreement Payment Allocations to State Special Revenue Accounts					
Fund Balances, Revenues, Expenditures	FY 2008	FY 2009	FY 2010	FY 2011	Percent of Total
<u>32% Allocation to Tobacco Cessation/Prevention</u>					
Beginning Fund Balance	\$2,914,644	\$2,579,810	\$2,547,220	\$1,825,896	
Revenues*	11,076,568	11,508,800	11,657,920	11,844,160	
Expenditures					
Department of Revenue	247,737	233,499	310,613	310,853	2.5%
Department of Justice	108,357	130,472	115,744	115,864	0.9%
Public Health and Safety Division					
Tobacco Control & Prevention	7,655,381	7,847,419	7,673,183	7,675,649	62.0%
Chronic Disease Programs	2,619,852	2,700,000	2,676,946	2,678,291	21.6%
Home Health Visiting/MIAMI			732,758	732,880	5.9%
Tribal Programs	630,000	630,000	720,000	720,000	5.8%
Division Administrative Costs	0	0	150,000	150,000	1.2%
Subtotal Expenditures	<u>11,261,327</u>	<u>11,541,390</u>	<u>12,379,244</u>	<u>12,383,537</u>	<u>100.0%</u>
Percentage of Annual Increase		2.49%	7.26%	0.03%	
Ending Fund Balance	<u>\$2,729,885</u>	<u>\$2,547,220</u>	<u>\$1,825,896</u>	<u>\$1,286,519</u>	
<u>17% Allocation to CHIP/MT Comprehensive Health Association</u>					
Beginning Fund Balance	\$1,244,368	\$498,045	-\$192,774	\$17,996	
Revenues	5,884,427	6,114,050	6,193,270	6,292,210	
Expenditures					
CHIP	5,806,576	5,879,255	5,056,937	5,303,519	85.1%
MCHA	<u>824,173</u>	<u>925,614</u>	<u>925,563</u>	<u>925,556</u>	<u>14.9%</u>
Subtotal Expenditures	<u>6,630,749</u>	<u>6,804,869</u>	<u>5,982,500</u>	<u>6,229,075</u>	<u>100.0%</u>
Percentage of Annual Increase		2.63%	-12.09%	4.12%	
Ending Fund Balance	<u>\$498,045</u>	<u>(\$192,774)</u>	<u>\$17,996</u>	<u>\$81,131</u>	
*Revenue based on estimates adopted by House Taxation Committee.					

HB 2 appropriates 95 percent of the funding available for the tobacco treatment and cessation programs over the biennium and 99 percent of the revenues designated for CHIP/MCHA. By statute any funds designated for the tobacco treatment and cessation funds or CHIP/MCHA that are not appropriated to these activities are deposited into the tobacco trust.

According to the statute, 32 percent of the total tobacco settlement money may only be used for tobacco prevention and cessation programs designed to prevent children from starting tobacco use and to help adults who want to quit tobacco use. The bill expands the tobacco prevention and cessation programs to include home health visiting and the MIAMI program support. The program works with pregnant women at risk for using substances, including tobacco. Tobacco is recognized as a cause of low birth weight babies. \$1.46 million is included to support home visits.

Tobacco Trust Fund Interest

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

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

- o 10 percent to the tobacco trust

Figure 5 shows the revenues, proposed expenditures, and fund balance for the tobacco trust fund interest over the 2009 biennium.

Fund Balances, Revenues, Expenditures	FY 2008	FY 2009	FY 2010	FY 2011	Percent of FY 2011
Beginning Fund Balance	\$2	\$123,924	\$12,312	\$63,112	
Revenues*	<u>4,091,095</u>	<u>4,755,600</u>	<u>5,424,300</u>	<u>6,123,600</u>	
Expenditures					
Public Health and Safety Division					
Adolescent Vaccinations	0	400,000	400,000	400,000	6.47%
Public Home Health Visits/MIAMI	178,652	200,000	0	0	0.00%
Children's Special Health Services	128,020	290,000	289,126	289,125	4.67%
Montana Health Professional Recruitment	0	0	75,000	75,000	1.21%
Women's and Men's Health	0	0	30,000	30,000	0.49%
Emergency Medical Services	0	0	125,000	125,000	2.02%
HIV Treatment	<u>0</u>	<u>0</u>	<u>84,000</u>	<u>84,000</u>	1.36%
Public Health and Safety Division Subtotal	306,672	890,000	1,003,126	1,003,125	16.22%
Disability Division					
DD Part C, Title XX and MOE	<u>0</u>	<u>0</u>	<u>600,000</u>	<u>600,000</u>	9.70%
Disability Division Subtotal	0	0	600,000	600,000	
Health Resources Division					
Hospital & Clinical Services Bureau	484,406	484,406	543,647	543,647	8.79%
Acute Services Bureau	1,580,175	1,599,378	1,580,175	1,580,175	25.55%
Dental Access	495,759	555,000	495,759	495,759	8.02%
Children's Mental Health Services	<u>233,552</u>	<u>233,552</u>	<u>233,552</u>	<u>233,552</u>	3.78%
Health Resources Division Subtotal	2,793,892	2,872,336	2,853,133	2,853,133	46.13%
Senior and Long-term Care Division					
Nursing Homes	831,850	832,217	831,850	831,850	13.45%
Resource Facilitation Services	0	100,000	0	0	0.00%
Healthcare for Healthcare Workers**	<u>0</u>	<u>0</u>	<u>0</u>	<u>796,361</u>	12.88%
Senior and Long-term Care Division Subtotal	831,850	932,217	831,850	1,628,211	26.32%
Addictive and Mental Disorders					
Mental Health Medicaid Benefits	27,659	27,659	27,659	27,659	0.45%
Mental Health Other Services	0	145,000	3,764	18,962	0.31%
Mental Health Administration	<u>7,098</u>	<u>0</u>	<u>53,968</u>	<u>53,978</u>	0.87%
Addictive and Mental Disorders Subtotal	34,757	172,659	85,391	100,599	1.63%
Subtotal Expenditures	<u>3,967,171</u>	<u>4,867,212</u>	<u>5,373,500</u>	<u>6,185,068</u>	100.00%
Ending Fund Balance	<u>\$123,926</u>	<u>\$12,312</u>	<u>\$63,112</u>	<u>\$1,644</u>	

*90% of the trust interest may be appropriated and 10% is deposited to the trust corpus, February 18, 2009 Revenue Estimate

The bill allocates all trust fund interest to programs within DPPHS. Most programs are funded at the FY 2008 expenditure level. The adolescent vaccination program is funded at the FY 2009 appropriation level. Funding for public home health visits is changed to tobacco cessation and prevention funds in the 2011 biennium.

The bill allocates interest funds to new uses including:

- o Emergency medical services
- o HIV treatment
- o Medicaid match for healthcare for healthcare workers
- o Maintenance of effort for Title XX in the Disabilities Division
- o Montana Health Professional Recruitment
- o WIC Farmers Market

The appropriations are allocated for the remaining interest to support Medicaid benefits, children’s special health services, mental health benefits, and nursing home services.

Financial Eligibility

Most programs administered by DPHHS have financial eligibility tied to the federal poverty level (FPL). Figure 6 shows the calendar year 2009 federal poverty level by family size for various levels of poverty. For instance, the federal poverty level for a family of four at 100 percent of the FPL would be \$22,050. The amount for a family of four at 200 percent of the FPL, which is the eligibility level for CHIP in Healthy Montana Kids, would be \$44,100. The FPL guidelines are updated annually and usually published in late February or March.

Figure 6
2009 Federal Poverty Index
Levels of Poverty by Family Size

Annual Income at Various 2009 Poverty Levels and Family Size								
Family Size	33%	40%	100%	133%	150%	175%	200%	250%
1	\$3,574	\$4,332	\$10,830	\$14,404	\$16,245	\$18,953	\$21,660	\$27,075
2	4,808	5,828	14,570	19,378	21,855	25,498	29,140	36,425
3	6,042	7,324	18,310	24,352	27,465	32,043	36,620	45,775
4	7,277	8,820	22,050	29,327	33,075	38,588	44,100	55,125
5	8,511	10,316	25,790	34,301	38,685	45,133	51,580	64,475
6	9,745	11,812	29,530	39,275	44,295	51,678	59,060	73,825
7	10,979	13,308	33,270	44,249	49,905	58,223	66,540	83,175
8	12,213	14,804	37,010	49,223	55,515	64,768	74,020	92,525
Each Additional Person	\$1,234	\$1,496	\$3,740	\$4,974	\$5,610	\$6,545	\$7,480	\$9,350

Monthly Income at Various 2009 Poverty Levels and Family Size								
Family Size	33%	40%	100%	133%	150%	175%	200%	250%
1	\$298	\$361	\$903	\$1,200	\$1,354	\$1,579	\$1,805	\$2,256
2	401	486	1,214	1,615	1,821	2,125	2,428	3,035
3	504	610	1,526	2,029	2,289	2,670	3,052	3,815
4	606	735	1,838	2,444	2,756	3,216	3,675	4,594
5	709	860	2,149	2,858	3,224	3,761	4,298	5,373
6	812	984	2,461	3,273	3,691	4,306	4,922	6,152
7	915	1,109	2,773	3,687	4,159	4,852	5,545	6,931
8	1,018	1,234	3,084	4,102	4,626	5,397	6,168	7,710

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	348,225,059	348,225,059	696,450,118	87.43%	1,357,322,268	1,357,322,268	2,714,644,536	89.67%
Statewide PL Adjustments	9,160,377	9,372,054	18,532,431	2.33%	13,452,235	13,648,449	27,100,684	0.90%
Other PL Adjustments	37,776,880	53,260,785	91,037,665	11.43%	103,676,741	168,683,229	272,359,970	9.00%
New Proposals	(5,775,145)	(3,707,624)	(9,482,769)	(1.19%)	4,356,281	8,908,075	13,264,356	0.44%
Total Budget	\$389,387,171	\$407,150,274	\$796,537,445		\$1,478,807,525	\$1,548,562,021	\$3,027,369,546	

About 90 percent of the DPHHS 2011 biennium appropriation supports base budget expenditures. Statewide present law adjustments are less than 1 percent. Present law adjustments are 9 percent of the total funds. General fund supports a higher proportion of present law adjustments (11 percent) due mostly to the change in the federal Medicaid match rate, which raised the state match requirement by 1.5 percent over the biennium compared to FY 2008. Most of the present law adjustments in general fund are due to increased Medicaid service utilization and eligibility, funding for Healthy Montana Kids, and adding the cost of legislatively approved provider rate increases and service expansions that occur in FY 2009.

New proposals net to a negative \$9.5 million general fund, but a positive \$13.2 million total funds. General fund reductions in new proposals are due to the 2 percent across the board reduction (excluding Medicaid services), removal of funding for FTE that had been vacant for an extended period of time, and increasing vacancy savings from 4 to 7 percent for all non institution personal services costs.

Program Budget Comparison

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

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	453.81	453.81	462.31	467.31	453.81	467.31	13.50	2.97%
Personal Services	20,996,536	22,962,650	21,973,135	22,273,724	43,959,186	44,246,859	287,673	0.65%
Operating Expenses	6,546,411	5,948,093	6,797,909	6,847,500	12,494,504	13,645,409	1,150,905	9.21%
Equipment & Intangible Assets	90,587	44,506	90,587	90,587	135,093	181,174	46,081	34.11%
Capital Outlay	0	175,067	0	0	175,067	0	(175,067)	(100.00%)
Grants	18,982,880	19,992,513	21,344,880	21,342,956	38,975,393	42,687,836	3,712,443	9.53%
Benefits & Claims	161,658,613	186,264,135	185,028,077	193,796,755	347,922,748	378,824,832	30,902,084	8.88%
Transfers	0	0	0	0	0	0	0	n/a
Total Costs	\$208,275,027	\$235,386,964	\$235,234,588	\$244,351,522	\$443,661,991	\$479,586,110	\$35,924,119	8.10%
General Fund	30,521,552	31,497,583	31,668,757	32,546,137	62,019,135	64,214,894	2,195,759	3.54%
State Special	1,211,152	1,401,037	1,274,231	1,275,963	2,612,189	2,550,194	(61,995)	(2.37%)
Federal Special	176,542,323	202,488,344	202,291,600	210,529,422	379,030,667	412,821,022	33,790,355	8.91%
Total Funds	\$208,275,027	\$235,386,964	\$235,234,588	\$244,351,522	\$443,661,991	\$479,586,110	\$35,924,119	8.10%

Page Reference

Legislative Budget Analysis, B-24

Funding

The costs of this division are driven by the provision of benefits and the staff and contracted providers that deliver them throughout the state. The majority of funding for HCSD, 86.2 percent, comes from federal sources and is used for the direct provision of benefits and/or the programs supporting client recipients of the benefits. General fund provides 13.3 percent of the division's funding. General fund support is primarily used to achieve required TANF and child care maintenance of effort (MOE) requirements and match federal programs such as Medicaid and SNAP eligibility determination and child care benefits. State special revenue, 0.5 percent of the budget, is primarily used in the delivery of childcare and energy and weatherization services, and comprises the preservation and stabilization fund and the universal systems benefits fund.

Program Narrative

The bill provides \$480 million over the biennium, \$413 million of which is federal funding that is primarily for benefits.

The bill also provides funding over the biennium for:

- o 10.00 new FTE for field staff / eligibility workers for Offices of Public Assistance;
- o 2.50 federally funded FTE for the Early Childhood Services Bureau and the Intergovernmental Human Services Bureau; and
- o 2.00 FTE for the new Medicaid for Workers with Disabilities program (contingent upon the passage of SB 119).

The bill removes funding for 1.00 FTE that has been vacant for over two years, which reduces general fund by \$67,370 and total funds by \$140,120 over the biennium. After the reduction, 13.50 FTE are funded over the biennium. The total general fund provided over the biennium for FTE is \$506,561 and total funds provided are \$1,308,244.

The bill does not address increased services or benefits provided by the American Recovery and Reinvestment Act (ARRA), many of which are scheduled for implementation in September or October of 2008 and run through December 31, 2010. The \$90 million of federal stimulus funding received by the Human and Community Services Division is included in HB 645.

The ARRA funding (HB 645) is a potential source of funds for direct care worker wage increases, provider rate increases, and child care caseload growth and poverty adjustments. Funding for these items is anticipated in HB 645. As

mentioned in the agency overview, HB 2 contains language that would reinstate a 1 percent provider rate increase in HB 2 should the legislature not fund a 2 percent provider rate increase through HB 645. There is funding provided upon the passage of HB 645 for child care caseload growth and poverty adjustments as well as additional funds in support of food banks and infrastructure for emergency shelters.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	30,521,552	30,521,552	61,043,104	95.06%	208,275,027	208,275,027	416,550,054	86.86%
Statewide PL Adjustments	651,124	689,948	1,341,072	2.09%	1,377,021	1,461,299	2,838,320	0.59%
Other PL Adjustments	1,095,422	2,517,888	3,613,310	5.63%	24,129,270	33,746,992	57,876,262	12.07%
New Proposals	(599,341)	(1,183,251)	(1,782,592)	(2.78%)	1,453,270	868,204	2,321,474	0.48%
Total Budget	\$31,668,757	\$32,546,137	\$64,214,894		\$235,234,588	\$244,351,522	\$479,586,110	

General Fund Reductions and Increases

Primary reductions in general fund over the biennium include:

- \$1.1 million for the elimination of the market rate increase in child care
- \$642,511 for an increase in vacancy saving from 4 to 7 percent
- \$93,770 for the removal of the appropriation for overtime and holidays worked and a position vacant over 2 years

Primary increases in general fund over the biennium include:

- \$2 million for child care caseload increases and maintaining eligibility at 150 percent of the federal poverty level (Please see DP 20002 pages B-16 and 16 for the relationship to HB 645)
- \$0.5 million for 10.00 new field staff FTE and the transfer of 2.00 FTE for the eligibility component of the Medicaid for workers with disabilities initiative

The bill provides \$57 million in federal benefits for:

- \$45 million for SNAP (food stamps)
- \$10 million TANF benefits
- \$1.2 million for the child and adult care food program

Program Indicators

Goals and Objectives

The Joint Appropriations Subcommittee on Health and Human Services (Subcommittee) and the division discussed the programs of the Human and Community Services Division in light of the uncertain economy as well as on-going services regardless of economic conditions. The subcommittee recommended that the following on-going programs and new initiatives be tracked and reported to the Legislative Finance Committee over the interim:

- TANF Second Chance Homes – A new initiative
 - Track and report based on the initiative justification to serve 26 teen parents
- The Family Economic Security Grant Program – A new initiative
 - Track and report based on the goals included in the initiative justification and provide a qualitative report showing the participants' progress toward self-sufficiency
- Child Care for Working Caretaker Relatives – An on-going program that is in its second year
 - Track and report during the interim with regard to the number of families or children served, expenditures, and the children remaining in relative care versus those that ended up in foster care
- Accelerated Employment Service Program – An on-going program that is part of the TANF Block Grant
 - Track and report on the number of participants served, expenditures, and the type of training and employment placement received

- The Mental Health Centers component of the TANF MOE support services – An on-gong program serving Cascade and Yellowstone counties that is part of the TANF MOE general fund
 - Track and report on the number of participants served, expenditures, and outcomes as related to TANF work goals

In light of the uncertain economic conditions, the subcommittee and division discussed the importance of updating the Legislative Finance Committee about the changes in caseload, benefits, and/or services relative to SNAP (food stamps), TANF, and LIEAP and Weatherization programs over the interim.

Present Law Adjustments

The “Present Law Adjustments” table shows the primary changes to the adjusted base budget proposed by the legislature. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments									
-----Fiscal 2010-----					-----Fiscal 2011-----				
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services				2,247,010	0.00				2,327,893
Vacancy Savings				(929,751)	0.00				(932,998)
Inflation/Deflation				61,540	0.00				68,114
Fixed Costs				(1,778)	0.00				(1,710)
Total Statewide Present Law Adjustments									
	\$651,124	\$4,817	\$721,080	\$1,377,021	0.00	\$689,948	\$5,133	\$766,218	\$1,461,299
				0	0.00				0
DP 7101 - Fuel Inflation Reduction									
	0.00	(894)	(2)	(14,529)	(15,425)	0.00	(1,025)	(3)	(16,677)
DP 20001 - Child and Adult Care Food Program PL Adjustment									
	0.00	0	0	500,000	500,000	0.00	0	0	750,000
DP 20002 - Child Care FPI, Market Rate, Caseload, Inc.									
	0.00	949,321	0	0	949,321	0.00	2,231,230	0	0
DP 20005 - TANF Cash Benefit Increase									
	0.00	0	0	1,800,235	1,800,235	0.00	0	0	2,342,084
DP 20007 - Field Eligibility Staff Increase									
	5.00	146,995	1,533	168,778	317,306	10.00	287,683	2,965	297,162
DP 20008 - SNAP/Food Stamp Benefits									
	0.00	0	0	19,101,129	19,101,129	0.00	0	0	26,358,501
DP 20011 - Child Care for Working Caretaker Relatives (Restr)									
	0.00	0	0	466,704	466,704	0.00	0	0	485,072
DP 20015 - IHSB Present Law Increases									
	0.00	0	60,000	950,000	1,010,000	0.00	0	60,000	950,000
				0	0	0.00			0
Total Other Present Law Adjustments									
	5.00	\$1,095,422	\$61,531	\$22,972,317	\$24,129,270	10.00	\$2,517,888	\$62,962	\$31,166,142
				0	0	0.00			0
Grand Total All Present Law Adjustments									
	5.00	\$1,746,546	\$66,348	\$23,693,397	\$25,506,291	10.00	\$3,207,836	\$68,095	\$31,932,360
									\$35,208,291

DP 7101 - Fuel Inflation Reduction - The bill reduces funding for gasoline and diesel by the amount these two expenditure categories were increased in the statewide present law adjustment for inflation. The effect is to apply no inflation adjustment to these two expenditure categories.

DP 20001 - Child and Adult Care Food Program PL Adjustment - The bill appropriates over \$1 million in federal authority for the biennium for the Child and Adult Care Food Program (CACFP) to accommodate the historical annual reimbursement growth rate of 2.9 percent. Funding continues support to maintain a stabilized level of meal service delivery which has been decreasing in family and group homes, but increasing in child care center facilities. Estimates are for 7.7 million meals annually.

DP 20002 - Child Care FPI, Market Rate, Caseload, Inc. - The Governor presented three parts to this request. The first was for an appropriation of \$3,180,551 general fund over the biennium to support the child care program including: 1)

maintaining child care reimbursement rates for parents at the 75th percentile of the annual market rate survey; 2) maintaining eligibility at 150 percent of the current federal poverty level; and 3) maintaining caseload for low income working parents based upon the 4 year historical case growth rate for child care scholarships of 1.9 percent, which yields a growth of 61 cases in FY 2010 and 63 cases in FY 2011. The figure shows the request in detail.

The second part of the request was to eliminate component one, the market rate increase of \$1,136,670, through DP 20020. This action was made as part of the Governor's department-wide elimination of provider rate increases to reduce general fund. The legislature approved the original request and the elimination of the first component.

	Market Rate at			Total
	Federal Poverty Level	75th percentile	Case Growth Funds	
FY 2010	\$236,253	\$280,925	\$432,144	\$949,322
FY 2011	479,482	855,745	896,003	2,231,230
Total	<u>\$715,735</u>	<u>\$1,136,670</u>	<u>\$1,328,147</u>	<u>\$3,180,552</u>

The third part of the Governor's request is related to the American Recovery and Reinvestment Act (ARRA). The Governor proposes to remove components two and three, the federal poverty level adjustment and the caseload growth, from HB 2 and fund them in HB 645 upon its passage.

As mentioned earlier, and described in the agency overview, there is a proposal to fund a 2 percent provider rate increase in HB 645.

DP 20005 - TANF Cash Benefit Increase - The bill appropriates \$4 million of federal TANF block grant funds for the biennium to fund a projected 3 percent increase per year in the TANF case load and to increase the benefit level from 33 percent of the 2007 federal poverty level to 33 percent of the 2009 federal poverty level. Eligibility for the TANF program will remain at 30 percent of the 2002 federal poverty level. Using a 3 percent annual case load increase, the projected case load for 2010 and 2011 is 3,470 and 3,573, respectively.

The ARRA stimulus funding includes federal TANF emergency funds of about \$5.6 million to address the potential surge in caseload. There are also two areas in which the division could add projects in support TANF related activities and be reimbursed at 80 percent federal funds. These items are discussed in HB 645.

The legislature made two recommendations related to the HB 2 TANF program. The first was to recommend that the Legislative Finance Committee monitor two programs during the interim. The programs are the Accelerated Employment Service Program that is part of the TANF Block Grant and the Mental Health Centers component of the TANF MOE support services. The second was to direct that the division seek a way to provide more work skills for TANF participants.

DP 20007 - Field Eligibility Staff Increase - The bill appropriates slightly more than \$0.9 million in cost allocated authority over the biennium. The appropriation supports: 1) 5.00 FTE for the Offices of Public Assistance (OPAs) in FY 2010 and an additional 5.00 FTE in FY 2011; and 2) funding for the state share of costs for eligibility work done by the two Rocky Boy's Tribal Health employees who are determining Medicaid eligibility for tribal families and children per a program agreement between the Rocky Boy's Tribe and Montana Medicaid. The general fund authority is about \$0.4 million for the biennium and federal revenue about \$0.5 million.

The following information was provided so that the legislature could consider various performance measurement principles when it examined this proposal. It is submitted by the agency, with editing by LFD staff as necessary for brevity and/or clarity.

Justification: With the exception of TANF, caseloads have grown substantially with no additional overall eligibility FTE added since welfare reform began in 1996. The additional 10 Social Services Specialists would:

- o Help OPAs address workload, an increasing amount of new applications, the increasingly complex eligibility work, and federal expectations

- Allow the division to address an aging workforce, a 25 percent annual turnover rate in the eligibility staff, and the need for a new worker to have up to six months of training to become capable of totally independent casework
- Help OPAs address the increased caseload for both Medicaid and SNAP resulting from the presence of the tribal Medicaid eligibility workers
- Assist in the phase-in process of the implementation of the CHIMES-Medicaid system updates and the double entry for combination cases until the TANF-SNAP systems are complete, which it is estimated will significantly increase the existing workload for the next three to four years

The Public Assistance Bureau has taken several actions to address workload issues, including: 1) Flattening management and reclassifying those positions resulting in a total 304 staff members statewide solely dedicated to eligibility with some supervisory staff carrying caseloads during vacancies; 2) Moving FTE from declining traffic areas to high traffic offices; 3) Instituting same day service and shared caseloads, telephone interviews, fast track training, corrective action plans when staff turnover has caused accuracy problems, and career ladder and succession planning.

Goal: Decrease workload to reasonable caseload numbers in high traffic OPA offices through a 1.64 percent field eligibility FTE increase in FY 2010 and an additional 1.64 percent field eligibility FTE in FY 2011.

Performance Criteria: Individual and office caseloads will be monitored and adjusted to provide timely and accurate service in determining eligibility for public assistance benefits to Montana citizens.

Milestones:

- July 2009 Five FTE are recruited for offices determined to be most in need based on caseload numbers. Training follows immediately.
- July 2010 Five additional FTE are recruited for offices determined most in need based on caseload numbers. Training follows immediately.

Obstacles:

There could be recruitment and/or retention problems due to complexity of the work.

Risks: Without the additional FTE, Public Assistance Bureau faces the possibility of increased error/incorrect payments to participants, federal sanctions for untimely or inaccurate benefits, low worker morale, increased turnover due to work loads, delays in benefit issuance, and more client complaints.

DP 20008 - SNAP/Food Stamp Benefits - The bill appropriates \$45 million of federal authority over the biennium to fund the anticipated caseload and poverty level adjustments. The appropriation reflects the historical caseload increase of 33.9 percent from July 2001 to October 2008 and the estimated SNAP/food stamp program expenditures for FY 2010 of \$112,589,791 and \$119,847,163 for FY 2011.

The ARRA stimulus bill also provides for an increase in SNAP usage. It provides over \$48.9 million of federal funding for a 113.6 percent increase above the FY 2008 SNAP benefit levels to begin April 1, 2009. The funding allows states to increase benefits by at least \$24 each month depending upon the size of household. For example, if there are three people in a household with present benefits of \$250 each month, beginning in April 2009 benefits for the household of three would increase by \$63 to a total of \$313. The ARRA funding is for growth beyond the present biennium budget authority. The table reflects growth from September, 2008 through March, 2009.

Supplemental Nutrition Assistance Program Cases and Recipient Growth September 2008 through March 2009			
Monthly FY 2008	Cases	Recipients	Expenditures
September	35,780	80,500	\$7,788,343
October	36,321	81,735	\$8,866,388
November	36,619	82,643	\$8,935,435
December	37,479	84,863	\$9,653,250
FY 2009			
January	38,463	86,871	\$9,650,354
February	39,281	88,548	\$9,980,158
March	40,031	90,646	\$10,166,085

DP 20011 - Child Care for Working Caretaker Relatives (Restricted) - The bill provides a restricted appropriation of \$951,776 from the federal TANF block grant for child care for working caretaker relatives of eligible children for the TANF child-only grant. Funding is contingent upon the Human and Community Services Division implementing means testing at 250 percent of the current federal poverty level for funding for Child Care for Working Caretaker Relatives no later than October 1, 2009, which is contained in HB 676.

The Joint Appropriations Subcommittee for Health and Human Services recommended that this appropriation be tracked and reported to the Legislative Finance Committee during the interim with regard to the number of families or children served, expenditures, and the children remaining in relative care versus those that ended up in foster care.

The following information was provided so that the legislature could consider various performance measurement principles when it examined this proposal. It is submitted by the agency, with editing by LFD staff as necessary for brevity and/or clarity.

Justification: Extended relatives, who are called upon to raise their TANF-eligible child relatives, are often still working when they begin taking care of these children and in some cases cannot afford to quit their employment to assume the responsibility of these children, nor can they afford to absorb the high costs of child care. Current federal child care policy requires that the caretakers' income be counted toward eligibility for child care assistance, making many of these families ineligible, but the child may be.

Goals: 1) To stabilize the lives of children who are unable to be cared for by their parents, and to prevent these children from entering the child welfare system; and 2) provide TANF-funded child care to approximately 56-60 working caretaker relative situations monthly to allow them to continue employment while caring for these children.

Performance Criteria: Outcomes measured would be the number of employed caretaker relative families that continue to use the childcare services, and the number of children benefiting from the experience of quality childcare services. Between implementation July 2007 and fiscal year end 2008, an unduplicated 81 working caretaker relative families benefited from this program.

Milestones:

On-going - Accept child care benefit applications from caretaker relatives

Monthly - Monitor number of working relative caretakers with childcare benefits and number of children receiving childcare

Risks: TANF is not an entitlement program so the remote possibility exists that the block grant could be exhausted resulting in cuts or elimination to this program and others.

DP 20015 - IHSB Present Law Increases - The bill provides an increase in federal authority of \$2 million and state special revenue of \$0.2 million over the biennium for anticipated increases in four federal grants and the universal systems benefits fund, which comes from consumer charges on utility bills and is passed on for energy assistance and weatherization activities. Funding supports programs in the Intergovernmental Human Services Bureau (IHSB) that serve low-income persons with energy assistance, weatherization, emergency shelter, housing assistance for persons with AIDS, and commodity food distribution. IHSB also administers a federal grant to provide communities with the resources to devise local solutions to problems of poverty. Ten Human Resource Development Councils (HRDCs), eight area agencies on aging, four food banks, two AIDS councils, and several tribes are contracted to assist in the local administration of these programs.

Any increase in funding beyond this decision package that is due to the American Recovery and Reinvestment Act (ARRA) would be included in another bill.

New Proposals

Program	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 8101 - Increasing 4 Percent Vacancy Savings to 7 Percent										
02	0.00	(320,672)	(2,933)	(373,722)	(697,327)	0.00	(321,839)	(2,948)	(374,964)	(699,751)
DP 20004 - Child Care Administration										
02	1.00	0	0	52,693	52,693	1.00	0	0	52,764	52,764
DP 20009 - TANF Second-Chance Homes										
02	0.00	0	0	300,000	300,000	0.00	0	0	300,000	300,000
DP 20013 - IHSB Contract Monitoring and Preparation										
02	1.50	0	0	77,006	77,006	1.50	0	0	77,034	77,034
DP 20017 - Family Economic Security Grant Program										
02	0.00	0	0	2,000,000	2,000,000	0.00	0	0	2,000,000	2,000,000
DP 20020 - Eliminate Market Rate Increase From DP 20002										
02	0.00	(280,925)	0	0	(280,925)	0.00	(855,745)	0	0	(855,745)
DP 20043 - Medicaid for Workers with Disabilities										
02	2.00	35,935	0	35,936	71,871	2.00	35,948	0	35,950	71,898
DP 20045 - Remove Food Bank Funding From the Base										
02	0.00	0	0	0	0	0.00	(7,924)	0	0	(7,924)
DP 20046 - Remove FTE Positions Vacant Over Two Years										
02	(1.00)	(33,679)	(336)	(36,033)	(70,048)	(1.00)	(33,691)	(336)	(36,045)	(70,072)
DP 20055 - Food Banks (Restricted/OTO)										
02	0.00	0	0	0	0	0.00	0	0	0	0
Total	3.50	(\$599,341)	(\$3,269)	\$2,055,880	\$1,453,270	3.50	(\$1,183,251)	(\$3,284)	\$2,054,739	\$868,204

DP 8101 - Increasing 4 Percent Vacancy Savings to 7 Percent - The bill adds an additional 3 percent per year to the 4 percent personal services vacancy savings reduction contained in the statewide present law adjustment.

DP 20004 - Child Care Administration - The bill provides \$0.1 million of federal funds over the biennium for 1.00 FTE in child care administration as a program integrity staff person to oversee the development and management of a new, federally mandated error rate reporting process. The new staff person would also absorb other duties in the area of program integrity such as administrative reviews and management of accounts receivable resulting from child care scholarship overpayments.

DP 20009 - TANF Second-Chance Homes - The bill appropriates \$0.6 million of federal TANF block grant funds for the biennium to support residential services to high-risk teen parents. Montana currently has facilities in Billings, Missoula and Helena that would qualify as second chance homes as defined in the TANF federal legislation. These three homes would each receive \$100,000 annually in support of 26 beds for teen-age mothers.

Presently no TANF funds are used directly at these facilities. The purpose of this funding is to: 1) ensure that these facilities continue to provide the opportunity for 26 young mothers to be successful in the face of rapidly increasing costs; 2) provide stable funding to teen parents in the event that the US Housing and Urban Development (HUD) funding targeted to homeless teen parent populations is discontinued as presently indicated; and 3) provide three regional programs that can provide information and expertise to communities in support of teen parents.

The legislature and the department acknowledged that if the cost of the TANF cash benefit should need to be increased funding for this program would be reduced appropriately.

The legislature also requested that this appropriation be tracked by the Legislative Finance Committee during the biennium.

The following information was provided so that the legislature could consider various performance measurement principles when it examined this proposal. It was submitted by the agency, edited by LFD staff as necessary for brevity and to include any legislative changes.

Justification: One of Montana's most vulnerable populations is teen-age mothers who do not have a place to live. Both the mother and child may be subject to dangerous situations including abuse, criminal activity and drug use. Additionally, newborns may not receive the bonding support, nutrition, or health screenings they need.

Goals:

- Ensure that on a statewide basis there are 26 beds available for teenage mothers who are at high risk of negative outcomes
- Fund expertise and information to communities in Montana regarding successful strategies for working with teen parents

Performance Criteria:

- 26 beds will be available for TANF-eligible teen mothers in Montana during the 2011 biennium
- The three "second chance homes" will coordinate with the HCSD to provide information to targeted community partners on successful strategies to assist teen parents

Milestones:

2010 – Complete contract negotiations and release of funds

2011 – Develop an educational/technical assistance product

On- going – Provide client based services such as assisting the teen parent with housing, parenting education and technical assistance

Risks: Failure to address these needs may result in the need for additional public services during the lifetime of the child.

If TANF caseloads expand rapidly it may be necessary to divert funding to TANF cash benefits.

DP 20013 - IHSB Contract Monitoring and Preparation - The bill provides just under \$0.2 million federal fund authority over the biennium for personal services to support 1.50 FTE added for increased workload. Funding supports 0.50 FTE to work with HRDCs, tribes, and other contractors and 1.00 FTE to accommodate the duties of preparing, tracking, and authorizing contracts transferred to the bureau from the department, including 177 monetary contracts with HRDCs, tribes and other contractors, and 171 non-monetary contracts for delivery of commodity food to soup kitchens, food banks, senior centers, and other facilities.

DP 20017 - Family Economic Security Grant Program - The bill provides a line-itemed appropriation of \$4 million of federal TANF block grant funds for the biennium to promote family economic security and help families become more secure. This project utilizes financial literacy training, asset development, and education and training to assist in obtaining higher wages.

The legislature and the department acknowledged that if the cost of the TANF cash benefit should need to be increased funding for this program would be reduced appropriately. Because of the amount of the appropriation and the possibility of a change in the amount during the interim, the legislature requested that the appropriation be line-itemed for tracking purposes.

The legislature also requested that this appropriation be tracked by the Legislative Finance Committee during the biennium on two levels: 1) track and report based upon the goals in the following justification; and 2) provide a qualitative report showing the participants' progress toward self-sufficiency

The following information was provided so that the legislature could consider various performance measurement principles when it examined this proposal. It is submitted by the agency, with editing by LFD staff as necessary for brevity and/or clarity.

Justification: In August of 2006, DPHHS began the family economic security initiative. The purpose of this initiative was to increase the financial security of low-income families. Strategies used to accomplish this include asset creation, financial literacy education, and other training/education. The division has utilized \$1.5 million of TANF high performance bonus funds to operate this project. During the next biennium the division proposes to continue this project by using TANF federal block grant funds. This project addresses the criticism of “welfare reform” that people who leave TANF remain financially insecure.

Goals:

- o Provide financial literacy education to at least 300 households during the biennium
- o Provide asset development assistance to at least 100 households during the biennium including things like home ownership, educational opportunity, and matched savings accounts
- o Provide education/training to assist in obtaining higher wages to at least 220 households during the biennium

Performance Criteria:

Clients would:

- o Complete financial literacy training
- o Obtain assets such as a degree, bank account, or home ownership
- o Secure employment at wages that allow for economic security

Milestone:

- o Re-procure project contracts through competitive process
- o Continue quarterly reporting requirements
- o Release annual funding allotments

Obstacles: This project entails a continuing process of identifying successful strategies. Each client requires an individual plan that varies in length. This makes outcome evaluation difficult.

Risks: If the cost of the TANF cash benefit increases this program is at risk of discontinuation.

DP 20020 - Eliminate Market Rate Increase From DP 20002 - The bill reduces the general fund in DP 20002 by \$280,295 in FY 2010 and \$855,745 in FY 2011 by eliminating the "Market Rate at the 75th Percentile" component. See DP 20002.

DP 20043 - Medicaid for Workers with Disabilities - The legislature appropriated \$449,417 for the biennium, including \$188,647 general fund for the Medicaid for Workers with Disabilities program (MWD), contingent upon passage and approval of SB 119. The new program allows disabled persons who become employed to keep more of their income and remain eligible for Medicaid services by paying a higher percentage of their Medicaid costs. The appropriation is split between the Human and Community Services Division, which received 2.00 new FTE for eligibility determination.

The legislature recommended that the Legislative Finance Committee monitor this initiative during the interim.

The following information was provided so that the legislature could consider various performance measurement principles when it examined this proposal. It is submitted by the agency, with editing by LFD staff as necessary for brevity and/or clarity.

Justification: Disabled persons who are eligible for Medicaid may be discouraged from working or earning more because increased income would make them ineligible for continued Medicaid coverage. Additionally, even if they would qualify for employer sponsored insurance, private health insurance usually does not cover some of the health services a disabled person may require to continue work, such as personal care assistance.

Goals:

- o Increase the number of individuals with disabilities with substantial gains in employment

- o Increase the earnings of individuals with disabilities
- o Increase the number of persons who have some of their health care needs paid for by private insurance
- o Increase the number of persons with disabilities who have reduced dependency or are no longer dependent on cash benefits or health care entitlement services
- o Increase the state's labor force through the inclusion of people with disabilities
- o Protect and enhance workers' healthcare, other benefits, and needed employment supports

Performance Criteria and Milestones:

- o Program framework established and approval from CMS before January 1, 2010
- o First participants enrolled by January 2010

Annually the following data will be collected

- o The number of individuals entering MWD program
- o The number of participants who were Medicaid enrollees prior to enrollment
- o The number of participants who were employed before and after entering MWD and hours worked
- o Participation in other benefit and health insurance programs before and after entering MWD
- o Participant monthly earnings before and after entering the MWD program
- o Number of participants with earnings above Social Security Administration (SSA) substantial gainful activity (SGA) limit
- o Participants' Medicaid costs
- o Participants' premium payments

FTE: 2.00 eligibility technician FTE are requested. The FTE will be responsible for determining if individuals are eligible and assist individuals with enrolling in the MWD program. The FTE will be managed by the Human and Community Services Division.

Funding: Medicaid benefits will be funded at the general fund and federal fund FMAP rates. DPHHS has also applied for a federal grant to support the program.

Obstacles: Defining policy options that encourage individuals with disabilities to increase their work-related earnings, focusing the program on people with high earning capacity, and finding a cost-effective premium structure.

The main features of the MWD program in order of impact on enrollment and costs are:

- o Income eligibility limit
- o Amount of earned income disregarded for income eligibility determination
- o Resource eligibility limit
- o Premium amount and monthly cost share
- o Income level above which participants are required to pay a premium

Risk:

This proposal is a high priority item for the administration and for people with disabilities. If this proposal were not adopted, needed assistance with healthcare coverage for people with disabilities would not be available. As a result, these people would be limited in their ability to work and to be independent. The cost to the state would be greater as they continued on cash benefits and healthcare entitlement services.

DP 20045 - Remove Food Bank Funding From the Base - The bill removes \$7,924 from the Human and Community Services Budget in FY 2011 as part of the overall general fund reduction.

As noted in the Food Bank appropriation (DP 20055) there is \$1.5 million of federal TANF funding for food banks over the biennium. There is also \$500,000 general fund for food banks over the biennium in HB 645.

DP 20046 - Remove FTE Positions Vacant Over Two Years - The bill removes \$140,120 in total funds for a regional field manager position that had been open for more than two years.

DP 20055 - Food Banks (Restricted/OTO) - The bill provides a restricted, one-time-only appropriation of \$750,000 federal TANF Block Grant funds each year to support food banks throughout the state for the 2011 biennium.

Language and Statutory Authority

“Medicaid for Workers with Disabilities is contingent upon passage and approval of Senate Bill No. 119.

Funding for Child Care for Working Caretaker Relatives is contingent upon passage of a bill requiring the human and community services division to implement means testing at 250 percent of the current federal poverty level by October 1, 2009. Funding for Child Care for Working Caretaker Relatives may be expended only by the human and community services division for child care assistance for working grandparents or caretaker relatives providing care for children in place of their parents.

If HB 645 does not include \$5,246,224 of general fund money in fiscal year 2010 and \$5,271,854 of general fund money in fiscal year 2011 to fund overtime pay for programs and state institutions administered by the Department of Public Health and Human Services, then Human and Community Services Division is increased by \$13,200 of general fund money in fiscal year 2010 and by \$13,200 of general fund money in fiscal year 2011, Child and Family Services Division is increased by \$162,322 of general fund money in fiscal year 2010 and by \$162,322 of general fund money in fiscal year 2011, Disability Services Division is increased by \$1,181,084 of general fund money in fiscal year 2010 and by \$1,181,084 of general fun money in fiscal year 2011, Senior and Long-Term Care Division is increased by \$380,165 of state special revenue in fiscal year 2010 and by \$389,160 of state special revenue in fiscal year 2011, and Addictive and Mental Disorders Division is increased by \$3,266,263 of general fund money and by \$243,190 of state special revenue in fiscal year 2010 and by \$4,275,600 of general fund money and \$250,488 of state special revenue in fiscal year 2011.

Language in HB 2 also appropriates funds for a 1 percent annual provider rate increase if HB 645 does not include a certain level of funding for provider rate increases. The language and appropriation amounts are included in the agency overview."

Program Budget Comparison

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

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	375.45	375.45	375.45	380.45	375.45	380.45	5.00	1.33%
Personal Services	16,418,985	17,724,120	18,649,307	18,932,106	34,143,105	37,581,413	3,438,308	10.07%
Operating Expenses	4,929,805	4,746,162	5,034,727	5,068,712	9,675,967	10,103,439	427,472	4.42%
Equipment & Intangible Assets	20,790	25,000	20,790	20,790	45,790	41,580	(4,210)	(9.19%)
Grants	5,090,365	6,630,882	6,357,506	6,355,806	11,721,247	12,713,312	992,065	8.46%
Benefits & Claims	29,420,205	36,261,829	32,902,757	34,767,701	65,682,034	67,670,458	1,988,424	3.03%
Transfers	0	0	0	0	0	0	0	n/a
Debt Service	118,349	146,955	118,349	118,349	265,304	236,698	(28,606)	(10.78%)
Total Costs	\$55,998,499	\$65,534,948	\$63,083,436	\$65,263,464	\$121,533,447	\$128,346,900	\$6,813,453	5.61%
General Fund	28,708,419	31,658,802	32,979,790	34,177,913	60,367,221	67,157,703	6,790,482	11.25%
State Special	2,464,613	2,421,269	2,507,540	2,507,539	4,885,882	5,015,079	129,197	2.64%
Federal Special	24,825,467	31,454,877	27,596,106	28,578,012	56,280,344	56,174,118	(106,226)	(0.19%)
Total Funds	\$55,998,499	\$65,534,948	\$63,083,436	\$65,263,464	\$121,533,447	\$128,346,900	\$6,813,453	5.61%

Page Reference

Legislative Budget Analysis, B-60

Funding

This division is funded from a variety of sources, and the funding and federal matching rates vary by function. Some costs are allocated among funding sources through a complex federally approved cost allocation plan that considers such factors as the results of a random moment in time study of social worker time spent on various activities.

General fund comprises 52.4 percent of the budget, with most used as matching funds to draw federal funds. Federal foster care and adoption subsidy funds comprise 23.7 percent, and federal funds obtained through the cost allocation process comprise 12 percent. The only major activity of the division that is supported entirely by the general fund is the centralized intake function.

State special revenue is primarily due to the cost of foster care from a wide variety of third party contributions such as parental payments, collections from child support enforcement for children in foster care, and supplemental security income (SSI) for eligible children. It represents 3.8 percent of the budget.

Program Narrative

The bill provides \$128 million over the biennium, \$56 million of which is federal funding that is primarily for benefits. General fund accounts for \$67 million of the budget over the biennium, about \$60 million of which is used for benefits, domestic violence, and family support.

The bill also provides funding over the biennium for 5.00 new FTE in FY 2011 for child protective services, permanency planning specialists, and centralized intake workers. The new FTE add \$162,888 general fund to the budget.

The American Recovery and Reinvestment Act

The bill does not address increased services or benefits provided by the American Recovery and Reinvestment Act (ARRA). The increased federal match rate for Medicaid included in the ARRA will reduce the amount of general fund needed as state Medicaid match in this program. The general fund reduction is included in HB 645.

The ARRA funding (HB 645) is a potential source of funds for provider rate increases. As mentioned in the agency overview, HB 2 contains language that would reinstate a 1 percent provider rate increase in HB 2 should the legislature not fund a 2 percent provider rate increase through HB 645.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	28,708,419	28,708,419	57,416,838	85.50%	55,998,499	55,998,499	111,996,998	87.26%
Statewide PL Adjustments	2,582,709	2,628,520	5,211,229	7.76%	2,874,346	2,947,100	5,821,446	4.54%
Other PL Adjustments	2,137,942	3,129,792	5,267,734	7.84%	4,759,037	6,623,659	11,382,696	8.87%
New Proposals	(449,280)	(288,818)	(738,098)	(1.10%)	(548,446)	(305,794)	(854,240)	(0.67%)
Total Budget	\$32,979,790	\$34,177,913	\$67,157,703		\$63,083,436	\$65,263,464	\$128,346,900	

The growth in personal services is primarily due an appropriation made by the 2007 Legislature. It appropriated \$3.6 million general fund for the 2009 biennium to address a shift from federal revenue to the general fund created by the Deficit Reduction Act of 2005 (DRA). The federal funds were eliminated by the DRA through termination of certain targeted case management programs when other programs have some financial responsibility. The 2007 Legislature designated most DPHHS appropriations that were related to the DRA as one-time-only (OTO) and/or restricted because of the moving status of DRA discussions in Congress at that time. This appropriation was no exception. As a result of the OTO designation, the general fund was removed from the base and now appears in the statewide present law category of personal services for legislative consideration. Of the \$3.6 million listed each year on the personal services line, \$1.8 million is to reinstate the OTO and \$1.8 million is for the alignment of salaries to 80 percent of market, statutory pay increases, the pay plan adopted by the legislature, benefits and longevity for the 375.45 existing staff.

Increases and Decreases to the Budget

Primary increases to the budget over the biennium include:

- o \$8.8 million for foster care and subsidized adoption caseload increases - \$4.3 general fund
- o \$2.4 million over the biennium to annualize Tribal VI-E eligible program costs - \$400 general fund
- o \$0.2 million for 5.00 FTE for child protective services field staff for FY 2011 only - \$162,888 general fund

There is a total fund reduction of \$1.2 million over the biennium for the increase of 4 to 7 percent vacancy savings. The general fund reduction is about \$0.78 million.

Program Indicators

Goals and Objectives

The following is the major goal and objectives for the 2011 biennium as provided in the division budget. The subcommittee recommends that the goal be tracked and reported to the Legislative Finance Committee during the interim.

Goal: Improve the safety, permanency, and well-being of children who are reported to be at risk of or being abused or neglected.

Objectives:

- o Safety: After investigation, safely maintain the children in their homes whenever possible and appropriate
- o Permanency: After removal, establish and achieve appropriate permanency goals for children in a timely manner
- o Well-being: While in foster care, maintain the child’s connections with birth parents and siblings

Measurements:

- On an on-going basis, review randomly selected cases to assess whether appropriate services were provided to safely maintain the child in the home and prevent removal
- Increase the number of children achieving permanency
- On an on-going basis, review randomly selected cases to assess if concerted efforts were made to maintain the familial connections

The Child and Family Services Division underwent a federal review during the summer of 2008. The division will receive the final report sometime in the spring of 2009. At that time it should also receive the federal standards the division is expected to meet. These standards would become the baseline measurements for the goals.

Present Law Adjustments

The “Present Law Adjustments” table shows the primary changes to the adjusted base budget proposed by the legislature. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	-----Fiscal 2010-----				-----Fiscal 2011-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					3,634,024	0.00				3,696,621
Vacancy Savings					(802,115)	0.00				(804,615)
Inflation/Deflation					96,119	0.00				106,743
Fixed Costs					(53,682)	0.00				(51,649)
Total Statewide Present Law Adjustments		\$2,582,709	(\$57,073)	\$348,710	\$2,874,346	0.00	\$2,628,520	(\$57,074)	\$375,654	\$2,947,100
					0	0.00				0
DP 7101 - Fuel Inflation Reduction	0.00	(1,305)	0	(868)	(2,173)	0.00	(1,498)	0	(997)	(2,495)
DP 30002 - FMAP Rate Decrease - Subsidized Adoption	0.00	110,368	0	(110,368)	0	0.00	176,887	0	(176,887)	0
DP 30003 - FMAP Rate Decrease - Foster Care	0.00	49,013	0	(49,013)	0	0.00	71,595	0	(71,595)	0
DP 30006 - Foster Care Caseload Increase	0.00	582,082	0	495,848	1,077,930	0.00	886,285	0	754,983	1,641,268
DP 30007 - Subsidized Adoption Caseload Increase	0.00	1,106,126	0	1,298,496	2,404,622	0.00	1,704,865	0	2,001,363	3,706,228
DP 30020 - Annualization of Tribal General Fund	0.00	227,000	0	987,000	1,214,000	0.00	227,000	0	987,000	1,214,000
DP 30025 - Liability Insurance	0.00	64,658	0	0	64,658	0.00	64,658	0	0	64,658
					0	0.00				0
Total Other Present Law Adjustments	0.00	\$2,137,942	\$0	\$2,621,095	\$4,759,037	0.00	\$3,129,792	\$0	\$3,493,867	\$6,623,659
					0	0.00				0
Grand Total All Present Law Adjustments	0.00	\$4,720,651	(\$57,073)	\$2,969,805	\$7,633,383	0.00	\$5,758,312	(\$57,074)	\$3,869,521	\$9,570,759

DP 7101 - Fuel Inflation Reduction - The bill reduces funding for gasoline and diesel by the amount these two expenditure categories were increased in the statewide present law adjustment for inflation. The effect is to apply no inflation adjustment to these two expenditure categories.

DP 30002 - FMAP Rate Decrease - Subsidized Adoption - The bill appropriates a funding switch of \$287,255 general fund and an equal reduction in federal funds for the 2011 biennium to address changes in the FMAP rate for subsidized adoption. At the time of budget submission, the FMAP rate was projected to decrease from 68.53 percent in FY 2008 to 67.42 percent in FY 2010 and 66.99 percent in FY 2011, resulting in an increase in general fund of \$110,368 in FY 2010 and \$176,887 in FY 2011. Any changes in the FMAP rate due to the federal stimulus bill are included in other legislation.

DP 30003 - FMAP Rate Decrease - Foster Care - The bill appropriates a funding switch of \$120,608 general fund and an equal reduction in federal funds for the 2011 biennium to address changes in the FMAP rate for foster care. At the time of budget submission, the FMAP rate was projected to decrease from 68.53 percent in FY 2008 to 67.42 percent in FY 2010 and 66.99 percent in FY 2011 resulting in an increase in general fund of \$49,013 in FY 2010 and \$71,595 in FY 2011. Any changes in the FMAP rate due to the federal stimulus bill are included in other legislation.

DP 30006 - Foster Care Caseload Increase - The bill approves funding for a foster care caseload increase of \$1,468,367 general fund and \$1,250,831 federal funds for the 2011 Biennium. Funding is based upon a projected increase in the caseload of 3 percent per year. The increase is projected at the Medicaid match rate without the stimulus bill reduction.

DP 30007 - Subsidized Adoption Caseload Increase - The bill approves funding for a subsidized adoption caseload increase of \$2,810,991 general fund and \$3,299,859 federal funds for the 2011 biennium. The appropriation is based upon a projected increase in the subsidized adoption caseload including: 10.4 percent from FY 2008 to FY 2009; 10.2 percent from FY 2009 to FY 2010; and 9.6 percent from FY 2010 to FY 2011. The increase is projected at the Medicaid match rate without the stimulus bill reduction.

DP 30020 - Annualization of Tribal General Fund - The bill provides \$454,000 of general fund and \$1,974,000 of federal funds over the biennium for renegotiated contracts with tribal entities for FY 2008.

Although new Title IV-E foster care contracts with the tribes were renegotiated, many of these contracts were not signed until January 2008 and some of the contracted funds were not able to be used. Additionally, expenditures for the Tribal contracts were significantly lower in FY 2008 than in prior years because of the length of time it took to renegotiate the contracts and implementation delays with the new contracts. The funds allow CFSD to maintain the historical funding levels for the Tribal IV-E contracts.

DP 30025 - Liability Insurance - The bill provides \$64,658 in general fund authority each year of the biennium to purchase liability insurance for foster parents providing foster care or therapeutic foster care for youths under 18 years of age.

New Proposals

Program	FTE	-----Fiscal 2010-----				-----Fiscal 2011-----				
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 8101 - Increasing 4 Percent Vacancy Savings to 7 Percent 03	0.00	(388,541)	0	(213,046)	(601,587)	0.00	(389,711)	0	(213,750)	(603,461)
DP 30015 - New FTE Package 03	0.00	0	0	0	0	5.00	162,888	0	83,338	246,226
DP 30024 - SSI Contracted Services for Transitional Kids 03	0.00	(60,739)	100,000	13,880	53,141	0.00	(61,995)	100,000	13,436	51,441
Total	0.00	(\$449,280)	\$100,000	(\$199,166)	(\$548,446)	5.00	(\$288,818)	\$100,000	(\$116,976)	(\$305,794)

DP 8101 - Increasing 4 Percent Vacancy Savings to 7 Percent - The bill adds an additional 3 percent per year to the 4 percent personal services vacancy savings reduction contained in the statewide present law adjustment.

DP 30015 - New FTE Package - The bill appropriates \$246,226 for FY 2011 for the addition of 5.00 FTE for Child Protective Services (CPS), Permanency Planning Specialists, Centralized Intake (CI), and Administrative Support.

DP 30024 - SSI Contracted Services for Transitional Kids - The bill appropriates \$104,582 over the biennium for contracted services for an SSI transitional worker to make SSI applications on behalf of children who are in the custody of the State of Montana and who are considered to meet the SSI criteria. The primary focus would be on children aging out of foster care who have multidisciplinary needs. It is estimated that the four incumbent SSI Specialists generated more than \$400,000 of general fund savings in the Foster Care program in FY 2008.

The following information is provided so that the legislature can consider various performance measurement principles when examining this proposal. It is submitted by the agency, with editing by LFD staff as necessary for brevity and/or clarity.

Justification: Of approximately 1,600 children in foster care, 340 children (21 percent) are currently receiving SSI or SSB benefits. These funds are collected by the State of Montana and are applied toward the cost of foster care. When children age out of foster care they must undergo an "Age 18 Redetermination" based on adult SSI eligibility criteria. Children receiving benefits when they age out of foster care have a better chance of passing an Age 18 Redetermination. The current number of SSI Specialists (4) is not adequate to complete and submit SSI applications for all of the children in foster care who potentially qualify for SSI/SSB.

The services will be funded 73.88 percent general fund and 26.12 percent federal funds and generate an estimated \$100,000 in third party revenue (SSI/SSB) for the 2011 biennium.

Goals:

- To provide SSI Specialist services to children aging out of foster care who have multidisciplinary needs
- To maximize the amount of SSI/SSB funds collected by the state for children currently in foster care and by applying these funds towards the cost of providing foster care

Performance Criteria:

- Hire a contractor by October 1, 2009 and have them trained by June 30, 2010
- Determine the number of SSI/SSB applications made that resulted in additional funding
- Count the number of children transitioning into adulthood who were provided Age 18 Redetermination services

Challenges: One of the biggest challenges would be finding or training a person with substantial knowledge of the SSI application processes for both children and adults because the criteria used by the Social Security Administration is different for each category.

Risk: One of the risks is that some children with multidisciplinary needs may age out of foster care and have very few, if any, services available to them. Another risk is that the state will lose federal SSI/SSB funds that could be available for children who meet the SSI criteria.

Language and Statutory Authority

"Provider Rate Increase may be used only to raise rates paid to providers.

If HB 645 does not include \$5,246,224 of general fund money in fiscal year 2010 and \$5,271,854 of general fund money in fiscal year 2011 to fund overtime pay for programs and state institutions administered by the Department of Public Health and Human Services, then Human and Community Services Division is increased by \$13,200 of general fund money in fiscal year 2010 and by \$13,200 of general fund money in fiscal year 2011, Child and Family Services Division is increased by \$162,322 of general fund money in fiscal year 2010 and by \$162,322 of general fund money in fiscal year 2011, Disability Services Division is increased by \$1,181,084 of general fund money in fiscal year 2010 and by \$1,181,084 of general fund money in fiscal year 2011, Senior and Long-Term Care Division is increased by \$380,165 of state special revenue in fiscal year 2010 and by \$389,160 of state special revenue in fiscal year 2011, and Addictive and Mental Disorders Division is increased by \$3,266,263 of general fund money and by \$243,190 of state special revenue in fiscal year 2010 and by \$4,275,600 of general fund money and \$250,488 of state special revenue in fiscal year 2011.

Language in HB 2 also appropriates funds for a 1 percent annual provider rate increase if HB 645 does not include a certain level of funding for provider rate increases. The language and appropriation amounts are included in the agency overview."

Program Budget Comparison

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

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	48.25	48.25	48.25	48.25	48.25	48.25	0.00	0.00%
Personal Services	4,117,859	3,397,769	3,485,962	3,496,497	7,515,628	6,982,459	(533,169)	(7.09%)
Operating Expenses	7,584,904	7,373,915	7,709,239	7,698,584	14,958,819	15,407,823	449,004	3.00%
Benefits & Claims	0	15,000,000	0	0	15,000,000	0	(15,000,000)	(100.00%)
Debt Service	3,657	13,066	3,657	3,657	16,723	7,314	(9,409)	(56.26%)
Total Costs	\$11,706,420	\$25,784,750	\$11,198,858	\$11,198,738	\$37,491,170	\$22,397,596	(\$15,093,574)	(40.26%)
General Fund	3,915,922	3,332,424	3,696,357	3,697,624	7,248,346	7,393,981	145,635	2.01%
State Special	379,129	353,658	327,216	327,108	732,787	654,324	(78,463)	(10.71%)
Federal Special	7,411,369	22,098,668	7,175,285	7,174,006	29,510,037	14,349,291	(15,160,746)	(51.37%)
Total Funds	\$11,706,420	\$25,784,750	\$11,198,858	\$11,198,738	\$37,491,170	\$22,397,596	(\$15,093,574)	(40.26%)

Page Reference

Legislative Budget Analysis, B-76

Funding

The Director's Office is funded through a combination of general fund, and state and federal special revenues. The majority of the functions are supported through cost allocations whereby the costs of the Director's Office are allocated to the other divisions within DPHHS. The department has a complex public assistance cost allocation plan reviewed by six federal agencies and approved by Montana's federal oversight agency. Federal indirect cost allocations make up 95.8 percent of the federal revenues in the 2011 biennium. Federal special revenues decrease 51.4 percent between the 2011 and 2009 biennia. The elimination of funding for the HIFA waiver accounts for the majority of the decrease in federal special revenues between 2009 biennium and 2011 biennium. The HIFA waiver is more fully described in the program narrative.

General fund supports about 33 percent of the Director's Office in the 2011 biennium budget, increasing 2 percent when compared to the 2009 biennium, due primarily to statewide present law adjustments.

Two state special revenue funds support the Director's Office: 1) cost allocations, budgeted at about \$261,000 annually; and 2) community cost shares for VISTA volunteers. The Prevention Resource Center administers the VISTA program, which is also supported by a federal grant.

Program Narrative

The bill includes an overall 2011 biennium budget that declines 40.3 percent or \$15.1 million when compared to the 2009 biennium. The 2005 Legislature approved the Health Insurance Flexibility and Accountability (HIFA) waiver and appropriated funds in anticipation of approval. HIFA waivers allow states to waive requirements of the Social Security Act in areas such as comparability of services, statewideness, early and periodic screening diagnostic and treatment services (EPSDT), and cost sharing. Waiving these provisions allows states to be creative in designing new health care programs to meet the needs of various uninsured populations. The 2007 Legislature also appropriated funds in anticipation of approval of the HIFA waiver during the 2009 interim. To date, while the Centers for Medicare and Medicaid (CMS) has not denied the request, the department has not received approval for any of the proposed populations included in the waiver. The bill does not continue appropriations of \$30 million in additional federal funds for HIFA in the 2011 biennium budget as recommended by the Governor.

Present law changes for the Director's Office are negative for both years of the 2011 biennium due to removal of department wide termination payouts of about \$1,187,000. Agencies pay accumulated annual leave and a portion of

unused sick leave when employees retire or leave state employment. Termination payouts are recorded in the personnel program budget in the Director's Office and then removed from the base budget as a one-time expense. Funds are transferred from other divisions in DPHHS to pay termination costs. Increases in personal services and operating costs offset part of the reductions.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	3,915,922	3,915,922	7,831,844	105.92%	11,706,420	11,706,420	23,412,840	104.53%
Statewide PL Adjustments	(206,482)	(200,167)	(406,649)	(5.50%)	(493,835)	(480,489)	(974,324)	(4.35%)
Other PL Adjustments	0	0	0	0.00%	0	0	0	0.00%
New Proposals	(13,083)	(18,131)	(31,214)	(0.42%)	(13,727)	(27,193)	(40,920)	(0.18%)
Total Budget	\$3,696,357	\$3,697,624	\$7,393,981		\$11,198,858	\$11,198,738	\$22,397,596	

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					(369,521)	0.00				(358,191)
Vacancy Savings					(149,930)	0.00				(150,384)
Inflation/Deflation					1,626	0.00				2,133
Fixed Costs					23,990	0.00				25,953
Total Statewide Present Law Adjustments		(\$206,482)	(\$52,466)	(\$234,887)	(\$493,835)	0.00	(\$200,167)	(\$51,648)	(\$228,674)	(\$480,489)
					0	0.00				0
					0	0.00				0
					0	0.00				0
Grand Total All Present Law Adjustments	0.00	(\$206,482)	(\$52,466)	(\$234,887)	(\$493,835)	0.00	(\$200,167)	(\$51,648)	(\$228,674)	(\$480,489)

New Proposals

New Proposals	-----Fiscal 2010-----					-----Fiscal 2011-----					
	Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 6101 - Fixed Cost Workers Comp Management Prgm Allocation											
04	0.00	36,822	6,782	55,115	98,719	0.00	31,927	5,880	47,787	85,594	
DP 8101 - Increasing 4% Vacancy Savings to 7%											
04	0.00	(49,905)	(6,229)	(56,312)	(112,446)	0.00	(50,058)	(6,253)	(56,476)	(112,787)	
Total	0.00	(\$13,083)	\$553	(\$1,197)	(\$13,727)	0.00	(\$18,131)	(\$373)	(\$8,689)	(\$27,193)	

DP 6101 - Fixed Cost Workers Comp Management Prgm Allocation - The Workers' Compensation Management Program at the Department of Administration was funded by the 2007 Legislature with a one-time-only (OTO) general fund appropriation. For the 2011 biennium and beyond, the bill provides funding for the program via a fixed cost allocation. The allocation is based upon the average number of payroll warrants issued per pay period. Because the program was approved as an OTO for the current biennium, it must be presented as a new proposal for the next

biennium. Therefore, the allocation cannot be included as part of the standard present law fixed cost process.

DP 8101 - Increasing 4% Vacancy Savings to 7% - The bill provides an additional 3 percent per year to the 4 percent personal services vacancy savings reduction contained in the statewide present law adjustment.

Program Budget Comparison

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

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	168.25	168.25	168.25	168.25	168.25	168.25	0.00	0.00%
Personal Services	7,118,652	7,082,282	8,677,788	8,712,366	14,200,934	17,390,154	3,189,220	22.46%
Operating Expenses	2,190,718	1,963,071	305,625	1,727,281	4,153,789	2,032,906	(2,120,883)	(51.06%)
Equipment & Intangible Assets	0	5,700	0	0	5,700	0	(5,700)	(100.00%)
Debt Service	59,015	59,015	59,015	59,015	118,030	118,030	0	0.00%
Total Costs	\$9,368,385	\$9,110,068	\$9,042,428	\$10,498,662	\$18,478,453	\$19,541,090	\$1,062,637	5.75%
General Fund	2,168,548	2,249,690	1,741,420	3,174,109	4,418,238	4,915,529	497,291	11.26%
State Special	1,605,373	1,708,018	1,646,710	1,652,159	3,313,391	3,298,869	(14,522)	(0.44%)
Federal Special	5,594,464	5,152,360	5,654,298	5,672,394	10,746,824	11,326,692	579,868	5.40%
Total Funds	\$9,368,385	\$9,110,068	\$9,042,428	\$10,498,662	\$18,478,453	\$19,541,090	\$1,062,637	5.75%

Page Reference

Legislative Budget Analysis, B-84

Funding

The Child Support Enforcement Division is funded with a combination of general fund (33.3 percent), state special revenue (15.6 percent), and federal funds (51.7 percent). However, federal Title IV-D eligible expenditures are funded 66 percent with federal IV-D funds with the remaining 34 percent are funded by a combination of general fund and state special revenues.

State special revenues generated from child support collections on behalf of present and/or past TANF cash assistance participants directly relates to increases or decreases in the statewide TANF caseload. There is further TANF caseload discussion in the Human and Community Services Division.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	2,168,548	2,168,548	4,337,096	88.23%	9,368,385	9,368,385	18,736,770	95.88%
Statewide PL Adjustments	1,579,143	1,591,414	3,170,557	64.50%	1,850,081	1,886,735	3,736,816	19.12%
Other PL Adjustments	(509)	(584)	(1,093)	(0.02%)	(1,534)	(1,760)	(3,294)	(0.02%)
New Proposals	(2,005,762)	(585,269)	(2,591,031)	(52.71%)	(2,174,504)	(754,698)	(2,929,202)	(14.99%)
Total Budget	\$1,741,420	\$3,174,109	\$4,915,529		\$9,042,428	\$10,498,662	\$19,541,090	

The program maintains 168.25 staff yet shows a growth in personal services. The growth in personal services is primarily due an appropriation made by the 2007 Legislature. It appropriated \$3.8 million general fund for the 2009 biennium to address a loss of state special revenue due to a ruling in the Deficit Reduction Act of 2005 (DRA). \$1.4 million of the appropriation was for personal services. The 2007 Legislature designated most DPHHS appropriations that were related to the DRA as one-time-only (OTO). This appropriation was no exception. As a result of the OTO designation, the general fund was removed from the base and now appears in the statewide present law category of personal services for legislative consideration. Of the \$2.2 million listed each year on the personal services line, \$1.4 million is to reinstate the OTO and \$0.8 million is for the alignment of salaries to 80 percent of market, statutory pay increases, the pay plan adopted by the legislature, benefits and longevity for the existing staff.

Changes to the Budget for the Biennium

The bill includes a reduction in general fund of \$2.4 million over the biennium to address a change made by the American Recovery and Reinvestment Act (ARRA) that reverses action by the Deficit Reduction Act of 2005 (DRA). The DRA imposed a funding switch that reduced federal funds and increased use of state general fund. The ARRA rule reversal allows a decrease to the general fund and increase in federal funds. The funding switch occurs in two phases. The general fund is reduced in HB 2 and the authority to spend the federal funds would occur in HB 645, the stimulus bill.

In addition to the DRA change, the increase of 4 to 7 percent vacancy savings reduces the budget by \$0.6 total funds and \$0.2 general funds.

Program Indicators*Goals and Objectives*

The following is the goal, objectives, and measurements for the 2011 biennium that the Joint Appropriations Subcommittee on Health and Human Services (Subcommittee) recommends be tracked and reported to the Legislative Finance Committee over the interim.

Given the uncertain economy, the subcommittee recommended that the division add "maintain" in cases where the goal is to continuously increase an item. The federal standards are the baseline for the following goal.

Goal: Meet federal child support performance standards and obtain support for children by continuously improving ratings in federal child support performance standards.

- Continuously increase or maintain child support collections - \$66 million
- This item would be reported by regions
- Maintain the IV-D paternity establishment percentage – 90%
- Maintain the percentage of cases with child support orders – 80%
- Continuously increase or maintain the percentage of cases with current child support collections – 63%
- Continuously increase or maintain the percentage of cases with arrears child support collections – 67%
- Continuously increase or maintain the number of children with medical support and medical insurance - A federal standards has not been set for this goal

Goal: Enhance customer service

- Establish an online guidelines website so people can calculate their own child support payments
 - Once the website is established, track its usage
- Increase customer knowledge of the online payment system
 - Track the number and dollar amount of payments made on this system
- Provide training, support, and guidance to tribes establishing their own child support systems
 - Continue to respond to requests as they are received

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Present Law Adjustments										
Personal Services					2,212,282	0.00				2,249,500
Vacancy Savings					(373,230)	0.00				(374,735)
Inflation/Deflation					11,529	0.00				12,470
Fixed Costs					(500)	0.00				(500)
Total Statewide Present Law Adjustments		\$1,579,143	\$73,692	\$197,246	\$1,850,081	0.00	\$1,591,414	\$79,307	\$216,014	\$1,886,735
					0	0.00				0
DP 7101 - Fuel Inflation Reduction	0.00	(509)	(234)	(791)	(1,534)	0.00	(584)	(269)	(907)	(1,760)
					0	0.00				0
Total Other Present Law Adjustments	0.00	(\$509)	(\$234)	(\$791)	(\$1,534)	0.00	(\$584)	(\$269)	(\$907)	(\$1,760)
					0	0.00				0
Grand Total All Present Law Adjustments	0.00	\$1,578,634	\$73,458	\$196,455	\$1,848,547	0.00	\$1,590,830	\$79,038	\$215,107	\$1,884,975

DP 7101 - Fuel Inflation Reduction - The bill reduces funding for gasoline and diesel by the amount these two expenditure categories were increased in the statewide present law adjustment for inflation. The effect is to apply no inflation adjustment to these two expenditure categories.

New Proposals

Program	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 8101 - Increasing 4 Percent Vacancy Savings to 7 Percent										
05	0.00	(111,174)	(32,121)	(136,621)	(279,916)	0.00	(111,622)	(32,252)	(137,177)	(281,051)
DP 50010 - Implement CSED Deficit Reduction Act Change										
05	0.00	(1,894,588)	0	0	(1,894,588)	0.00	(473,647)	0	0	(473,647)
Total	0.00	(\$2,005,762)	(\$32,121)	(\$136,621)	(\$2,174,504)	0.00	(\$585,269)	(\$32,252)	(\$137,177)	(\$754,698)

DP 8101 - Increasing 4 Percent Vacancy Savings to 7 Percent - The bill adds an additional 3 percent per year to the 4 percent personal services vacancy savings reduction contained in the statewide present law adjustment.

DP 50010 - Implement CSED Deficit Reduction Act Change - The bill approves a reduction of general fund for Child Support Enforcement by \$2.4 million. This action is the first half of a funding switch, due to a change implemented by the American Recovery and Reinvestment Act of 2009 (ARRA). The House Joint Appropriations Committee intends that the general fund be replaced with federal funding in HB 645. This action is essentially a general fund to federal revenue funding switch that takes place first in HB 2 and then HB 645.

The ARRA removes a rule implemented by the Deficit Reduction Act of 2005 (DRA) that stated Child Support Enforcement could no longer match incentive dollars with federal dollars for program expenses. The general fund appropriated by the 2007 Legislature may now be reduced.

Program Budget Comparison

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

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	76.50	76.50	76.50	79.50	76.50	79.50	3.00	3.92%
Personal Services	3,706,204	3,903,305	3,800,191	3,946,108	7,609,509	7,746,299	136,790	1.80%
Operating Expenses	5,867,559	5,674,246	5,780,376	5,363,322	11,541,805	11,143,698	(398,107)	(3.45%)
Equipment & Intangible Assets	0	0	0	0	0	0	0	n/a
Debt Service	32,585	67,714	32,585	32,585	100,299	65,170	(35,129)	(35.02%)
Total Costs	\$9,606,348	\$9,645,265	\$9,613,152	\$9,342,015	\$19,251,613	\$18,955,167	(\$296,446)	(1.54%)
General Fund	4,081,256	3,963,507	3,648,345	3,526,294	8,044,763	7,174,639	(870,124)	(10.82%)
State Special	1,044,315	975,246	1,113,260	1,116,499	2,019,561	2,229,759	210,198	10.41%
Federal Special	4,480,777	4,706,512	4,851,547	4,699,222	9,187,289	9,550,769	363,480	3.96%
Total Funds	\$9,606,348	\$9,645,265	\$9,613,152	\$9,342,015	\$19,251,613	\$18,955,167	(\$296,446)	(1.54%)

Page Reference

Legislative Budget Analysis, B-92

Funding

The division is funded with general fund, state special revenue, and federal funds based upon a complex federally approved cost allocation plan, often referred to as indirect activity. For the 2011 biennium, indirect activity represents 100 percent of the federal funding and 7 percent of state special revenue. Federal funding comprises 48.6 percent of the total biennium budget, while general fund comprises 39.8 percent and state special revenue 11.6 percent.

Vital Statistics

The vital statistics state special revenue fund comes from fees paid by the public for certificates or services related to vital records, most of which are birth and death certificates.

In FY 2007 the vital statistics revenue represented 65 percent of the budget and general fund represented 35 percent of the budget. In FY 2008 the ratio changed to 54 percent vital statistics and 46 percent general fund. This ratio is projected for the 2011 biennium. Should the revenue generated by the vital statistics fees drop, general fund would increase.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	4,081,256	4,081,256	8,162,512	113.77%	9,606,348	9,606,348	19,212,696	101.36%
Statewide PL Adjustments	(56,639)	(288,139)	(344,778)	(4.81%)	451,220	(25,386)	425,834	2.25%
Other PL Adjustments	(615)	(706)	(1,321)	(0.02%)	(1,824)	(2,093)	(3,917)	(0.02%)
New Proposals	(375,657)	(266,117)	(641,774)	(8.95%)	(442,592)	(236,854)	(679,446)	(3.58%)
Total Budget	\$3,648,345	\$3,526,294	\$7,174,639		\$9,613,152	\$9,342,015	\$18,955,167	

Reduction to the Budget

Reductions in general fund over the biennium addressed in this bill include:

- Elimination of \$640,000 general fund
- Increasing the 4 percent vacancy savings to 7 percent - \$111,568
- Elimination of the request to reinstate overtime costs - \$2,791

The addition of 3.00 FTE in FY 2011 adds \$109,794 general fund. There is 1.00 FTE in the reimbursement section and 2.00 FTE in the internal controls section.

Program Indicators*Goals and Objectives*

The following is the goal, objective, and measurement for the 2011 biennium that the Joint Appropriations Subcommittee on Health and Human Services (Subcommittee) recommends be tracked and reported to the Legislative Finance Committee over the interim.

Goal: Continuous improvement in the department's internal control environment by:

- Maintaining an internal control environment that promotes efficient and documented compliance with applicable laws and regulation
- Encouraging business processes that enhance the effectiveness and efficiency of department operations

Objective: To continually work to maintain an effective fiscal control environment in the department by completing an annual risk assessment of major financial processes in the department and conducting mitigation activities on 100% of identified high risk components

Measurements: Identification of major financial processes at the beginning of the 2011 biennium, and conducting a risk assessment and mitigation process each year; the objective is met when 100 percent of identified, major financial processes are assessed and mitigation activities are completed

Reporting

The subcommittee noted that reports would specify the major financial risks identified, discuss the mitigation activities and progress toward their completion, and reflect any major current or estimated expenses or cost savings.

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Present Law Adjustments										
Personal Services					380,029	0.00				399,654
Vacancy Savings					(163,450)	0.00				(164,232)
Inflation/Deflation					40,457	0.00				43,098
Fixed Costs					194,184	0.00				(303,906)
Total Statewide Present Law Adjustments		(\$56,639)	\$84,682	\$423,177	\$451,220	0.00	(\$288,139)	\$64,029	\$198,724	(\$25,386)
					0	0.00				0
DP 7101 - Fuel Inflation Reduction	0.00	(615)	(207)	(1,002)	(1,824)	0.00	(706)	(238)	(1,149)	(2,093)
					0	0.00				0
Total Other Present Law Adjustments	0.00	(\$615)	(\$207)	(\$1,002)	(\$1,824)	0.00	(\$706)	(\$238)	(\$1,149)	(\$2,093)
					0	0.00				0
Grand Total All Present Law Adjustments	0.00	(\$57,254)	\$84,475	\$422,175	\$449,396	0.00	(\$288,845)	\$63,791	\$197,575	(\$27,479)

DP 7101 - Fuel Inflation Reduction - The bill reduces funding for gasoline and diesel by the amount these two expenditure categories were increased in the statewide present law adjustment for inflation. The effect is to apply no inflation adjustment to these two expenditure categories.

New Proposals

Program	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 8101 - Increasing 4 Percent Vacancy Savings to 7 Percent										
06	0.00	(55,657)	(15,530)	(51,405)	(122,592)	0.00	(55,911)	(15,601)	(51,664)	(123,176)
DP 60003 - Reimbursement Section FTE										
06	0.00	0	0	0	0	1.00	47,964	0	0	47,964
DP 60004 - Internal Controls FTE										
06	0.00	0	0	0	0	2.00	61,830	23,994	72,534	158,358
DP 60010 - Remove Remodel and Relocation from base										
06	0.00	(320,000)	0	0	(320,000)	0.00	(320,000)	0	0	(320,000)
Total	0.00	(\$375,657)	(\$15,530)	(\$51,405)	(\$442,592)	3.00	(\$266,117)	\$8,393	\$20,870	(\$236,854)

DP 8101 - Increasing 4 Percent Vacancy Savings to 7 Percent - The bill adds an additional 3 percent per year to the 4 percent personal services vacancy savings reduction contained in the statewide present law adjustment.

DP 60003 - Reimbursement Section FTE - The bill provides \$47,964 general fund for FY 2011 to fund 1.00 FTE in the reimbursement section of BFSD to supervise and assist with the financial investigation and collection processes for residents at the DPHHS institutions.

The following information is provided so that the legislature can consider various performance measurement principles when examining this proposal. It is submitted by the agency, with editing by LFD staff as necessary for brevity and/or clarity.

Justification: This position is needed to supervise and assist with the financial investigation and collection processes for residents at the DPHHS Institutions (Montana State Hospital MSH, Montana Developmental Center MDC, Montana Chemical Dependency Center MCDC, Mental Health Nursing Care Center MHNCC, and Montana Veteran's Home in Columbia Falls). The additional 1.00 FTE is expected to provide an effective return on investment through follow-up with residents to gather and analyze financial information; determine ability to pay by the residents or their resources; interface with the Institutional Reimbursement Section's billing staff to bill Medicare, Medicaid, insurance and other resources of the residents. The Institutional Reimbursement Section generates approximately \$19 - \$20 million annually

in reimbursements that are used in part to make payments on MSH and MDC bonds, and to deposit the balance received as revenue to the general fund.

Goal: Improve the effectiveness and timeliness of the financial investigation and collection processes for residents at the DPHHS Institutions.

Performance Criteria: 1) The determination of a resident's ability to pay through private insurance, Medicaid, Medicare, Disability Social Security, or Veteran's benefits, and billing the resident should be completed within 90 days; and 2) Responding to questions from the institutions mentioned above regarding a resident's statement or claim should be completed within 30 days.

Milestones: Activities will be measured at the end of each fiscal year beginning with FY 2009.

Risk: The risk would be the potential loss of general fund revenue to fund costs at the DPHHS's institutions.

DP 60004 - Internal Controls FTE - The bill provides \$158,358 in FY 2011 for:

- \$82,469 in salaries for 2.00 FTE in the business services bureau to enhance internal controls over the fiscal operations of the department;
- \$70,339 in contracted services for an internal audit review of the internal control structure and data systems, to provide training to department staff in internal controls and fraud detection, and for assistance in preparing a continuous improvement plan for managing collections and receivables activities; and
- \$5,550 for equipment and computer hardware.

The following information is provided so that the legislature can consider various performance measurement principles when examining this proposal. It is submitted by the agency, with editing by LFD staff as necessary for brevity and/or clarity.

Justification: One FTE would be lead accountant over the accounts receivable section to enhance internal controls over collections, receivables, and department assets. This position would provide for greater separation of duties over receipting, depositing, recording, reporting and reconciling in the accounts receivable section.

One FTE will provide internal controls over system development. This position would participate in the design, development and enhancement of department database systems by providing guidance on effective internal controls, including adequate documentation trails for audit purposes, budgeting and expenditure processing, reporting and reconciliation with department subsystems, and coordinating payment and receipting features in the systems with other department systems and SABHRS.

Contracted services would: 1) obtain internal audit review of the division's internal control structure and data system; 2) provide training to department staff in internal controls and fraud detection; and 3) obtain assistance in preparation of a continuous improvement plan for managing collections and receivables activities.

Goal: Enable continuous improvement in the DPHHS internal control environment by maintaining an internal control structure that promotes efficient and documented compliance with applicable laws and regulations and encouraging business processes that enhance the effectiveness and efficiency of department operations.

Performance Criteria: The objective will be measured by identification of the major financial processes at the beginning of the 2011 biennium, and conducting a risk assessment and mitigation process each year.

Milestones: The objective is met when 100 percent of identified major financial processes are assessed and mitigation activities are completed.

Risk: Major system development without planning and oversight for fiscal and internal control functionality could leave the department vulnerable to risk in providing payments, benefits and service resources to the right people, at the right time, and in the right amount. There is also a risk to the state in timeliness and internal controls over the receivables and collections process.

DP 60010 - Remove Remodel and Relocation from base - The bill removes \$320,000 general fund from the base budget of the Business and Financial Services Division.

Program Budget Comparison

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

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	183.02	183.02	182.00	182.00	183.02	182.00	(1.02)	(0.56%)
Personal Services	9,107,427	10,672,933	10,307,651	10,337,821	19,780,360	20,645,472	865,112	4.37%
Operating Expenses	12,661,462	15,024,004	13,160,247	13,673,259	27,685,466	26,833,506	(851,960)	(3.08%)
Equipment & Intangible Assets	333,976	248,562	483,976	483,976	582,538	967,952	385,414	66.16%
Grants	23,031,012	23,728,245	24,379,972	24,379,972	46,759,257	48,759,944	2,000,687	4.28%
Benefits & Claims	13,964,291	12,869,089	16,419,526	17,483,979	26,833,380	33,903,505	7,070,125	26.35%
Total Costs	\$59,098,168	\$62,542,833	\$64,751,372	\$66,359,007	\$121,641,001	\$131,110,379	\$9,469,378	7.78%
General Fund	2,647,706	2,407,009	2,775,020	2,779,527	5,054,715	5,554,547	499,832	9.89%
State Special	15,984,548	17,003,540	18,380,978	18,408,452	32,988,088	36,789,430	3,801,342	11.52%
Federal Special	40,465,914	43,132,284	43,595,374	45,171,028	83,598,198	88,766,402	5,168,204	6.18%
Total Funds	\$59,098,168	\$62,542,833	\$64,751,372	\$66,359,007	\$121,641,001	\$131,110,379	\$9,469,378	7.78%

Page Reference

Legislative Budget Analysis, B-103

Funding

Public Health and Safety Division (PHSD) is funded by a combination of general fund, state, and federal special revenue funds. General fund supports about 4.3 percent of the 2011 biennium budget. State special revenue funds about 28.1 percent of the budget and federal special revenues make up 67.7 percent.

General fund supports division administration, public health planning, cancer control, emergency medical services, women and men's health, food and consumer safety, public health laboratory, AIDS prevention, and communicable disease control. General fund provides support increases 0.1 percent when compared to the 2009 biennium general fund support percentage of 4.2 percent. The majority of the reduction is \$1.1 million of general fund that is eliminated from the bill for the home health visiting and MIAMI programs. Funding support for the programs is provided through the state special revenue account.

State special revenue continues to provide approximately 28 percent of the funding support for the 2011 biennium. Sources of the funding include tobacco settlement funds supporting tobacco use prevention and cessation, chronic disease programs, and home health visits and the MIAMI program; tobacco settlement trust interest supporting adolescent immunizations, newborn screening and follow-up programs, emergency medical services, HIV treatment, WIC farmer's markets, and emergency department/hospital discharge data. Additional sources include public health laboratory fees, food and lodging licenses, insurance policy fees supporting the genetics program and reimbursements for children's special health services. The bill contains funding shifts which increase state special revenue support generated from tobacco settlement tobacco cessation and prevention programs for the home health visiting programs and the MIAMI program and decrease general fund.

There are almost 50 federal funding sources in the division budget, including 2 federal block grants and more than 40 categorical grants that each have explicit programmatic and expenditure requirements. The vast majority of the federal grants require the division to report on performance measurements as part of the grant requirements.

The largest federal grant funds the WIC program, which accounts for \$33.5 million of the 2011 biennial budget. Federal funds supporting the emergency preparedness activities are the next significant federal grant funds source, accounting for \$16.3 million or 18.3 percent of the 2011 biennium federal special revenue included in the bill.

Two federal block grants account for 6.9 percent of the PHSD 2011 biennium budget for federal appropriation authority. They are the Maternal Child Health (MCH) block grant (\$2.6 million annually) and the Preventative Health block grant (\$0.5 million annually). These block grants support a variety of PHSD functions and are both allocated in consultation with division advisory councils. As a result, the allocation is usually somewhat different than anticipated in the budget request and without specific legislative restrictions, can also be different than the legislative appropriation.

Program Narrative

The bill includes appropriations for Public Health and Safety Division (PHSD) 2011 budget that are approximately \$9.5 million or 7.8 percent higher when compared to the 2009 biennium. The increases include:

- o \$0.5 million in general fund including \$0.7 million to offset public health and environmental laboratory costs, \$0.5 million to support statewide present laws adjustments, and \$0.2 million to offset increases in contraceptive costs. The increases are offset by a reduction of \$1.1 million of support for the home health visiting and MIAMI programs
- o \$3.8 million in state special revenues of which \$1.0 million is from tobacco settlement interest. Increases include \$0.4 million for vaccinating young adults, \$0.3 million to support reporting on hospital discharges information, and \$1.3 million to support statewide present law adjustments. Tobacco cessation and prevention tobacco settlement funds are increased by \$1.1 million to support the home health visiting and MIAMI programs
- o \$5.3 million in federal funds, mainly for a projected \$5.0 million increase to the federal WIC program

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	2,647,706	2,647,706	5,295,412	95.33%	59,098,168	59,098,168	118,196,336	90.15%
Statewide PL Adjustments	239,536	244,268	483,804	8.71%	1,641,574	1,685,836	3,327,410	2.54%
Other PL Adjustments	(350,098)	(350,116)	(700,214)	(12.61%)	2,173,169	3,237,540	5,410,709	4.13%
New Proposals	237,876	237,669	475,545	8.56%	1,838,461	2,337,463	4,175,924	3.19%
Total Budget	\$2,775,020	\$2,779,527	\$5,554,547		\$64,751,372	\$66,359,007	\$131,110,379	

Program Indicators

The House Appropriations Committee recommends that the Legislative Finance Committee monitor the Public Health and Safety Division using goals selected for the 2009 biennium. The House Appropriations Committee recommends that the Legislative Fiscal Division and the Public Health and Safety Division staff determine the performance measurements for the goals to be used in the 2011 biennium and report on the division's progress on the performance measurement to the Legislative Finance Committee.

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					2,017,326					2,049,707
Vacancy Savings					(444,988)					(446,288)
Inflation/Deflation					17,978					21,829
Fixed Costs					51,258					60,588
Total Statewide Present Law Adjustments		\$239,536	\$622,539	\$779,499	\$1,641,574		\$244,268	\$650,196	\$791,372	\$1,685,836
DP 7101 - Fuel Inflation Reduction	0.00	(108)	(212)	(242)	(562)	0.00	(126)	(243)	(275)	(644)
DP 70001 - Increased Federal Spending Authority For WIC	0.00	0	0	1,979,255	1,979,255	0.00	0	0	3,043,708	3,043,708
DP 70003 - Increased Authority for Children's Special Health	0.00	0	200,000	0	200,000	0.00	0	200,000	0	200,000
DP 70008 - Adolescent Immunization Outreach Program	0.00	0	0	57,486	57,486	0.00	0	0	57,486	57,486
DP 70011 - Authority for Laboratory to Cover Increased Expens	0.00	0	125,000	0	125,000	0.00	0	125,000	0	125,000
DP 70020 - Reduce Environmental Lab Base Budget	0.00	(349,990)	0	0	(349,990)	0.00	(349,990)	0	0	(349,990)
DP 70029 - Tobacco Prevention Activities	0.00	0	0	0	0	0.00	0	0	0	0
DP 70100 - Newborn Screening Follow-Up Program	0.00	0	161,980	0	161,980	0.00	0	161,980	0	161,980
Total Other Present Law Adjustments	0.00	(\$350,098)	\$486,768	\$2,036,499	\$2,173,169	0.00	(\$350,116)	\$486,737	\$3,100,919	\$3,237,540
Grand Total All Present Law Adjustments	0.00	(\$110,562)	\$1,109,307	\$2,815,998	\$3,814,743	0.00	(\$105,848)	\$1,136,933	\$3,892,291	\$4,923,376

DP 7101 - Fuel Inflation Reduction - The bill includes a reduction in funding for gasoline and diesel by the amount these two expenditure categories were increased in the statewide present law adjustment for inflation. The effect is to apply no inflation adjustment to these two expenditure categories.

DP 70001 - Increased Federal Spending Authority For WIC - The bill includes \$1,979,255 in FY 2010 and \$3,403,708 in FY 2011 in federal spending authority for an estimated 5 percent increase for the Montana WIC program. The increase is anticipated federal support for food dollars, and is for an average of past increases. Montana's federal WIC budget increased four times and decreased twice in the last six years. The latest increase of 8 percent between 2007 and 2008 was attributable to the increase in the cost of food. The 5 percent increase approximates the average change over the last seven years.

DP 70003 - Increased Authority for Children's Special Health - The bill provides \$200,000 for each year of the biennium in state special spending authority for anticipated increases in billing revenue for Children's Special Health Care Needs Clinics. The department provides for the metabolic and cleft cranio facial clinics in the state, and bills for those services. Clinic visits have increased each year; there were 2,202 completed visits in CY2005, 2,455 in CY 2006 and 2,732 in CY 2007. PHSD estimates CSHS clinics visits will increase by 5 percent each year of the biennium.

DP 70008 - Adolescent Immunization Outreach Program - The bill includes \$57,486 in federal spending authority for each year of the biennium to develop an adolescent project to improve outreach to the adolescent population and improve the vaccination status for tetanus, diphtheria, whooping cough, meningitis, human papillomavirus, and hepatitis B vaccines to help to lessen the disease burden on these children before they mature into adults. The Centers for Disease

Control and Prevention has instituted a new adolescent immunization program to increase use of newly recommended adolescent vaccines.

DP 70011 - Authority for Laboratory to Cover Increased Expense - The bill provides \$125,000 each year of the biennium to meet projected increases in DPHHS laboratory supplies and other operating expenses. The expenses for laboratory supplies and other operating expenses are expected to increase an estimated 4 percent or \$125,000 each year. This estimate is based on maintaining level test volumes. The increased expenses will be covered by increased laboratory fees.

DP 70020 - Reduce Environmental Lab Base Budget - In FY 2008, the environmental lab received a program transfer of general fund, which was incorporated into the 2008 base budget. The bill reduces the base budget by \$349,990 to align the budget and funding to the amounts approved by the legislature for FY 2008.

DP 70029 - Tobacco Prevention Activities - This decision package line items and restricts tobacco settlement cessative and prevention funds to provide \$90,000 each year of the biennium for each of the eight Montana tribes. The state special revenue funds are used to support tribal tobacco use prevention programs at the same levels provided by the 2007 Legislature.

DP 70100 - Newborn Screening Follow-Up Program - The bill includes appropriations of \$161,980 in tobacco settlement trust interest to support the annualization of costs for providing comprehensive newborn screening and follow-up of newborns identified with abnormal conditions from a panel of 28 mandatory tests and a hearing screening.

New Proposals

New Proposals	-----Fiscal 2010-----					-----Fiscal 2011-----					
	Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 8101 - Increasing 4% Vacancy Savings to 7%	07	0.00	(33,814)	(90,473)	(209,468)	(333,755)	0.00	(33,897)	(90,736)	(210,090)	(334,723)
DP 70004 - Emergency Dept/Hosp Discharge Data Surveillance	07	0.00	0	150,000	0	150,000	0.00	0	150,000	0	150,000
DP 70005 - Establish Injury Prevention Program	07	1.00	0	125,000	0	125,000	1.00	0	125,000	0	125,000
DP 70007 - Cont. 2009 Bien. Funds: Offset Contraceptive Costs	07	0.00	500,000	0	0	500,000	0.00	500,000	0	0	500,000
DP 70013 - National Laboratory Systems (NLS) Grant	07	0.00	0	0	199,542	199,542	0.00	0	0	199,542	199,542
DP 70014 - MT Health Professional Recruit/Reten Incentive Pgm	07	0.00	0	75,000	0	75,000	0.00	0	75,000	0	75,000
DP 70015 - Increased Funding for HIV Treatment	07	0.00	0	84,000	0	84,000	0.00	0	84,000	0	84,000
DP 70016 - Local WIC Farmer's Market Support	07	0.00	0	30,000	0	30,000	0.00	0	30,000	0	30,000
DP 70019 - Adolescent Immunization	07	0.00	0	400,000	0	400,000	0.00	0	400,000	0	400,000
DP 70021 - Nutrition and Physical Activity Program	07	0.00	0	0	373,960	373,960	0.00	0	0	373,960	373,960
DP 70022 - Restore General Fund for Public Health Labs	07	0.00	330,000	0	0	330,000	0.00	330,000	0	0	330,000
DP 70023 - Family Planning Waiver - Biennial	07	0.00	0	0	0	0	0.00	0	0	500,000	500,000
DP 70028 - Funding Switch for Home Health Visiting/MIAMI	07	0.00	(554,116)	554,116	0	0	0.00	(554,239)	554,239	0	0
DP 70045 - Remove FTE Positions Vacant Over Two Years	07	(2.02)	(4,194)	(40,520)	(50,572)	(95,286)	(2.02)	(4,195)	(40,532)	(50,589)	(95,316)
Total		(1.02)	\$237,876	\$1,287,123	\$313,462	\$1,838,461	(1.02)	\$237,669	\$1,286,971	\$812,823	\$2,337,463

DP 8101 - Increasing 4% Vacancy Savings to 7% - The bill includes an additional 3 percent per year to the 4 percent personal services vacancy savings reduction contained in the statewide present law adjustment.

DP 70004 - Emergency Dept/Hosp Discharge Data Surveillance - The bill provides an appropriation of \$150,000 for each year of the biennium in tobacco settlement funds allocated to prevention and cessation programs. The funds support operational costs and contracted services to be provided by the Montana Hospital Association (MHA) to fully implement an emergency department and hospital discharge monitoring system within DPHHS. Availability of emergency department and hospitalization claims data is essential to monitor the health status of Montanans and to guide actions by the department and other health organizations to improve health and inform policy deliberations and legislation.

The following information was provided so that the legislature could consider various performance measurement principles when it examined this proposal. It is as submitted by the agency, with editing by LFD staff as necessary for brevity and/or clarity.

Justification: Monitoring is critical to guide actions by the DPHHS and other health organizations to improve health and inform policy deliberations and legislation. There are a number of data sources available to help achieve this goal including vital records (births and deaths) and the cancer registry. The major gap in PHSD ability to effectively assess the health status of Montanans is the absence of timely, thorough, morbidity data. For example, the number of deaths due to unintentional poisoning in Montana has been increasing. Using death records PHSD can tell that this increase began in 1999, and that the use of prescription drugs is related to this increase. However, important morbidity data to investigate this problem for the general Montana population are not available. Availability of emergency department and hospitalization claims data could provide the missing morbidity data and is essential to monitor the health status of Montanans. DPHHS has worked with the existing hospitalization data maintained by the MHA for some of Montana hospitals. Limitations in the current form of MHA hospitalization data currently prohibit this type of investigation. The MHA and the participating hospitals have done a tremendous amount of work to establish a limited hospital discharge data system. However, a number of essential improvements to this system that would increase the quality and usefulness of both the hospital and emergency department data are needed. Information derived from this data will support the design and evaluation of prevention activities.

As with all public health monitoring data, this information would be analyzed in aggregate, maintaining individual patient confidentiality and strictly following federal and state standards such as HIPAA. DPHHS collects identifiers for other reportable conditions including communicable diseases and cancer and has had no issues or problems with maintaining patient confidentiality.

Program Outcomes: The goals of this proposal are to:

- Establish a statewide reporting of emergency department and hospital discharge data to DPHHS
- Conduct regular data analyses and disseminate reports to key stakeholders to guide actions by DPHHS and other health organizations to improve health and inform policy deliberations and legislation.

Outcome Measures: Progress toward meeting these goals will be achieved by meeting the following objectives.

- By June 2010, all hospitals in Montana (excluding federal and state hospitals) will submit hospital discharge data to DPHHS
- By June 2011, all hospitals in Montana (excluding federal and state hospitals) will submit emergency department discharge data to DPHHS
- Ongoing, DPHHS will publish and disseminate quarterly reports utilizing the emergency department and hospital discharge data to assess the health status of Montanans
- Ongoing, DPHHS staff for this program will work collaboratively with other state and local public health programs, and other health organizations to support the utilization of emergency department and hospital discharge data

Milestones: To achieve the objectives listed above the following activities will need to be completed:

- By September 2009, hire a qualified epidemiologist to manage the program
- By September 2009, establish administrative rules for this program
- Ongoing, work collaboratively with the Montana Hospital Association to coordinate data collection and reporting

FTE: DPHHS is requesting 1.00 FTE - Epidemiologist to manage this program. This position will be responsible for the overall management of the program including coordination between DPHHS and MHA, data analyses, technical report writing, and providing analytic support to other state and local public health programs, and other health organizations.

Funding: \$150,000 is being requested to establish this program. The funding would support the FTE for the program, a contract with MHA to support data collection from hospitals in Montana, and the dissemination of quarterly technical reports from DPHHS utilizing these data sources.

Challenges: This proposal can be accomplished, but will require a collaborative effort between Montana hospitals, MHA and DPHHS. Based on meeting with MHA, we do not envision any major obstacles. Additionally, other states have successfully implemented emergency department and hospital discharge data programs. As of 2007, the majority of states (39 including the District of Columbia) have legislation in place to require reporting of hospital discharge data. Twenty-eight of those states collect hospital discharge data directly, and 11 contract with private organizations (e.g., hospital associations) for data collection. Additionally, 27 states are collecting emergency room data.

Risks: The primary risk to the state if this program is not implemented will be that the state will continue to not have timely, high quality emergency department and hospital discharge data available to guide actions by DPHHS and other health organizations to improve health and inform policy deliberations and legislation.

DP 70005 - Establish Injury Prevention Program - The bill contains \$125,000 and 1.00 FTE for each year of the biennium in tobacco trust fund interest to establish an injury prevention program for the State of Montana. The funds will be used to establish a core capacity injury prevention program, which will allow DPHHS to initiate public health interventions to reduce the burden of unintentional injury in Montana.

DP 70007 - Cont. 2009 Bien. Funds: Offset Contraceptive Costs - The bill provides \$500,000 in each year of the biennium to continue the one-time only funding authorized by the previous session for increased contraceptive costs. These funds will be used to offset the increased cost of contraceptives for Title X Family Planning Clinics. Contraceptive costs rose 70 percent during FY 2007 and are expected to remain at that level. If the federal Family Planning Waiver is approved in this biennium, general fund (up to \$300,000) can be used for state match with Medicaid funds.

The following information was provided so that the legislature could consider various performance measurement principles when it examined this proposal. It is as submitted by the agency, with editing by LFD staff as necessary for brevity and/or clarity.

Justification - DPHHS contracts with 14 family planning agencies in 25 locations throughout Montana offering comprehensive family planning, medical, counseling and educational services to women in need. These clinics rely on the Federal Title X program which is devoted to the provision of family planning and reproductive health care. In 2006, Montana family planning clinics began experiencing drastically increased prices for contraceptives. The contraceptive patch nearly doubled in price between the second and third quarters of 2006. The price increases for oral contraceptives were more extreme, going from as little as one penny for a month's supply to nearly \$19. Such price fluctuations have continued into 2008. Montana's family planning clinics continue to face a nearly 70 percent increase in costs for contraceptives since 2006. The 2007 Legislature allocated general fund until Montana Plan First, Montana's Section 1115 Family Planning Waiver could be implemented. The Medicaid waiver was submitted July 1, 2008.

Program goals: The goal is to assure that Title X clients have access to affordable contraception.

Outcome measures:

- Title X clinics will report the type and cost of contraception prescribed by Title X providers
- The availability of at least two contraceptive options in each Title X clinic

Milestones:

- Beginning July 1, 2010, funding earmarked for contraceptive purchases will be included in the SFY 2010 Title X contracts
- Quarterly and on-going, contractors will report to the Women's and Men's Health Section on the amount of funding expended for contraception quarterly

FTE: The Women's and Men's Health section will distribute and monitor the funding and the Title X contractor clinics will purchase and distribute the contraceptives.

Funding: Title X contracting agencies purchase contraceptives at lower prices than other clinic and physician sites, and pass those savings on the clients.

Challenges: None anticipated.

Risks: The increase in contraceptive prices jeopardizes the availability of reproductive health services, including low cost contraception, for low-income and uninsured women in Montana.

DP 70013 - National Laboratory Systems (NLS) Grant - The bill provides \$199,542 in federal funding for each year of the biennium to integrate clinical laboratories into public health testing. The purpose of the funding is to facilitate high quality and timely public health laboratory testing that is done in local hospitals and clinics, to facilitate better detection of diseases and tracking of public health threats, and to maintain consistent standards of testing at all clinical laboratories in Montana.

DP 70014 - MT Health Professional Recruit/Reten Incentive Pgm - The bill provides \$75,000 in state special revenue funds in FY 2010 and FY 2011 for the Montana Health Professional Recruitment and Retention Incentive Program. This program would be available to non-physician primary care providers, mental health and dental health providers. Initial implementation would allow for up to 13 providers to receive up to \$5,000 per year for recruitment and retention support. Placement would be limited to facilities and practices in designated shortage areas that have submitted site applications to the federal National Health Service Corp (NHSC). Legislation implementing the program would be developed by DPHHS, in partnership with key partners.

Outcome Indicators:

- By June 30, 2010, increase the number of non-physicians receiving recruitment and retention assistance for practice in designated health professional shortage areas by 10 percent.
- By June 30, 2010, increase the number of Montana facilities and practices authorized as recruitment sites by the NHSC by 10 percent.

DP 70015 - Increased Funding for HIV Treatment - The bill appropriates \$84,000 in tobacco trust fund interest each year of the biennium for a state supported HIV treatment program. The appropriated funds will allow additional uninsured persons access to expensive HIV medication. Federal assistance has not kept pace with rising medication costs and the increasing number of Montanans who are living with HIV. Additional state dollars will supplement the federal funding and help to alleviate a waiting list for medication assistance by serving approximately twelve more individuals.

DP 70016 - Local WIC Farmer's Market Support - The bill contains \$30,000 per year of the biennium in tobacco settlement trust interest for local WIC programs operating Farmer's Market Nutrition Programs (FMNP). In 2007, Montana had seven WIC FMNP Sites that included 10 farmers markets. Montana anticipates that three additional sites would participate in the FMNP if these funds were available. FMNPs offer fresh locally grown products to WIC participants.

DP 70019 - Adolescent Immunization - The bill appropriates \$400,000 each year of the biennium in tobacco trust fund interest to purchase vaccines to support the immunization of adolescents ages 11-12, who are entering grade 7 in Montana. Funds will be used for HPV, Tdap, Hepatitis B, and Meningococcal vaccines, as well as education regarding their importance.

The following information was provided so that the legislature could consider various performance measurement principles when it examined this proposal. It is as submitted by the agency, with editing by LFD staff as necessary for brevity and/or clarity.

Justification: Since 2005, three new vaccines formulated specifically for adolescents have been recommended by the Advisory Committee on Immunization Practices (ACIP). Meningococcal conjugate, acellular pertussis, and for females, human papillomavirus vaccines (HPV) are to be given universally starting at age 11-12 years. The HPV is a three-dose vaccine series that will help prevent genital warts and certain types of cervical cancer. Several counties have experienced pertussis (whooping cough) outbreaks during 2008. This disease has been reported in the middle and high schools. The Immunization Program evaluated the mandated immunization rate for Tetanus/diphtheria/acellular pertussis (Tdap) vaccine in grade 7 for the 2006 and 2007 school years and learned that 24 percent of the children entering grade 7 did not have the vaccine that would protect them from developing pertussis disease, and lessen the disease burden in schools and communities. The Immunization Program would purchase the Tdap vaccine for the children in this age cohort (grades 7 & 8) who were not eligible for the vaccine through existing programs. The series to protect the children from hepatitis B requires 3 doses. However, many children have not completed this series. Hepatitis B is a liver disease that is easily communicated through blood and other body fluids. Meningococcal vaccine is critical to protect adolescents from a bacterial illness that infects the brain and spinal cord. This illness attacks children who live in close contact with others, such as dormitories or middle school lunchrooms. The vaccines are increasingly expensive. For instance, a 17 year old girl or her family could spend \$639.73 to pay for all recommended vaccines. The Immunization Section estimates that 27 percent of adolescents aged 11-26 do not have adequate means for paying for the vaccines recommended by the ACIP.

Program goals: The goals are to assure that all Montana adolescents have access to affordable immunizations regardless of ability to pay and to increase educational activities for adolescent immunizations.

Outcome Measurements:

- Progress will be measured by monitoring adolescent immunization rates measured at the national and state level
- Increasing the number of adolescent immunizations recorded in Montana's Immunization Information System
- Monitoring adolescent immunization education activities

Milestones:

- Vaccine will be purchased starting July 1, 2009 and will be provided to adolescent vaccine providers
- By July 1, 2009 and January 1, for every year thereafter, county contracts will include funding for adolescent educational outreach to health care providers, adolescents and their parents, as well as data collection activities

FTE:

- The project will be overseen by the Adolescent Immunization Coordinator
- The vaccine will be shipped by the Centers for Disease Control and Prevention Contractor
- The Adolescent Immunization Coordinator and county health departments on contract will conduct educational activities
- Health care providers will deliver vaccine

Funding: If this funding is granted, 75 percent would be used to purchase vaccine and 25 percent would be used to contract with county health departments for adolescent immunization educational and data collection activities.

Challenges: None anticipated.

Risks: There have been multiple disease outbreaks in the adolescent age group and if funding is not provided, Montana can expect to see an increase in these disease outbreaks. In Montana, from 2000-2006 there were over 600 cases of pertussis and 41 percent of those infected were ages 11-19 years old. Other states have experienced mumps outbreaks among college students. There have also been measles outbreaks among adolescents in other states.

DP 70021 - Nutrition and Physical Activity Program - The bill provides \$373,960 in each year of the biennium for increased federal spending authority for the Nutrition and Physical Activity program. The Montana Nutrition and Physical Activity Program received an increase in federal funding through their cooperative agreement with the Centers for Disease Control and Prevention.

DP 70022 - Restore General Fund for Public Health Labs - The bill contains \$330,000 for each year of the biennium in general fund support for both the Public Health and Environmental Laboratories. The Laboratory Services Bureau's primary mission is to support public health programs and to provide scientific expertise in emergencies. Fees alone have not covered expenses for the services. Despite several significant fee increases, the DPHHS laboratory fee funds have been short an average of approximately \$180,000 per year over the last 9 years. Negative balances were offset in those years by general fund short term loans and transfers. In addition, \$150,000 per year was added for equipment replacement.

DP 70023 - Family Planning Waiver - Biennial - The bill provides a biennial appropriation to implement Montana Plan First, Montana's Section 1115 Family Planning Waiver which was applied for July 2008. The legislature provided \$500,000 in federal spending authority for the biennium. Once the federal waiver is approved, DPHHS proposes to transfer the funds to the Health Resources Division. If the waiver is approved in this biennium, the executive proposes using up to \$300,000 general fund from DP 70007 (Contraceptive Costs) as state match in this waiver.

The following information was provided so that the legislature could consider various performance measurement principles when it examined this proposal. It is as submitted by the agency, with editing by LFD staff as necessary for brevity and/or clarity.

Justification: The funds will be used to implement Montana Plan First in calendar year 2009, adding to Medicaid approximately 4,000 women of child bearing age with incomes at or below 185 percent FPL. Women eligible for Plan First will receive contraceptives and associated reproductive health services. Implementing this waiver will increase costs during the first year and will provide savings during years 2 through 5.

Program goals:

Goal 1: Improve access to and use of family planning services among women in the target population.

Goal 2: Reduce number of unintended pregnancies for Montana women ages 14 through 44 who live at or below 185 percent FPL.

Goal 3: Improve birth outcomes and women's health by increasing the child spacing interval among women in the target population.

Outcome measures:

The DPHHS Office of Planning, Coordination, and Analysis (OPCA) will manage the evaluation of Montana Plan First. At the end of each waiver year, the OPCA will complete the evaluation and will deliver a report within 90 days of waiver year end. The evaluation will include the number of women served and rate in expenditure growth for family planning services on a per capita basis, using total expenditures recorded during the first year of the demonstration as a baseline. OPCA will also compare the annual rate of growth of actual expenditures with the baseline amount trended forward using the Medical Consumer Price Index (MCPI).

Milestones: Implementation schedule (depending on CMS approval of waiver application):

January through June 2009: Design and implement enhancements to computer system

- Modify the Medicaid Management Information System (MMIS)

- Modify the KIDS eligibility system for Plan First eligibility determination

March through June 2009: Amend Administrative Rules of Montana

March 2009: Hire and train eligibility determination staff

April through June 2009:

- Revise Medicaid client handbook and update client website
- Notify and train providers:
 - Develop provider manual to provide information on covered services, eligible population, and billing procedures
 - Develop and conduct provider trainings regarding eligibility, services, billing procedures, and primary care referrals
- Conduct outreach

July 2009 - begin enrolling women into the waiver.

August through September 2010 - Conduct evaluation

FTE: A current FTE (Program Officer) in the Medicaid Managed Care Bureau will manage Montana Plan First. Eligibility determination for the waiver will be performed by DPHHS employees who currently determine eligibility for other health care programs.

Funding: Requested funding is federal Medicaid funds. The division proposes general fund appropriations included in DP 70007 to provide support for the state matching share. Expending general fund in the first year of the waiver will result in cost savings in waiver years 2 through 5. The federal government matches the cost of services and supplies for family planning at 90 percent for all states; this rate is a clear incentive for states to extend family planning services to eligible women.

Challenges: DPHHS will use targeted outreach to reach potentially eligible women. Targeted outreach in Montana is challenging because of large distances between population centers and sparsely populated rural areas. All Medicaid providers who deliver family planning services will be able to deliver services under the waiver. DPHHS anticipates that private providers, health departments, family planning clinics, and Community Health Centers will provide services to eligible women. Adequate training for these providers will necessitate creative training delivery methods, such as web-based training sessions, training CDs or DVDs, and specialized claims submission training. In addition, providers must be trained in the importance of referrals for primary care services for women who receive family planning services under the waiver.

Risks: Montana's risk in not implementing the family planning waiver is that Medicaid will continue to pay for births to low-income and high-risk women that could have been averted if the waiver had been implemented. A decade of evaluations of states' family planning programs has shown that the investment has prevented unintended pregnancies and abortions, and generated substantial cost savings for states.

DP 70028 - Funding Switch for Home Health Visiting/MIAMI - The bill contains appropriations that fund a portion of the home health visiting and MIAMI programs from the tobacco settlement 32 percent tobacco cessation and prevention funds reducing both general fund by \$230,000 over the biennium and support from the tobacco settlement interest by \$357,283 over the biennium

DP 70045 - Remove FTE Positions Vacant Over Two Years - The bill removes \$4,460 in general fund over the biennium, \$56,798 in state special revenue funds and \$123,801 in federal funds two program specialists and one other professional position that had been open two years.

Language and Statutory Authority

Public Health and Safety Division

Tobacco Prevention Activities includes \$90,000 each year of the biennium for each of the eight Montana tribes. The funding must be used for tribal tobacco use prevention programs that meet the same requirements as other community-based contractors providing tobacco use prevention programs.

Cont. 2009 Bien. Funds: Offset Contraceptive Costs may only be used by Title X clinics for contraceptive costs or as state match for a federal family planning waiver.

Program Budget Comparison

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

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	120.48	120.48	120.73	120.73	120.48	120.73	0.25	0.21%
Personal Services	6,313,406	6,924,954	6,696,861	6,712,099	13,238,360	13,408,960	170,600	1.29%
Operating Expenses	1,531,579	1,585,794	1,870,368	1,870,968	3,117,373	3,741,336	623,963	20.02%
Equipment & Intangible Assets	7,500	7,645	7,500	7,500	15,145	15,000	(145)	(0.96%)
Grants	550,380	539,697	550,380	550,380	1,090,077	1,100,760	10,683	0.98%
Total Costs	\$8,402,865	\$9,058,090	\$9,125,109	\$9,140,947	\$17,460,955	\$18,266,056	\$805,101	4.61%
General Fund	2,478,359	2,734,220	2,735,079	2,703,200	5,212,579	5,438,279	225,700	4.33%
State Special	131,602	140,458	251,871	252,031	272,060	503,902	231,842	85.22%
Federal Special	5,792,904	6,183,412	6,138,159	6,185,716	11,976,316	12,323,875	347,559	2.90%
Total Funds	\$8,402,865	\$9,058,090	\$9,125,109	\$9,140,947	\$17,460,955	\$18,266,056	\$805,101	4.61%

Page Reference

Legislative Budget Analysis, B-145

Funding

The Quality Assurance Division is funded primarily with federal funds (67.5 percent of the 2011 biennium appropriation). General fund supports about 29.8 percent of program costs with the remaining 2.7 percent of budgeted expenditures supported by state special revenues.

General fund supports a portion of the administrative functions, the state match for Medicaid and Title IV-E (foster care) eligible costs, child care and community residential licensure, fair hearings, informal dispute resolutions, mental health evaluations, and program compliance; and the full cost of radiological equipment testing, certificate of need determinations, and state licensure.

State special revenue includes alcohol taxes allocated to DPHHS, lien and estate recoveries for Medicaid services, medical marijuana registry fees, and indirect cost recovery funds. Alcohol taxes fund staff and operational costs for chemical dependency program licensure. Lien and estate funds pay for services to pursue recoveries for the costs of Medicaid, mainly for nursing home services. Medical marijuana registry fees cover the cost of administering the registry.

There are 12 separate federal funding sources in the Quality Assurance Division budget request. Some of the federal sources support more than one function. For instance, Medicaid funds support: 1) third party recovery; 2) the surveillance, utilization, and review unit; 3) the nurse aide registry for nursing homes; and 4) the Department of Justice fraud surveillance contract. Medicaid and Medicare funds support certification of services such as nursing home and home health services. CHIP funds support payment error rate measurement (PERM) testing in FY 2011. Medicare CLIA (clinical laboratory improvement amendments) pays for reviews of some laboratories in order to qualify the labs for federal funding. The rural hospital flexibility grant supports grants and other activities for local hospitals to maintain their critical access hospital status. Childcare discretionary and administrative funding supports licensure of childcare facilities. Title IV E pays the federal share of costs of licensing community residential facilities to provide foster care. Mammography funds pay for contracted inspections of mammography equipment. Federal indirect funding represents the federal share of allocated administrative costs, such as those for fair hearings and administrative costs.

Program Narrative

The bill includes appropriations for the Quality Assurance Division 2011 biennium which are 4.6 percent higher than the 2009 biennium. Half of the overall increase is generated from increases in personal services costs, and the remaining

half of the increase is for operating expenses related to lien and estate recoveries, computer system enhancements for surveillance, and workload increases initiated by the Centers for Medicare and Medicaid (CMS) requirements for federal programs.

The bill contains reductions to general fund of \$134,000 over the biennium. State program budgets are constructed using FY 2008 base expenditure percentages as the funding allocation basis. The general fund reduction funds present law adjustments supported through indirect cost allocations at the FY 2008 base levels rather than higher levels included in the Governor's proposal.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	2,478,359	2,478,359	4,956,718	91.14%	8,402,865	8,402,865	16,805,730	92.01%
Statewide PL Adjustments	331,789	338,650	670,439	12.33%	604,068	621,610	1,225,678	6.71%
Other PL Adjustments	65,671	27,215	92,886	1.71%	92,847	103,324	196,171	1.07%
New Proposals	(140,740)	(141,024)	(281,764)	(5.18%)	25,329	13,148	38,477	0.21%
Total Budget	\$2,735,079	\$2,703,200	\$5,438,279		\$9,125,109	\$9,140,947	\$18,266,056	

Program Indicators

The House Appropriations Committee recommends that the Legislative Finance Committee monitor the Quality Assurance Division using goals selected for the 2009 biennium. The House Appropriations Committee recommends that the Legislative Fiscal Division and the Quality Assurance Division staff determine the performance measurements for the goals to be used in the 2011 biennium and report on the division's progress on the performance measurement to the Legislative Finance Committee.

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					873,348					889,715
Vacancy Savings					(287,470)					(288,123)
Inflation/Deflation					18,043					19,670
Fixed Costs					147					348
Total Statewide Present Law Adjustments		\$331,789	\$2,084	\$270,195	\$604,068		\$338,650	\$2,143	\$280,817	\$621,610
DP 7101 - Fuel Inflation Reduction	0.00	(93)	0	(76)	(169)	0.00	(107)	0	(87)	(194)
DP 80001 - Annualization FTE Utilization	0.25	0	0	13,748	13,748	0.25	0	0	13,753	13,753
DP 80006 - Address CMS Task Orders and Workload	0.00	0	0	59,000	59,000	0.00	0	0	59,000	59,000
DP 80007 - PERM Funding	0.00	56,175	0	(56,175)	0	0.00	12,754	0	(12,754)	0
DP 80008 - Rent Funding	0.00	9,589	222	10,457	20,268	0.00	14,568	337	15,860	30,765
Total Other Present Law Adjustments	0.25	\$65,671	\$222	\$26,954	\$92,847	0.25	\$27,215	\$337	\$75,772	\$103,324
Grand Total All Present Law Adjustments	0.25	\$397,460	\$2,306	\$297,149	\$696,915	0.25	\$365,865	\$2,480	\$356,589	\$724,934

DP 7101 - Fuel Inflation Reduction - The bill provides funding for gasoline and diesel by the amount these two expenditure categories were increased in the statewide present law adjustment for inflation. The effect is to apply no inflation adjustment to these two expenditure categories.

DP 80001 - Annualization FTE Utilization - The bill includes federal support of \$27,501 for 0.25 FTE, funded through the Montana Rural Hospital Flex Grant, to manage increased functions and oversight.

DP 80006 - Address CMS Task Orders and Workload - The bill appropriates \$118,000 in additional federal funding for the biennium for the Certification Bureau to meet the workload demand outlined in the CMS task orders addressing increased technology requirements, increased emergency preparedness planning, and an increased number of health care facility surveys.

DP 80007 - PERM Funding - The PERM audits are performed every three years and take approximately 2 years to complete. In the third year of the cycle, staff does not perform PERM related reviews. FY 2010 is the third year of the current PERM cycle. PERM staff will conduct reviews of eligibility for high cost, complex Medicaid cases in FY 2010. In FY 2011, PERM staff will begin the second PERM review for both the Medicaid and CHIP programs. The bill provides for the changes in funding due to the shifting duties of the staff. The bill includes an increase of \$68,929 in general fund and an offsetting reduction in federal funds over the biennium.

DP 80008 - Rent Funding - The bill includes increases for rent built into the lease agreements for staff offices around Montana.

New Proposals

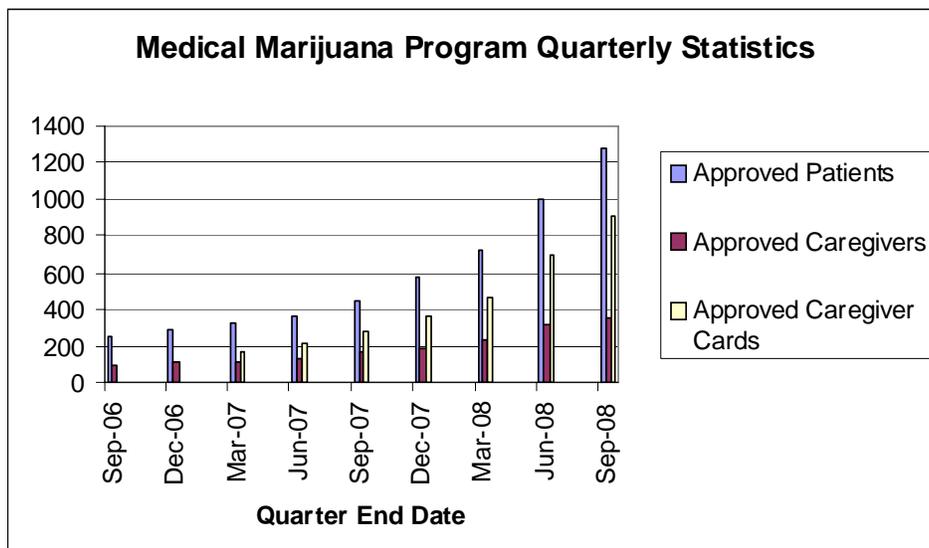
Program	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 8101 - Increasing 4% Vacancy Savings to 7% 08	0.00	(89,297)	(2,730)	(123,593)	(215,620)	0.00	(88,251)	(2,732)	(125,119)	(216,102)
DP 80002 - FTE For Medical Marijuana Program 08	0.50	0	25,043	0	25,043	0.50	0	25,049	0	25,049
DP 80009 - Lien and Estate Funding 08	0.00	0	91,500	91,500	183,000	0.00	0	91,500	91,500	183,000
DP 80010 - Data Systems Maintenance 08	0.00	0	0	0	0	0.00	23,400	0	23,400	46,800
DP 80011 - CHIMES Enhancements 08	0.00	29,250	0	29,250	58,500	0.00	0	0	0	0
DP 80014 - Present Law Funding Shift 08	0.00	(67,896)	4,150	63,746	0	0.00	(66,008)	4,132	61,876	0
DP 80045 - FTE reduction 08	(0.50)	(12,797)	0	(12,797)	(25,594)	(0.50)	(10,165)	0	(15,434)	(25,599)
Total	0.00	(\$140,740)	\$117,963	\$48,106	\$25,329	0.00	(\$141,024)	\$117,949	\$36,223	\$13,148

DP 8101 - Increasing 4% Vacancy Savings to 7% - The bill adds an additional 3 percent per year to the 4 percent personal services vacancy savings reduction contained in the statewide present law adjustment.

DP 80002 - FTE For Medical Marijuana Program - The bill includes support for an additional 0.50 FTE for the Medical Marijuana Program (MMP) to address the increased workload MMP is experiencing due to significant growth in the number of approved patients and caregivers in the program. The funds provided are \$50,092 in state special funds.

The following information was provided so that the legislature could consider various performance measurement principles when it examined this proposal. It is as submitted by the agency, with editing by LFD staff as necessary for brevity and/or clarity.

Justification: Since Montana voters approved the Medical Marijuana Act, the program has increased from 176 patients in FY 2005 to 1006 patients registered in FY 2008. In addition to this increase, the program has also experienced an increase of 124 percent in the number of caregivers on the registry in fiscal year 2008, from 139 to 311. In the four months since the beginning of fiscal year 2009, 416 new patients have been approved for the program, and as of the end of October 2008 the MMP registry had 1424 patients and 413 caregivers on the registry. See chart below.



The growth over the past year has placed significant administrative burden on the Quality Assurance Division to process applications and account for changes in the designation of caregivers. Each year registered patients must renew their status on the registry and pay a fee of \$50.00 for the administration of the registry.

QAD has 0.50 FTE designated for the administration of the MMP. The person responsible for this program is designated as half time on the MMP and half time on the state licensing program for healthcare providers. With the increased workload under the MMP this individual has been working almost full time on the MMP to process all the patient applications and approve caregivers within the statutory timelines. This has resulted in workload issues for the state licensing program that are being addressed by authorization of overtime or compensatory time, or the hiring of temporary staff.

The MMP has grown so much over the past year that it needs the attention of a full time FTE to handle the workload that is expected in the next biennium. QAD has adjusted the workload to address the current and short term needs of the program and with the expected continued growth in the program; a long term solution is needed to make the MMP administration a full time position.

Project Outcome(s):

1. A full time licensing tech allows for program continuity for public inquiry, patient and caregiver contact, law enforcement inquiry and for the processing and approval of registrants and their caregivers, to print and mail registration cards.
2. Designating a full time FTE the program can help ensure registrant's confidentiality, as it is a misdemeanor offence for anyone to broach any registrant's confidentiality.
3. Designating a full time FTE limits the number of staff that may need access to the registry and the administration of "confidentiality statements" for staff that have access to the registry. Please note that temporary staff cannot respond to any law enforcement or patient inquiries. The Montana Medical Marijuana Act permits "employees" of the department to access information on the data base only if their job requires it.

Performance Criteria:

Progress toward meeting each milestone is measured by the immediate completion and implementation of each listed milestone.

Milestones: Key activities to the proposal will be implemented immediately on approval. No staff development or training is required as the individual responsible for the administration of the MMP will be assigned full time to the MMP.

1. Ensure compliance with the timelines established in statute to process, approve, and issue a MMP registry card.
2. Ensure no patient is required to wait for program approval because the program staff is unable to timely process application.
3. Ensure full time staffing of the program to address correspondence and applications in a timely manner.
4. Ensure a full time contact for law enforcement regarding registry information. Available during state government's establish business hours of 8am – 5pm, M-F.

FTE: The work will be performed by the incumbent licensing tech presently performing the work of the registry at a .5 FTE. There will be no recruitment, hiring, or training associated with this request for the MMP. QAD will take the .5 FTE, currently included in the job profile of the incumbent for state licensure functions, and hire this .5 FTE for the administration of the state licensure activities. This is expected to eliminate the need for overtime / compensatory time (CT) or the need for temporary workers to handle the workload of the state licensure program.

Funding: The Medical Marijuana Act at MCA 50-46-210 provides that the MMP is self funded from participant fees of approved patients for all operations cost. Therefore, there is no General Fund cost and the MMP does not utilize federal funding. There is no new revenue source as the program will utilize existing balances from participant fees and future participant fees to fund this increased staffing cost for the program. As of October 2008 the balance from existing

participant fess is approximately \$40,000 and projected revenue from participant fees for fiscal year 2009 is expected to be approximately \$95,000.

Obstacles:

1. Authority to expand the present .5 FTE of the licensing technician to fulltime for the MMP and separate out the remaining .5 FTE and hire new staff to cover the existing workload for the state licensing program.
2. Expected growth in the MMP continues to put pressure on QAD to respond to the program administrative demands and correspondence on a normal 8-5 basis, 5 days a week.
3. If the MMP program continues to experience exponential growth (see chart), additional staff may be needed in the 2013 biennium to efficiently administer the program.

Risk:

1. Without the additional .5 FTE the Quality Assurance Division would have difficulty being responsive to law enforcement enquires for registrant verification in a timely manner. Alternatively law enforcement officials may seek and implement a search warrant for a premise because of the inability to verify a registrant or caregiver with the registry.
2. Without the additional .5 FTE approved patient applications could be delayed in processing resulting in delays in obtaining MMP registry cards that could have a negative impact in that patients ability to lawfully utilize medical marijuana to address their medical condition. Law enforcement may begin a prosecution of someone in the process but not yet placed on the registry
3. Caregiver designations and changes could be delayed resulting in problems for a patient's ability to obtain medial marijuana, and may create law enforcement issues regarding the amount of medical marijuana a caregiver can lawfully possess under the statute.
4. A delay in processing a care giver or patient application could result in legal problems for either the applicant and/or the caregiver.]

DP 80009 - Lien and Estate Funding - The 2007 legislature approved \$366,160 in one time only funding to finalize 76 lien and estate recovery cases that had been outstanding for many years. In FY 2008, the agency closed 53 cases and collected over \$616,000. As of October 2008, there are 62 cases outstanding. The bill provides support to continue this program and includes \$183,000 in state special revenue and \$183,000 federal funds for the biennium.

DP 80010 - Data Systems Maintenance - The bill includes \$46,800 for the biennium, including \$23,400 in general fund and \$23,400 in state special funds, to update and maintain various databases and systems utilized by the TPL unit. The TPL unit is responsible for coordinating with other liable third parties to ensure that Medicaid is the payer of last resort. In order to accomplish these duties the TPL unit relies on various databases and systems to identify liable companies.

DP 80011 - CHIMES Enhancements - Medicaid Eligibility Quality Control (MEQC) and PERM are federally mandated Medicaid recipient audits that require extensive analysis, monitoring, tracking, and correspondence. The bill includes \$29,250 general fund and \$29,250 federal funds to build a MEQC/PERM module within CHIMES. These funds will be used to automate functions that are currently performed manually and will be used to develop an improved tracking and reporting system to replace "home grown" spreadsheets used to monitor activity. By expending these funds the department states it will be able to improve efficiencies and replace vulnerable data systems (spreadsheets) with a maintained and supported system.

DP 80014 - Present Law Funding Shift - The legislature funded present law for the Quality Assurance Division based on FY 2008 base expenditures in lieu of the additional general fund support included by the executive. This action reduced general fund by \$133,904 over the 2011 biennium and increased state special revenue by \$8,282 and federal special revenue support by \$125,622.

DP 80045 - FTE reduction - The bill removes \$22,962 in general funds over the biennium and \$28,231 in federal funds for a third party liability supervisor position that had been open two years.

Program Budget Comparison

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

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	57.10	57.10	57.10	57.10	57.10	57.10	0.00	0.00%
Personal Services	3,655,002	3,788,426	3,763,758	3,777,927	7,443,428	7,541,685	98,257	1.32%
Operating Expenses	15,692,356	15,357,182	12,478,925	12,444,229	31,049,538	24,923,154	(6,126,384)	(19.73%)
Equipment & Intangible Assets	345,287	0	345,287	345,287	345,287	690,574	345,287	100.00%
Grants	0	0	0	0	0	0	0	n/a
Debt Service	244,617	287,531	244,617	244,617	532,148	489,234	(42,914)	(8.06%)
Total Costs	\$19,937,262	\$19,433,139	\$16,832,587	\$16,812,060	\$39,370,401	\$33,644,647	(\$5,725,754)	(14.54%)
General Fund	7,857,242	7,558,505	4,279,990	4,271,133	15,415,747	8,551,123	(6,864,624)	(44.53%)
State Special	1,010,225	739,337	1,083,961	1,082,787	1,749,562	2,166,748	417,186	23.85%
Federal Special	11,069,795	11,135,297	11,468,636	11,458,140	22,205,092	22,926,776	721,684	3.25%
Total Funds	\$19,937,262	\$19,433,139	\$16,832,587	\$16,812,060	\$39,370,401	\$33,644,647	(\$5,725,754)	(14.54%)

Page Reference

Legislative Budget Analysis, B-157

Funding

The Technology Services Division is funded with general fund, state special revenue, and federal funds based upon a complex federally approved cost allocation plan, often referred to as indirect activity. Federal funds account for about 68 percent of the total biennium budget, general fund 26 percent, and state special revenue 6 percent.

Program Narrative

The bill provides \$33.6 million over the biennium, \$22.9 million of which is federal funding for technology projects that have federal matching funds. The federal matching percentage varies, but can be as high as a 90 / 10 federal to state split for Medicaid related projects.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	7,857,242	7,857,242	15,714,484	183.77%	19,937,262	19,937,262	39,874,524	118.52%
Statewide PL Adjustments	271,958	278,938	550,896	6.44%	748,564	765,162	1,513,726	4.50%
Other PL Adjustments	14,558	0	14,558	0.17%	34,166	0	34,166	0.10%
New Proposals	(3,863,768)	(3,865,047)	(7,728,815)	(90.38%)	(3,887,405)	(3,890,364)	(7,777,769)	(23.12%)
Total Budget	\$4,279,990	\$4,271,133	\$8,551,123		\$16,832,587	\$16,812,060	\$33,644,647	

Changes to the Budget for the Biennium

Primary reductions in general fund in this bill include:

- A two percent reduction of about \$7.8 million general fund assessed to DPHHS that is recorded in the TSD budget to be allocated among all divisions
- Elimination of the \$750,000 one-time-only general fund proposal for a health information technology system suggesting that it be funded in HB 645
- Elimination of \$508,000 general fund from the base

- o Increase the 4 percent vacancy savings to 7 percent - \$97,387 general fund, \$43,279 total funds
- o Elimination of overtime costs - \$18,252 general fund and \$47,966 in total funds

The American Recovery and Reinvestment Act

With the exception of the health information technology project, this bill does not address any potential funding from the American Recovery and Reinvestment Act (ARRA).

Program Indicators

Goals and Objectives

The following is the goal, objective, and measurement for the 2011 biennium as the division provided with its budget.

The Subcommittee recommends the goal be tracked and reported to the Legislative Finance Committee over the interim.

Goal: Ensure that information technology resources are efficient, responsive, secure, cost-effective and available when needed

Objective: to continually work to provide state-of-the-art support and service to customers by knowing what our customers want/need and deploying best practices and best technology to meet these needs

The measurements are:

- o Customer satisfaction surveys conducted quarterly for new system developments and semi-annually for other services will receive rating of “agree” or “strongly agree” 85 percent of the time. Baseline surveys will be conducted in the fall of 2008.
- o Keep all development projects at “green light” status with the state CIO’s office at least 70 percent of the time

The base line for the measurements is the fall 2008 Customer Satisfaction Survey for the division, which has been provided.

Present Law Adjustments

The “Present Law Adjustments” table shows the primary changes to the adjusted base budget proposed by the legislature. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

	-----Fiscal 2010-----				-----Fiscal 2011-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					392,045	0.00				407,284
Vacancy Savings					(161,879)	0.00				(162,490)
Inflation/Deflation					8,624	0.00				8,940
Fixed Costs					509,774	0.00				511,428
Total Statewide Present Law Adjustments		\$271,958	\$77,312	\$399,294	\$748,564	0.00	\$278,938	\$78,635	\$407,589	\$765,162
					0	0.00				0
DP 90104 - Universal Serial Bus(USB) Device Encryption (Bien)	0.00	14,558	2,354	17,254	34,166	0.00	0	0	0	0
					0	0.00				0
Total Other Present Law Adjustments	0.00	\$14,558	\$2,354	\$17,254	\$34,166	0.00	\$0	\$0	\$0	\$0
					0	0.00				0
Grand Total All Present Law Adjustments	0.00	\$286,516	\$79,666	\$416,548	\$782,730	0.00	\$278,938	\$78,635	\$407,589	\$765,162

DP 90104 - Universal Serial Bus(USB) Device Encryption (Bien) - The bill provides \$34,166 as a biennial appropriation to install encryption software on agency computers in accordance with state and federal requirements to secure information and data accessed and stored by computer. Funding for the biennium includes \$14,558 general fund, \$2,354 state special revenue, and \$17,254 federal funds. Funding was appropriated based upon an estimated cost of \$34,166 or \$11.00 per computer to install encryption software to limit access by Universal Serial Bus (USB) devices. The TSD is currently responsible for 3,106 computers within the agency.

New Proposals

Program	FTE	-----Fiscal 2010-----				-----Fiscal 2011-----				
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 8101 - Increasing 4 Percent Vacancy Savings to 7 Percent 09	0.00	(48,597)	(9,703)	(63,110)	(121,410)	0.00	(48,790)	(9,737)	(63,342)	(121,869)
DP 90227 - NEDSS Base System (NBS) 09	0.00	37,754	3,773	45,403	86,930	0.00	36,668	3,664	44,098	84,430
DP 90280 - Base Budget Reduction 09	0.00	(254,000)	0	0	(254,000)	0.00	(254,000)	0	0	(254,000)
DP 90285 - Two Percent Reduction 09	0.00	(3,598,925)	0	0	(3,598,925)	0.00	(3,598,925)	0	0	(3,598,925)
Total	0.00	(\$3,863,768)	(\$5,930)	(\$17,707)	(\$3,887,405)	0.00	(\$3,865,047)	(\$6,073)	(\$19,244)	(\$3,890,364)

DP 8101 - Increasing 4 Percent Vacancy Savings to 7 Percent - The bill adds an additional 3 percent per year to the 4 percent personal services vacancy savings reduction contained in the statewide present law adjustment.

DP 90227 - NEDSS Base System (NBS) - The bill appropriates \$171,360 over the biennium for the National Electronic Disease Surveillance System (NEDSS) support and hosting. The NEDSS supports routine surveillance activities associated with the rapid reporting of disease trends to control outbreaks. The NEDSS platform allows states to enter, update, and electronically transmit demographic and notifiable disease data to the Centers for Disease Control and Prevention (CDC).

The agency's Public Health and Safety Division (PHSD) is using a commercial Application Service Provider (APS) to host the NEDSS system. This ASP has to date been free of charge to use. However, since the trial period is completed, states who utilize the commercial ASP will be charged. The appropriation funds the move to a state-hosted platform that is estimated to save \$388,640 over the biennium over the current ASP cost.

DP 90280 - Base Budget Reduction - The bill removes \$254,000 general fund from the base budget each year of the biennium.

DP 90285 - Two Percent Reduction - The legislature approved a two percent general fund reduction for all agencies. The DPHHS share is \$7.2 million over the biennium. The entire amount is included in TSD, but the department may allocate the reduction among all divisions when developing the 2011 biennium operating plans.

Program Budget Comparison

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

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	493.92	493.92	497.92	497.92	493.92	497.92	4.00	0.81%
Personal Services	23,981,359	25,383,197	24,747,408	24,855,467	49,364,556	49,602,875	238,319	0.48%
Operating Expenses	8,602,388	9,891,903	9,558,549	9,676,137	18,494,291	19,234,686	740,395	4.00%
Equipment & Intangible Assets	57,356	15,000	57,356	57,356	72,356	114,712	42,356	58.54%
Benefits & Claims	114,752,238	114,979,411	120,576,376	122,169,360	229,731,649	242,745,736	13,014,087	5.66%
Total Costs	\$147,393,341	\$150,269,511	\$154,939,689	\$156,758,320	\$297,662,852	\$311,698,009	\$14,035,157	4.72%
General Fund	52,551,559	54,188,192	55,302,220	56,236,290	106,739,751	111,538,510	4,798,759	4.50%
State Special	3,685,456	5,251,431	5,559,631	5,560,159	8,936,887	11,119,790	2,182,903	24.43%
Federal Special	91,156,326	90,829,888	94,077,838	94,961,871	181,986,214	189,039,709	7,053,495	3.88%
Total Funds	\$147,393,341	\$150,269,511	\$154,939,689	\$156,758,320	\$297,662,852	\$311,698,009	\$14,035,157	4.72%

Page Reference

Legislative Budget Analysis, B-170

Funding

The costs of this division are driven by the provision of benefits and the staff and contracted providers that deliver them throughout the state. The majority of funding for DSD, 61 percent, comes from federal sources and is used for the direct provision of benefits and client services. General fund provides 35.9 percent of the division's funding. General fund is primarily used to support the Montana Developmental Center and as match to draw down other federal matching programs. The matching ratio for federal programs administered by the division varies. However, the most common ratios are the following:

- Medicaid services are funded at the federal medical assistance participation rate (FMAP), which is generally about 33 percent state funds and 67 percent federal funds (for more information see the Agency Overview section of this narrative)
- Medicaid administrative costs are funded on a 50/50 ratio of state and federal funds
- Vocational Rehabilitation services are funded on a 21/79 ratio of state and federal funds
- Disability determination services are funded entirely with federal funds
- The Montana Developmental Center (MDC) is funded entirely with general fund. Medicaid reimbursements for services provided at MDC are first used to repay bond debt and the remaining balance is deposited in the general fund

Program Narrative

The bill provides \$312 million over the biennium, of which \$189 million is federal funding and \$112 million is general fund.

The bill also provides funding for 4.00 new FTE, three of which are federally funded for disability determination. The fourth position is funded with general fund in support of a transitions coordinator for disabled clients from adolescence to young adults that are using independent living services.

The bill does not address increased services or benefits provided by the American Recovery and Reinvestment Act (ARRA). However, the increased federal match rate for Medicaid will reduce the amount of general fund needed as state Medicaid match in this program. The general fund reduction is included in HB 645. Additionally, ARRA funding for Vocational Rehabilitation, Independent Living, and Early Intervention programs would also be addressed in HB 645.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	52,551,559	52,551,559	105,103,118	94.23%	147,393,341	147,393,341	294,786,682	94.57%
Statewide PL Adjustments	1,100,980	1,202,541	2,303,521	2.07%	898,178	1,016,176	1,914,354	0.61%
Other PL Adjustments	1,616,554	1,989,949	3,606,503	3.23%	3,757,918	4,192,419	7,950,337	2.55%
New Proposals	33,127	492,241	525,368	0.47%	2,890,252	4,156,384	7,046,636	2.26%
Total Budget	\$55,302,220	\$56,236,290	\$111,538,510		\$154,939,689	\$156,758,320	\$311,698,009	

Changes to the Budget for the Biennium

Primary reductions in general fund of \$3.0 million addressed in this bill include:

- \$2.4 million for the removal of the appropriation for overtime and holidays worked
 - The intent is to fund this amount in HB 645 because it is a one-time cost. Contingent voidness conditions were included to ensure funding is not lost.
- \$534,623 for the increase of 4 to 7 percent in vacancy savings
- \$300,000 each year from the Montana Developmental Center and group home costs

This bill also appropriates:

- Present law adjustments of \$7.9 million total funds over the biennium, of which about \$3.6 million is general fund. The most significant appropriations are for:
 - The FMAP adjustment - \$2.1 million
 - Client cost plan increases for community services - \$0.5 million
 - Annualize provider rate increases – about \$1.0 million
- New Proposals of over \$8 million total funds over the biennium of:
 - \$3.5 million for the Disability Services Division caseload increase - including \$1.5 million general fund
 - \$2.0 million for the Developmental Disabilities Program federal funding increase
 - \$1.6 million state special revenue for the Montana Telecommunications Access Program funding increase contingent upon a federal regulation change
 - \$1.2 million state special revenue for the early intervention caseload growth
 - \$ 0.2 million for the Autism Waiver and a transitions coordinator

Program Indicators

Goals and Objectives

The following is the goal and objectives for the 2011 biennium as the division provided with its budget. The Joint Appropriations Subcommittee on Health and Human Services recommends that the goal be tracked and reported to the Legislative Finance Committee during the interim.

Goal: To continuously improve services that help Montanans with disabilities, including transitioning students to live, work, and fully participate in their communities

Objectives and Measurements:

- Vocational Rehabilitation: Assist Montanans with disabilities, including transitioning students into gainful employment
 - Successfully meet federal (VR) standards and indicators
- Montana Telecommunications Access Program: Improve the quality of life of all Montanans with disabilities through education, innovation, and technology by enhancing communication options

- Continuously increase the distribution of equipment to individuals who are eligible for Montana Telecommunications Access
- Disability Determination Services: Provide accurate and timely Social Security Disability adjudications
 - Successfully meet the federal Social Security standards on accuracy rates and timeliness
- Developmental Disabilities Program and Montana Developmental Center (MDC): Continually work to maintain an effective system of community based services for persons with developmental disabilities while emphasizing informed consumer choice and improve, strengthen and protect the well being and self reliance of individuals served at the MDC in an environment of respect and dignity
 - Develop a Medicaid Waiver to more effectively serve individuals with autism
 - Continually work to improve the infrastructure of the division's community based providers
 - Continue to provide services to new individuals on the developmental disabilities waiting list, including those who are transitioning from school to adult life

The division provided specific measures and the federal standards of achievement that will be used as baselines for measurement.

The subcommittee and the division agreed that: 1) MDC and the Disability Services Division community infrastructure would be added to the list of significant department initiatives that would be tracked and reported to the Legislative Finance Committee (LFC) over the biennium; and 2) the division would address the MDC population. The division provided an overview of the concept to begin a planning process to look at strategies that with appropriate funding could lead to plans for reducing the census at MDC. It will provide updates on the progress to the LFC workgroup over the biennium.

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	-----Fiscal 2010-----				-----Fiscal 2011-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					1,906,620	0.00				2,017,616
Vacancy Savings					(1,035,525)	0.00				(1,039,953)
Inflation/Deflation					55,927	0.00				64,827
Fixed Costs					(28,844)	0.00				(26,314)
Total Statewide Present Law Adjustments		\$1,100,980	\$15,129	(\$217,931)	\$898,178	0.00	\$1,202,541	\$15,791	(\$202,156)	\$1,016,176
					0	0.00				0
DP 7101 - Fuel Inflation Reduction	0.00	(5,132)	(802)	(102)	(6,036)	0.00	(5,890)	(921)	(118)	(6,929)
DP 10001 - FMAP Adjustment	0.00	875,591	0	(875,591)	0	0.00	1,241,563	0	(1,241,563)	0
DP 10002 - Annualization of Community Service Cost Plans	0.00	260,534	0	541,602	802,136	0.00	264,224	0	537,912	802,136
DP 10003 - Annualize DSD Provider Rate Increases	0.00	462,710	467,761	897,744	1,828,215	0.00	501,937	467,761	858,517	1,828,215
DP 10006 - Disability Determination Services Base Adjustments	0.00	0	0	152,984	152,984	0.00	0	0	270,198	270,198
DP 10007 - FTE for Disability Determination	3.00	0	0	183,702	183,702	3.00	0	0	183,762	183,762
DP 10018 - MDC Utilization Fee, Medicaid Reimbursement Adjust	0.00	100,793	0	600,621	701,414	0.00	100,793	0	915,877	1,016,670
DP 10019 - Restore Zero-Based Personal Services at DDS	0.00	0	0	95,503	95,503	0.00	0	0	98,367	98,367
DP 10039 - Adjust Medicaid FMAP	0.00	(77,942)	0	77,942	0	0.00	(112,678)	0	112,678	0
					0	0.00				0
Total Other Present Law Adjustments	3.00	\$1,616,554	\$466,959	\$1,674,405	\$3,757,918	3.00	\$1,989,949	\$466,840	\$1,735,630	\$4,192,419
					0	0.00				0
Grand Total All Present Law Adjustments	3.00	\$2,717,534	\$482,088	\$1,456,474	\$4,656,096	3.00	\$3,192,490	\$482,631	\$1,533,474	\$5,208,595

DP 7101 - Fuel Inflation Reduction - The bill reduces funding for gasoline and diesel by the amount these two expenditure categories were increased in the statewide present law adjustment for inflation. The effect is to apply no inflation adjustment to these two expenditure categories.

DP 10001 - FMAP Adjustment - The bill appropriates an increase in general fund of \$2,117,154 over the biennium, with an offsetting decrease in federal Medicaid funds, due to a projected change in Federal Medical Assistance Percentage (FMAP) rates for FY 2010 and FY 2011.

At the time of budget submission, the projected FMAP rate for FY 2010 was projected at 67.52 percent and 67.06 percent for FY 2011, as compared to the base year FMAP of 68.62 percent for FY 2008. This equated to an increase in general fund in FY 2010 of \$875,591 and FY 2011 of \$1,241,563 to maintain current level activities.

The general fund reduction due to the American Recovery and Reinvestment Act (ARRA) would be included in LC 2314.

DP 10002 - Annualization of Community Service Cost Plans - The bill provides about \$1.6 million total funds over the 2011 biennium, including just over \$0.5 million general fund, to support annualized cost plans for individuals who entered developmental disability community services during FY 2008. Funding is at the Medicaid program matching rate.

The following information was provided so that the legislature could consider various performance measurement principles when it examined this proposal. It was submitted by the agency, with editing by LFD staff as necessary for brevity and/or clarity.

Justification: In the 2007 session, the Developmentally Disabled Program (DDP) was appropriated \$1.6 million each year of the 2009 biennium to address the wait-list, with which it placed 21 individuals into community service settings in FY 2008. These individuals entered services at different times throughout FY 2008. As a means to fund the individual cost plans through FY 2009, DDP spent \$1.0 million (\$320,080 general fund) in FY 2008 to ensure sufficient funding for the individuals' ongoing cost plan needs of \$1.8 million (\$571,774 general fund).

The funds requested in this decision package provide the difference between base-year spending and ongoing cost plan needs, with an adjustment for FMAP changes.

Goal: To continue to serve individuals already in DDP community service settings at the level of service they are currently receiving.

Performance Criteria: Individuals already in DDP community services will continue to receive appropriate care as authorized by the program's rules. Staff will monitor program budgets monthly to insure that the program is operating within funding levels as appropriated.

Obstacles and Risks: There is a shortage of providers who are willing and able to provide these services. Without increased funding it is expected that expenditures would exceed the budgeted authority because these individuals are already in ongoing community services. If resources are not available to continue to provide these services, the program may have to reduce or cut services in other areas. Reducing or cutting services is not recommended, since services have been limited to those who are in greater need. Those in need of, but not receiving community services are more likely to experience an episode that could result in a commitment to MDC.

DP 10003 - Annualize DSD Provider Rate Increases - The bill approves \$3.6 million total funds over the biennium to annualize the rate increases authorized by the 2007 Legislature, which were to be phased in over the 2009 biennium. Funding includes just over \$0.9 million general fund and \$0.9 million state special revenue tobacco tax funding.

The 2007 Legislature appropriated two provider rate increases to the DDP: 1) an agency-wide provider rate increase, and 2) an increase that was included in the rate rebasing request. The appropriation included increases from FY 2008 to FY 2009. This appropriation allows the division to continue provider rates into the 2011 biennium at the same level approved for FY 2009.

DP 10006 - Disability Determination Services Base Adjustments - The bill provides an increase in federal funds over the biennium for the Disability Determination Services (DDS). The appropriation supports: 1) federally mandated medical consultant reviews that are paid through contracts mandated by state law - about \$0.4 million over the biennium; 2) rent for the DDS office on Prospect Avenue in Helena projected to increase to \$168,796 for FY 2010 and \$172,179 for FY 2011; and 3) support for disability claimants who are required to travel to consultative examinations and are reimbursed for their expenses at state per diem rates - about \$49,918 over the biennium.

DP 10007 - FTE for Disability Determination - The bill provides an increase of over \$0.3 million in federal funds over the biennium for 3.00 FTE claims adjudicators in disability determination services. The Social Security Administration, the federal oversight agency for DDS, approved 3.00 FTE and federal funding is available.

DP 10018 - MDC Utilization Fee, Medicaid Reimbursement Adjust - The bill appropriates \$201,585 general fund and \$1.5 million federal Medicaid funds over the biennium for: 1) the nursing facility utilization fee; and 2) an increase in federal Medicaid funds that are deposited as revenue into the general fund. The nursing facility utilization fee, which is commonly called the bed-tax payment, is estimated to be \$100,793 in both FY 2010 and FY 2011. The Medicaid reimbursement is projected to be \$600,621 in FY 2010 and \$915,877 in FY 2011.

DP 10019 - Restore Zero-Based Personal Services at DDS - The bill provides nearly \$0.2 million federal funds over the biennium for Disability Determination Services to adjust for zero-based personal services funding to process the workload in an electronic environment and to meet Social Security Administration (SSA) required productivity levels.

Overtime, differential, holiday, and associated personal service benefit payments are zero based and must be requested each biennium.

DP 10039 - Adjust Medicaid FMAP - This amendment corrects an entry in the general fund and federal funds made in budget development.

New Proposals

Program	-----Fiscal 2010-----					-----Fiscal 2011-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
DP 8101 - Increasing 4 Percent Vacancy Savings to 7 Percent	10	0.00	(266,833)	(7,913)	(158,273)	(433,019)	0.00	(267,790)	(7,928)	(158,749)	(434,467)
DP 10008 - Disability Services Div. Caseload Adjustments	10	0.00	499,999	0	623,311	1,123,310	0.00	960,012	0	1,430,820	2,390,832
DP 10011 - Autism Waiver	10	0.00	50,000	0	103,941	153,941	0.00	50,000	0	101,791	151,791
DP 10012 - Transitions Coordination (Restricted/OTO)	10	1.00	50,004	0	0	50,004	1.00	50,019	0	0	50,019
DP 10015 - MTAP New Technologies (Biennial)	10	0.00	0	800,000	0	800,000	0.00	0	800,000	0	800,000
DP 10016 - Developmental Disabilities Program - Fed. Funding	10	0.00	0	0	1,000,000	1,000,000	0.00	0	0	1,000,000	1,000,000
DP 10020 - Early Intervention Caseload Growth	10	0.00	0	600,000	0	600,000	0.00	0	600,000	0	600,000
DP 10025 - Reduce Funding for the Autism Waiver	10	0.00	0	0	(103,941)	(103,941)	0.00	0	0	(101,791)	(101,791)
DP 10027 - Reduce Funds for MDC and Bozeman Gr. Home	10	0.00	(300,043)	0	0	(300,043)	0.00	(300,000)	0	0	(300,000)
DP 10037 - Structural Balance Adjustment - Reduce 2013 Budget	10	0.00	0	0	0	0	0.00	0	0	0	0
Total	1.00	\$33,127	\$1,392,087	\$1,465,038	\$2,890,252	\$2,890,252	1.00	\$492,241	\$1,392,072	\$2,272,071	\$4,156,384

DP 8101 - Increasing 4 Percent Vacancy Savings to 7 Percent - The bill adds an additional 3 percent per year to the 4 percent personal services vacancy savings reduction contained in the statewide present law adjustment.

DP 10008 - Disability Services Div. Caseload Adjustments - The bill provides over \$3 million for the biennium to support caseload growth in the Disability Services Division in the 2011 biennium. There are three parts to this request: 1) \$3 million to assist individuals waiting to receive developmentally disabled (DD) community services and those in need of case management services; 2) \$0.3 million to provide services for people with severe disabilities who wish to work but need training and other supports in order to do so; and 3) \$0.1 million to provide independent living assistance to Montanans with disabilities. The following figure shows the funds for each component.

The following information was provided so that the legislature could consider various performance measurement principles when it examined this proposal. It was submitted by the agency, with editing by LFD staff as necessary for brevity and/or clarity.

Components of DP 10008 - Caseload Adjustments		
Components	FY 2010	FY2011
Reducing the Wait-List		
General Fund	\$289,072	\$680,256
Medicaid	<u>600,928</u>	<u>1,384,881</u>
	\$890,000	\$2,065,137
Case Management or Crisis		
General Fund	\$10,767	\$25,760
Medicaid	<u>22,383</u>	<u>45,939</u>
	\$33,150	\$71,699
Extended Employment		
General Fund	\$100,160	\$212,047
Independent Living		
General Fund	<u>\$100,000</u>	<u>\$41,949</u>
Total General Fund	\$499,999	\$960,012
Total Medicaid	<u>623,311</u>	<u>1,430,820</u>
Total Amount	<u>\$1,123,310</u>	<u>\$2,390,832</u>

Justification:

Developmental Disability Program

As of November 2008, there are approximately 497 individuals on the waiting list for DD community services that are currently receiving no services.

Goal: To provide high quality services to over 4,000 individuals currently in DDP community services, and expand services by removing individuals off of the DDP wait list and into community services as funding allows.

Performance Criteria and Milestones: Individuals already in DDP community services will continue to receive appropriate care as authorized by the program's rules. Staff will monitor program budgets monthly to insure that the program is operating within funding levels as appropriated.

Obstacles and Risks:

- There is a shortage of providers who are willing and able to provide these services
- DDP community services are not entitled services and if community services aren't provided by the state for those in need, there is a risk of having individuals being committed to MDC, often at a greater cost than funding for community services

Extended Employment:

The extended employment program provides the supports necessary for people with the most severe disabilities, who cannot be readily placed in the competitive market, to work in either sheltered or supported community employment settings. Federal regulations require VR to close or cease federally funded services when an individual with severe disabilities is stabilized on the job. The increased general fund would serve additional individuals with severe disabilities whose federal support has ended. It supports things like ongoing services beyond initial job placement, training and/or stabilization such as a job coach for a person with brain injury to develop and maintain their job skills and develop accommodations around a changing work environment. When services for long-term support are not available, individuals who have expressed a desire to go to work are placed on a waiting list for extended employment services.

Independent Living:

The Independent Living (IL) Program provides individuals with services including referrals to appropriate agencies for assistance, resource development, basic skills training, employment and benefits planning, education assistance and planning, assistance with accessibility issues, and personal care assistance. State general funds for IL are used to provide independent living assistance to 406 Montanans with disabilities, including included 167 new independent living clients. These individuals entered services at different times throughout FY 2008

Goal: To move towards equalization of the base funding for each of the four regional centers for independent living and to increase the number of Montanans with disabilities served by the centers by 24 in FY 2010 and 50 in FY 2011.

Performance Criteria: Individuals already in independent living services will continue to receive appropriate services as authorized by the program's rules and an additional 25 new individuals with disabilities will be served by the end of the 2011 biennium.

Obstacles and risks: There is a shortage of staff willing and able to provide these services. Without an increase in funding, access to independent living services would possibly be decreased. Montanans with severe disabilities would be less likely to function independently in their community and be at risk for institutionalization or other restricted living circumstances.

DP 10011 - Autism Waiver - The bill provides \$305,732 of general fund and federal funds over the biennium to increase support for the Human and Community Services waiver for children with autism. The autism waiver would start mid FY 2009 with annual funding of \$1.9 million, and the ability to serve 50 children annually. The average cost per child for the autism waiver is approximately \$40,000 per year. The funding would provide services for an additional four children in the waiver for each year of the biennium. Funding is \$100,000 general fund and \$205,732 federal funds over the biennium.

The following information was provided so that the legislature could consider various performance measurement principles when it examined this proposal. It was submitted by the agency, with editing by LFD staff as necessary for brevity and/or clarity.

Justification: This proposal would add four children under age five into autism waiver services, assuming that the autism waiver is approved by July 2009. Data shows that early, intense services make a significant improvement in the functioning and coping skills of an autistic child. The improvement of these skills leads to a reduction of lifelong services that the child would need otherwise and creates significant cost savings.

Goal: To provide services to four additional children under the autism waiver.

Performance Criteria and milestone: The measure of progress for this goal is whether or not four additional children are screened into the autism waiver and receive services by 12/31/09, assuming that the autism waiver is approved by 7/1/09.

Obstacles and Risks: The obstacle to implementing this proposal would be not receiving approval of the autism waiver. The risk of not adopting this proposal is that there would be four less children that receive these services, which could result in an increase in required services and costs to serve these children as they age.

DP 10012 - Transitions Coordination (Restricted/OTO) - The legislature provided \$50,000 general fund each year of the biennium to support a disabilities transition coordination position to facilitate cooperation and coordination among all levels of government, as well as between the private and public sectors. The coordinator would also administer the Montana Youth Transitions Web Site, coordinate the annual conference and a statewide Disability Mentoring Day, and conduct regional meetings related to the topic of transition.

DP 10015 - MTAP New Technologies (Biennial) - The bill provides a biennial appropriation of \$1.6 million state special revenue authority for the Montana Telecommunications Access Program (MTAP) that is contingent upon passage of federal communication regulations requiring states to pay for new technologies related to video relay service (VRS) and internet protocol relay (IP). The amount of this appropriation, if accessed, would leave a projected fund balance at the end of FY 2011 of \$0.2 million.

DP 10016 - Developmental Disabilities Program - Fed. Funding - The bill appropriates \$2 million federal authority over the biennium to provide for increases in federal grants or to maximize general fund under the Home and Community Based Waiver that have already been appropriated. This waiver is used to fund services to individuals with developmental disabilities. The federal authority would not require any future commitment of general fund dollars.

In the past, the Developmental Disabilities Program (DDP) has been appropriated federal spending authority to pursue additional federal revenue as long as the added funding did not require the state to increase the commitment of general fund. The DDP has been successful at securing additional federal funds within the limitations imposed by the legislature.

DP 10020 - Early Intervention Caseload Growth - The bill appropriates over \$1.2 million of Tobacco Settlement Trust Fund Interest over the biennium to support caseload growth in the Part C Early Intervention Program. The Part C program is an entitlement for eligible recipients served by providers through outreach efforts. The average expenditures per child per year were \$2,337 in FY 2004 and the average expenditures per child per year were \$2,051 in FY2008.

The Part C program has experienced an average of 3.7 percent growth per year (14.7 percent cumulative) in the number of clients from FY 2004 through FY 2008 with an average 1.4 percent growth per year (5.6 percent cumulative) in funding.

DP 10025 - Reduce Funding for the Autism Waiver - The bill removes \$205,732 in federal funds over the biennium from the Autism Waiver.

DP 10027 - Reduce Funds for MDC and Bozeman Group Home - The bill reduces general fund for the Montana Developmental Center by \$200,000 and for the Bozeman Group Home by \$400,000 over the biennium.

DP 10037 - Structural Balance Adjustment - Reduce 2013 Budget - The bill shifts \$13.6 million total funds, including \$4.5 million general fund of the DSD budget into a one-time-only appropriation. This action maintains services throughout the 2011 biennium, but lowers the 2013 biennium budget starting point. The legislature also adopted language in the companion bill to HB 2 directing DPHHS to identify, evaluate, and recommend budget reductions for consideration by the 2011 Legislature.

Language and Statutory Authority

"Funding for the MTAP New Technologies includes \$800,000 in biennial state special revenue in fiscal year 2010 and fiscal year 2011 for the Montana telecommunications access program that is contingent upon passage of federal communication commission regulations requiring states to pay for new technologies related to video relay service (VRS) and internet protocol relay (IP).

Provider Rate Increase may be used only to raise rates paid to providers.

If HB 645 does not include \$5,246,224 of general fund money in fiscal year 2010 and \$5,271,854 of general fund money in fiscal year 2011 to fund overtime pay for programs and state institutions administered by the Department of Public Health and Human Services, then Human and Community Services Division is increased by \$13,200 of general fund money in fiscal year 2010 and by \$13,200 of general fund money in fiscal year 2011, Child and Family Services Division is increased by \$162,322 of general fund money in fiscal year 2010 and by \$162,322 of general fund money in fiscal year 2011, Disability Services Division is increased by \$1,181,084 of general fund money in fiscal year 2010 and by \$1,181,084 of general fund money in fiscal year 2011, Senior and Long-Term Care Division is increased by \$380,165 of state special revenue in fiscal year 2010 and by \$389,160 of state special revenue in fiscal year 2011, and Addictive and Mental Disorders Division is increased by \$3,266,263 of general fund money and by \$243,190 of state special revenue in fiscal year 2010 and by \$4,275,600 of general fund money and \$250,488 of state special revenue in fiscal year 2011.

Language in HB 2 also appropriates funds for a 1 percent annual provider rate increase if HB 645 does not include a certain level of funding for provider rate increases. The language and appropriation amounts are included in the agency overview."

Program Budget Comparison

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

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	86.00	86.00	84.00	84.00	86.00	84.00	(2.00)	(2.33%)
Personal Services	3,931,820	4,824,779	4,687,978	4,704,525	8,756,599	9,392,503	635,904	7.26%
Operating Expenses	9,983,559	8,891,704	13,756,715	17,226,929	18,875,263	30,983,644	12,108,381	64.15%
Equipment & Intangible Assets	5,535	0	5,535	5,535	5,535	11,070	5,535	100.00%
Grants	645,569	189,278	645,569	645,569	834,847	1,291,138	456,291	54.66%
Benefits & Claims	472,602,973	600,772,781	509,786,757	554,324,739	1,073,375,754	1,064,111,496	(9,264,258)	(0.86%)
Transfers	0	0	0	0	0	0	0	n/a
Debt Service	0	2,282	0	0	2,282	0	(2,282)	(100.00%)
Total Costs	\$487,169,456	\$614,680,824	\$528,882,554	\$576,907,297	\$1,101,850,280	\$1,105,789,851	\$3,939,571	0.36%
General Fund	107,427,618	137,625,754	130,548,099	143,106,887	245,053,372	273,654,986	28,601,614	11.67%
State Special	39,209,729	53,486,558	33,452,250	36,727,807	92,696,287	70,180,057	(22,516,230)	(24.29%)
Federal Special	340,532,109	423,568,512	364,882,205	397,072,603	764,100,621	761,954,808	(2,145,813)	(0.28%)
Total Funds	\$487,169,456	\$614,680,824	\$528,882,554	\$576,907,297	\$1,101,850,280	\$1,105,789,851	\$3,939,571	0.36%

Page Reference

Legislative Budget Analysis, B-200

Funding

The Health Resources Division (HRD) 2011 biennium budget totals \$1.1 billion, including \$273.7 million general fund. Medicaid state plan services (hospital, physician, and prescription drugs) and children's mental health Medicaid services are the most significant components of the budget (about \$250.0 million general fund). Other programs administered by HRD include Healthy Montana Kids (Children's Health Insurance Program and Medicaid for children); the Big Sky Rx program that provides premium assistance to low income persons for Medicare Part D drug premium assistance; and the PharmAssist program that provides pharmacy consultations for persons.

The 2011 biennium budget is \$3.9 million greater than the 2009 biennium budget. One of the main reasons that the biennial increase is so small is that FY 2008 Medicaid costs were much lower than projected. Nationwide Medicaid enrollment declined and Medicaid drug costs also declined due to implementation of the Medicare Part D prescription drug program. Both of these declines were unanticipated by Medicaid programs across the U.S. Both the FY 2010 and FY 2011 appropriations are lower than the FY 2009 appropriation due almost entirely to lower Medicaid costs in FY 2008.

General fund increases \$28.6 million between biennia, offset by reductions in state special and federal revenue. State special revenue declines are due in part to much lower expenditures in Big Sky Rx compared to appropriation levels and lower expenditures than anticipated with the increase in Medicaid eligibility from 133 to 150 percent of the federal poverty level for pregnant women and infants under 1 year old. Federal funds decline due to the reduction in the federal Medicaid match rate, which also contributes to general fund increases. Part of the state special and federal revenue reductions are due to an error in creating the line item appropriation for the hospital utilization fee.

Program Narrative

The appropriation changes adopted by the legislature in HB 2 are greater than the \$3.9 million biennial different shown in the main division table. HB 2 appropriations include cost increases that occur in FY 2009 (the second year of the current biennium). Since appropriation action is based on FY 2008 expenditures, appropriations will include the effect of cost increases in FY 2009 such as annualization of pay plan increases and in DPHHS the annualization of provider rate increases and service expansions in FY 2009.

Funding for FTE decreases by two positions. The legislature removed funds for FTE that had been vacant for an extended period of time. The legislature added funds for Healthy Montana Kids, but did not include appropriation authority for permanent FTE. The department may hire FTE to help implement the program, but must request funding for permanent FTE in the next session. The 2011 Legislature will have the opportunity to review ongoing administrative costs once the program is fully implemented.

Appropriation changes approved for HRD by the legislature are:

- Medicaid cost increases - \$140.0 million total funds, \$36.7 million general fund
- Implementation of Healthy Montana Kids - \$45.3 million total funds, \$10.4 million general fund
- Supplemental Medicaid payments to hospitals - \$28.0 million total funds, \$9.2 million hospital utilization fee state special revenue (HB 71)
- CHIP enrollment and cost increases - \$21.4 million, \$5.0 million state special revenue
- Medicaid service expansions to allow disabled enrollees to earn more income and retain Medicaid services - \$6.2 million total funds, \$0.1 million general fund, \$2.0 million state special revenue
- Increased enrollment in Big Sky Rx (Medicare Part D prescription drug premium assistance for low-income Medicare eligible persons) - \$6.4 million health and Medicaid initiatives revenue
- A reduction in the federal match rate does not alter total spending, but increases the state share of Medicaid and CHIP costs by \$11.8 million total funds, \$11.5 million general fund

The legislature moved \$65.0 million total funds, including \$15.8 million general fund into a one-time-only appropriation, which will lower the base budget used to develop the 2013 biennium budget request. The legislature also added language in HB 676 requiring the department to develop and implement a review of potential budget reductions to its 2013 biennium budget request prior to the next session.

The legislature also removed \$0.2 million general fund due to elimination of the end stage renal program, a state funded program that provides up to \$1,000 per month to persons with end stage renal disease. The program serves about 82 persons. Statutory changes to eliminate the program are included in HB 676.

HRD is funded from general fund, state special revenue, and federal funds. The two most significant sources of funding are federal Medicaid matching funds, which support over 60 percent of the FY 2011 biennium appropriation, and general fund, which supports 25 percent. The other major funding sources are:

- CHIP federal matching funds
- Hospital utilization state special revenue (HB 71)
- Health and Medicaid initiatives state special revenue (tobacco tax increase due to I-149)

Most all state funds provide matching funds for federal Medicaid and CHIP funds to provide direct services.

The major state special revenue sources and the functions funded are:

- Health and Medicaid initiatives (I-149 – tobacco tax increase) that fund:
 - Premium assistance for Medicare Part D prescription drug plans for seniors with incomes below 200 percent of the federal poverty level
 - Consultation for any Montanan with pharmacists about medications
 - A portion of state match for CHIP
- Tobacco settlement revenues to pay part of the state match for CHIP
- Hospital utilization fee – an assessment for each inpatient day of care provided by hospitals (\$48 per day in 2008, rising to \$50 per day January 1, 2009) used as state match to fund supplemental payments to hospitals (HB 71)

Federal Stimulus Legislation

The American Recovery and Reinvestment Act (ARRA) provides an enhanced federal match rate for Medicaid costs effective October 1, 2008 through December 31, 2010. The increased federal match rate for Medicaid will reduce the amount of general fund needed as state Medicaid match in this program. The general fund reduction due to the enhanced

federal rate is included in HB 645.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	107,427,618	107,427,618	214,855,236	78.51%	487,169,456	487,169,456	974,338,912	88.11%
Statewide PL Adjustments	290,598	296,571	587,169	0.21%	1,019,393	1,041,360	2,060,753	0.19%
Other PL Adjustments	22,991,718	35,497,985	58,489,703	21.37%	40,770,440	88,632,835	129,403,275	11.70%
New Proposals	(161,835)	(115,287)	(277,122)	(0.10%)	(76,735)	63,646	(13,089)	0.00%
Total Budget	\$130,548,099	\$143,106,887	\$273,654,986		\$528,882,554	\$576,907,297	\$1,105,789,851	

The base budget for HRD is 88 percent of the total 2011 biennium appropriation - \$974.3 million, including \$214.9 million general fund. Statewide present law adjustments add \$2.1 million over the biennium, including \$0.6 million general fund.

Present law adjusts are 12 percent of the 2011 biennial total. Increases are driven by Medicaid caseload changes and appropriations for Healthy Montana Kids. New proposals show a net reduction due to removal of funding for vacant FTE and elimination of the end stage renal program.

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					1,196,531	0.00				1,214,360
Vacancy Savings					(205,128)	0.00				(205,850)
Inflation/Deflation					6,406	0.00				8,177
Fixed Costs					21,584	0.00				24,673
Total Statewide Present Law Adjustments		\$290,598	\$74,587	\$654,208	\$1,019,393	0.00	\$296,571	\$77,650	\$667,139	\$1,041,360
					0	0.00				0
DP 7101 - Fuel Inflation Reduction	0.00	(7)	0	(14)	(21)	0.00	(8)	0	(16)	(24)
DP 11001 - Medicaid Physical Srv Caseload	0.00	11,319,776	762,065	26,916,020	38,997,861	0.00	16,691,141	2,351,735	41,404,668	60,447,544
DP 11002 - Medicaid FMAP	0.00	3,997,007	0	(3,997,007)	0	0.00	5,668,701	0	(5,668,701)	0
DP 11003 - Medicare Buy - In Caseload	0.00	939,691	0	1,950,776	2,890,467	0.00	1,754,193	0	3,566,379	5,320,572
DP 11004 - Medicaid Breast & Cervical Cancer	0.00	15,698	0	53,456	69,154	0.00	32,986	0	110,245	143,231
DP 11005 - Clawback Base Adjustment	0.00	853,782	0	0	853,782	0.00	1,302,427	0	0	1,302,427
DP 11006 - Medicaid Caseload - Children's Mental Health	0.00	2,304,067	22,796	4,830,513	7,157,376	0.00	3,123,441	75,471	6,503,580	9,702,492
DP 11007 - Indian Health Services Caseload	0.00	0	0	2,431,146	2,431,146	0.00	0	0	3,534,592	3,534,592
DP 11008 - CHIP Caseload	0.00	(104,634)	2,135,843	6,916,849	8,948,058	0.00	(104,647)	2,985,034	9,626,720	12,507,107
DP 11009 - CHIP SSR Fund Adjustment	0.00	0	0	0	0	0.00	0	0	0	0
DP 11011 - Healthy Montana Kids Plan	0.00	3,512,036	0	11,959,488	15,471,524	0.00	6,873,265	0	22,971,569	29,844,834
DP 11034 - Big Sky Rx Base Adjustment - Biennial	0.00	0	3,200,000	0	3,200,000	0.00	0	3,200,000	0	3,200,000
DP 11035 - PharmAssist Program	0.00	0	234,980	0	234,980	0.00	0	234,980	0	234,980
DP 11039 - Hospital Utilization Fee	0.00	0	(12,438,998)	(27,519,519)	(39,958,517)	0.00	0	(11,759,372)	(26,320,178)	(38,079,550)
DP 11041 - CHIP - FMAP Rate Increase	0.00	0	235,282	(235,282)	0	0.00	0	336,103	(336,103)	0
DP 11042 - PRTF Reimbursement To Include State Plan Services	0.00	154,302	0	320,328	474,630	0.00	156,486	0	318,144	474,630
					0	0.00				0
Total Other Present Law Adjustments	0.00	\$22,991,718	(\$5,848,032)	\$23,626,754	\$40,770,440	0.00	\$35,497,985	(\$2,576,049)	\$55,710,899	\$88,632,835
					0	0.00				0
Grand Total All Present Law Adjustments	0.00	\$23,282,316	(\$5,773,445)	\$24,280,962	\$41,789,833	0.00	\$35,794,556	(\$2,498,399)	\$56,378,038	\$89,674,195

DP 7101 - Fuel Inflation Reduction - This reduction removes the amount included in the executive budget statewide present law adjustments for inflation in gasoline and diesel fuel. The total reduction is \$45 over the biennium.

DP 11001 - Medicaid Physical Srv Caseload - The legislature appropriated \$39.4 million total funds, including \$28.0 million general fund, for Medicaid state plan services (hospital, physician, prescription drugs, dental) over the 2011 biennium. Base level expenditures were \$319.2 million.

DP 11002 - Medicaid FMAP - The legislature added \$9.7 million general fund and reduced federal funds by the same amount to adjust for the increased state Medicaid match rate. This adjustment reflects the changes that would be needed without the increase in the federal Medicaid match rate included in the federal stimulus legislation. The general fund reduction due to the stimulus package is included in other legislation.

DP 11003 - Medicare Buy - In Caseload - The legislature appropriated \$8.2 million over the biennium with \$2.6 million general fund and \$5.6 million federal funds for expected increases in premiums for Medicare Part A and Part B. The department pays Medicare Part A and B premiums for persons who are eligible for both Medicaid and Medicare.

Medicare then covers the cost of most services and Medicaid becomes a secondary payer, liable only for the costs of non-Medicare covered services and for co-insurance and deductibles related to services utilized. The premiums have grown an average 9.93 percent per year. Base level expenditures were \$21.4 million.

DP 11004 - Medicaid Breast & Cervical Cancer - The legislature appropriated \$212,385 for the biennium including \$47,802 general fund to provide continued funding for the Medicaid services related to the Breast & Cervical Cancer Treatment Program for those individuals determined to be Medicaid eligible. This funding allocation does not include the effect of the federal stimulus increase in the federal Medicaid match. The match for this Medicaid benefit is an enhanced match. Base level expenditures for this program were \$2.7 million.

The Medicaid program provides health care coverage and reimbursement to health care providers for those individuals screened through the Montana Breast and Cervical Health (MBCH) program who are diagnosed with breast and/or cervical cancer or pre-cancer. The individual must also be under 65 years of age, uninsured, and have a family gross income at or below 200 percent of the federal poverty level. Individuals eligible under this program are covered for health care services under the basic Medicaid program for the duration of treatment. This is the same coverage that is provided under the FAIM (Families Achieving Independence in Montana) program.

DP 11005 - Clawback Base Adjustment - The legislature appropriated an additional \$2.1 million general fund over the biennium for the state payment required by the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA). Base expenditures were \$11.9 million. Each state must pay a monthly fee for those individuals whose Medicaid drug coverage was assumed by Medicare Part D.

DP 11006 - Medicaid Caseload - Children's Mental Health - This appropriation adds \$16.9 million in total funds (\$5.5 million in general fund) for the biennium for anticipated changes in Medicaid service utilization and eligibility. Base level expenditures were \$59.4 million.

DP 11007 - Indian Health Services Caseload - The legislature approved \$6.0 million in federal funds for the biennium to pay for Medicaid services provided by Indian Health Services (I.H.S.) providers both on and off reservation. Federal funds are passed through to pay Medicaid services provided by I.H.S. Nothing is withheld for administrative costs and the pass through is a federal requirement. Base level expenditures were \$32.3 million.

DP 11008 - CHIP Caseload - The legislature appropriated \$21.5 million in total funds, \$5.0 million in state special revenue funds for CHIP expansion. Base level expenditures were \$28.4 million.

The CHIP caseload adjustment assumes that enrollment will increase from 17,164 in FY 2009 to 19,388 in FY 2011 and that average benefit costs will increase 5.9 percent from FY 2009 to FY 2010 and then 3.9 percent from FY 2010 to FY 2011.

DP 11009 - CHIP SSR Fund Adjustment - This adjustment reduces tobacco settlement state special revenue by \$925,614 in each year of the biennium and increases funding by a like amount from the health and Medicaid initiatives state special revenue account in each year of the biennium.

DP 11011 - Healthy Montana Kids Plan - This present law adjustment adds \$10.4 million general fund and \$34.9 million federal over the biennium to implement the Healthy Montana Kids Plan enacted by voter initiative (I-155) November 2008. Most of the appropriation (\$40.0 million) funds health services for children.

HB 2 appropriations are sufficient to fund an eligibility level of 200 percent of the federal poverty level for CHIP and 133 percent of the federal poverty level for Medicaid. DPHHS estimates the funds will support services for an additional 15,000 children. Enrollment in CHIP and Medicaid was about 64,000 children in November 2008 when the initiative creating Healthy Montana Kids was passed. Enrollment in both programs in March 2009 increased to 66,400, with enrollment in Medicaid about three quarters of the increase.

DP 11034 - Big Sky Rx Base Adjustment - Biennial - This adjustment adds \$6.4 million in health and Medicaid initiatives state special revenue over the biennium for Big Sky Rx. The Big Sky RX program started in January 2006. The program may pay up to \$33.11 per month for the Medicare prescription drug plan premiums and persons must have an income below 200 percent of the poverty level to be eligible. Base level expenditures were \$2.6 million, with \$1.5 million expended as premium assistance payments.

The following information is provided so that the legislature can consider various performance measurement principles when examining this proposal. It is submitted by the agency, with editing by LFD staff as necessary for brevity and/or clarity.

Justification: Big Sky Rx pays up to \$33.19 per month of the Medicare Part D prescription drug insurance premium for eligible Montanans – those eligible for Medicare with incomes below 200 percent of the federal poverty level. According to the Center for Medicare and Medicaid Services (CMS) there are 116,172 Montanans who are enrolled or eligible to enroll in Medicare Part D prescription drug plan. 19,285 of these Montanans are potentially eligible for Big Sky Rx (7,033 people are enrolled as of November 1, 2008).

Goals: The goal of the Big Sky Rx program is to reach full service capacity of 19,285 Montanans receiving financial help to pay monthly premiums for Medicare Part D prescription drug coverage.

Performance Criteria and Milestones: Big Sky Rx measures progress toward the program goal with monthly enrollment reports as well as monthly fiscal performance reports. Both reports are evaluated for progress toward enrollment goals and for determining successful enrollment campaigns.

FTE: The work will be performed by existing staff.

Funding: The program is funded through health and Medicaid initiatives state special revenue (tobacco tax revenue from I-149).

Challenges to Implementation: The Medicare beneficiary population has proven hard to reach on both a statewide and a national basis. Recently HRD completed the most successful enrollment campaign since the program's inception based on a market analysis performed by a third party vendor. The vendor concluded one of the best methods for reaching this population segment was through direct mail to potential eligible Montanans.

Risks of Not Adopting Proposal: If the proposal is not funded, some Montanans may not be able to pay the out-of-pocket premium payments for Medicare Part D prescription drug plans, which could result in discontinuation of prescribed medications and a resulting increase in health care costs.

DP 11035 - PharmAssist Program - The legislature appropriated \$470,000 in health and Medicaid initiatives state special revenue to fund continuation of the PharmAssist program started in March 2008. The program contracts with licensed pharmacists to consult with individuals on ways to control medication costs, and prudent use of medications. The service is available to all Montana citizens.

As of November 2008, 14 providers are participating in the program and an additional 157 pharmacists have been trained. The program is open to any Montanan.

PharmAssist will be provider driven initially until the provider base increases and then the program will be marketed to the public at large. Providers determine which persons from their patient base would benefit from a one-on-one in-depth consultation. The providers determine how much time they have available to perform consultations.

Presently the steps for a person to follow are:

1. Patient or other interested party (healthcare professionals, family, friends or caregivers) calls MT PharmAssist hotline for a Patient Packet;

2. Patient fills out forms completely and returns them to Mountain-Pacific Quality Health (MPQH). MPQH analyzes Patient Packet information to determine if there is an opportunity for the patient to benefit from the program;
3. Contracted pharmacist receives patient packet, contacts patient to arrange face to face meeting and gather additional information if necessary; and
4. Contracted pharmacist completes the initial face to face consultation with patient within two weeks after receiving packet.

The following information is provided so that the legislature can consider various performance measurement principles when examining this proposal. It is submitted by the agency, with editing by LFD staff as necessary for brevity and/or clarity.

Justification: DPHHS has partnered with the University of Montana Skaggs School of Pharmacy and Mountain-Pacific Quality Health to contract with local pharmacists to review and discuss the total pharmaceutical regimen of any interested Montanan.

Goals for Montanans:

- An avenue to investigate ways of controlling medication costs and maximizing drug therapies while at the same time deriving additional health benefits from proper and prudent use of medications
- An opportunity to build and strengthen the relationship with their participating community pharmacist. The participating pharmacist is providing medication management recommendations
- An opportunity to improve communication with their healthcare provider
- An opportunity to receive education and support for efforts in taking a more active role in their own healthcare regimen

Performance Criteria and Milestones: Pharmacists involved will provide a comprehensive accounting of all medical conditions and medication therapies giving a complete picture for building personalized treatment plans.

FTE: Existing staff and contracted services

Funding: The program is funded through health and Medicaid initiatives state special revenue (tobacco tax revenue from I-149)

Challenges to Implementation: The challenge has been establishing a provider base throughout Montana. A recently completed a survey of potential pharmacists indicated that a number of respondents that plan to participate as providers. In response to survey findings, HRD is redesigning the certification training to better meet the constraints, both time and geographical, of pharmacists.

Risks of Not Adopting Proposal: Many Montanans choose not to take medications as prescribed or never fill their prescriptions because they simply cannot afford them. Montana PharmAssist is dedicated to providing an innovative way to ensure that all Montanans have access to first-rate health care by providing an avenue to investigate ways of controlling medication costs while at the same time deriving additional health benefits from proper and prudent use of medications.

DP 11039 - Hospital Utilization Fee - The legislature appropriated \$124.1 million total funds over the biennium contingent upon passage and approval of HB 71 to continue a fee imposed on each day of inpatient hospital care. The fee revenue is used as state matching funds to draw down federal Medicaid funding to reimburse hospitals for Medicaid services. Base budget expenditures were \$53.0 million and this adjustment adds \$13.1 million in FY 2010 and \$15.0 million in FY 2011.

The fee in calendar year 2008 was \$43 per inpatient day, rising to \$48 per day for calendar year 2009 and then to \$50 per day in 2010. HB 71 eliminates the sunset provision.

The amount in this decision package shows a reduction of about \$80 million over the biennium. The negative amount reflects an adjustment that was made to correct an error in constructing the line item appropriation. The reduction removes excess appropriation authority inadvertently included in the base budget.

DP 11041 - CHIP - FMAP Rate Increase - The legislature added about \$600,000 in tobacco settlement funds over the biennium with a like reduction in federal funds to fund the increase in the state match for CHIP. The federal stimulus bill does not change the CHIP federal match rate.

DP 11042 - PRTF Reimbursement To Include State Plan Services - The legislature appropriated \$310,788 in general fund and \$638,472 in federal funds over the biennium to reimburse psychiatric residential treatment facility (PRTF) providers for all Medicaid state plan services as clarified by the federal Center for Medicare and Medicaid Services (CMS). Recent CMS recoveries in other states have made clear that PRTF providers are financially responsible for the cost of outside medical services for children they serve. The Montana Medicaid was reimbursing other providers, for example psychiatrist services, for children in a treatment facility. PRTF providers may not be able to purchase these services at Medicaid rates. Moreover, they may encounter catastrophic expenses on individual youth that are not accounted for in the per diem rate. This request annualizes the program. The change started in FY 2009.

New Proposals

New Proposals Program	-----Fiscal 2010-----					-----Fiscal 2011-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
DP 8101 - Increasing 4% Vacancy Savings to 7%	11	0.00	(56,145)	(18,275)	(79,441)	(153,861)	0.00	(56,344)	(18,382)	(79,675)	(154,401)
DP 11043 - Medicaid for Workers with Disabilities	11	0.00	35,001	0	72,660	107,661	0.00	81,760	0	166,224	247,984
DP 11046 - Eliminate the End Stage Renal Program	11	0.00	(100,000)	0	0	(100,000)	0.00	(100,000)	0	0	(100,000)
DP 11897 - CHIP Contraceptive Coverage	11	0.00	0	34,243	116,606	150,849	0.00	0	34,861	116,606	151,467
DP 11898 - Remove FTE with Extended Vacancy	11	(2.00)	(40,691)	(2)	(40,691)	(81,384)	(2.00)	(40,703)	(2)	(40,699)	(81,404)
DP 11900 - Structural Balance Adjustment - Reduce 2013 Budget	11	0.00	0	0	0	0	0.00	0	0	0	0
Total	(2.00)	(\$161,835)	\$15,966	\$69,134	(\$76,735)	(2.00)	(\$115,287)	\$16,477	\$162,456	\$63,646	

DP 8101 - Increasing 4% Vacancy Savings to 7% - The legislature approved the executive request to raise vacancy savings from 4 to 7 percent for all personal services except state institution FTE. This change removes \$308,262 total funds, which includes \$112,489 in general fund.

DP 11043 - Medicaid for Workers with Disabilities - The legislature appropriated \$449,417 for the biennium, including \$188,647 general fund for the Medicaid for Workers with Disabilities program (MWD), contingent upon passage and approval of SB 119. The new program allows disabled persons who become employed to keep more of their income and remain eligible for Medicaid services by paying a higher percentage of their Medicaid costs. The appropriation is split with the Human and Community Services Division, which received 2.00 new FTE for eligibility determination.

The legislature recommended that the Legislative Finance Committee monitor this initiative during the interim.

The following information is provided so that the legislature can consider various performance measurement principles when examining this proposal. It is submitted by the agency, with editing by LFD staff as necessary for brevity and/or clarity.

Justification: Disabled persons who are eligible for Medicaid may be discouraged from working or earning more because increased income would make them ineligible for continued Medicaid coverage. Additionally, even if they

would qualify for employer sponsored insurance, private health insurance usually does not cover some of the health services a disabled person may require to continue work, such as personal care assistance.

Goals:

- Increase the number of individuals with disabilities with substantial gains in employment
- Increase the earnings of individuals with disabilities
- Increase the number of persons who have some of their health care needs paid for by private insurance
- Increase the number of persons with disabilities who have reduced dependency or are no longer dependent on cash benefits or health care entitlement services
- Increase the state's labor force through the inclusion of people with disabilities
- Protect and enhance workers' healthcare, other benefits, and needed employment supports

Performance Criteria and Milestones:

- Program framework established and approval from CMS before January 1, 2010
- First participants enrolled by January 2010

Annually the following data will be collected

- The number of individuals entering MWD program
- The number of participants who were Medicaid enrollees prior to enrollment
- The number of participants who were employed before and after entering MWD and hours worked
- Participation in other benefit and health insurance programs before and after entering MWD
- Participant monthly earnings before and after entering the MWD program
- Number of participants with earnings above Social Security Administration (SSA) substantial gainful activity (SGA) limit
- Participants' Medicaid costs
- Participants' premium payments

FTE: 2.00 eligibility technicians FTE are requested. The FTE will be responsible for determining if individuals are eligible and assist individuals with enrolling in the MWD program. The FTE will be managed by the Human and Community Services Division.

Funding: Medicaid benefits will be funded at the general fund and federal fund FMAP rates. DPHHS has also applied for a federal grant to support the program.

Obstacles: Defining policy options that encourage individuals with disabilities to increase their work-related earnings, focusing the program on people with high earning capacity, and finding a cost-effective premium structure.

The main features of the MWD program in order of impact on enrollment and costs are:

- Income eligibility limit
- Amount of earned income disregarded for income eligibility determination
- Resource eligibility limit
- Premium amount and monthly cost share
- Income level above which participants are required to pay a premium

Risk: This proposal is a high priority item for the administration and for people with disabilities. If this proposal were not adopted, needed assistance with healthcare coverage for people with disabilities would not be available. As a result, these people would be limited in their ability to work and to be independent. The cost to the state would be greater as they continued on cash benefits and healthcare entitlement services.

DP 11046 - Eliminate the End Stage Renal Program - The legislature removed \$100,000 general fund each year of the biennium to eliminate the end stage renal program (50-44-102, MCA). The program purchases medication for persons with end stage renal disease. Base level expenditures supported 82 persons. Benefits are limited to \$1,000 per person

per month and services are provided on a first come, first served basis. HB 676 includes amendments to implement this provision.

DP 11897 - CHIP Contraceptive Coverage - The legislature added \$69,104 of health and Medicaid initiative state special revenue and \$233,212 in federal CHIP funds to add coverage of contraceptives for CHIP. The funding is contingent upon passage and approval of a bill to remove the statutory prohibition against funding contraceptives in the CHIP program.

DP 11898 - Remove FTE with Extended Vacancy - The legislature removed funding for 2.00 FTE that had been vacant for over two years. The action reduces total funds \$162,788 with one half from general fund and the other half from federal funds.

DP 11900 - Structural Balance Adjustment - Reduce 2013 Budget - The legislature shifted \$65.0 million total funds, including \$15.8 million general fund, of the HRD budget into a one-time-only appropriation. This action maintains services throughout the 2011 biennium, but lowers the 2013 biennium budget starting point. The legislature also adopted language in HB 676 directing DPHHS to identify, evaluate, and recommend budget reductions for consideration by the 2011 Legislature.

Language and Statutory Authority

“Hospital Utilization Fee is contingent upon the passage and approval of House Bill No. 71. Funds in Hospital Utilization Fee may be used only for payments to hospitals for Medicaid eligible services.”

“Medicaid for Workers with Disabilities is contingent upon the passage and approval of Senate Bill No. 119.”

"If House Bill No. 645 does not include \$703,168 of general fund money and \$2,372,809 of federal special revenue in fiscal year 2010 and \$997,877 of general fund money and \$2,035,183 of federal special revenue in FY 2011 for medicaid services for organ transplants for adults, then Health Resources Division is increased by those amounts for the 2011 biennium only."

Language in HB 2 also appropriates funds for a 1 percent annual provider rate increase if HB 645 does not include a certain level of funding for provider rate increases. The language and appropriation amounts are included in the agency overview.

Program Budget Comparison

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

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	202.75	202.75	219.55	221.05	202.75	221.05	18.30	9.03%
Personal Services	10,178,952	10,333,951	10,975,519	11,115,478	20,512,903	22,090,997	1,578,094	7.69%
Operating Expenses	6,880,404	7,242,406	7,294,001	7,330,070	14,122,810	14,624,071	501,261	3.55%
Equipment & Intangible Assets	230,716	100,165	230,716	230,716	330,881	461,432	130,551	39.46%
Grants	9,089,181	8,671,226	9,869,386	9,869,386	17,760,407	19,738,772	1,978,365	11.14%
Benefits & Claims	210,723,048	236,672,366	232,112,218	234,681,597	447,395,414	466,793,815	19,398,401	4.34%
Transfers	0	0	0	0	0	0	0	n/a
Debt Service	14,003	13,041	15,603	15,603	27,044	31,206	4,162	15.39%
Total Costs	\$237,116,304	\$263,033,155	\$260,497,443	\$263,242,850	\$500,149,459	\$523,740,293	\$23,590,834	4.72%
General Fund	49,990,569	56,228,953	58,603,893	59,246,360	106,219,522	117,850,253	11,630,731	10.95%
State Special	29,734,887	34,092,065	31,578,936	32,614,078	63,826,952	64,193,014	366,062	0.57%
Federal Special	157,390,848	172,712,137	170,314,614	171,382,412	330,102,985	341,697,026	11,594,041	3.51%
Total Funds	\$237,116,304	\$263,033,155	\$260,497,443	\$263,242,850	\$500,149,459	\$523,740,293	\$23,590,834	4.72%

Page Reference

Legislative Budget Analysis, B-245

Funding

The Senior and Long Term Care Division (SLTC) manages community services for the elderly and physically disabled and the two veterans' homes. Services are funded general fund, state special revenue, and federal funds. The 2011 biennium budget is \$23.6 million higher than the 2009 biennium budget, with general fund and federal funds increasing about \$11.6 million each between the two biennia.

General fund increases are due to changes in the state Medicaid match rate, growth in Medicaid costs, and a new proposal to expand community Medicaid services for elderly and disabled (\$3.5 million over the biennium). Reductions in federal funds due to the declining Medicaid match rate are offset by rising Medicaid costs, annualization of a provider rate increase to fund healthcare for healthcare workers who provide in-home services (\$6.9 million), and the expansion in community services (\$6.0 million).

The appropriation changes adopted by the legislature in HB 2 are greater than the \$23.6 million biennial change shown in main division table. HB 2 appropriations include cost increases that occur in FY 2009 (the second year of the current biennium). Since appropriations are based on FY 2008 expenditures, changes will include the effect of cost increases in FY 2009 such as annualization of pay plan increases and in DPHHS the annualization of provider rate increases and service expansions in FY 2009.

The SLTC major budget changes approved by the legislature include:

- \$5.0 million general fund (\$13.3 million total funds) for Medicaid utilization, and eligibility, increases partially offset by anticipated declines in nursing home utilization
- \$5.3 million general fund (\$23.2 million total funds) to annualize rate increases and expansions approved by the 2007 Legislature
- \$3.5 million general fund (\$9.6 million total funds) to expand community Medicaid waiver services and fund other community aging services
- \$3.3 million general fund with an offsetting reduction in federal funds due to state Medicaid match increases
- \$1.6 million cigarette tax state special revenue to fund 14.30 new FTE at MVH, reinstate overtime, shift differential and holiday pay removed from base budget costs, operating cost increases and inflation for the Montana Veterans' Home (MVH)

\$0.4 million in lien and estate state special revenue to fund 4.00 new adult protective services FTE

The legislature moved \$29.5 million total funds, including \$7.0 million general fund into a one-time-only appropriation, which will lower the base budget used to develop the 2013 biennium budget request. The legislature also added language to HB 676 requiring the department to develop and implement a review of potential budget reductions to its 2013 biennium budget request prior to the next session. The Legislative Finance Committee is charged to monitor the project at each of its meetings.

General fund is used for:

- o State Medicaid matching funds
- o Grants for community aging services
- o Adult protective services

There are four major sources of state special revenue that support SLTC:

- o Cigarette tax revenue that pays for part of the services of the two Montana veterans' homes
- o Private and insurance payments that also support veterans' services
- o Health and Medicaid initiatives (I-149 tobacco tax increase) and tobacco settlement trust fund interest that is used as state Medicaid matching funds
- o Nursing home utilization fees used as state Medicaid matching funds

Federal funds consist of:

- o Block grants for aging services
- o Veterans' Administration per diem reimbursement, and Medicare and Medicaid payment for veterans' services
- o Medicaid matching funds for nursing home, personal care, and other community services for aged and disabled persons

Federal Stimulus Legislation

The American Recovery and Reinvestment Act (ARRA) provides an enhanced federal match rate for Medicaid costs effective October 1, 2008 through December 31, 2010. The increased federal match rate for Medicaid will reduce the amount of general fund needed as state Medicaid match. HB 2 does not include the offset of state funds due to the federal stimulus legislation. The general fund reduction is included in HB 645.

Cigarette Tax Revenue – Indirect Cost Assessment Review by LFC

The subcommittee considered the increased assessment of indirect costs to the cigarette tax and alcohol state special (Addictive and Mental Disorders Division) revenue accounts over the last several years. Indirect costs have increased at rates exceeding 20 percent per year. The subcommittee requested that the Legislative Finance Committee (LFC) review the indirect cost assessments and determine the various cost drivers.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	49,990,569	49,990,569	99,981,138	84.84%	237,116,304	237,116,304	474,232,608	90.55%
Statewide PL Adjustments	186,166	231,176	417,342	0.35%	38,563	97,018	135,581	0.03%
Other PL Adjustments	7,110,739	7,245,680	14,356,419	12.18%	18,516,609	19,806,801	38,323,410	7.32%
New Proposals	1,316,419	1,778,935	3,095,354	2.63%	4,825,967	6,222,727	11,048,694	2.11%
Total Budget	\$58,603,893	\$59,246,360	\$117,850,253		\$260,497,443	\$263,242,850	\$523,740,293	

Base budget expenditures are 90 percent of the total FY 2011 biennium appropriation and base general fund expenditures are 85 percent. Statewide present law adjustments add \$417,342 general fund. Reductions in federal funds and state

special revenue offset the general fund increase. The legislature reduced present law funding to remove \$122,000 of cost shift to general fund that was included in the statewide present law adjustments.

Present law adjustments are 7 percent of the total FY 2011 budget request, but 12 percent of the general fund. State Medicaid match rates increase about 1.5 percent over the biennium causing a shift to the general fund. New proposals are 2 percent of the total FY 2011 biennium appropriation.

Present Law Adjustments

The “Present Law Adjustments” table shows the primary changes to the adjusted base budget proposed by the legislature. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

	Fiscal 2010				Fiscal 2011					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					466,746	0.00				515,532
Vacancy Savings					(425,828)	0.00				(427,780)
Inflation/Deflation					56,347	0.00				67,706
Fixed Costs					(58,702)	0.00				(58,440)
Total Statewide Present Law Adjustments		\$186,166	(\$210,812)	\$63,209	\$38,563	0.00	\$231,176	(\$213,751)	\$79,593	\$97,018
					0	0.00				0
DP 7101 - Fuel Inflation Reduction	0.00	(2,309)	(2,642)	(1,337)	(6,288)	0.00	(2,653)	(3,015)	(1,549)	(7,217)
DP 22202 - Healthcare for Healthcare Workers	0.00	917,763	750,000	3,462,237	5,130,000	0.00	0	1,691,361	3,438,639	5,130,000
DP 22203 - Dept of Transportation Cars	0.00	10,003	0	10,003	20,006	0.00	13,454	0	13,454	26,908
DP 22205 - Nursing Home IGT Adjustment	0.00	0	(35,212)	(267,145)	(302,357)	0.00	0	134,897	2,902	137,799
DP 22206 - Annualize Nursing Home Provider Increase	0.00	1,097,351	25,251	2,459,266	3,581,868	0.00	1,109,780	25,251	2,459,266	3,594,297
DP 22207 - Annualize Home Based Provider Increase	0.00	217,738	18,495	513,951	750,184	0.00	217,738	18,495	513,951	750,184
DP 22208 - Annualize Community Based Waiver Increase	0.00	253,509	(21,063)	492,362	724,808	0.00	255,104	(21,063)	490,767	724,808
DP 22209 - Annualize Aging Services Provider Increase	0.00	226,310	0	0	226,310	0.00	226,310	0	0	226,310
DP 22211 - State Supplemental Payments	0.00	40,325	0	0	40,325	0.00	94,333	0	0	94,333
DP 22212 - Annualize Waiver and Fund Switch	0.00	(234,307)	410,728	373,691	550,112	0.00	(233,097)	410,728	372,481	550,112
DP 22213 - Annualize IGT Offset Funding	0.00	845,412	0	0	845,412	0.00	845,412	0	0	845,412
DP 22214 - Home Based Caseload	0.00	1,336,647	0	2,774,849	4,111,496	0.00	2,022,454	0	4,111,771	6,134,225
DP 22215 - Nursing Home Caseload Adjustment	0.00	912,246	(205,639)	1,466,987	2,173,594	0.00	702,840	(407,165)	601,294	896,969
DP 22216 - Medicaid Nursing Home FMAP Adjustment	0.00	1,001,433	0	(1,001,433)	0	0.00	1,354,138	0	(1,354,138)	0
DP 22217 - Medicaid Waiver FMAP Adjustment	0.00	204,504	0	(204,504)	0	0.00	276,529	0	(276,529)	0
DP 22218 - Home Based Medicaid FMAP Adj	0.00	203,817	0	(203,817)	0	0.00	275,601	0	(275,601)	0
DP 22219 - Operating Cost Adjustments	0.00	80,297	0	173,297	253,594	0.00	87,737	0	197,379	285,116
DP 22220 - Increase in Federal Aging Grants	0.00	0	0	153,895	153,895	0.00	0	0	153,895	153,895
DP 22222 - MVH Operating Expenses	0.00	0	263,650	0	263,650	0.00	0	263,650	0	263,650
					0	0.00				0
Total Other Present Law Adjustments	0.00	\$7,110,739	\$1,203,568	\$10,202,302	\$18,516,609	0.00	\$7,245,680	\$2,113,139	\$10,447,982	\$19,806,801
					0	0.00				0
Grand Total All Present Law Adjustments	0.00	\$7,296,905	\$992,756	\$10,265,511	\$18,555,172	0.00	\$7,476,856	\$1,899,388	\$10,527,575	\$19,903,819

DP 7101 - Fuel Inflation Reduction - This reduction removes the amount included in the executive budget statewide present law adjustments for inflation in gasoline and diesel fuel. The total reduction is \$13,505 over the biennium, including \$4,962 general fund.

DP 22202 - Healthcare for Healthcare Workers - The legislature appropriated \$10.3 million total funds, including \$0.9 million general fund, \$1.5 million in health and Medicaid initiatives state special revenue, and \$0.9 million tobacco settlement trust fund interest state special revenue, over the biennium to continue an initiative of the 2007 Legislature.

The 2007 Legislature appropriated \$2.6 million for six months of FY 2009 (beginning January 1, 2009) for a provider rate increase to pay health insurance premiums for workers in the personal assistance and private duty nursing programs. If the agency employing the workers accepts the rate increase, it must provide health insurance coverage that meets a set of defined criteria for all of its employees. The FY 2009 appropriation supports a premium of \$450 for about 950 workers for six months in 2009.

Workers will pay no more than \$25 towards the cost of the insurance while the bulk of the insurance premium cost will be paid for in the form of a Medicaid payment to agencies for the specific purpose of obtaining health insurance for their workers. The goal of this appropriation is to continue insurance for workers in the personal assistance and private duty nursing programs by continuing the FY 2009 provider rate increase to fund up to \$495 per month in 2010 and \$545 per month in 2011 of premium costs. The funding provided in 2009 at \$450 per month was estimated to provide insurance to about 950 workers. Due to the increase in the cost of insurance premiums, it is unlikely that the 950 workers who were targeted with the funding for the six months in 2009 can be maintained. It is more likely that the funding will provide coverage for approximately 750 workers.

The following information is provided so that the legislature can consider various performance measurement principles when examining this proposal. It is submitted by the agency, with editing by LFD staff as necessary for brevity and/or clarity.

Justification: Providing healthcare to direct care workers will help retain workers.

Goal: Provide meaningful health insurance coverage to previously uninsured individuals that work in a predominantly Medicaid funded, direct care program.

Performance Criteria and Milestones: Benchmarks for coverage have been drafted and providers are soliciting insurance bids from carriers for their specific employees. Funding will begin on or after January 1, 2009 for those agencies that provide the state with specific information as to what insurance carrier they are using, when SLTC determines that it meets the benchmark criteria, and if the defined number of workers that will be covered is consistent with the funding allocation for that agency. SLTC will monitor this program for the six months that funding is available and use this information to evaluate and make changes as necessary to the healthcare for healthcare workers model in order to continue the rate increase into the 2011 biennium.

Progress will be measured by determining how many agencies take the funding to provide health insurance coverage for their direct care workers and by how many workers that were previously uninsured have meaningful insurance coverage through this program.

Funding: The insurance premium cost will be paid in the form of a Medicaid payment to agencies for the specific purpose of obtaining health insurance for their workers. The funding requested is inadequate to continue to maintain the program at the fully annualized level. SLTC will decide how many individuals can be covered with this level of funding commitment. It is expected that premiums will increase and as a result there will be a lower number of employees that can be covered. Another option would be to potentially modify the benchmarks, which could result in changes to the premium cost that would an increase in the number of workers that can be covered with this funding.

FTE: Current staff would implement the health care for health care workers initiative.

Challenges to Implementation: The state has little ability to control the cost of the premiums, which are based in part on the health status of the employees that are being insured, or the insurance rating for this workforce of direct care workers who provide hands-on care. The challenge will be to maintain quality health insurance coverage that is meaningful to the employees while staying within the funding levels appropriated.

Risks of Not Adopting Proposal: Individuals who have been able to access health insurance through this model will be without coverage or with reduced coverage if this funding is eliminated or not continued at levels that cover the increased cost of insurance premiums over time. If funding levels are inadequate, the insurance benchmarks may be reduced so much that the insurance coverage is no longer meaningful to workers who provide this hands-on direct care to vulnerable populations across Montana.

Monitoring Provision of Insurance

SLTCD will monitor the expected number of individuals that should have insurance based on payments and those that actually are insured by employers. If the average number of covered workers falls below the expected level for a period of three months or more recovery of Medicaid payments can occur.

DP 22203 - Dept of Transportation Cars - This present law adjustment adds about \$47,000 total funds over the biennium, with half the cost supported by general fund, to replace six department owned cars with leased cars from the state motor pool.

DP 22205 - Nursing Home IGT Adjustment - This appropriation adds \$99,587 state special revenue and reduces federal Medicaid matching funds by \$264,243, for a net reduction of \$164,558 in nursing home intergovernmental transfer payments (IGT) over the biennium. This adjustment reflects the increase in the state match rate and a slight increase in transfer amounts in FY 2011.

The IGT funds are paid to the state by counties on behalf of county affiliated nursing facilities. The IGT funds are used to match federal funds and raise the daily Medicaid nursing home rate. The legislature considers rate increases due to the IGT program as one-time funds since federal regulations may change and curtail or eliminate the IGT program.

DP 22206 - Annualize Nursing Home Provider Increase - This appropriation for \$7.2 million annualizes the 2.5 percent provider rate increase that was appropriated for FY 2009 for nursing facility providers. It includes \$2.2 million general fund and a small amount of health and Medicaid initiative state special revenue.

DP 22207 - Annualize Home Based Provider Increase - The legislature appropriated \$1.5 million total funds, including \$0.5 million general fund and a small amount of health and Medicaid initiatives state special revenue, to annualize the FY 2009 provider rate increase of 2.5 percent that was appropriated by the 2007 Legislature for the home based program, which includes the Medicaid funded home health, personal assistance and hospice programs.

DP 22208 - Annualize Community Based Waiver Increase - This appropriation adds \$1.4 million total funds, including \$0.5 million general fund, and reduces a small amount of health and Medicaid initiatives state special revenue, to annualize the provider rate increase funded in FY 2009 by the 2007 Legislature for the community based services program.

DP 22209 - Annualize Aging Services Provider Increase - This adjustment adds \$552,620 general fund over the biennium to annualize the 2.5 percent provider increase in FY 2009 for the aging services program. Aging services provider rate increases are funded 100 percent general fund. Funding is allocated among the 10 Areas Agencies on Aging through a contract with SLTC.

DP 22211 - State Supplemental Payments - The legislature appropriated about \$130,000 general fund over the biennium to fund cost increases for state supplemental payments. The payments are made to SSI eligible individuals who reside in designated residential care facilities, such as community homes for persons with developmental disabilities, adult foster

homes, or assisted living facilities. The monthly benefit is \$94 dollars on average with an administrative processing fee expected to be \$10.55 in 2010, increasing to \$10.95 in 2011. State supplemental payments are funded entirely from the general fund.

DP 22212 - Annualize Waiver and Fund Switch - This appropriation adds \$1.1 million total funds, reduces general fund by \$0.5 million, and increases health and Medicaid initiatives state special revenue by \$0.8 million. The 2007 Legislature provided funding for 102 new service slots for the Medicaid community based waiver services in FY 2008. The new service slots were allocated throughout FY 2008 so the full annual cost is not reflected in base budget expenditures. This adjustment annualizes the cost of slots that were distributed throughout FY 2008, incorporates the switch in funding from general fund to health and Medicaid initiatives state special revenue included in the FY 2009 legislative appropriation, and adjusts for the change in the state match rate. Base expenditures for waiver services were \$29.9 million and there were 1,969 slots filled at the start of FY 2009. Three service slot support 4 people.

DP 22213 - Annualize IGT Offset Funding - This appropriation adds \$1.7 million general fund over the 2011 biennium to continue a 2007 legislative initiative. The 2007 Legislature added \$2.8 million general fund over the 2009 biennium to offset anticipated reductions in county nursing home intergovernmental transfer (IGT) state special revenue used as state Medicaid match for current level nursing home and home based services. The appropriation was restricted and could be used only if federal rule changes prohibited or restricted the use of IGT funds as Medicaid match or the IGT program was not viable. Viable was defined as receiving enough county IGT funds for the state Medicaid match to fund a daily payment of \$5 to county nursing homes and \$2 to all other nursing homes.

Due to a decline in the amount of county funds transferred to DPHHS, about \$720,000 general fund was used to backfill county funds budgeted as state match for nursing home and home based services cost in FY 2008. In FY 2009, \$1 million general fund is appropriated in case an offset is need to fund the county funds budgeted as state match for home based services and \$0.6 million is appropriated for nursing home services.

DP 22214 - Home Based Caseload - This appropriation adds \$11.2 million total funds over the biennium, including \$3.7 million in general fund, for the anticipated caseload adjustment for Medicaid home based services that include personal care, home health, and hospice. Caseload is expected to grow at 5.4 percent per year. Base year expenditures were \$32.5 million. The general fund reduction due to the enhanced federal match rate from the ARRA is included in HB 645.

DP 22215 - Nursing Home Caseload Adjustment - The legislature appropriated a net of \$3.1 million total funds, including \$1.6 million general fund for changes in the number of nursing home bed days and to correct an accrual error in that understated the base budget by \$5.4 million. Nursing home days of care are projected to decline by 1 percent per year compared to FY 2009 for the 2011 biennium. Base level expenditures were \$146.1 million (including the accrual error).

DP 22216 - Medicaid Nursing Home FMAP Adjustment - The legislature added \$2.4 million general fund over the 2011 biennium and reduced federal funds by a like amount due to an increase in the state Medicaid match rate. The required state match increased from 31.41 percent in FY 2008 to 32.51 percent in FY 2010 and 32.97 percent in FY 2011. The general fund reduction due to the enhanced federal match rate from the ARRA is included in HB 645.

DP 22217 - Medicaid Waiver FMAP Adjustment - The legislature increased general fund by about \$480,000 and reduced federal funds by a like amount due to an increase in the state Medicaid match rate. The required state match increased from 31.41 percent in FY 2008 to 32.97 percent in FY 2011. The general fund reduction due to the enhanced federal match rate from the ARRA is included in HB 645.

DP 22218 - Home Based Medicaid FMAP Adj - The legislature added \$480,000 general fund and reduced federal funds by a like amount over the biennium due to an increase in state Medicaid matching funds for home based service costs and a reduction in the federal matching rate. The required state match increased from 31.41 percent in FY 2008 to 32.97 percent in FY 2011. The general fund reduction due to the enhanced federal match rate from the ARRA is included in HB 645.

DP 22219 - Operating Cost Adjustments - The legislature funded several operating cost adjustments for the Medicaid program – about \$540,000 total funds with half the cost funded by general fund. The most significant component funds a rate increase of 3.0 percent for the contract with the Mountain Pacific Quality Health Foundation for several Medicaid program functions. The foundation provides utilization review to determine level of care needed by patients admitted to the waiver or to nursing homes, prior authorization for state plan personal assistance services, and database maintenance activities. The base year cost was lower than the actual cost due to delayed billing by the contractor. This adjustment also funds other contracts with accounting firms to perform audits of nursing facilities due to new federal definition of units of government facilities and the requirement to reimburse these providers at no more than their Medicaid cost. The adjustment would fund 14 audits annually at about \$4,000 per audit. There is a very small reduction included in this reduction due to elimination of grounds maintenance fees since the division moved to space outside the capitol complex.

DP 22220 - Increase in Federal Aging Grants - This appropriation adds about \$154,000 additional federal funds per year due to anticipated federal grant increases for community aging services. The funds would augment contracts with Area Agencies on Aging.

DP 22222 - MVH Operating Expenses - The legislature appropriated \$530,000 cigarette tax state special revenue over the biennium for adjustments in operating costs for the Montana Veterans' Home. One of the adjustments would fund a new meal plan, moving from a three meal to a five meal plan. Most adjustments add funds to address inflationary increases in medical supplies and services as well as food and energy costs.

New Proposals

Program	-----Fiscal 2010-----					-----Fiscal 2011-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
DP 8101 - Increasing 4% Vacancy Savings to 7%	22	0.00	(91,161)	(1,556)	(36,729)	(129,446)	0.00	(91,462)	(1,565)	(36,836)	(129,863)
DP 22102 - MVH Dom/Nursing Wing Facility Upgrades	22	0.00	0	165,000	0	165,000	0.00	0	165,000	0	165,000
DP 22105 - MT Vets' Home Safety Officer	22	1.00	0	55,470	0	55,470	1.00	0	55,488	0	55,488
DP 22112 - New APS Field Staff	22	2.50	0	146,784	0	146,784	4.00	0	238,058	0	238,058
DP 22114 - EMVH Facility Painting and Upgrades - OTO	22	0.00	0	40,000	0	40,000	0.00	0	40,000	0	40,000
DP 22115 - MT Vets' Home New CNAs FTE	22	4.80	0	223,874	0	223,874	4.80	0	224,514	0	224,514
DP 22117 - MVH Additional Aggregate RNs	22	2.00	0	183,095	0	183,095	2.00	0	183,790	0	183,790
DP 22118 - MVH Additional Aggregate LPNs	22	0.50	0	30,561	0	30,561	0.50	0	30,656	0	30,656
DP 22119 - MVH Additional Aggregate CNAs	22	3.00	0	134,655	0	134,655	3.00	0	135,114	0	135,114
DP 22120 - MVH Additional Aggregate Activity Positions	22	3.00	0	110,656	0	110,656	3.00	0	111,017	0	111,017
DP 22223 - Additional Funding for SLTC HCBS	22	0.00	1,349,996	150,004	2,652,568	4,152,568	0.00	1,849,981	150,019	3,456,203	5,456,203
DP 22897 - Resource Facilitation Service -- TBI (Rst/OTO)	22	0.00	100,000	0	0	100,000	0.00	100,000	0	0	100,000
DP 22898 - Structural Balance Adjustment - Reduce 2013 Budget	22	0.00	0	0	0	0	0.00	0	0	0	0
DP 22899 - Continue FY08 Funding Ratio for Present Law Base	22	0.00	(42,416)	0	42,416	0	0.00	(79,584)	34,962	44,622	0
DP 22900 - Reduce Contracted Services Costs - MVH	22	0.00	0	(387,250)	0	(387,250)	0.00	0	(387,250)	0	(387,250)
Total	16.80	\$1,316,419	\$851,293	\$2,658,255	\$4,825,967	\$4,825,967	18.30	\$1,778,935	\$979,803	\$3,463,989	\$6,222,727

DP 8101 - Increasing 4% Vacancy Savings to 7% - The legislature approved the executive request to raise vacancy savings from 4 to 7 percent for all personal services except state institution FTE. This change removes \$259,309 total funds, which includes \$182,623 in general fund.

DP 22102 - MVH Dom/Nursing Wing Facility Upgrades - The legislature funded two repair and maintenance projects at MVH. One project is to replace flooring, doors, and handrails in the nursing wing hallway. The second project scheduled is a refurbishing of the 1970 VA Domiciliary rooms, including some repairs (new tiles, sinks, etc) and new furniture. This project will improve the Domiciliary living quarters, so they are similar to other assisted living facilities in the Flathead Valley. The estimated cost of both projects is \$165,000 each year of the biennium from cigarette tax state special revenue allocated to the veterans' homes.

DP 22105 - MT Vets' Home Safety Officer - The legislature added \$110,958 cigarette tax state special funds to add 1.00 FTE for a safety officer at the Montana Veterans' Home to reduce workman's compensation claims and the cost of replacing staff that cannot work due to on the job injuries. The FTE would be responsible for the total facility safety program including on the job training and safety analysis.

DP 22112 - New APS Field Staff - The legislature added about \$380,000 lien and estate recovery state special revenue for 4.00 new adult protective services (APS) FTE. 3.00 of the new FTE will be field APS workers stationed in areas where referrals are the highest. 1.00 of the new FTE will be added to:

- o Monitor ongoing guardianship role of the state and its wards
- o Make contact with wards
- o Review and recommend continuation/termination of guardianship status
- o Provide a centralized, coordinated state contact person when issues of guardianship arise

The following information is provided so that the legislature can consider various performance measurement principles when examining this proposal. It is submitted by the agency, with editing by LFD staff as necessary for brevity and/or clarity.

Justification: Montana has experienced a 10 percent increase in adult abuse/neglect/exploitation referrals in one year (FY 2007 – 4,592 referrals and FY 08 – 5,003 referrals). The target is 90 referrals per worker per year and 5 to 6 guardianships per worker per year. Targeted caseload and acuity levels (difficulty of case) now exceed available personnel.

Adult Protective Services is the only statutorily identifiable state agency serving as “public guardian” for adults in imminent risk of injury or death and are incapacitated. APS is experiencing significant pressure from various health care providers and advocacy institutions to become guardian to an increased vulnerable population. APS saw an increase of 33 additional guardianships in one fiscal year despite efforts to transfer cases to non-profits (FY 2007 - 185 guardianships and FY 08 - 218 guardianships). Currently APS has 225 guardianships.

Performance Criteria and Milestones: Upon employment of additional staff or expansion of existing staff, it is expected that APS protective workers immediately begin taking referrals, making interventions and investigations, and assuming guardianship roles. Referral, caseload, acuity (difficulty of case), and duration of investigation and number of guardianships per worker is monitored daily through department computer data system known as Operation Protect Montana (OPM). Regional supervisors will monitor timeliness of intervention and protection of vulnerable populations.

FTE: 4.00 new FTE are funded in this request

Funding: Lien and estate recovery state special revenue

Challenges to Implementation: Ability to recruit and retain qualified APS certified social workers. Employees are placed in high stress situations, intervening in dysfunctional and often dangerous environments, where the vulnerable populations are experiencing neglect, abuse, or exploitation

Risks of Not Adopting Proposal: Increased referrals of abuse/neglect/exploitation cases cannot be responded to in a timely manner with current staff levels in certain parts of the state. Failure to timely respond to victims of abuse/neglect/exploitation may result in serious harm, injury or death to Montana consumers with liability consequences for state. There are increased employee retention issues because of high degree of stress in responding to referrals above targeted caseloads and responsibilities as guardian.

DP 22114 - EMVH Facility Painting and Upgrades - OTO - The legislature appropriated \$80,000 cigarette tax state special revenue for the biennium for painting and repairs in the common areas as well as 23 resident rooms of the A and B wings due to high resident traffic and damage from resident wheelchairs. The appropriation is for the 2011 biennium only.

DP 22115 - MT Vets' Home New CNAs FTE - The legislature approved the executive request for \$448,388 cigarette tax state special revenue for 4.80 new FTE to address acuity levels in the 40-bed unit. Within the past three years from November 11, 2004 to September 1, 2007, there was a 33 percent increase in activities of daily living and an 18 percent increase in the case mix index. This data was gathered from the Medicaid/Medicare RUG's report, which describes the medical acuity of MVH residents. Current staffing levels for day and afternoon shifts are three aides to 40 residents, about .075 aides per resident. The appropriation increases the aide staffing pattern by 33 percent to .098 aides per resident. The funds support the addition of one certified nurse aide (CNA) on each shift for seven days each week or 1.60 FTE x 3 shifts = 4.80 FTE.

DP 22117 - MVH Additional Aggregate RNs - The legislature added \$365,885 cigarette tax state special revenue for 2.00 FTE to the aggregate positions for registered nurses (RNs) to fund the annual cost of relief staffing for on-call and per diem employees.

DP 22118 - MVH Additional Aggregate LPNs - The legislature appropriated \$61,217 cigarette tax state special revenue to add 0.50 FTE to the aggregate positions for licensed practical nurses (LPNs) to provide relief staffing for on-call and per diem employees.

DP 22119 - MVH Additional Aggregate CNAs - The legislature appropriated \$169,769 cigarette tax state special revenue to add 3.00 FTE to the aggregate CNA positions to fund relief staffing with on-call and per diem employees.

DP 22120 - MVH Additional Aggregate Activity Positions - The legislature added \$221,673 in cigarette tax state special revenue for 3.00 activity aggregate FTE. This aggregate position pays trainees hired to take the four week certified nurse aide class. Ten people are hired and paid \$8.00 per hour for four weeks plus benefits. By retaining the majority of these employees, the facility reduces the cost of using temporary nursing services staff.

DP 22223 - Additional Funding for SLTC HCBS - The legislature appropriated \$9.6 million total funds (\$3.2 million general fund) to rebalance the long term care system by developing increased availability of home and community based services and additional resource and information services. The funds will support an additional 178 new service slots for community based waiver services (\$8.9 million over the biennium), additional state supplement payments for persons accessing the expanded waiver services (\$25,000 over the biennium), expansion of the aging and disabilities resource center model (\$600,000 over the biennium), and expansion of counseling services for community placement alternatives and information brochures (\$85,000 over the biennium). The appropriation is for the 2011 biennium only.

DP 22897 - Resource Facilitation Service -- TBI (Rst/OTO) - The legislature added \$200,000 general fund over the biennium for a resource facilitation service for persons with a traumatic brain injury. The service helps link persons with an injury to services. The appropriation is for the 2011 biennium only.

DP 22898 - Structural Balance Adjustment - Reduce 2013 Budget - The legislature shifted \$29.5 million total funds, including \$7.0 million general fund of the SLTC budget into a one-time-only appropriation. This action maintains services throughout the 2011 biennium, but lowers the 2013 biennium budget starting point. The legislature also adopted language in the companion bill to HB 2 directing DPHHS to identify, evaluate, and recommend budget reductions for consideration by the 2011 Legislature.

DP 22899 - Continue FY08 Funding Ratio for Present Law Base - The legislature reduced 2011 biennium general fund by \$122,000 to keep the same funding ratio as the FY 2008 base budget expenditures. Division administration was lowered by \$34,962 and adult protective services by \$85,038.

DP 22900 - Reduce Contracted Services Costs - MVH - The legislature reduced contracted services costs for nursing staff at the Montana Veterans' Home by about \$776,000 because the legislature funded 14.30 new nursing FTE that will offset the need for additional contract staff.

Language and Statutory Authority

"If HB 645 does not include \$5,246,224 of general fund money in fiscal year 2010 and \$5,271,854 of general fund money in fiscal year 2011 to fund overtime pay for programs and state institutions administered by the Department of Public Health and Human Services, then Human and Community Services Division is increased by \$162,322 of general fund money in fiscal year 2010 and by \$162,322 of general fund money in fiscal year 2011, Child and Family Services Division is increased by \$13,200 of general fund money in fiscal year 2010 and by \$13,200 of general fund money in fiscal year 2011, Disability Services Division is increased by \$1,181,084 of general fund money in fiscal year 2010 and by \$1,181,084 of general fund money in fiscal year 2011, Senior and Long-Term Care Division is increased by \$380,165 of state special revenue in fiscal year 2010 and by \$389,160 of state special revenue in fiscal year 2011, and Addictive and Mental Disorders Division is increased by \$3,266,263 of general fund money and by \$243,190 of state special revenue in fiscal year 2010 and by \$4,275,600 of general fund money and \$250,488 of state special revenue in fiscal year 2011."

"Community Waiver Services funding may be used only to expand Medicaid community waiver services, pay the state

supplement payment increases due to the expansion, and provide additional informational resources for aged and disabled persons."

Language in HB 2 also appropriates funds for a 1 percent annual provider rate increase if HB 645 does not include a certain level of funding for provider rate increases. The language and appropriation amounts are included in the agency overview.

Program Budget Comparison

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

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	626.85	626.85	629.35	629.35	626.85	629.35	2.50	0.40%
Personal Services	32,582,100	36,947,056	34,991,838	34,169,783	69,529,156	69,161,621	(367,535)	(0.53%)
Operating Expenses	14,373,649	11,476,817	13,495,181	13,776,465	25,850,466	27,271,646	1,421,180	5.50%
Equipment & Intangible Assets	227,741	27,000	51,741	51,741	254,741	103,482	(151,259)	(59.38%)
Grants	9,947,378	11,538,389	4,695,132	4,695,082	21,485,767	9,390,214	(12,095,553)	(56.30%)
Benefits & Claims	46,081,172	65,343,210	62,329,463	65,951,116	111,424,382	128,280,579	16,856,197	15.13%
Transfers	0	0	0	0	0	0	0	n/a
Debt Service	38,153	106,196	42,953	42,953	144,349	85,906	(58,443)	(40.49%)
Total Costs	\$103,250,193	\$125,438,668	\$115,606,308	\$118,687,140	\$228,688,861	\$234,293,448	\$5,604,587	2.45%
General Fund	55,876,309	63,169,445	61,408,201	61,684,800	119,045,754	123,093,001	4,047,247	3.40%
State Special	9,817,772	13,088,335	12,037,142	12,594,497	22,906,107	24,631,639	1,725,532	7.53%
Federal Special	37,556,112	49,180,888	42,160,965	44,407,843	86,737,000	86,568,808	(168,192)	(0.19%)
Total Funds	\$103,250,193	\$125,438,668	\$115,606,308	\$118,687,140	\$228,688,861	\$234,293,448	\$5,604,587	2.45%

Page Reference

Legislative Budget Analysis, B-290

Funding

AMDD administers chemical dependency services and adult mental health services. AMDD manages both contracted community services and provides direct services at three state institutions.

AMDD is supported by general fund, state special revenue, and federal funds. Total funding rises \$5.6 million between the 2009 and 2011 biennium. FY 2010 and FY 2011 appropriations are lower than FY 2009. Part of the difference is due to lower Medicaid costs than anticipated in the 2009 biennium and because \$7.8 million in general fund appropriations for institution overtime are included in HB language.

Most of the biennial increase (\$4.0 million) is in general fund. State special revenue includes the alcohol tax allocated to DPHHS, health and Medicaid initiatives (I-149 – tobacco tax increase), county funds, and tobacco settlement interest. Federal funds include Medicaid matching funds, chemical dependency and mental health block grant funds, and federal grants for specific chemical dependency activities. Federal funds decline slightly between biennia due to the reduction in the federal Medicaid match rate.

Program Narrative

The appropriation changes adopted by the legislature in HB 2 are greater than the \$5.6 million change shown in the main division table. HB 2 appropriation changes include cost increases that occur in FY 2009 (the second year of the current biennium). Since appropriation action is based on FY 2008 expenditures, HB 2 changes will include the effect of cost increases in FY 2009 such as annualization of pay plan increases and, in DPHHS, the annualization of provider rate increases and service expansions in FY 2009.

Major changes compared to the 2008 base budget for Addictive and Mental Disorders Division:

- Medicaid service and cost increases, including expansion of the home and community based waiver - \$16.8 million total funds (\$3.9 million general fund)
- Annualization of community mental health services (mental health drop in centers, 72 hour community crisis stabilization services, suicide prevention, expansion of MHSP) approved by the 2007 Legislature - \$3.1 million general fund
- New proposals which fund a net increase of 2.50 FTE

- An increase 4.00 FTE and about \$0.5 million in state special alcohol tax funds for MCDC and a reduction of \$0.2 million general fund for 1.50 FTE vacant for an extended period of time at the MSH
 - \$0.8 million general fund for community services to prevent placement in or return to MSH

The legislature reallocated \$3.8 million total funds, including \$1.3 general fund into a one-time appropriation for the 2011 biennium. These funds will be removed from the AMDD base budget used to develop the 2013 biennium appropriation request. The legislature also added language to HB 676 requiring the department to develop and implement a review of potential budget reductions to its 2013 biennium budget request prior to the next session.

The legislature reallocated costs among different expenditure categories to reflect how funds will be expended in the 2011 biennium. Specifically, \$5.7 million in MHSP funding was moved from grants to benefits to reflect a change to a fee for service program instead of a fixed cost grant funding, and the funding of about \$2.0 million for meth treatment homes was moved from contracted services in operating costs to benefits. Meth treatment is provided to specific eligible individuals and the funds do not support agency administrative costs.

General fund:

- Supports the Montana State Hospital (MSH) and the Montana Mental Health Nursing Care Center (MHNNC) costs
- Provides most of the state match for state Medicaid services
- Pays some of the costs of the Mental Health Services Plan (MHSP - a state funded program for adults with a serious and disabling mental illness with incomes below 150 percent of the federal poverty level)
- Funds seven methamphetamine treatment group homes
- Funds some mental health community services

State special revenue funds:

- The Montana Chemical Dependency Center (MCDC)
- Community chemical dependency services
- Part of the state match for Medicaid services, including the home and community based waiver for adults with a serious and disabling mental illness
- Some of the costs of MHSP

Federal funds support:

- Medicaid
- Block grant funds for community and institution chemical dependency services
- Block grant funds for community mental health services

Federal Stimulus Legislation

The American Recovery and Reinvestment Act (ARRA) provides an enhanced federal match rate for Medicaid costs effective October 1, 2008 through December 31, 2010. The increased federal match rate for Medicaid will reduce the amount of general fund needed as state Medicaid match for this program. HB 2 does not include the offset of state funds due to the federal stimulus legislation. The general fund reduction is included in HB 645.

Alcohol Tax Revenue – Indirect Cost Assessment Review by LFC

The subcommittee considered the increased assessment of indirect costs to the alcohol and cigarette tax (Senior and Long Term Care Division) state revenue accounts over the last several years. Indirect costs have increased at rates exceeding 20 percent per year. The subcommittee requested that the Legislative Finance Committee (LFC) review the indirect cost assessments and determine the various cost drivers.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	55,876,309	55,876,309	111,752,618	90.79%	103,250,193	103,250,193	206,500,386	88.14%
Statewide PL Adjustments	2,189,495	2,358,334	4,547,829	3.69%	2,443,062	2,632,028	5,075,090	2.17%
Other PL Adjustments	3,095,498	3,203,682	6,299,180	5.12%	9,446,643	12,343,512	21,790,155	9.30%
New Proposals	246,899	246,475	493,374	0.40%	466,410	461,407	927,817	0.40%
Total Budget	\$61,408,201	\$61,684,800	\$123,093,001		\$115,606,308	\$118,687,140	\$234,293,448	

Base budget expenditures are 88 percent of the total 2011 biennial budget (\$206.5 million, including \$111.8 million general fund). Statewide present law adjustments are \$5.1 million and supported largely by the general fund, due mostly to adjustments to personal services costs at the state institutions. New proposals add a net increase of \$0.9 million total funds, about half from the general fund.

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					3,789,420	0.00				3,974,254
Vacancy Savings					(1,454,842)	0.00				(1,462,226)
Inflation/Deflation					132,602	0.00				154,114
Fixed Costs					(24,118)	0.00				(34,114)
Total Statewide Present Law Adjustments		\$2,189,495	\$164,448	\$89,119	\$2,443,062	0.00	\$2,358,334	\$180,375	\$93,319	\$2,632,028
					0	0.00				0
DP 7101 - Fuel Inflation Reduction	0.00	(5,010)	(172)	(20)	(5,202)	0.00	(5,752)	(198)	(22)	(5,972)
DP 33101 - AMDD Operations Present Law Adjustments	0.00	11,438	1,758	7,394	20,590	0.00	13,227	2,033	8,551	23,811
DP 33102 - AMDD Rent Increase	0.00	8,108	1,246	5,241	14,595	0.00	11,990	1,843	7,750	21,583
DP 33201 - Medicaid FMAP - Chemical Dependency	0.00	0	16,008	(16,008)	0	0.00	0	22,702	(22,702)	0
DP 33202 - CD Medicaid Caseload Adjustment	0.00	0	23,642	49,081	72,723	0.00	0	35,110	71,381	106,491
DP 33203 - Annualize Meth & CD Regional Services Expansion	0.00	119,212	0	0	119,212	0.00	119,017	0	0	119,017
DP 33206 - Strategic Prevention Framework Incentive Grant	0.00	0	0	446,137	446,137	0.00	0	0	446,087	446,087
DP 33302 - MCDC Present Law Adjustments	0.00	0	100,503	0	100,503	0.00	0	153,099	0	153,099
DP 33306 - MHSP Pharmacy Benefit - Biennial	0.00	0	665,158	0	665,158	0.00	0	665,158	0	665,158
DP 33401 - Medicaid FMAP - Mental Health	0.00	343,319	0	(343,319)	0	0.00	494,855	0	(494,855)	0
DP 33402 - Medicaid Caseload Adjustment - Mental Health	0.00	1,129,701	0	2,345,232	3,474,933	0.00	1,883,580	0	3,829,433	5,713,013
DP 33404 - Annualize Mental Health Drop-In Centers	0.00	104,991	0	0	104,991	0.00	104,991	0	0	104,991
DP 33405 - Annualize Suicide Prevention Program	0.00	24,687	0	0	24,687	0.00	24,665	0	0	24,665
DP 33407 - Annualize 72 Hr Community Crisis Stabilization	0.00	1,429,173	0	0	1,429,173	0.00	1,429,173	0	0	1,429,173
DP 33410 - Mental Health Community Services Development	0.00	0	3,764	0	3,764	0.00	0	18,962	0	18,962
DP 33414 - Annualize Home & Community Based Services Waiver	0.00	0	990,092	2,055,408	3,045,500	0.00	0	1,449,196	2,946,304	4,395,500
DP 33501 - MSH Restore OT/Holiday Worked /Aggregates	0.00	0	0	0	0	0.00	(1,000,000)	(2)	0	(1,000,002)
DP 33502 - MSH Present Law Adjustments	0.00	531,713	0	0	531,713	0.00	619,767	0	0	619,767
DP 33503 - Reduce MSH Base Budget - FY08 Operating Plan Adj.	0.00	(618,310)	0	0	(618,310)	0.00	(618,310)	0	0	(618,310)
DP 33504 - Reduce MSH Base Budget - Equipment	0.00	(176,000)	0	0	(176,000)	0.00	(176,000)	0	0	(176,000)
DP 33602 - MMHNCC Present Law Adjustments	0.00	192,476	0	0	192,476	0.00	302,479	0	0	302,479
					0	0.00				0
Total Other Present Law Adjustments	0.00	\$3,095,498	\$1,801,999	\$4,549,146	\$9,446,643	0.00	\$3,203,682	\$2,347,903	\$6,791,927	\$12,343,512
					0	0.00				0
Grand Total All Present Law Adjustments	0.00	\$5,284,993	\$1,966,447	\$4,638,265	\$11,889,705	0.00	\$5,562,016	\$2,528,278	\$6,885,246	\$14,975,540

DP 7101 - Fuel Inflation Reduction - This reduction removes the amount included in the executive budget statewide present law adjustments for inflation in gasoline and diesel fuel. The total reduction is \$11,174 over the biennium, including \$10,762 general fund.

DP 33101 - AMDD Operations Present Law Adjustments - The legislature appropriated \$20,590 in FY 2010 and \$23,811 in FY 2011 funds for additional software maintenance for medical records systems and data consultants for IT system improvements at Montana State Hospital. This appropriation includes \$24,665 of general fund over the biennium and \$19,736 in other funds. Base expenditures were \$48,662.

DP 33102 - AMDD Rent Increase - This appropriation adds \$36,178 (\$20,098 in general fund and \$16,080 in other funds) over the biennium for rent increases at the AMDD headquarters building in Helena. Base expenditures were \$125,161.

DP 33201 - Medicaid FMAP - Chemical Dependency - This appropriation adds \$38,710 alcohol state special revenue over the biennium and reduces federal funds by the same amount due to the increase in the state Medicaid match rate. The adjustment brings the state match to what it would be without changes from the federal stimulus increase in the federal match rate. The reduction due to the enhanced Medicaid match rate is in other legislation.

DP 33202 - CD Medicaid Caseload Adjustment - Chemical dependency Medicaid services are estimated to increase by 2.2 percent each year of the 2011 biennium. This appropriation adds \$72,723 in FY 2010 (\$23,642 in alcohol state special revenue and \$49,081 in federal funds) and \$106,491 in FY 2011 (\$35,110 in alcohol state special revenue and \$71,381 in federal funds) for this increase. Base expenditures were \$1.5 million.

DP 33203 - Annualize Meth & CD Regional Services Expansion - This appropriation adds \$238,229 general fund over the biennium for the seven treatment homes developed in FY 2008. The 2007 Legislature approved the first major general fund appropriation to support chemical dependency services when it approved \$2.0 million general fund each year of the biennium for this expansion. This adjustment also reallocates funding for the meth treatment homes from operating costs to benefits since the funds provide direct services to individuals and do not fund division operating costs.

The legislature recommended that the Legislative Finance Committee monitor implementation and service outcomes due to the new treatment services.

The following information is provided so that the legislature can consider various performance measurement principles when examining this proposal. It is submitted by the agency, with editing by LFD staff as necessary for brevity and/or clarity.

Justification: Methamphetamine use continues to impact communities across Montana. An increased level of community based services based on best treatment strategies for methamphetamine treatment is necessary to address this problem. Methamphetamine clients need the range of services and continuum of care represented in biopsychosocial treatment for optimum results. The ideal treatment process consists of a treatment initiation phase, an abstinence attainment phase and a maintenance phase with long-term support

Goals and Objectives:

1. Expand community based services to successfully deal with this growing problem.
2. Provide community based services that address the needs of male, female, and Native Americans across the state.
3. To provide timely access to treatment is critical to address the problem, and reduce costs to the medical, correctional, and public health systems.

Performance Criteria and Milestones:

1. Increase admissions to community based services with the implementation of NIATx (Network for the Improvement of Addiction Treatment) principles
2. To reduce waiting time between the first request for service and first treatment session.

FTE: None. Program support and analysis is provided by AMDD Chemical Dependency Bureau.

Funding: \$2.2 million general fund each year of the biennium

Evaluation: The effectiveness of the community-based programs will be evaluated on a quarterly and annual basis through data submitted by non-profit corporations. Quality Assurance Division undertakes annual site reviews of all state-approved programs.

Obstacles: Many individuals using meth suffer from co-occurring disorders and deal with mental health issues as well. This issue has far reaching impacts on the medical, correctional, and public health systems across the state. With seven residential homes, each having a maximum capacity of eight residents, there can be a waiting list for admission into treatment.

Risk: Meth use will continue to grow, and if not addressed by the combined efforts of media, enforcement, treatment and recovery Montana will continue to see increased injury and death, in addition to escalating costs to medical, correctional, and public health systems.

DP 33206 - Strategic Prevention Framework Incentive Grant - This present law adjustment adds federal grant authority of \$446,137 in FY 2010 and \$446,087 in FY 2011. This grant will assist in helping communities develop 'how to' manuals for prevention activities related to binge drinking. The manuals will include direction on integrating data, developing a licensure for prevention professionals, and building data and evaluation of knowledge and use. Funding will support community grants. Base expenditures were \$1.8 million.

The legislature recommended that this project be monitored by the Legislative Finance Committee during the interim.

The following information is provided so that the legislature can consider various performance measurement principles when examining this proposal. It is submitted by the agency, with editing by LFD staff as necessary for brevity and/or clarity.

Justification: Binge drinking has been identified as a continual problem in Montana, especially in the youth population. Montana continues to lead the country with its incidence of drunken driving deaths. Lifespan drinking beginning at youth is a perpetual problem in the state.

Goals and Objectives:

1. Build infrastructure and capacity to prevent or diminish binge and lifespan drinking
2. Expand the epidemiological workgroup
3. Build functionality for prevention through leadership, cooperation, and action
4. Expand the knowledge, skills, and abilities of state and community prevention personnel
5. Reduce incidence of drunk driving deaths and injuries in Montana
6. Assist communities in developing "how to" manuals for prevention activities
7. Assist communities in building, integrating, and evaluating prevention data
8. Develop a licensure program for prevention professionals

Performance Criteria:

- o Did the community develop a local strategic prevention plan?
- o Did the community identify one or more casual factors on which to focus?
- o Did the community identify additional stakeholders and create new partnerships to advance the plan? Who else needs to be involved?
- o Did the community select and implement effective strategies linked to impacting casual factors?
- o Did positive change occur at the community level in the substance abuse problem in the population that was targeted?
- o Were there related changes in casual factors linked to the substance abuse related problems?

Milestones:

1. Did the community plan work and overcome the challenges that were addressed?
2. Did the community focus on one or more identified casual factors?
3. Were additional stakeholders identified and were they utilized to assist in advancing the plan?
4. Were effective strategies identified and implemented that impacted casual factors?
5. Did positive change occur at the community level related to the substance abuse problem?

FTE: None

Funding: \$2.2 million federal grant funds each year of the biennium

Evaluation: The effectiveness of the community-based programs will be evaluated on a quarterly and annual basis through performance based contracts. Data will be entered and evaluated through the Substance Abuse Management System (SAMS).

Obstacles: Possible decrease in federal grant funding

Risk: Fatalities due to vehicle crashes and binge drinking, especially with youth.

DP 33302 - MCDC Present Law Adjustments - This adjustment adds \$100,503 in alcohol tax state special revenue funds in FY 2010 and \$153,099 in FY 2011 to address inflation increases for pharmacy, laboratory, outside medical and dental, facility rent, and food services at MCDC. Total operating costs (excluding personal services costs) for MCDC in FY 2008 were \$1.3 million.

DP 33306 - MHSP Pharmacy Benefit - Biennial - The legislature approved the executive request for \$1,330,316 in health and Medicaid state special revenue over the biennium for the Mental Health Services Plan (MHSP). Caseload growth (\$562,726 over the biennium) is included as well as increased costs for drugs in the MHSP pharmacy program. The appropriation for MHSP drug benefits is biennial and totals \$3.4 million per year.

This adjustment also shifts funds from grants to benefits because the MHSP program is transitioning to a fee for service reimbursement system and providing access an expanded provider panel. Over the last several biennia the MHSP program has operated as a grant program, providing a fixed amount of grant funds to mental health centers to provide services to eligible persons.

DP 33401 - Medicaid FMAP - Mental Health - The legislature appropriated \$838,174 general fund over the biennium with a reduction in federal funds of the same amount due to an increase in the state Medicaid match rate. HB 645 reduces HB 2 general fund Medicaid appropriations due to the enhanced federal Medicaid match rate in the federal stimulus legislation.

DP 33402 - Medicaid Caseload Adjustment - Mental Health - The legislature appropriated \$9.2 million total funds, including \$3.0 million general fund for increased adult mental health Medicaid costs. Base level expenditures were \$35.3 million.

DP 33404 - Annualize Mental Health Drop-In Centers - The legislature appropriated \$104,991 general fund each year of the biennium to support five community mental health drop-in centers and to assist with start up for additional programs. This adjustment brings the total annual appropriation to \$361,247 general fund each year.

AMDD contracts with five selected providers: Eastern Montana Community Mental Health Center, Western Montana Mental Health Center in Gallatin County, Montana Mental Health Association, South Central Montana Regional Mental Health Center, and Western Montana Mental Health Center in Livingston. The 2007 Legislature provided funds to expand drop-in centers.

The legislature requested that this initiative be monitored and reviewed by the Legislative Finance Committee. The legislature also asked that measurable evaluation criteria be developed to evaluate the services.

The following information is provided so that the legislature can consider various performance measurement principles when examining this proposal. It is submitted by the agency, with editing by LFD staff as necessary for brevity and/or clarity.

Justification: Drop-in centers provide a safe place for consumers to socialize, have interactions with staff who can identify needs, offer supportive services, and provide for early identification and support for a consumer whose illness may be becoming more acute. Drop-in centers provide an opportunity for peer support services and access to other needed mental health or community services.

Goals:

1. Provide accessible resources for early identification, monitoring, and support of individuals with severe mental illnesses
2. Provide a safe environment for socialization for individuals with severe mental illnesses
3. Provide outreach, referral, and diversion for individuals with severe mental illnesses

Performance Criteria and Milestones:

- o Quarterly reporting by contracted providers on number served, hours of operation, services provided, recovery activities

FTE: There are no FTE associated directly with this service. The AMDD Mental Health Services Bureau is responsible for providing program direction and analysis.

Funding: This present law adjustment of \$104,991 general fund annualizes start up costs. FY 2008 expenditures were \$266,565 compared to a general fund appropriation of \$371,647.

Challenges to Implementation: Implementation of the program was delayed in FY 2008 due to other competing new program start-ups. All new programs are operational in FY 2009.

Risks of Not Adopting Proposal: Without the requested funding, communities lack the ability to fund these evidence-based services. These services provide an excellent opportunity to identify individuals needing more acute mental health services. Without these services in place, some consumers would need more intense levels of care because of lack of early identification.

DP 33405 - Annualize Suicide Prevention Program - This present law adjustment adds \$24,687 general fund in FY 2010 and \$24,665 in FY 2011 for contracted services provided by the two call center operations in Great Falls and in Bozeman that manage the suicide hotline. The suicide prevention program was funded by the 2007 Legislature. This adjustment brings the total suicide prevention program to \$200,000 general fund each year of the 2011 biennium.

DP 33407 - Annualize 72 Hr Community Crisis Stabilization - The legislature appropriated \$1,429,173 general fund each year of the biennium to annualize community crisis stabilization services, bringing the annual appropriation to \$1,412,473 general fund each year of the 2011 biennium. The program was started March 1, 2008 as a pilot in five sites – Bozeman, Billings, Butte, Hamilton, Helena, Miles City, and Missoula. Starting August 2008, the program was open to any other willing provider. Training has been provided to hospitals in Great Falls, Kalispell, and Glendive. The department is working with private providers and psychiatrists at the Montana State Hospital to provide psychiatric support to hospitals and community crisis services providers. Support will be provided both by telephone and by televideo conference where the capability exists.

DP 33410 - Mental Health Community Services Development - This present law adds \$3,764 tobacco settlement trust fund interest state special revenue in FY 2010 and \$18,962 in FY 2011 for operating costs (office space, travel, and leased vehicles.) for five half-time FTE who provide peer support to discharged MSH clients to assist in community re-integration. The FTE are located in Missoula (two 0.50 FTE), Butte (two 0.50 FTE), and Helena (one 0.50 FTE).

DP 33414 - Annualize Home & Community Based Services Waiver - The 2007 Legislature accepted the executive proposal to continue and expand a home and community-based Medicaid waiver for adults with severe and disabling mental illness, similar to the waivers administered for elderly, physically disabled, and developmentally disabled adults.

Program initiation has been slow, but gradual. Estimated FY 2008 expenditures were \$734,500. This present law adjustment (\$7.4 million over the biennium) annualizes the cost of FY 2009 expansion as well as increasing service slots from 125 in FY 2009 to 140 in FY 2010 and 190 in FY 2011. Waiver services will be expanded from three communities (Great Falls, Butte, and Billings) to two additional communities. Estimated expenditures in FY 2009 are \$1.2 million.

The legislature recommended tracking this proposal during the interim.

The following information is provided so that the legislature can consider various performance measurement principles when examining this proposal. It is submitted by the agency, with editing by LFD staff as necessary for brevity and/or clarity.

Justification: The program is designed to provide individuals with severe mental illnesses, that otherwise would require a nursing home level of care, a package of services including case management, nursing, personal assistance services, and homemaker services to enable them to remain in their homes.

Goals:

1. Provide community-based services to 125 individuals with severe mental illnesses as an alternative to nursing home level of care
2. Develop resources in targeted communities to meet the health care needs of individuals who are eligible for this waiver and who have chosen to participate

Performance Criteria and Milestones:

1. By January 2009, complete annual audit of all individual care plans to evaluate effectiveness of services and identify unmet needs
2. Assess feasibility of requesting an expansion of targeted communities and number of slots through an amendment to the waiver without additional funding.

FTE: There are no FTE associated directly with this service. The AMDD Mental Health Services Bureau is responsible for providing program direction and analysis.

Funding: This program is funded from health and Medicaid initiatives state special revenue (\$2,963,807) and federal Medicaid funds (\$6,088,749).

The program is currently operating in three geographical areas: Billings, Butte, and Great Falls. In those communities, the program is managed by a primary contractor that, in turn, contracts with several subcontractors for individualized wrap around services.

Challenges to Implementation: Barriers to enrollment have included recruitment and training of case management teams, AMDD staff, and community providers as well as development of appropriate services in targeted communities (i.e., housing).

Risks of Not Adopting Proposal: Without this service array, individuals would be served in nursing home settings.

DP 33501 - MSH Restore OT/Holiday Worked /Aggregates - The legislature shifted \$6.7 million general fund over the biennium for overtime, shift differential, holidays worked, and doctor on-call services to provide 24 hour staffing to HB 645. Language in HB 2 increases the overtime appropriations to original amounts if funding is not included in HB 645.

DP 33502 - MSH Present Law Adjustments - This adjustment adds \$531,713 general fund in FY 2010 and \$619,767 in FY 2011 for inflationary cost increases for pharmacy, and for hospital funded outside medical expenses for residents without Medicare, Medicaid or personal funds. It also increases funding for food services and upgrades to computer software at the state hospital.

DP 33503 - Reduce MSH Base Budget - FY08 Operating Plan Adj. - In FY 2008, the Montana State Hospital transferred \$775,000 general fund from personal services to cover additional operating costs at the hospital. \$618,310 of that amount was spent and the balance was reverted. This adjustment reduces the base budget by \$618,310 and brings the budget back to the appropriated 2008 level.

DP 33504 - Reduce MSH Base Budget - Equipment - The legislature accepted the executive budget request that eliminated the equipment budget for MSH, lowering the annual appropriation by \$176,000 general fund each year of the biennium. The adjustment was included as one of the changes to the executive budget published December 15.

DP 33602 - MMHNCC Present Law Adjustments - This present law adjustment funds inflation increases in pharmacy and outside medical services, replacement equipment, and nursing facility bed tax for MMHNCC. The adjustment adds \$192,476 general fund in FY 2010 and \$302,479 in FY 2011.

New Proposals

Program	Fiscal 2010					Fiscal 2011					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
DP 8101 - Increasing 4% Vacancy Savings to 7%	33	0.00	(34,707)	(16,293)	(33,412)	(84,412)	0.00	(34,805)	(16,300)	(33,515)	(84,620)
DP 33408 - Annualize Intensive Community Services (Goal 189)	33	0.00	400,000	0	0	400,000	0.00	400,000	0	0	400,000
DP 33702 - MCDC Modified Positions	33	1.00	0	115,534	0	115,534	1.00	0	116,019	0	116,019
DP 33707 - MCDC Staff Positions	33	3.00	0	153,682	0	153,682	3.00	0	148,728	0	148,728
DP 33898 - Remove FTE with Extended Vacancy	33	(1.50)	(99,644)	0	0	(99,644)	(1.50)	(99,970)	0	0	(99,970)
DP 33899 - Nurses Loan Reimbursement - HB 224	33	0.00	(18,750)	0	0	(18,750)	0.00	(18,750)	0	0	(18,750)
DP 33900 - Structural Balance Adjustment - Reduce 2013 Budget	33	0.00	0	0	0	0	0.00	0	0	0	0
Total	2.50	\$246,899	\$252,923	(\$33,412)	\$466,410	2.50	\$246,475	\$248,447	(\$33,515)	\$461,407	

DP 8101 - Increasing 4% Vacancy Savings to 7% - The legislature approved the executive request to raise vacancy savings from 4 to 7 percent for all personal services except state institution FTE. This change removes \$164,385 total funds, which includes \$69,512 in general fund.

DP 33408 - Annualize Intensive Community Services (Goal 189) - The legislature approved the executive request to add \$800,000 general fund over the biennium to provide community-based services to uninsured individuals, who would otherwise have difficulty in transitioning from MSH to community services.

This funding continues the Intensive Community Services (Goal 189) agency initiative started in FY 2008, with expenditures of \$218,860. It is estimated that the program will cost \$1.3 million general fund in FY 2009.

The following information is provided so that the legislature can consider various performance measurement principles when examining this proposal. It is submitted by the agency, with editing by LFD staff as necessary for brevity and/or clarity.

Justification: The initiative is designed to enable MSH to maintain its daily census as close to 189 as possible by developing new community services to serve the uninsured individuals needing more a intensive level of community care.

Goals and Objectives:

1. Expand community based services to adequately serve individuals needing intensive services upon discharge from the state hospital or who are at risk of readmission to the hospital.
2. Provide funding for community supports and resources to aid in transition and integration into community
3. Provide timely access to treatment throughout the state to:
 - a. Help reduce the number of individuals who must be admitted to the state hospital.
 - b. Discharge individuals sooner, where they can be treated in a community setting; therefore reducing the census as well.

Performance Criteria and Milestones:

- Number of patients discharged with services and supports funded by this initiative
- Readmission rates for this population at 60, 90, 180 days compared with all discharges

FTE: None. Program support and analysis is provided through the AMDD Mental Health Services Bureau.

Funding: \$800,000 general fund each year

Evaluation: The effectiveness of this program will be gauged through the daily census reports from MSH, as well as the number of individuals served within the community setting.

Obstacles: Development of new resources (group home beds) delayed implementation until June 2008. Programs administered through individual contracts and agreements are time-consuming for providers and AMDD staff.

Risk: Without these resources, the ability to keep the MSH census near the licensed capacity would be difficult. Further, uninsured individuals may struggle to find necessary crisis services in the community.

DP 33702 - MCDC Modified Positions - The legislature added \$231,553 in state special revenue to make permanent a modified position for an advanced practice registered nurse (APRN) approved in FY 2008. The APRN provides assistance to the single medical physician employed by MCDC on a regular and on-call basis. Without the APRN position, the physician is responsible for all on-call hours evenings and weekends.

DP 33707 - MCDC Staff Positions - The legislature appropriated \$302,410 in state special revenue for the 2011 biennium to add one registered nurse and two case managers at MCDC. The appropriation includes \$287,910 in personal services and \$14,500 in operating expenses. The new registered nurse FTE would increase the nurse coverage on afternoon shifts and weekends. The new case managers would coordinate with the clinical treatment teams, probation officers, family services, the legal system, referral sources, and other outside sources involved in a patient's treatment to coordinate continued care and discharge planning (make follow-up appointments with CD providers, mental health providers, medical providers and others), and obtain placement confirmations for housing and employment. The new staff will eliminate the amount of time that clinical staff spends coordinating these services, allowing them more time to focus their efforts on clinical treatment and record keeping.

DP 33898 - Remove FTE with Extended Vacancy - The legislature removed about \$200,000 general fund for 1.50 FTE at MSH that had been vacant for more than two years. One is a psychologist and the other is a half time registered nurse.

DP 33899 - Nurses Loan Reimbursement - HB 224 - The legislature removed \$18,750 general fund each year of the biennium from MSH contracted services contingent on passage and approval of HB 224. The funds were transferred to the university system to be used for loan repayment for registered professional nurses who agree to work at MSH or the state prison.

DP 33900 - Structural Balance Adjustment - Reduce 2013 Budget - The legislature shifted \$7.5 million total funds, including \$2.7 million general fund of the AMDD budget into a one-time-only appropriation. This action maintains services throughout the 2011 biennium, but lowers the 2013 biennium budget starting point. The legislature also adopted language in the companion bill to HB 2 directing DPHHS to identify, evaluate, and recommend budget reductions for consideration by the 2011 Legislature.

Language and Statutory Authority

"If HB 645 does not include \$5,246,224 of general fund money in fiscal year 2010 and \$5,271,854 of general fund money in fiscal year 2011 to fund overtime pay for programs and state institutions administered by the Department of Public Health and Human Services, then Human and Community Services Division is increased by \$13,200 of general fund money in fiscal year 2010 and by \$13,200 of general fund money in fiscal year 2011, Child and Family Services Division is increased by \$162,322 of general fund money in fiscal year 2010 and by \$162,322 of general fund money in fiscal year 2011, Disability Services Division is increased by \$1,181,084 of general fund money in fiscal year 2010 and by \$1,181,084 of general fun money in fiscal year 2011, Senior and Long-Term Care Division is increased by \$380,165 of state special revenue in fiscal year 2010 and by \$389,160 of state special revenue in fiscal year 2011, and Addictive and Mental Disorders Division is increased by \$3,266,263 of general fund money and by \$243,190 of state special revenue in fiscal year 2010 and by \$4,275,600 of general fund money and \$250,488 of state special revenue in fiscal year 2011."

"If House Bill No. 224 is not passed and approved, the general fund appropriation for Addictive and Mental Disorders Division is increased from \$64,774,108 to \$64,792,858 in fiscal year 2010 and from \$66,060,370 to \$66,079,120 in fiscal year 2011."

Language in HB 2 also appropriates funds for a 1 percent annual provider rate increase if HB 645 does not include a certain level of funding for provider rate increases. The language and appropriation amounts are included in the agency overview.