

### Program Budget Comparison

The following table summarizes the total budget requested by the Governor 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	26,361,511	26,471,018	49,364,556	52,832,529	3,467,973	7.03%
Operating Expenses	8,602,388	9,891,903	9,947,964	10,094,708	18,494,291	20,042,672	1,548,381	8.37%
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	122,214,655	124,946,769	229,731,649	247,161,424	17,429,775	7.59%
<b>Total Costs</b>	<b>\$147,393,341</b>	<b>\$150,269,511</b>	<b>\$158,581,486</b>	<b>\$161,569,851</b>	<b>\$297,662,852</b>	<b>\$320,151,337</b>	<b>\$22,488,485</b>	<b>7.56%</b>
General Fund	52,551,559	54,188,192	58,798,428	60,379,473	106,739,751	119,177,901	12,438,150	11.65%
State Special	3,685,456	5,251,431	5,042,212	5,044,588	8,936,887	10,086,800	1,149,913	12.87%
Federal Special	91,156,326	90,829,888	94,740,846	96,145,790	181,986,214	190,886,636	8,900,422	4.89%
<b>Total Funds</b>	<b>\$147,393,341</b>	<b>\$150,269,511</b>	<b>\$158,581,486</b>	<b>\$161,569,851</b>	<b>\$297,662,852</b>	<b>\$320,151,337</b>	<b>\$22,488,485</b>	<b>7.56%</b>

### Program Description

Disability Services Division (DSD) assists Montanans with disabilities in living, working, and participating in their communities. The division provides or contracts for institutional care, residential services, home-based services to families, case management, and a variety of employment outcome-related services. These services include counseling and guidance, career training, transportation, adaptive equipment, orientation and mobility services to the blind, vocational rehabilitation training, independent living services, medical services, job placement, and supported employment. DSD is responsible for medical adjudication of all claims for Social Security Disability and Supplemental Security Income. The division is responsible for the state behavioral treatment facility at the Montana Developmental Center (MDC) in Boulder.

Vocational Rehabilitation (VR) serves individuals with orthopedic, mental, visual, hearing, brain injury, and other disabilities. Developmentally disabled includes individuals with mental retardation, epilepsy, autism, or other neurological conditions that require treatment similar to those required by someone with mental retardation. The developmental disability must have originated before age 18 and have resulted in a substantial handicap for indefinite duration.

Disability Services Division (DSD) serves the telecommunications needs of Montanans who are deaf, hard of hearing, speech disabled, or mobility disabled through the Montana Telecommunication Access Program (MTAP).

Statutory Title 53, MCA, 29 U.S.C. 721 et. seq., 29 U.S.C. 796, et. seq., 29 U.S.C. 774, 29 U.S.C. 777b, 29 U.S.C. 2201 et. seq., 42 U.S.C. 75, 6602, 72 U.S.C. 1300, 42 CFR 441.302(b), 42 CFR 441.302(g), 45 CFR 74.62, and 34 CRF Part 303

**Program Highlights**

<b>Disability Services Division Major Budget Highlights</b>
<ul style="list-style-type: none"> <li>◆ The 2011 biennium budget is \$22 million greater than the 2009 biennium budget primarily due to a \$17 million increase in benefits and claims budget comprising:                             <ul style="list-style-type: none"> <li>● \$6 million to address increased caseloads for disability and early intervention services</li> <li>● \$8 million to annualize cost plans for individuals moving into the communities and provider rate increases approved by the 2007 Legislature</li> <li>● \$3 million to address the autism waiver, and secure additional federal funding for disability services and the Montana Developmental Center</li> </ul> </li> <li>◆ Increases of over \$13 million in general fund corresponds to the Governor’s request to increase benefits and include statewide and other present law adjustments</li> <li>◆ The \$3 million increase in state special revenue is due to:                             <ul style="list-style-type: none"> <li>● Nearly \$2 million for a contingency request in the event that the federal government mandates that states pay for new technologies in the telecommunication programs</li> <li>● Over \$1 million of I-149 funds in support of provider rate increases</li> </ul> </li> <li>◆ The division successfully met its goals for the 2009 biennium</li> </ul>
<b>LFD Major Issues</b>
<ul style="list-style-type: none"> <li>◆ The division increased the base funding of the Montana Developmental Center Medicaid by nearly \$0.7 million and the developmental disabilities program by nearly \$3 million during the interim without legislative discussion</li> </ul>

**Program Narrative**

*Goals and Objectives*

State law requires agency and program goals and objectives to be specific and quantifiable to enable the legislature to establish appropriations policy. As part of its appropriation deliberations the Legislative Fiscal Division (LFD) recommends the legislature review the following:

- Goals, objectives, and year-to-date outcomes from the 2009 biennium
- Goals and objectives and their correlation to the 2011 biennium budget request

2009 Biennium Major Goals:

The following provides an update to the major goals monitored during the 2009-10 interim.

Successes:

DSD met its goals to:

- Move at least 11 individuals into community services from the waiting list
  - 21 individuals were moved into community services
- Hire a vocational rehabilitation (VR) counselor to improve outcomes for young adults with disabilities, emphasizing the transition from high school to adult life
  - A teacher was hired who helped 78 students-in-transition (from the goal of 70) receive VR services, 42 students (from a goal of 40) wrote individual plans for employment and 15 (from the goal of 18) were employed by September 2008
- Implement a provider rate rebasing structure

- By July 2007 a provider contract requirement for a minimum wage of \$8.35 per hour for all direct care staff was established
- Establish a provider contract requirement to have providers assist direct care employees obtain career advancement
  - By October 2007 provider contracts contained provisions to make the College of Direct Supports training available to workers
- By July 2008 the division had implemented its goal to have all five regions on the standardized rate system for reimbursement of DDP providers

### 2011 Biennium Major Goals

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

The LFD recommends that the legislature adopt specific program goals and corresponding objectives for monitoring during the interim. The following goal is suggested.

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:

- Assist Montanans with disabilities, including transitioning students into gainful employment
  - Successfully meet federal (VR) standards and indicators
- Continually work to maintain an effective system of community based services for persons with developmental disabilities while emphasizing informed consumer choice
  - 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

#### **LFD ISSUE**

#### The Goal Does Not Contain Baseline Information

In order to for the legislature to discuss the division's budget in the light of efficient and effective government and formulate an appropriations policy for the division, goals should have a baseline against which the legislature can measure the division's achievements. This goal does not help the legislature understand the need for, or impact of the resources DSD has requested because there are no baseline comparisons, no time frames, and no outcomes or milestones to indicate when work would begin, progress reports would be provided, or the intended outcomes achieved.

Baseline data is available. There are federal standards and indicators that are attached to most of the division's funding. The division's past year achievements could also serve as baseline comparisons for it 2011 biennium goals. In addition to the fiscal and program staff, DPHHS and its divisions maintain staff that provides quality assurance of both customer satisfaction and the division's achievement of federal standards and its state plans. This is done on many levels including satisfaction surveys and interviews at the consumer level and quality reviews of provider entities on the fiscal and administrative level.

#### *Goals Should Address Quality and Quantity of Services*

The goals, objectives and measurements should also provide the legislature an understanding of the policy behind the basics of the numbers served and at what costs. The legislature should be able to understand the quality of services provided by the division and its contracted providers that were funded by past legislative appropriations and could be funded by the 2011 biennium requests.

**LFD  
ISSUE (CONT.)**

For example: There are two themes that are woven through the executive's 2009 biennium requests that still permeate the executive's requests in this budget. They are: 1) the recruitment, development, and retention of direct care worker staff; and 2) the reference to addressing system capacity or infrastructure. Both of these themes relate to the provision of services. The \$250 million in benefits and claims is largely expended through the contracted provider system.

In addition to reflecting the use of state resources on the number of people served, goals could be used to help the legislature understand:

- The division's accountability to the state for the quality of care and services provided to the DSD clients regardless of whether it is the state program paying its staff or the contracted provider serving a client
- The contracted provider's accountability to the state for the quality of care and services provided to the DSD clients regardless of whether it is a reimbursable service or the humanity of the relationships of the provider to its staff and in turn, its staff to the clients

**Options**

- The legislature may wish to discuss with the division how its goals and objectives might be improved to measure both quality and quantity of services
- There are additional references to goals and measurements in the present law and new proposal sections of the program narrative

*Provision of Services*

The division provides services through four areas: 1) vocational rehabilitation; 2) institutional services for individuals with developmental disabilities; 3) community services for individuals with developmental disabilities; and 4) disability determination.

The following tables illustrate how the division receives its total funding and how the programs and services are delivered. The tables, in order of appearance, are: 1) a summary of the base expenditures by function for FY 2008 and requested amounts for the 2011 biennium; and 2) a summary of the benefits provided for FY 2008 and requested amounts for the 2011 biennium.

A Summary of the Expenditures by Function

The Disability Services Division may be summarized into four major functions, as illustrated in Figure 33 Vocational rehabilitation services expend 13.6 percent of the total biennium budget, while institutional developmental disability services expend 6.5 percent, community developmental disability services 71.7 percent, and disability determination services 3.6 percent.

Figure 33  
Disability Services Division  
Summary of Major Program Functions with Funding

Function	Fiscal 2008 Base Budget				Fiscal 2010 Request				Fiscal 2011 Request				Percent of Division Biennium Total
	General Fund	State Special	Federal	Total Funds	General Fund	State Special	Federal	Total Funds	General Fund	State Special	Federal	Total Funds	
<b>Vocational Rehabilitation</b>													
Voc. Rehab. Administration	\$917,802	\$0	\$3,166,032	\$4,083,834	\$1,568,764	\$0	\$3,165,029	\$4,733,793	\$1,600,070	\$0	\$3,164,929	\$4,764,999	3.2%
Voc. Rehab. Benefits	1,753,463	0	6,478,475	8,231,938	1,973,524	0	6,478,475	8,451,999	2,063,970	0	6,478,475	8,542,445	5.7%
Visual Services Medical Benefits	122,297	0	0	122,297	123,135	0	0	123,135	124,272	0	0	124,272	0.1%
Independent Living - Admin.	21,233	0	191,066	212,299	24,584	0	193,843	218,427	23,345	0	194,296	217,641	0.1%
Independent Living - Benefits	8,723	0	36,902	45,625	9,065	0	36,902	45,967	9,530	0	36,902	46,432	0.0%
Sec. 110 Blind Low Vision Administration	218,615	0	623,900	842,515	320,282	0	623,644	943,926	324,810	0	623,618	948,428	0.6%
Sec. 110 Blind Low Vision Benefits	245,234	0	765,578	1,010,812	252,810	0	765,578	1,018,388	263,102	0	765,578	1,028,680	0.7%
In Service Training - Administration	20,773	0	58,225	78,998	20,748	0	58,568	79,316	20,746	0	58,671	79,417	0.1%
Supported Employment	0	0	307,364	307,364	0	0	307,364	307,364	0	0	307,364	307,364	0.2%
Independent Living Part B Benefits	361,431	0	191,734	553,165	465,580	0	191,734	657,314	413,164	0	191,734	604,898	0.4%
Independent Living Part B Administration	6,947	0	62,529	69,476	8,060	0	72,551	80,611	8,063	0	72,575	80,638	0.1%
MONTECH Grants	0	0	370,072	370,072	0	0	370,072	370,072	0	0	370,072	370,072	0.2%
Extended Employment Benefits	1,058,322	0	0	1,058,322	1,166,420	0	0	1,166,420	1,289,088	0	0	1,289,088	0.8%
Montana Telecommunications Access Prog.	0	963,811	0	963,811	0	1,852,906	0	1,852,906	0	1,855,278	0	1,855,278	1.2%
Montana Youth Leadership Forum	50,000	0	0	50,000	100,004	0	0	100,004	100,019	0	0	100,019	0.1%
Social Security Administration and Benefits	399,990	0	183,150	583,140	0	0	183,150	183,150	0	0	183,150	183,150	0.1%
Subtotal Vocational Rehabilitation	<u>\$5,184,830</u>	<u>\$963,811</u>	<u>\$12,435,027</u>	<u>\$18,583,668</u>	<u>\$6,032,976</u>	<u>\$1,852,906</u>	<u>\$12,446,910</u>	<u>\$20,332,792</u>	<u>\$6,240,179</u>	<u>\$1,855,278</u>	<u>\$12,447,364</u>	<u>\$20,542,821</u>	<u>13.6%</u>
Percent of Total Funds	27.9%	5.2%	66.9%	100.0%	29.7%	9.1%	61.2%	100.0%	30.4%	9.0%	60.6%	100.0%	
<b>Institutions</b>													
Montana Development Center	\$13,404,988	\$53,819	\$0	\$13,458,807	\$14,845,066	\$53,719	\$0	\$14,898,785	\$14,914,212	\$53,723	\$0	\$14,967,935	9.9%
MDC Alternative Safety Unit	1,784,819	0	0	1,784,819	1,700,486	0	0	1,700,486	1,707,511	0	0	1,707,511	1.1%
Subtotal Institutions	<u>\$15,189,807</u>	<u>\$53,819</u>	<u>\$0</u>	<u>\$15,243,626</u>	<u>\$16,545,552</u>	<u>\$53,719</u>	<u>\$0</u>	<u>\$16,599,271</u>	<u>\$16,621,723</u>	<u>\$53,723</u>	<u>\$0</u>	<u>\$16,675,446</u>	<u>11.1%</u>
Percent of Total	99.6%	0.4%	0.0%	100.0%	99.7%	0.3%	0.0%	100.0%	99.7%	0.3%	0.0%	100.0%	
Institutional Medicaid Reimbursements	\$0	\$0	\$8,952,602	\$8,952,602	\$0	\$0	\$9,553,223	\$9,553,223	\$0	\$0	\$9,868,479	\$9,868,479	6.5%
<b>Developmental Disabilities - Community</b>													
Administration	\$1,734,380	\$0	\$1,736,774	\$3,471,154	\$1,916,905	\$0	\$3,088,800	\$5,005,705	\$1,925,627	\$0	\$3,098,343	\$5,023,970	3.3%
Targeted Case Management Administration	692,028	0	996,039	1,688,067	758,871	0	1,091,634	1,850,505	761,961	0	1,095,924	1,857,885	1.2%
Targeted Case Management - Adults	1,023,292	0	2,228,351	3,251,643	1,092,442	0	2,216,738	3,309,180	1,140,518	0	2,240,338	3,380,856	2.2%
DD Medicaid Benefits	21,274,118	2,667,826	52,365,610	76,307,554	22,966,737	3,135,587	54,076,574	80,178,898	24,008,032	3,135,587	55,000,341	82,143,960	54.0%
TCM 50/50, PASAAR 2; Rate Project	208,524	0	467,741	676,265	220,071	0	491,376	711,447	220,544	0	492,503	713,047	0.5%
DD General Fund, Title XX	4,241,762	0	4,715,845	8,957,607	4,624,879	0	4,368,512	8,993,391	4,716,564	0	4,368,512	9,085,076	6.0%
DD Part C and General Fund Moe	\$3,402,808	\$0	\$2,012,550	\$5,415,358	\$4,639,995	\$0	\$2,012,550	\$6,652,545	\$4,744,325	\$0	\$2,012,550	\$6,756,875	4.5%
Subtotal Developmental Disabilities-Comm.	<u>\$32,576,912</u>	<u>\$2,667,826</u>	<u>\$64,522,910</u>	<u>\$99,767,648</u>	<u>\$36,219,900</u>	<u>\$3,135,587</u>	<u>\$67,346,184</u>	<u>\$106,701,671</u>	<u>\$37,517,571</u>	<u>\$3,135,587</u>	<u>\$68,308,511</u>	<u>\$108,961,669</u>	<u>71.7%</u>
Percent of Total	32.7%	2.7%	64.7%	100.0%	33.9%	2.9%	63.1%	100.0%	34.4%	2.9%	62.7%	100.0%	
Disability Determination Services	\$0	\$0	\$4,845,979	\$4,845,979	\$0	\$0	\$5,394,529	\$5,394,529	\$0	\$0	\$5,521,436	\$5,521,436	3.6%
Subtotal Disability Determination Services	<u>\$0</u>	<u>\$0</u>	<u>\$4,845,979</u>	<u>\$4,845,979</u>	<u>\$0</u>	<u>\$0</u>	<u>\$5,394,529</u>	<u>\$5,394,529</u>	<u>\$0</u>	<u>\$0</u>	<u>\$5,521,436</u>	<u>\$5,521,436</u>	<u>3.6%</u>
Percent of Total	0.0%	0.0%	100.0%	100.0%	0.0%	0.0%	100.0%	100.0%	0.0%	0.0%	100.0%	100.0%	
Total Disability Services Division	<u>\$52,951,549</u>	<u>\$3,685,456</u>	<u>\$81,803,916</u>	<u>\$138,440,921</u>	<u>\$58,798,428</u>	<u>\$5,042,212</u>	<u>\$85,187,623</u>	<u>\$149,028,263</u>	<u>\$60,379,473</u>	<u>\$5,044,588</u>	<u>\$86,277,311</u>	<u>\$151,701,372</u>	<u>100.0%</u>
Percent of Total	38.2%	2.7%	59.1%	100.0%	39.5%	3.4%	57.2%	100.0%	39.8%	3.3%	56.9%	100.0%	

The increases in the budget from the base to each year of the biennium are primarily due to the Governor's statewide and present law requests for personal services, rent increases, and the annualization of client cost plans and provider rates as well as requests for caseload increases.

The 2011 biennium budget requests \$107 million in FY 2010 and \$109 million in FY 2011 to support community services for developmentally disabled individuals, an increase of about \$7 and \$9 million over the \$100 million appropriated last biennium for community services. The budget for vocational rehabilitation increases about \$1 million a year, while the Montana Developmental Center budget and the disability determination services budget increase by over \$0.5 million each year.

The most common developmental disabilities exhibited by individuals receiving state funded services include mental retardation, autism, cerebral palsy, and other types of brain or neurological damage. More than 70 percent of these individuals have a secondary diagnosis such as epilepsy, cerebral palsy, deafness, blindness, mental illness, chemical dependency, and other physical difficulties.

#### A Summary of the Benefits

Figure 34 summarizeS the benefits provided in the FY 2008 base year and anticipated increases for the 2011 biennium.

Figure 34  
Disability Services Division  
Summary of Benefits Costs with Funding

Description	Fiscal 2008 - Base Budget				Fiscal 2010 Request				Fiscal 2011 Request				Biennium Percent Total
	General Fund	State Spec. Rev	Federal Funds	Total Funds	General Fund	State Spec. Rev	Federal Funds	Total Funds	General Fund	State Spec. Rev	Federal Funds	Total Funds	
Benefits and Claims													
Voc. Rehab. Benefits	\$1,754,062	\$0	\$6,480,686	\$8,234,748	\$1,974,180	\$0	\$6,480,629	\$8,454,809	\$2,064,649	\$0	\$6,480,606	\$8,545,255	6.8%
Visual Services Medical Benefits	111,676	0	0	111,676	112,514	0	0	112,514	113,651	0	0	113,651	0.1%
Independent Living - Benefits	8,723	0	36,902	45,625	9,065	0	36,902	45,967	9,530	0	36,902	46,432	0.0%
Sec. 110 Blind Low Vision Benefits	243,939	0	765,578	1,009,517	251,515	0	765,578	1,017,093	261,807	0	765,578	1,027,385	0.8%
Supported Employment	0	0	307,364	307,364	0	0	307,364	307,364	0	0	307,364	307,364	0.2%
Independent Living Part B Benefits	361,431	0	191,734	553,165	465,580	0	191,734	657,314	413,164	0	191,734	604,898	0.5%
MONTECH Grants	0	0	370,072	370,072	0	0	370,072	370,072	0	0	370,072	370,072	0.3%
Extended Employment Benefits	1,058,322	0	0	1,058,322	1,166,420	0	0	1,166,420	1,289,088	0	0	1,289,088	1.0%
Social Security Benefits	0	0	183,150	183,150	0	0	183,150	183,150	0	0	183,150	183,150	0.1%
MDC Medicaid	0	0	8,952,602	8,952,602	0	0	9,553,223	9,553,223	0	0	9,868,479	9,868,479	7.9%
Medicaid Benefits	21,274,118	2,667,826	52,365,610	76,307,554	22,966,737	3,135,587	54,076,574	80,178,898	24,008,032	3,135,587	55,000,341	82,143,960	65.7%
Developmental Disability	192,067	0	192,333	384,400	471,266	0	759,374	1,230,640	471,689	0	758,951	1,230,640	1.0%
Part C and General Fund Benefits	3,354,826	0	1,984,172	5,338,998	4,587,073	0	1,989,595	6,576,668	4,690,941	0	1,989,904	6,680,845	5.3%
General Fund, Title XX, Other Benefits	4,003,032	0	4,450,434	8,453,466	4,544,240	0	4,292,343	8,836,583	4,635,156	0	4,293,112	8,928,268	7.1%
DD Targeted Case Management Adult	1,023,292	0	2,228,351	3,251,643	1,092,442	0	2,216,738	3,309,180	1,140,518	0	2,240,338	3,380,856	2.7%
PASAAR Benefits	0	0	138,504	138,504	0	0	143,472	143,472	0	0	144,923	144,923	0.1%
Disability Determination Services	0	0	51,432	51,432	0	0	71,288	71,288	0	0	81,494	81,494	0.1%
Total Benefits and Grants	\$ 33,385,489	\$2,667,826	\$78,698,923	\$114,752,238	\$37,641,032	\$3,135,587	\$81,438,036	\$122,214,655	\$39,098,225	\$3,135,587	\$82,712,948	\$124,946,769	100.0%

Medicaid benefits provided to developmentally disabled individuals living in the community comprise 65.7 percent of the benefits provided by the division and the largest share of the Governor's proposals – about \$8.7 million in total funds over the biennium. The increases in Medicaid benefits are primarily driven by the Governor's request of \$6 million to address the DSD caseload growth for disabled individuals waiting to receive community services and those desiring to live and work in the community, and to address provider rates.

The Part C and General Fund Benefits line reflects the \$2.3 million requested to address growth in the Part C Early Intervention Program.

The General Fund / Title XX line is nearly 7 percent of the benefits and claims total, representing various non-Medicaid benefits. The increase is related to the FMAP change, provider rates, and annualization of client cost plans.

Medicaid reimbursement for services provided to developmentally disabled individuals residing at MDC comprise 7.9 percent of the benefits provided by the division, but are not predicted to increase because clients are moving from MDC into the community.

#### *Budget Request – A Biennial Comparison*

The increase in the 2011 biennium over the 2009 biennium is about \$22 million. The largest increase is in benefits – a growth of \$17 million. Other increases include:

- \$3 million for statewide present law and other personal services adjustments
- \$2 million for increased operating expenses

#### **LFD ISSUE**

#### Additions to the Base Budget during the Interim

The division received nearly \$4 million in FY 2008 through six program transfers, of which \$1.3 million in general fund and \$2.5 million in federal funds increased the base of the division.

Program transfers are legal changes that can be done under the authority of the Governor's Office of Budget and Program Planning, although transfers meeting a statutory threshold must be reviewed by the Legislative Finance Committee before approval. The threshold was not met with these transfers. The funding was available for transfer due to lower than anticipated Medicaid and other federal benefit costs. There is additional agency-wide information in the agency summary section at the beginning of this volume. The division received:

- General fund of:
  - \$850,000, \$680,000 to address specialized children's autism services and \$170,000 for MDC to address underfunded staff positions, overtime costs, and operating expenses
  - \$390,000 for MDC to support increased direct care staffing beyond the 2007 legislative appropriation due to increasingly complex needs of its clients
  - \$100,000 for expenditures at MDC

#### Federal funds of:

- \$780,000 for medically and behaviorally intensive clients
- \$970,000 for Medicaid reimbursement at the MDC (\$150,000) and for the expansion of the DD program for both behaviorally challenging youth aging out of the Children's Mental Health program and medically intensive DD waiver nursing services (\$820,000)
- \$765,000 for federal authority to allow programs to spend available cash: \$40,000 to VR, \$250,000 to Part C, \$5,000 DDS, and \$470,000 to MDC

**LFD  
ISSUE (CONT.)**

LFD brings these transfers to legislative attention because the general fund in the legislatively approved 2007 biennium base budget was increased by over \$1 million during the interim without legislative discussion of the programmatic or operational needs supported by the added funds. The primary increase in the use of the general fund was for:

- \$660,000 for MDC comprising \$540,000 in personal services and \$120,000 in operations
- \$340,000 to start a new developmental disabilities program to address specialized children's autism services

Montana Developmental Center

The increase of \$660,000 general fund to the MDC base budget was primarily to address staffing issues related to MDC's difficult and complex client population, the location of MDC in Boulder, and the fact that MDC is a 24 hours a day / 7 day a week facility. There is detailed information about MDC in the Institutional Services for Developmental Disabilities subprogram. Additional information, discussion, and legislative options are included there.

Specialized Children's Autism Services

The transfer of \$340,000 general fund was used to start a new program to address specialized children's autism services without legislative discussion of the programmatic or operational needs. Over the 2007 session and following interim, the division and the legislature acknowledged the nation-wide need to seek new methods to serve individuals with autism. The division identified a source of funding authority in a surplus in Medicaid caseload funding and moved toward delivery of services because it believed the need for services for individuals with autism and relief for their families was apparent. The department received authority from the Governor's office. Its intention was also included in the DPHHS update to the Children, Family, Health, and Human Services interim committee. This was not an action item, and the committee did not address the update.

An additional \$340,000 of the transfer was used to launch a project to identify the number of Montana children under five who have autism in July 2008.

There is further discussion of the autism project in the Developmental Disability Communities subprogram.

Because both of these issues are discussed at their respective subprogram levels, the legislative options are included there.

**Funding**

The following table shows program funding, by source, for the base year and for the 2011 biennium as recommended by the executive.

Program Funding Table						
Disability Services Division						
Program Funding	Base FY 2008	% of Base FY 2008	Budget FY 2010	% of Budget FY 2010	Budget FY 2011	% of Budget FY 2011
01000 Total General Fund	\$ 52,551,559	35.7%	\$ 58,798,428	37.1%	\$ 60,379,473	37.4%
01100 General Fund	52,551,559	35.7%	58,798,428	37.1%	60,379,473	37.4%
02000 Total State Special Funds	3,685,456	2.5%	5,042,212	3.2%	5,044,588	3.1%
02035 Mdc Vocational	53,819	0.0%	53,719	0.0%	53,723	0.0%
02159 Handicapped Telecommunications	963,811	0.7%	1,852,906	1.2%	1,855,278	1.1%
02475 Ddp Training Fund	-	-	-	-	-	-
02761 Medicaid Pilot Program Dd	-	-	-	-	-	-
02772 Tobacco Hlth & Mediced Initiative	2,667,826	1.8%	3,135,587	2.0%	3,135,587	1.9%
03000 Total Federal Special Funds	91,156,326	61.8%	94,740,846	59.7%	96,145,790	59.5%
03024 Soc Sec - Trust Funds	583,140	0.4%	183,150	0.1%	183,150	0.1%
03063 Idea General Supv Enhancement	-	-	-	-	-	-
03554 84.169 - Independent Living 90	254,367	0.2%	264,389	0.2%	264,413	0.2%
03555 84.177 - Indep Living Old Blin	227,394	0.2%	230,171	0.1%	230,624	0.1%
03556 84.181 - Part H - Early Interv	1,829,505	1.2%	1,829,505	1.2%	1,829,505	1.1%
03557 84.187 - Vic Sup Employment	307,807	0.2%	307,807	0.2%	307,807	0.2%
03558 84.224 - Mon Tech 100%	370,072	0.3%	370,072	0.2%	370,072	0.2%
03559 84.265 - In Service Training 9	58,225	0.0%	58,568	0.0%	58,671	0.0%
03579 93.667 - Ssbg - Benefits	4,898,890	3.3%	4,551,557	2.9%	4,551,557	2.8%
03580 6901-93.778 - Med Adm 50%	467,689	0.3%	491,376	0.3%	492,503	0.3%
03583 93.778 - Med Ben Fmap	63,546,563	43.1%	66,846,535	42.2%	68,109,158	42.2%
03588 93.802 - Disabil Deter Adm 100	4,845,797	3.3%	5,394,529	3.4%	5,521,436	3.4%
03599 03 Indirect Activity Prog 10	2,732,865	1.9%	3,180,434	2.0%	3,194,267	2.0%
03604 84.126 - Rehab-Sec110 A 78.7%	11,034,012	7.5%	11,032,753	7.0%	11,032,627	6.8%
03702 6901-Rural Transportatn Access	-	-	-	-	-	-
Grand Total	\$ 147,393,341	100.0%	\$ 158,581,486	100.0%	\$ 161,569,851	100.0%

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, 59.5 percent, comes from federal sources and is used for the direct provision of benefits and client services. General fund provides 37.4 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:

- o 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)
- o Medicaid administrative costs are funded on a 50/50 ratio of state and federal funds
- o Vocational Rehabilitation services are funded on a 21/79 ratio of state and federal funds
- o Disability determination services are funded entirely with federal funds
- o 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

**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	88.19%	147,393,341	147,393,341	294,786,682	92.08%
Statewide PL Adjustments	1,100,980	1,202,541	2,303,521	1.93%	898,178	1,016,176	1,914,354	0.60%
Other PL Adjustments	3,022,596	3,452,693	6,475,289	5.43%	5,228,374	5,692,074	10,920,448	3.41%
New Proposals	2,123,293	3,172,680	5,295,973	4.44%	5,061,593	7,468,260	12,529,853	3.91%
<b>Total Budget</b>	<b>\$58,798,428</b>	<b>\$60,379,473</b>	<b>\$119,177,901</b>		<b>\$158,581,486</b>	<b>\$161,569,851</b>	<b>\$320,151,337</b>	

### Present Law Adjustments

The “Present Law Adjustments” table shows the primary changes to the adjusted base budget proposed by the Governor. “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					2,017,616
Vacancy Savings					(1,035,525)					(1,039,953)
Inflation/Deflation					55,927					64,827
Fixed Costs					(28,844)					(26,314)
<b>Total Statewide Present Law Adjustments</b>					<b>\$898,178</b>					<b>\$1,016,176</b>
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 10004 - Restore Zero-Based Personal Services at MDC	0.00	1,181,084	0	0	1,181,084	0.00	1,181,084	0	0	1,181,084
DP 10005 - Rent For Non-State Facilities	0.00	141,884	73,866	67,586	283,336	0.00	163,092	75,580	72,970	311,642
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
<b>Total Other Present Law Adjustments</b>	<b>3.00</b>	<b>\$3,022,596</b>	<b>\$541,627</b>	<b>\$1,664,151</b>	<b>\$5,228,374</b>	<b>3.00</b>	<b>\$3,452,693</b>	<b>\$543,341</b>	<b>\$1,696,040</b>	<b>\$5,692,074</b>
<b>Grand Total All Present Law Adjustments</b>					<b>\$6,126,552</b>					<b>\$6,708,250</b>

The table reflects the Governor’s request for the entire division. The statewide present law adjustments and rent for non-state facilities will be discussed at the program level. The remaining requests will be addressed in the respective subprogram narratives.

### Program Personal Services Narrative

Adjustments in the statewide present law category for personal services are about \$2 million, including \$4 million in statutory pay increases, the pay plan adopted by the legislature, aligning FTE positions to market, benefits, and longevity for existing staff that are offset by \$2 million in vacancy savings.

The following information is provided so that the legislature can consider various personal services issues when examining the agency budget. It was submitted by the agency and edited for brevity by the LFD.

The division notes that funding is its biggest issue when addressing personal services.

- o **Market Rate** – The division expects to be at 92 percent of the 2008 market ratio as of October 2008 after implementing the HB 13 pay adjustments. This is in line with the agency-wide expectation of 92 percent. The DSD does not make any exception from agency policy on entry to or progression to market.
- o **Vacancy** - The division experiences high turnover, vacancies, and difficulties in recruitment and retention in direct care staff and licensed practical nurses at MDC. This is primarily due to market competition for nurses, the overall work environment, and the location of MDC in Boulder for direct care workers. As mentioned earlier in the program transfer discussion, the difficulty of keeping staff has led to increased overtime at the MDC in

order to keep the facility in operation and in compliance with national standards. As a means to attract and retain workers, the division is in the early stages of looking at additional benefits such as a transportation stipend for MDC direct care staff members that live far from the work site. It is also difficult to recruit rehabilitation teachers and orientation and mobility specialists for the blind because Montana has no training programs and the division must compete with recruitment and higher wages in other states.

- o **Legislatively applied vacancy savings** – The division holds almost all positions open for 30 days time, and sometimes more, to cover vacancy savings and payouts. DSD did not generate additional savings.
- o **Pay Changes** - DSD transitioned all positions to Pay Plan (PP) 20 with a union-negotiated percentage of market per position based on years of service, which allowed it to increase pay to at least entry and at most market. DSD also has a competency-based pay model for VR counselors. In order to fund the increases, DSD held almost all vacancies open for 30 days, and sometimes more, before advertising. Some operations and benefits funding was moved to personal services to fund the transition to PP 20. No services to clients were reduced because of the transition to PP 20.
- o **Retirements** – The division projects that 306 employees (61 percent of total program workforce) would be eligible for retirement in the 2011 biennium. Based on current trends and projections it estimates that 48 employees would retire with an anticipated compensated absence liability of \$391,104. DSD estimated that 46 employees could retire in the 2009 biennium. The division is concerned about the planned and potential retirements of several staff members and is taking steps for knowledge sharing and cross training.

**LFD  
ISSUE**

Recruitment and Retention is a Reoccurring Theme for the Division

Staff recruitment and retention is a reoccurring theme from biennium to biennium for the division. The legislature may wish to consider discussing with the division the development of a goal with measurable objectives and an interim reporting timeframe that would address the development of a staffing plan for MDC and any other programs where staff recruitment and retention is an issue.

There is additional information in the MDC discussion in the institutional services for individuals with developmental disabilities

### *Inflation / Deflation and Fixed Costs*

The \$121,000 budgeted request for inflation/deflation in the statewide present law adjustments is primarily due to anticipated increases in utilities, travel, and consultants and professional services. The inflation attached to consultants and professional services is attached to rates used by the Montana Telecommunications Access Program (MTAP) for contracted services that provide internet or voice relay of specialized communication systems for those that are blind or hard of hearing.

The fixed cost budget is reduced slightly as the division reduces the bond payments for MDC.

### **Present Law Adjustments**

DP 10005 - Rent For Non-State Facilities - The Governor requests \$232,366 general fund, \$158,040 state special revenue, and \$148,681 federal funds over the biennium for rent increases for offices in non-Department of Administration buildings for the Developmental Disabilities and Vocational Rehabilitation programs.

This includes rent at the new South Pointe building at a rate of \$23.13 per square foot in FY 2010, with an increase of 1 percent in FY 2011. Costs related to South Pointe total \$466,503, comprising \$202,385 in general funds, \$145,396 in state funds and \$118,722 in federal funds for the biennium. Offices that would be moving are the MTAP, which is currently located in downtown Helena, and the vocational rehabilitation and developmentally disabled program regional offices that are located in Helena's Northgate building on Montana Avenue.

Other amounts are based on 2-3 percent increases for current sites and new leases for two locations.

**LFD COMMENT** The main driver for the increase in rent is \$0.4 million over the biennium for staff located throughout Helena that will ultimately have to move. This amount is essentially a place holder at this time because the staff is scheduled to relocate to a new building that is not yet built. The increase is based on a July 2009 move, but the actual date is uncertain.

The legislature may wish to consider restricting the \$0.4 of the request to be expended only on payment of rent for the VR and DD regional offices to ensure the funds are not spent on other items if they are unused

**New Proposals**

The following table reflects the Governor’s request for the entire division.

Program	-----Fiscal 2010-----					-----Fiscal 2011-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
DP 10008 - DSD 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 10009 - Provider Rate Increase - DSD	10	0.00	393,001	0	411,048	804,049	0.00	933,246	0	962,969	1,896,215
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 Coordinator	10	1.00	50,004	0	0	50,004	1.00	50,019	0	0	50,019
DP 10015 - MTAP New Technologies (Bien)	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	1,130,289	0	0	1,130,289	0.00	1,179,403	0	0	1,179,403
<b>Total</b>	<b>1.00</b>	<b>\$2,123,293</b>	<b>\$800,000</b>	<b>\$2,138,300</b>	<b>\$5,061,593</b>	<b>1.00</b>	<b>\$3,172,680</b>	<b>\$800,000</b>	<b>\$3,495,580</b>	<b>\$7,468,260</b>	

The Governor’s request for caseload adjustments (DP 10008) and a 1 percent provider rate increase (DP 10009) are discussed at the program level. The remaining requests will be addressed in the respective subprogram narratives.

DP 10008 - DSD Caseload Adjustments -

The Governor requests 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. Figure 35 shows the funds for each component of the request.

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	\$100,000	\$41,949
<b>Total General Fund</b>	<b>\$499,999</b>	<b>\$960,012</b>
<b>Total Medicaid</b>	<b><u>623,311</u></b>	<b><u>1,430,820</u></b>
<b>Total Request</b>	<b><u>\$1,123,310</u></b>	<b><u>\$2,390,832</u></b>

**LFD  
COMMENT**

There appears to be an error in the FY 2011 request for general fund for the independent living program. As shown in Figure 35 there is a reduction to \$41,949. Based upon the division's goal to serve 24 individuals in FY 2010 at \$100,000, the amount for 50 individuals at about \$4,200 each should be around \$210,000.

*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:****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

**LFD  
ISSUE**

The Waiting list has been a Concern of the Past two Legislatures.

The 2005 Legislature provided over \$2 million over the biennium as a restricted appropriation to move 15 individuals off the developmental disabilities waiting list. The 2007 Legislature provided \$3.2 million to reduce the waiting list for individuals requesting services in their communities by 21 individuals.

Reduction of the waiting list is on-going and complicated. It is driven by a growing population whose cost plans can vary from a few thousand a year to as high as \$300,000 per year to adequately support their needs. It is also driven by availability of services in the communities. When the 2005 Legislature began addressing the waiting list, there were about 500 individuals throughout the state not receiving services, and about 800 individuals receiving some services. Over the past two biennia the division has removed about 60 individuals from the waiting list, and as reported with this request there are still about 500 individuals on the waiting list who are not receiving services. So, while legislative appropriations have helped address the waiting list, there has not been a large reduction to the list.

The goal for this request does not tell the legislature how many individuals might be served with a \$3 million investment. The performance criteria and milestones do not help the legislature understand the need for or impact of the resources DSD has requested because there are no time frames, outcome indicators, or milestones to indicate when work would begin, progress reports would be provided, or the intended outcomes achieved. The monthly monitoring of the budget is the job of DSD staff. It is not an outcome or a milestone.

**Options**

The legislature may wish to discuss the addition of a time frame, outcome indicator, or milestone to the goal for this request and have the division report to the legislature over the interim.

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 10009 - Provider Rate Increase - DSD - The executives requests over \$2 million total funds for the biennium for provider rate increases of 1 percent beginning in October of each year (annualized at 0.75 percent). Of that amount, the Vocational Rehabilitation Program would receive about \$0.3 million general fund and the Developmentally Disabled Program would receive just over \$1 million in both general fund and federal Medicaid funds over the biennium. There is further discussion in the agency overview.

**Sub-Program Details**

**VOCATIONAL REHABILITATION 01**

**Sub-Program Proposed Budget**

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

Sub-Program Proposed Budget								
Budget Item	Base Budget Fiscal 2008	PL Base Adjustment Fiscal 2010	New Proposals Fiscal 2010	Total Exec. Budget Fiscal 2010	PL Base Adjustment Fiscal 2011	New Proposals Fiscal 2011	Total Exec. Budget Fiscal 2011	Total Exec. Budget Fiscal 10-11
FTE	99.23	0.00	1.00	100.23	0.00	1.00	100.23	100.23
Personal Services	5,017,409	285,025	48,768	5,351,202	302,393	48,783	5,368,585	10,719,787
Operating Expenses	1,692,620	173,031	801,236	2,666,887	193,085	801,236	2,686,941	5,353,828
Benefits & Claims	11,873,639	153,475	287,589	12,314,703	153,475	460,181	12,487,295	24,801,998
<b>Total Costs</b>	<b>\$18,583,668</b>	<b>\$611,531</b>	<b>\$1,137,593</b>	<b>\$20,332,792</b>	<b>\$648,953</b>	<b>\$1,310,200</b>	<b>\$20,542,821</b>	<b>\$40,875,613</b>
General Fund	4,784,840	910,543	337,593	6,032,976	945,139	510,200	6,240,179	12,273,155
State/Other Special	963,811	89,095	800,000	1,852,906	91,467	800,000	1,855,278	3,708,184
Federal Special	12,835,017	(388,107)	0	12,446,910	(387,653)	0	12,447,364	24,894,274
<b>Total Funds</b>	<b>\$18,583,668</b>	<b>\$611,531</b>	<b>\$1,137,593</b>	<b>\$20,332,792</b>	<b>\$648,953</b>	<b>\$1,310,200</b>	<b>\$20,542,821</b>	<b>\$40,875,613</b>

**Sub-Program Description**

Vocational Rehabilitation (VR) promotes work and independence for Montanans with disabilities and offers three programs to assist eligible individuals with disabilities: vocational rehabilitation, blind and low vision services, and independent living.

Vocational rehabilitation services provide a broad range of services to assist, find or maintain employment for eligible individuals with disabilities. Blind and low vision services provide a broad range of services to assist eligible individuals with visual disabilities in finding or maintaining employment and increasing independence. Independent living services helps individuals with disabilities realize independence, inclusion and integration through living and participating in their chosen community.

The nearly \$25 million in benefits and claims shown in the proposed budget is basically supported with federal funds. The state special revenue is for the Montana Telecommunications Access Program funds. The general fund is either required state match or legislative initiatives.

Increases to the general fund are primarily:

- o \$1.8 million in statewide and present law adjustments
- o \$0.5 million for caseload adjustments
- o \$0.3 million for provider rate increases
- o \$0.1 million for a new transitions coordinator

**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	4,784,840	4,784,840	9,569,680	77.97%	18,583,668	18,583,668	37,167,336	90.93%
Statewide PL Adjustments	665,487	682,882	1,348,369	10.99%	292,609	311,116	603,725	1.48%
Other PL Adjustments	245,056	262,257	507,313	4.13%	318,922	337,837	656,759	1.61%
New Proposals	337,593	510,200	847,793	6.91%	1,137,593	1,310,200	2,447,793	5.99%
<b>Total Budget</b>	<b>\$6,032,976</b>	<b>\$6,240,179</b>	<b>\$12,273,155</b>		<b>\$20,332,792</b>	<b>\$20,542,821</b>	<b>\$40,875,613</b>	

**Present Law Adjustments**

The “Present Law Adjustments” table shows the primary changes to the adjusted base budget proposed by the Governor. “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					505,958					524,048
Vacancy Savings					(220,933)					(221,655)
Inflation/Deflation					5,968					6,591
Fixed Costs					1,616					2,132
<b>Total Statewide Present Law Adjustments</b>					<b>\$292,609</b>					<b>\$311,116</b>
DP 10003 - Annualize DSD Provider Rate Increases	0.00	153,475	0	0	153,475	0.00	153,475	0	0	153,475
DP 10005 - Rent For Non-State Facilities	0.00	91,581	73,866	0	165,447	0.00	108,782	75,580	0	184,362
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$245,056</b>	<b>\$73,866</b>	<b>\$0</b>	<b>\$318,922</b>	<b>0.00</b>	<b>\$262,257</b>	<b>\$75,580</b>	<b>\$0</b>	<b>\$337,837</b>
<b>Grand Total All Present Law Adjustments</b>					<b>\$611,531</b>					<b>\$648,953</b>

DP 10003 - Annualize DSD Provider Rate Increases - The executive requests \$3.6 million total funds over the biennium to annualize the rate increases authorized by the 2007 Legislature, which was 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 the DDP two provider rate increases: 1) an agency-wide provider rate increases, and 2) an increase that was included in the rate rebasing request. The appropriation included increases from FY 2008 to FY 2009. This decision package allows the division to continue provider rates into the 2011 biennium at the same level approved for FY 2009.

DP 10005 was discussed at the program level.

**New Proposals**

New Proposals	-----Fiscal 2010-----					-----Fiscal 2011-----					
	Sub Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 10008 - DSD Caseload Adjustments	01	0.00	200,160	0	0	200,160	0.00	253,996	0	0	253,996
DP 10009 - Provider Rate Increase - DSD	01	0.00	87,429	0	0	87,429	0.00	206,185	0	0	206,185
DP 10012 - Transitions Coordinator	01	1.00	50,004	0	0	50,004	1.00	50,019	0	0	50,019
DP 10015 - MTAP New Technologies (Bien)	01	0.00	0	800,000	0	800,000	0.00	0	800,000	0	800,000
<b>Total</b>		<b>1.00</b>	<b>\$337,593</b>	<b>\$800,000</b>	<b>\$0</b>	<b>\$1,137,593</b>	<b>1.00</b>	<b>\$510,200</b>	<b>\$800,000</b>	<b>\$0</b>	<b>\$1,310,200</b>

The Governor’s request for caseload adjustments (DP 10008) and a 1 percent provider rate increase (DP 10009) are discussed at the program level. The remaining requests will be addressed in the respective subprogram narratives.

DP 10008 and DP 10009 were discussed in the program new proposal section.

DP 10012 - Transitions Coordinator - The Governor requests \$50,000 general fund each year of the biennium to support a disabilities transition coordinator (1.00 FTE) to facilitate cooperation and coordination among all levels of government, as well as between the private and public sectors.

**LFD  
COMMENT**

This is a new program. The legislature may wish to consider having the division develop goals and measureable objectives for the new position, and report progress to the Legislative Finance Committee during the interim.

DP 10015 - MTAP New Technologies (Bien) - The executive requests a biennial appropriation of \$1.6 million state special revenue authority for the Montana Telecommunications Access Program (MTAP) in the event that the federal government mandates states to pay for new technologies. DSD predicts that the federal mandate will come with an advance notice of at least 18 months.

At this time, the known new technologies are Video Relay Service (VRS) and Internet Protocol Relay (IP Relay). VRS facilitates phone calls between an individual who uses sign language and a hearing individual. Using the Internet, video of the sign language user is transmitted to a sign interpreter, who then voices the call aloud for the hearing party. Internet Protocol Relay (IP Relay) also uses the Internet. Individuals who are deaf use a computer connected to the Internet to send text to an operator who will then speak that message aloud for the hearing party to the call.

This appropriation is requested as a contingency, accessed only if the FCC ruled that the states would now be required to pay for VRS and IP Relay. The projected fund balance of the Montana Telecommunications Access Fund at the end of SFY 2011 without this mandate is about \$2.1 million. The requested amount for this appropriation, if accessed, would leave a projected fund balance at the end of SFY 2011 of \$0.2 million.

**Sub-Program Details****INSTITUTIONAL DEVELOPMENTAL DISABILITIES 02****Sub-Program Proposed Budget**

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

Sub-Program Proposed Budget								
Budget Item	Base Budget Fiscal 2008	PL Base Adjustment Fiscal 2010	New Proposals Fiscal 2010	Total Exec. Budget Fiscal 2010	PL Base Adjustment Fiscal 2011	New Proposals Fiscal 2011	Total Exec. Budget Fiscal 2011	Total Exec. Budget Fiscal 10-11
FTE	268.08	0.00	0.00	268.08	0.00	0.00	268.08	268.08
Personal Services	12,329,954	1,243,082	0	13,573,036	1,310,179	0	13,640,133	27,213,169
Operating Expenses	2,886,280	112,563	0	2,998,843	121,641	0	3,007,921	6,006,764
Equipment & Intangible Assets	27,392	0	0	27,392	0	0	27,392	54,784
<b>Total Costs</b>	<b>\$15,243,626</b>	<b>\$1,355,645</b>	<b>\$0</b>	<b>\$16,599,271</b>	<b>\$1,431,820</b>	<b>\$0</b>	<b>\$16,675,446</b>	<b>\$33,274,717</b>
General Fund	15,189,807	1,355,745	0	16,545,552	1,431,916	0	16,621,723	33,167,275
State/Other Special	53,819	(100)	0	53,719	(96)	0	53,723	107,442
<b>Total Funds</b>	<b>\$15,243,626</b>	<b>\$1,355,645</b>	<b>\$0</b>	<b>\$16,599,271</b>	<b>\$1,431,820</b>	<b>\$0</b>	<b>\$16,675,446</b>	<b>\$33,274,717</b>

**Sub-Program Description**

As shown in the MDC proposed budget, \$27 million of the \$33 million dollar budget for MDC is for staff to provide services for the 24-hour day, 7-days-a-week operations of MDC. All increases to the base are general fund and amount to less than \$3 million over the biennium for statewide and present law adjustments. The state special revenue shown in the proposed budget is for work support activities provided to MDC clients.

*The Montana Developmental Center*

MDC currently serves persons who are seriously developmentally disabled to the extent that they pose an immediate risk of harm to themselves or to others and cannot be safely and effectively served in the present community-based service system.

It is the charge of MDC to keep its clients from harming themselves and others as well as to keep staff safe from harm. It is a goal of MDC to stabilize the individuals served at the facility so that they may move from the institutional setting into services in the community.

Individuals arrive at MDC by a civil commitment, a criminal commitment, or by a court referral for short term evaluation of their fitness to proceed in criminal cases. Civil commitments are for no longer than one year. In criminal cases, if an individual is capable to stand trial and found guilty, but placement to the correction system is determined inappropriate, the individual can be committed to MDC as a criminal to serve a criminal sentence. The state must take an individual for an emergency civil commitment or for a criminal sentence.

The average daily population at MDC in FY 2006 was 78, but with the court mandated closure of a unit, the maximum population is presently 56 in the six residences and 12 in the Alternative Safety Unit (ASU) for a total capacity of 68 individuals that are defined as being a danger to themselves and others.

Figure 36 shows the population and related costs for FY 2006, FY 2008, and the projected 2011 biennium. The bottom line on Figure 36 shows the federal Medicaid reimbursement amounts that MDC receives for Medicaid eligible clients. Any reimbursements amounts go into the general fund. The reimbursement amounts presented in Figure 36 are projected by the DPHHS Institutional Reimbursement Bureau and are about \$400,000 a year higher than the amount used for the Governor's MDC budget reflected in the benefit table presented earlier in the program narrative.

Figure 36

Montana Developmental Center Expenditures

	Actual FY 2006	Actual FY 2008	Requested FY 2010	Requested FY 2011
FTE	268.80	268.80	268.80	268.80
Personal Services	\$12,332,832	\$12,329,954	\$13,573,036	\$13,640,133
All other	<u>2,859,972</u>	<u>2,913,672</u>	<u>3,026,235</u>	<u>3,035,313</u>
Total	<u>\$15,192,804</u>	<u>\$15,243,626</u>	<u>\$16,599,271</u>	<u>\$16,675,446</u>
General Fund	\$15,145,371	\$15,189,807	\$16,545,552	\$16,621,723
State Special Rev.	47,433	53,819	53,719	53,723
Federal Special	0	0	0	0
	<u>\$15,192,804</u>	<u>\$15,243,626</u>	<u>\$16,599,271</u>	<u>\$16,675,446</u>
Population	78	63	72	72
Cost Per Person	\$194,780	\$241,962	\$230,545	\$231,603
Cost Per Day	\$534	\$663	\$632	\$635
Federal Reimbursements	\$8,343,836	\$8,952,602	\$10,018,415	\$10,281,905

As stated, the individuals in ASU are unlikely to be candidates for community inclusion because of the intense safety issues related to protecting the client and the caretakers. However, MDC has successfully moved the eligible clients into the community through the past biennium.

The remaining MDC population includes persons who have dual diagnoses of cognitive impairment and mental illness and those who have exhibited acts which are considered criminal under Montana code. There are also individuals who may be civilly committed to MDC because they have engaged in a criminal behavior, but have been determined to be incompetent to be prosecuted because they cannot understand the criminality of their actions. Others have been determined to be capable of understanding the criminal nature of their acts

but are in need of treatment and are criminally sentenced. Many clients presently at MDC require a 2:1 staff ratio. Clients also may need to be separated while on recreational or class room activities due to aggressive outbreaks.

Many communities do not have the capacity for meeting the safety needs of persons who are developmentally disabled with issues of offending or those who are developmentally disabled with severe mental health treatment needs. The division sees this as a process of capacity building that is anticipated to occur over the coming three to five years at a minimum.

LFD  
ISSUE

The Complex Population of the Montana Developmental Center and Related Staffing Issues have been an On-going Concern of the Legislature

The 2005 Legislature provided over \$2 million to address requirements of the Travis D lawsuit to move individuals from MDC into community services, support community training, provide crisis funds, and community facility modification.

The 2005 Legislature also provided \$2.5 million through the long Range Building Program bill for the construction of a new, secure replacement unit, now called the Alternative Safety Unit (ASU). The facility was intended to create a secure, safe, therapeutic environment for people with developmental disabilities that are defined as being a danger to themselves and others. It now houses 12 residents in home-style dwellings.

The 2007 Legislature discussed the support of MDC in light of a population that is difficult to serve due to behavioral issues, criminal commitments, and severity of medical issues by providing: 1) a \$1.6 million general fund supplemental appropriation in HB 3 to support staffing and overtime for FY 2007; and 2) a biennial present law adjustment of \$900,000 over the 2009 biennium to continue support of the staffing needs of MDC.

The 2009 legislative budget deliberations for MDC continue the same issues. There are two areas of focus.

- o The \$660,000 general fund program transfer for the MDC comprising \$540,000 in personal services and \$120,000 in operations that was discussed in the program overview
- o A request for nearly \$2.4 million general fund over the biennium to restore zero-based personal services funding to maintain minimum MDC staffing requirements for 24-hour day, 7-days-a-week facility shifts

While the source of funds differ, the 2007 Legislature appropriated \$2.5 million to address the same issues facing the 2009 Legislature as it discusses \$3.1 million for the request and the program transfer.

**LFD ISSUE (CONT.)** The on-going nature of the staffing issues and the recruitment and retention of direct care workers at MDC is apparent in: 1) the program overview in the light of the increased funding to the base as a result of the FY 2008 transfers; 2) the division’s personal services discussion; and 3) the request for \$2.4 million general fund over the biennium to restore zero-based personal services funding and maintain minimum MDC staffing requirements for workers at MDC.

There are overarching questions the legislature may wish to ask as it discusses the MDC budget and the related policy issues in light of the increasingly complex population of MDC.

- o Does the \$3.1 million adequately support the MDC budget in light of its present more intensive population?
- o Does the request adequately address the recruitment and retention issues to sustain MDC through the interim and avoid a supplemental request?
- o What other measures is MDC undertaking to address these issues, particularly as the demands on staff increase with the complexity of the population?
- o Does the present budget place MDC in a position to move beyond its present situation of relying on the same FTE doing more through overtime?
- o The division notes in its personal services discussion that it is working on the transportation issue related to its location in Boulder. If it finds an acceptable solution, are there funds available for the 2011 interim to address the solution?

As a means to address the future funding of MDC, the legislature may want to have the division develop goals and measureable objectives and establish an interim reporting timeframe that would address the staffing issues and the budget needed to implement them.

**Options for \$660,000 Program Transfer in FY 2008**

The legislature may wish to consider:

- o Having MDC provide a detailed report showing what was accomplished with the funds
- o Reducing the base budget general fund for MDC by \$660,000 with any necessary reduction in related federal authority
- o Reducing the base budget for MDC as presented in the option above and asking the MDC to bring forth a funding request with justifications and indicators for legislative consideration during the subcommittee hearings

**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	15,189,807	15,189,807	30,379,614	91.60%	15,243,626	15,243,626	30,487,252	91.62%
Statewide PL Adjustments	73,868	150,039	223,907	0.68%	73,768	149,943	223,711	0.67%
Other PL Adjustments	1,281,877	1,281,877	2,563,754	7.73%	1,281,877	1,281,877	2,563,754	7.70%
New Proposals	0	0	0	0.00%	0	0	0	0.00%
<b>Total Budget</b>	<b>\$16,545,552</b>	<b>\$16,621,723</b>	<b>\$33,167,275</b>		<b>\$16,599,271</b>	<b>\$16,675,446</b>	<b>\$33,274,717</b>	

**Present Law Adjustments**

The “Present Law Adjustments” table shows the primary changes to the adjusted base budget proposed by the Governor. “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					578,335					648,220
Vacancy Savings					(516,337)					(519,125)
Inflation/Deflation					46,284					53,966
Fixed Costs					(34,514)					(33,118)
<b>Total Statewide Present Law Adjustments</b>					<b>\$73,768</b>					<b>\$149,943</b>
DP 10004 - Restore Zero-Based Personal Services at MDC	0.00	1,181,084	0	0	1,181,084	0.00	1,181,084	0	0	1,181,084
DP 10018 - MDC Utilization Fee, Medicaid Reimbursement Adjust	0.00	100,793	0	0	100,793	0.00	100,793	0	0	100,793
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$1,281,877</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,281,877</b>	<b>0.00</b>	<b>\$1,281,877</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,281,877</b>
<b>Grand Total All Present Law Adjustments</b>					<b>\$1,355,645</b>					<b>\$1,431,820</b>

DP 10004 - Restore Zero-Based Personal Services at MDC - The Governor requests nearly \$2.4 million general fund over the biennium to restore zero-based personal services funding to maintain minimum MDC staffing requirements at this 24-hour day, 7-days-a-week facility and cover shifts. The components of the request are:

- o \$504,887 each year of the biennium for overtime
- o \$16,454 each year of the biennium for differential pay to meet required union contracts when an employee performs duties outside of and above his/her regular job classification. Non-union employees also receive higher pay under agreed upon conditions on a temporary basis when assigned
- o \$867,544 each year of the biennium to cover holidays worked
- o \$448,396 each year of the biennium to adjust for the standard payroll benefits

**LFD COMMENT** Staff related issues were discussed in the subprogram overview.  
 Because of the amount of uncertainties as to when the funds may be necessary the legislature, should it opt to approve this request, may wish to designate the appropriation as biennial.

DP 10018 - MDC Utilization Fee, Medicaid Reimbursement Adjust - The executive requests \$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.

**LFD COMMENT** HB 722 from the 2003 session imposed a utilization fee on resident bed days of intermediate care facilities for the mentally retarded (ICF/MR). The fee imposed was equal to 5 percent of the facility’s quarterly revenue, divided by the resident bed days for the quarter. The fee becomes part of the operating costs of the facility and is Medicaid reimbursable. The proceeds (Medicaid reimbursement) of the utilization fee are deposited 30 percent in the general fund and 70 percent in the state special revenue prevention and stabilization fund for use by the department. SB 82 later increased the utilization from 5 to 6 percent.

**Sub-Program Details****DEVELOPMENTAL DISABILITY COMMUNITIES 03****Sub-Program Proposed Budget**

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

Sub-Program Proposed Budget								
Budget Item	Base Budget Fiscal 2008	PL Base Adjustment Fiscal 2010	New Proposals Fiscal 2010	Total Exec. Budget Fiscal 2010	PL Base Adjustment Fiscal 2011	New Proposals Fiscal 2011	Total Exec. Budget Fiscal 2011	Total Exec. Budget Fiscal 10-11
FTE	84.52	0.00	0.00	84.52	0.00	0.00	84.52	84.52
Personal Services	4,279,411	408,337	0	4,687,748	423,774	0	4,703,185	9,390,933
Operating Expenses	1,583,708	124,810	0	1,708,518	135,311	0	1,719,019	3,427,537
Equipment & Intangible Assets	29,964	0	0	29,964	0	0	29,964	59,928
Benefits & Claims	102,827,167	3,077,497	3,924,000	109,828,664	3,392,753	6,158,060	112,377,980	222,206,644
<b>Total Costs</b>	<b>\$108,720,250</b>	<b>\$3,610,644</b>	<b>\$3,924,000</b>	<b>\$116,254,894</b>	<b>\$3,951,838</b>	<b>\$6,158,060</b>	<b>\$118,830,148</b>	<b>\$235,085,042</b>
General Fund	32,576,912	1,857,288	1,785,700	36,219,900	2,278,179	2,662,480	37,517,571	73,737,471
State/Other Special	2,667,826	467,761	0	3,135,587	467,761	0	3,135,587	6,271,174
Federal Special	73,475,512	1,285,595	2,138,300	76,899,407	1,205,898	3,495,580	78,176,990	155,076,397
<b>Total Funds</b>	<b>\$108,720,250</b>	<b>\$3,610,644</b>	<b>\$3,924,000</b>	<b>\$116,254,894</b>	<b>\$3,951,838</b>	<b>\$6,158,060</b>	<b>\$118,830,148</b>	<b>\$235,085,042</b>

**Sub-Program Description**

It is the mission of the Developmental Disabilities Program to support choices and opportunities for people with developmental disabilities in their communities.

As shown in the proposed budget the division requests \$222 million in benefits and claims and \$9 million for staff to carry out the mission. The services related to benefits and claims are primarily delivered through contracted providers throughout the state.

General fund increases nearly \$8 million to the division budget include:

- o \$2.3 million for early intervention caseload growth for children birth to 3 years of age
- o \$2.1 million for the Medicaid match rate adjustment
- o \$2 million for caseload adjustments and provider rate increases
- o \$0.8 million in statewide present law adjustments
- o \$0.6 million for rent increase
- o \$0.5 million to annualize community service cost plans
- o \$0.2 for the autism waiver and MDC

Over the last two biennia, the service system has undergone significant system change. The 2007 legislature appropriated \$18 million to strengthen the infrastructure for community services for developmentally disabled individuals through a rate rebasing project for community providers and \$3.2 million to reduce the waiting list for individuals requesting services in their communities. This budget includes requests to annualize the cost plans that were funded last session and to fund the increasing caseload.

As mentioned in the goal and objective discussion of the program narrative, the legislature may wish to weigh in on both the quantity and the quality of services provided by the division and its contracted providers as it deliberates the division's budget.

**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	32,576,912	32,576,912	65,153,824	88.36%	108,720,250	108,720,250	217,440,500	92.49%
Statewide PL Adjustments	361,625	369,620	731,245	0.99%	415,258	431,805	847,063	0.36%
Other PL Adjustments	1,495,663	1,908,559	3,404,222	4.62%	3,195,386	3,520,033	6,715,419	2.86%
New Proposals	1,785,700	2,662,480	4,448,180	6.03%	3,924,000	6,158,060	10,082,060	4.29%
<b>Total Budget</b>	<b>\$36,219,900</b>	<b>\$37,517,571</b>	<b>\$73,737,471</b>		<b>\$116,254,894</b>	<b>\$118,830,148</b>	<b>\$235,085,042</b>	

**Present Law Adjustments**

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the Governor. "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					603,660					619,739
Vacancy Savings					(195,323)					(195,965)
Inflation/Deflation					2,867					3,359
Fixed Costs					4,054					4,672
<b>Total Statewide Present Law Adjustments</b>					<b>\$415,258</b>					<b>\$431,805</b>
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	309,235	467,761	897,744	1,674,740	0.00	348,462	467,761	858,517	1,674,740
DP 10005 - Rent For Non-State Facilities	0.00	50,303	0	67,586	117,889	0.00	54,310	0	72,970	127,280
DP 10018 - MDC Utilization Fee, Medicaid Reimbursement Adjust	0.00	0	0	600,621	600,621	0.00	0	0	915,877	915,877
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$1,495,663</b>	<b>\$467,761</b>	<b>\$1,231,962</b>	<b>\$3,195,386</b>	<b>0.00</b>	<b>\$1,908,559</b>	<b>\$467,761</b>	<b>\$1,143,713</b>	<b>\$3,520,033</b>
<b>Grand Total All Present Law Adjustments</b>					<b>\$3,610,644</b>					<b>\$3,951,838</b>

DP 10001 - FMAP Adjustment - The executive requests an increase in general fund of approximately \$2 million 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.

The projected FMAP rate for FY 2010 is 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 equates to an increase in general fund in FY 2010 of \$875,591 and FY 2011 of \$1,241,563 to maintain current level activities.

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

*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:** In the 2007 session, 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.

**LFD  
ISSUE**

Waiting List

The waiting list was addressed earlier in the program overview in the discussion of caseload adjustment. As noted in that discussion, the waiting list has been an on-going concern of past legislatures. This request annualizes costs for individuals that left the waiting list and moved into community services.

The performance criteria listed do not tell the legislature if anything has been achieved by the expenditures, and the monthly monitoring of the budget is the job of DSD staff. It is not an outcome or a milestone. This is of concern in these cases because the services are delivered by contracted providers. An individual's cost plan may have been maintained at the same dollar amount, but is the individual better off, or would another service for the same dollar amount better serve the individual?

The legislature may wish to discuss the inclusion of a quality component to its performance criteria with the division.

**DP 10003 - Annualize DSD Provider Rate Increases** - The executive requests \$3.6 million total funds over the biennium to annualize the rate increases authorized by the 2007 Legislature, which was 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 the DDP two provider rate increases: 1) an agency-wide provider rate increases, and 2) an increase that was included in the rate rebasing request. The appropriation included increases from FY 2008 to FY 2009. This decision package allows the division to continue provider rates into the 2011 biennium at the same level approved for FY 2009.

DP 10018- MDC Utilization Fee - The executive requests \$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.

**LFD COMMENT** HB 722 from the 2003 session imposed a utilization fee on resident bed days of intermediate care facilities for the mentally retarded (ICF/MR). The fee imposed was equal to 5 percent of the facility’s quarterly revenue, divided by the resident bed days for the quarter. The fee becomes part of the operating costs of the facility and is Medicaid reimbursable. The proceeds (Medicaid reimbursement) of the utilization fee are deposited 30 percent in the general fund and 70 percent in the state special revenue prevention and stabilization fund for use by the department. SB 82 later increased the utilization from 5 to 6 percent.

**New Proposals**

Sub Program	FTE	-----Fiscal 2010-----				-----Fiscal 2011-----				
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 10008 - DSD Caseload Adjustments										
03	0.00	299,839	0	623,311	923,150	0.00	706,016	0	1,430,820	2,136,836
DP 10009 - Provider Rate Increase - DSD										
03	0.00	305,572	0	411,048	716,620	0.00	727,061	0	962,969	1,690,030
DP 10011 - Autism Waiver										
03	0.00	50,000	0	103,941	153,941	0.00	50,000	0	101,791	151,791
DP 10016 - Developmental Disabilities Program - Fed. Funding										
03	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										
03	0.00	1,130,289	0	0	1,130,289	0.00	1,179,403	0	0	1,179,403
<b>Total</b>	<b>0.00</b>	<b>\$1,785,700</b>	<b>\$0</b>	<b>\$2,138,300</b>	<b>\$3,924,000</b>	<b>0.00</b>	<b>\$2,662,480</b>	<b>\$0</b>	<b>\$3,495,580</b>	<b>\$6,158,060</b>

The Governor’s request for caseload adjustments (DP 10008) and a 1 percent provider rate increase (DP 10009) are discussed at the program level.

DP 10011 - Autism Waiver – The executive requests \$305,732 of general and federal funds over the biennium to increase support for the Human and Community Based Services waiver for children with autism. The division envisions that 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 in this request 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 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 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.

**LFD  
ISSUE**

This Request is for an Increase to a Program started Without Legislative Consideration

As noted earlier in the program narrative, the work to begin the autism waiver began over the interim. A workgroup of parents, providers, and staff members representing DPHHS, as well as educational entities, legislators, the medical community, and others with an interest in children with autism guided the process including the development of the waiver. Beginning with the initial workgroup discussions the division was encouraged to begin the program as quickly as possible.

Initial funding of \$340,000 general fund came via the program transfers mentioned earlier in the program narrative. The division used another \$380,000 to begin a program to identify the number of Montana children under five who have autism by offering free autism screenings at various clinics across the state where parents could have their children diagnosed and autism verified and evaluated. The screenings should be complete by the start of the 2009 session and once data is compiled the state will have an accurate count of children with autism. (At the time the screenings were implemented, there were about 100 known children with autism throughout the state.) The legislature should receive a report as soon as it is available.

As of November 2008 the autism waiver has not been approved. This request is based on the assumption that it would be approved by July 2009, and perhaps as early as December 2008.

*Legislative considerations*

Should the legislature wish to approve this request of \$305,732 over the biennium to increase support for the Human and Community Based Services waiver for children with autism, and ensure that the funds are not used for other purposes if there is a delayed implementation of the waiver, it could restrict the funds and make the appropriation contingent upon receipt of the autism waiver.

Should the legislature wish to address the \$340,000 program transfer to address specialized children's autism services, it may want to consider that the funding from the program transfer was used to start a program that could increase the division's budget every biennium. For example, the division does not yet have an approved waiver and it is now requesting over \$300,000 total funds for the 2011 biennium to address it.

*Options:*

Because the autism project did not receive legislative discussion, the legislature may wish to ask the division to bring projected cost estimates for the 2011 and 2013 biennia to operate the program.

The legislature may also wish to consider discussing with the division:

- The development of goals with measurable objectives and an interim reporting timeframe that would allow the legislature to hear about the progress being made toward implementation of the waiver
- The addition of a component to the autism waiver that would track the progress made by children participating in the waiver

**LFD  
ISSUE (CONT.)**

If the legislature is concerned about the program transfer increase to the general fund, it may wish to consider:

- Having DDP provide a detailed report showing what was accomplished with the funds
- Reducing the base budget general fund for DDP by \$340,000 with any necessary reduction in related federal authority
- Reducing the base budgets for DDP as presented in the option above and asking DDP to bring forth a funding request with justifications and indicators for legislative consideration during the subcommittee hearings

DP 10016 - Developmental Disabilities Program - Fed. Funding - The Governor requests \$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. This request would continue the past practice with the intent that any additional refinancing would be used to strengthen and expand services without committing the state to additional general fund.

DP 10020 - Early Intervention Caseload Growth - The executive requests over \$2 million general fund over the biennium to support caseload growth in the Part C Early Intervention Program. The Part C program is an entitlement for eligible recipients. It is supported with federal funds and general fund maintenance of effort, which requires providers to perform outreach efforts and serve more children every year. The average expenditures per child per year were \$2,337 in FY 2004. Because caseloads have grown at a higher rate than funding, the average expenditures per child per year were \$2,051 in FY2008 – a decrease of \$286 per child per year in resources to serve each person.

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.

This request would continue the level of funding approved for FY 2009 into the 2011 biennium.

**LFD  
ISSUE****Program Measures**

Over the interim the division, its Part C contracted providers and the legislature acknowledged the gap between the growing caseloads and stagnate funding. As noted in the discussion of the increases to the base in the program overview, the division transferred \$250,000 of federal funds to the Part C program in FY 2009 to help address this problem.

However, this request provides very little information about what its resources are actually buying for the state and its children in this program. There is insufficient information for the legislature to link the amount of requested resources to the number of individuals served or the quality of the services that would be provided. Additionally, there are no outcomes provided from which the children and their families, the division, or the legislature can understand the successes achieved as a result of the increase resources.

The legislature may wish to discuss with the division the development of goals with measureable objectives and baseline data that would track the appropriation over the biennium and reflect its successes.

**Sub-Program Details**

**DISABILITY DETERMINATION 04**

**Sub-Program Proposed Budget**

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

Sub-Program Proposed Budget								
Budget Item	Base Budget Fiscal 2008	PL Base Adjustment Fiscal 2010	New Proposals Fiscal 2010	Total Exec. Budget Fiscal 2010	PL Base Adjustment Fiscal 2011	New Proposals Fiscal 2011	Total Exec. Budget Fiscal 2011	Total Exec. Budget Fiscal 10-11
FTE	42.09	3.00	0.00	45.09	3.00	0.00	45.09	45.09
Personal Services	2,354,585	394,940	0	2,749,525	404,530	0	2,759,115	5,508,640
Operating Expenses	2,439,780	133,936	0	2,573,716	241,047	0	2,680,827	5,254,543
Benefits & Claims	51,432	19,856	0	71,288	30,062	0	81,494	152,782
<b>Total Costs</b>	<b>\$4,845,797</b>	<b>\$548,732</b>	<b>\$0</b>	<b>\$5,394,529</b>	<b>\$675,639</b>	<b>\$0</b>	<b>\$5,521,436</b>	<b>\$10,915,965</b>
Federal Special	4,845,797	548,732	0	5,394,529	675,639	0	5,521,436	10,915,965
<b>Total Funds</b>	<b>\$4,845,797</b>	<b>\$548,732</b>	<b>\$0</b>	<b>\$5,394,529</b>	<b>\$675,639</b>	<b>\$0</b>	<b>\$5,521,436</b>	<b>\$10,915,965</b>

**Sub-Program Description**

Disability Determination Services (DDS) works with the Social Security Administration (SSA) in administering two disability programs. Social Security Disability Insurance (SSDI) is a monthly benefit paid to eligible individuals who cannot work due to serious physical or mental disability. Supplemental Security Income (SSI) is a needs based program that provides coverage for adults and children whose income and resources are below a specified level. The same medical/vocational criteria are used for both programs to determine eligibility for benefits.

A brief summary of the indicators used to determine if an individual qualifies for SSDI or SSI include: 1) If a working individual earns an average of more than \$700 a month; 2) if impairments are "severe" enough to interfere with basic work-related activities; 3) if the individual's condition is found in the list of disabling impairments or could be of equal severity to an impairment on the list; 4) if a severe condition that is not the same or of equal severity as an impairment on the list allows an individual the ability to do the work they did in the last 15 years; and 5) if the individual can do any other type of work considering their age, education, past work experience, and transferable skills.

As shown in the proposed budget, the division is funded entirely with federal funds. The increases are due to statewide and present law adjustments.

**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	0	0	0	0.00%	4,845,797	4,845,797	9,691,594	88.78%
Statewide PL Adjustments	0	0	0	0.00%	116,543	123,312	239,855	2.20%
Other PL Adjustments	0	0	0	0.00%	432,189	552,327	984,516	9.02%
New Proposals	0	0	0	0.00%	0	0	0	0.00%
<b>Total Budget</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$5,394,529</b>	<b>\$5,521,436</b>	<b>\$10,915,965</b>	

**Present Law Adjustments**

The “Present Law Adjustments” table shows the primary changes to the adjusted base budget proposed by the Governor. “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					218,667					225,609
Vacancy Savings					(102,932)					(103,208)
Inflation/Deflation					808					911
<b>Total Statewide Present Law Adjustments</b>					<b>\$116,543</b>					<b>\$123,312</b>
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 10019 - Restore Zero-Based Personal Services at DDS	0.00	0	0	95,503	95,503	0.00	0	0	98,367	98,367
<b>Total Other Present Law Adjustments</b>	<b>3.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$432,189</b>	<b>\$432,189</b>	<b>3.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$552,327</b>	<b>\$552,327</b>
<b>Grand Total All Present Law Adjustments</b>					<b>\$548,732</b>					<b>\$675,639</b>

DP 10006 - Disability Determination Services Base Adjustments - The executive requests an increase in federal funds over the biennium for the DDS for medical consultants, rental space, and client travel. The three parts to this request are:

- o Medical consultants review all cases cleared through the DDS as mandated by federal law and are paid through contracts mandated by state law. Projections indicate a 22 percent increase in case clearances for FY 2010 and an increase of 33 percent in FY 2011. The increase each year reflects increased productivity as the transition to a paperless process continues. Funding for Medical consultants entails about \$0.4 million over the biennium
- o Rent for the DDS office on Prospect Avenue in Helena was \$162,186 for FY2008 and is projected to increase to \$168,796 for FY 2010 and \$172,179 for FY 2011. This represents a cost per square foot of \$10.98 in FY 2010 and \$11.20 in FY 2011 for 15,373 square feet for an increase of \$16,603 over the biennium.

Disability claimants that are required to travel to consultative examinations are reimbursed for their expenses at state per diem rates. Using the projections of a 22 percent increase in case clearances in FY 2010 and an increase of 33 percent in FY 2011, the projected increase comes to \$49,918 over the biennium.

DP 10007 - FTE for Disability Determination - The Governor requests 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 to begin in FY 2009 and continue indefinitely. The division hired three claims adjudicators as modified FTE in FY 2009. The Governor requests that these be made permanent HB 2 FTE.

DP 10019 - Restore Zero-Based Personal Services at DDS - The Governor requests nearly \$0.2 million federal funds over the biennium 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. The components of the request are:

- o \$49,328 over the biennium for overtime to help process the workload to maintain a manageable level of pending cases

\$144,542 over the biennium for the holiday pay due to the premium amount paid for those employees that work on state recognized holidays