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	86.00	86.00	150.00	150.00	86.00	150.00	64.00	74.42%
Personal Services	3,931,820	4,824,779	7,936,224	7,954,370	8,756,599	15,890,594	7,133,995	81.47%
Operating Expenses	9,983,559	8,891,704	11,502,791	11,097,082	18,875,263	22,599,873	3,724,610	19.73%
Equipment & Intangible Assets	5,535	0	5,535	5,535	5,535	11,070	5,535	100.00%
Grants	645,569	189,278	645,569	645,569	834,847	1,291,138	456,291	54.66%
Benefits & Claims	472,602,973	600,772,781	604,750,493	644,001,671	1,073,375,754	1,248,752,164	175,376,410	16.34%
Transfers	0	0	0	0	0	0	0	n/a
Debt Service	0	2,282	0	0	2,282	0	(2,282)	(100.00%)
Total Costs	**$487,169,456**	**$614,680,824**	**$624,840,612**	**$663,704,227**	**$1,101,850,280**	**$1,288,544,839**	**$186,694,559**	**16.94%**
General Fund	107,427,618	137,625,754	129,285,151	139,591,484	245,053,372	268,876,635	23,823,263	9.72%
State Special	39,209,729	53,486,558	67,420,556	71,467,187	92,696,287	138,887,743	46,191,456	49.83%
Federal Special	340,532,109	423,568,512	428,134,905	452,645,556	764,100,621	880,780,461	116,679,840	15.27%
Total Funds	**$487,169,456**	**$614,680,824**	**$624,840,612**	**$663,704,227**	**$1,101,850,280**	**$1,288,544,839**	**$186,694,559**	**16.94%**

Program Description

The Health Resources Division (HRD) administers Medicaid primary care services, children's mental health services, Children's Health Insurance Program (CHIP), and Big Sky Rx. The purpose of the division is to improve and protect the health and safety of Montanans. The division reimburses private and public providers for a wide range of preventive, primary, and acute care services. Major service providers include physicians, public health departments, clinics, hospitals, dentists, pharmacies, durable medical equipment, and mental health providers. The division develops tools, measurements and reports necessary to allow division management to administer and control programs and expenditures in the division, and to report those results in an accurate and timely manner to others. The division strives to provide superior customer service in a respectful, fair, and timely manner.

The majority of services in the division are funded through Medicaid. Medicaid is a voluntary state/federal partnership that reimburses for medical services for the aged, blind, disabled, children, and low-income families. In addition to Medicaid, the division has a small federal SAMHSA grant that provides regional infrastructure and very limited services for children below 150 percent of the federal poverty level who have a serious emotional disturbance.

The division administers CHIP as a separate health insurance program and contracts with Blue Cross Blue Shield to provide third party administrator services. CHIP dental and eyeglasses benefits are reimbursed directly by the department. CHIP is a voluntary state/federal partnership that reimburses for medical services for children at or below 175 percent of poverty. CHIP eligibility is determined by division staff.

Big Sky Rx is a state funded program that helps Montanans, who are at or below 200 percent of poverty and who are eligible for the Medicare Part D prescription drug program, pay for their Medicare premium. Big Sky Rx eligibility is determined by division staff. A related program, PharmAssist, pays for prescription drug counseling by a pharmacist and provides drug information and technical assistance to all Montanans.

HRD also administers health programs established by the passage of I-155, the Healthy Montana Kids initiative. The initiative raised CHIP eligibility from 175 percent of the federal poverty level to 250 percent and raised Medicaid eligibility to 185 percent of the federal poverty level. Family assets may not be considered in determining eligibility for the expansion populations.

Program Highlights

Health Resources Division Major Budget Highlights
♦ The 2011 biennium budget request is $186.7 million greater than the 2009 biennium, including $23.8 million general fund • Healthy Montana Kids adds $114.6 million, due to passage of voter initiative I-155 in November 2008 • Biennium to biennium Medicaid service utilization and eligibility increases are $56.1 million total funds, including $18.4 million general fund ♦ Most of the executive budget increase funds continuation of current level services • Executive budget changes are made from the FY 2008 base budget so the total change amount is greater than the biennium to biennium difference • Present law changes add $306.9 million total funds, including $50.7 million general fund • Medicaid service utilization and eligibility increases add $39.6 million total funds, including $13.0 million general fund • Continuation of the hospital utilization fee adds $28.0 million, including $9.2 million in tax revenue used as federal Medicaid match • CHIP enrollment and operating cost increases add $21.5 million, including $2.2 million general fund • Big Sky Rx Medicare Part D premium assistance for low-income seniors adds $6.4 million in health and Medicaid initiatives state special revenue • Expansion of Medicaid services to include heart, lung and liver transplants for adults adds $6.1 million total funds ♦ New proposals add $7.3 million general fund, including $2.7 million general fund to implement: • A program to allow disabled workers to earn more income and retain Medicaid services, including funds for 2.00 FTE • A general fund expansion of dental services for low income persons, including Medicaid beneficiaries • A waiver to fund community services to prevent placement of seriously emotionally disturbed youth in residential psychiatric facilities, including funds for 2.00 FTE • A 1 percent annual provider rate increase implemented October 1 of each fiscal year
Major LFD Issues
♦ Developing accurate Medicaid cost estimates for the 2011 biennium will be difficult • The economic slow down will contribute to higher enrollment in Medicaid, but the historic data used to estimate costs may not accurately reflect potential increases • Implementation of the National Provider Identifier slowed claims processing in late FY 2008 • Enrollment declines between November 2006 and December 2007 contributed to slower cost growth

- The executive budget is based on federal CHIP grant amounts that are substantially in excess of historic grant amounts
- Current CHIP enrollment cannot be sustained without substantial federal grant increases
- There may be unnecessary increases to the general fund from reductions in state special revenue specifically allocated to CHIP
- LFD projections of Big Sky Rx costs are $1.1 million lower than the executive budget based on an average lower monthly payment
- Goals and objectives submitted with the budget request are of poorer quality than those listed on the HRD website
- Goals and objectives measure outcomes for a very small portion of HRD appropriations
- It will be challenging to implement meaningful measures to evaluate performance of health plan expenditures, but without useful measures the legislature cannot assess what it is purchasing for nearly $1 billion

Program Narrative

The HRD 2011 biennium request is $186.7 million higher than the 2009 biennium budget, including funding for 64.00 new FTE. The single most significant change is the addition of $114.6 million and 60.00 new FTE for the Healthy Montana Kids (HMK) program enacted by citizen initiative 1-155 November 2008. A portion of the total general fund increase is due to a higher state Medicaid match rate, which rises from 31.41 percent in FY 2008 to an estimated 32.97 percent by FY 2011. Each 1 percent change in the match rate causes a $10.9 million change in state match costs over the biennium (based on the 2011 biennium budget request).

The legislature will consider changes in the executive budget that add funds to FY 2008 base expenditures to arrive at appropriations for FY 2010 and FY 2011. The total executive budget changes are higher than the biennial comparison ($314.2 million) because of the base adjustments also include incremental increases that would be reflected in the FY 2009 appropriation, primarily related to Medicaid cost growth.

The most significant changes in the executive budget are:

- Medicaid cost increases - $140.0 million total funds, $36.7 million general fund
- Healthy Montana Kids Initiative – 60.00 new FTE, $114.1 million total funds, $39.1 million state special revenue from insurance premium taxes
- Supplemental payments to hospital increases - $28.0 million total funds, $9.2 million hospital utilization fee state special revenue
- CHIP enrollment and cost increases - $21.4 million, $2.2 million general fund, $2.7 million state special revenue
- Medicaid service expansions to cover additional types of organ transplants for adults and to allow disabled enrollees to earn more income and retain Medicaid services - $6.6 million total funds, $0.2 million general fund $2.0 million state special revenue
- Increased enrollment in Big Sky Rx (Medicare Part D prescription drug premium assistance for low-income Medicare eligible persons) - $6.4 million health and Medicaid initiatives revenue
- Provider rate increases - $4.9 million, $1.6 million general fund
- A reduction in the federal match rate does not alter total spending, but it increases the state share of Medicaid and CHIP costs by $11.8 million total funds, $11.5 million general fund

Majority of Cost in Present Law Adjustments

The majority ($306.9 million) of the 2011 biennium budget request supports present law adjustments to continue services at the level authorized by the last legislature, with two exceptions. Healthy Montana Kids was enacted by voter initiative November 2008, and is included as a present law adjustment because the statute was effective on passage, even though it is a new program. The executive also included expansion of Medicaid services to cover certain transplants for adults as a

present law adjustment, which should have been categorized as a new proposal. Historically the legislature removed funds for some adult transplant services as a budget reduction measure, another reason it should be a new proposal.

New proposals fund:

- Provider rate increases
- An expansion of Medicaid eligibility to allow disabled persons to keep Medicaid services as their earnings increase
- Potential cost increases for anticipated federal changes to payments for therapeutic group home and foster care services
- A Medicaid waiver to provide community services to children at risk of placement in residential psychiatric care

Medicaid Cost Estimates

Estimating Medicaid costs was difficult during the last legislative session and may be more problematic this session. There are several reasons:

- Anomalies in recent claims payment speed up and slow down, which distort historic cost patterns used to develop estimates
- Underlying claims cost trends that may be disguised due to data anomalies
- Recent Medicaid claims data that may not capture the potential effects of the economic decline

Medicaid Caseload Projections

With that caveat, HRD Medicaid caseload projections for the 2011 biennium assume that cost trends will increase compared to the experience between FY 2007 to FY 2008. Cost trends for some services are based on historic cost experience rather than the most recent experience of cost moderation, partly to reflect the economic downturn. Figure 37 shows costs for present law budgets for Medicaid services that are caseload driven and that have state match requirements. Figure 37:

- Compares FY 2008 expenditures to the FY 2008 appropriation
- Lists the FY 2009 appropriation
- Shows the executive budget request for each year of the 2011 biennium
- Determines the overall annual growth rate for the 2011 biennium compared to base budget expenditures
- Calculates an estimate of total state match requirements for each year
- Shows the net state match supporting for caseload growth excluding funding changes due to the increase in the state match rate

Figure 37

HRD Present Law Medicaid Request for Services with State Match that are Caseload Driven

2009 Biennium Actuals/Appropriation Compared to 2011 Biennium Request

	<----------FY 2008---------->		FY 2009	FY 2010	FY 2011
Service	Appropriation	Expenditures	Appropriation	Executive Budget Request	
Hospital & Clinic Services	$140,894,344	$130,165,140	$153,434,719	$145,915,894	$153,587,101
Children's Mental Health	72,708,839	59,429,661	79,624,213	67,061,668	69,606,784
Managed Care Services	70,301,759	47,439,644	76,018,205	54,338,660	54,225,213
Pharmacy Services	45,590,933	36,512,621	50,620,214	47,516,277	53,863,829
Acute Services	40,432,383	31,541,992	53,263,848	32,923,044	34,838,636
Medicare Buy-In	20,917,096	21,385,057	23,216,242	24,275,524	26,705,629
Cervical and Breast Cancer	3,029,364	2,715,711	3,640,548	2,784,865	2,858,942
Total	$393,874,718	$329,189,826	$439,817,989	$374,815,931	$395,686,134
Annual Percent Change		-16.4%	33.6%	-14.8%	5.6%
Annual Change from Base Expenditures to FY 2010 & FY 2011 Request				*6.7%*	*6.3%*
Estimated State Match at FY	$123,724,084	$103,405,240	$140,257,957	$121,852,659	$130,457,718
Change in State Match from FY 2008 Actuals		($20,318,844)	$36,852,717	$18,447,419	$27,052,479
Change Due to State Match Increase				(4,878,826)	(6,921,711)
Net State Fund Change due to Caseload Increase				$23,326,246	$33,974,190

NOTE: Present law costs do not include the budget request for Healthy Montana Kids nor Part D clawback. State match change is the sum of executive budget requests for Medicaid and CHIP, and the amount estimated but not specifically identified for children's mental health Medicaid services.

Excess Appropriation Amounts

Expenditures for HRD administered Medicaid services were $67.7 million lower than the FY 2008 appropriation - $20.3 million in state funds. Only one service – the Medicare buy in (Part A and Part B premiums are paid on behalf of persons who are also eligible for Medicaid) – exceeded appropriated levels ($21.4 million in cost compared to the $21.0 million appropriation)

The FY 2009 appropriation is 31.5 percent higher than base expenditures and exceeds the present law request each year of the 2011 biennium. Potential reversions from FY 2009 Medicaid appropriations are estimated and discussed in the agency overview.

FY 2008 Reversions

HRD reverted about $11.7 million general fund from appropriations for Medicaid services in the base year. (Reversions and appropriation transfers are discussed in the DPHHS overview). As noted earlier, estimating 2009 biennium Medicaid costs was challenging during the 2007 session. In the fall of 2006, DPHHS purchased an optical scanner to allow its claims payment agent to process a backlog of 50,000 paper claims. The back log was cleared over about three months, but the types and amounts of claims were not tracked due to the complexity and difficulty of doing so. Expenditures spiked across all services. It was difficult to determine how much of the upturn was related to payment of the backlog and how much was due to ongoing, underlying cost increases, especially since FY 2006 Medicaid costs exceeded appropriated levels (the legislature approved a supplemental appropriation for FY 2007). The department lowered its 2009 biennium Medicaid request over $30.0 million ($9.0 million general fund) during legislative consideration of its budget, but was not confident that costs would go any lower.

In late FY 2007 cost growth began to slow and continued through FY 2008. In the last two years, average monthly Medicaid enrollment (number eligible) has declined from a high of 79,270. Over that time period enrollment hit several peaks and valleys until it reached its lowest level – 77,264 in December 2007. Recently it has begun to rise and was 77,927 enrollees in October 2008.

Projections for certain services (pharmacy and children's mental health in particular) used higher cost trends than supported by the most recent data. However, Medicaid enrollment (and therefore cost) is increasing. Claims costs for enrollment increases usually lag enrollment growth by several months to a year depending on the services used. Medicaid caseload projections will be updated during the session.

FY 2008 Data Anomaly

As stated earlier, a further complication in estimating 2011 biennium Medicaid costs is due to a data anomaly in FY 2008. The Administrative Simplification provisions of the Health Insurance Portability and Accountability Act of 1996 (HIPAA) mandated the adoption of a standard unique 10 digit identifier for health care providers – the National Provider Identifier (NPI). All entities had to be in compliance with NPI requirements by May 23, 2008.

In the case of Montana Medicaid that meant that medical claims must contain the NPI for the health care provider. Moving to NPI contributed to a slow down in claims processing, due to inaccurate or missing NPI information. Potentially claims data in late FY 2008 would have showed lower cost trends due to the time required to reprocess and correct inaccurate NPI data. This data anomaly is opposite of the data anomaly faced last session.

Medicaid costs are projected using historic claims payment data. A slow down in claims payment information could mask underlying cost increases. This aberration will contribute to the difficulty in projecting Medicaid costs for the coming biennium, particularly if there are sustained enrollment increases due to the economic downturn.

Establishing 2011 Biennium Medicaid Appropriation Levels

When the appropriation subcommittee considers the Medicaid services budget request, there will be an additional two months of recent Medicaid expenditure and enrollment data, which may help clarify the potential effect of the economic

down turn on Medicaid costs. The LFD has requested the DPHHS provide the following data to help the legislature evaluate or establish cost trends that may be different than those in the executive budget:

- An estimate of the length of time that it takes for enrollment increases to be reflected in paid claims data
- Historic information that could be used to estimate the effect of an economic downturn on Medicaid costs, from the early 1980s, for example

Depending on new data and information, the legislature may face several options that can be evaluated in discussions with DPHHS and interest groups. If it appears that Medicaid costs will exceed the executive request, the legislature may wish to appropriate additional funds or it may wish to consider cost reductions. Alternatively, if cost trends appear too high, the legislature could reduce appropriations or approve the executive request (as a potential safety net incase the economic downturn is greater than anticipated), and consider restricting the transfer of appropriations to other uses

HRD Division Budget by Service

Figure 38 shows the HRD 2011 biennium budget request compared to base budget expenditures. The budgets for major functions are shown as well as the amount requested for each major benefit.

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Figure 38

Fiscal 2008 Base Budget Compared to 2011 Biennium Executive Budget Request - Health Resources Division

	FY 2008 Base Budget				FY 2010 Executive Budget Request				FY 2011 Executive Budget Request				% of
Major Function and Services	General Fund	SSR	Federal	Total	General Fund	SSR	Federal	Total	General Fund	SSR	Federal	Total	Total
Major Function													
Medicaid Services	89,498,201	$27,138,721	$274,221,080	$390,858,002	$106,787,420	$33,154,286	$314,348,945	$454,290,651	$115,381,557	$35,423,622	$332,245,780	$483,050,959	72.8%
Children's Health Resources	103,996	6,621,200	23,829,603	30,554,799	1,101,943	25,328,593	65,848,903	92,279,439	1,539,502	27,051,001	70,715,304	99,305,807	15.0%
Children's Mental Health	17,825,421	2,410,070	42,481,426	62,716,917	21,395,788	2,432,866	47,937,057	71,765,711	22,670,425	2,485,541	49,684,472	74,840,438	11.3%
Big Sky Rx Programs	0	2,543,979	0	2,543,979	0	6,009,052	0	6,009,052	0	6,011,264	0	6,011,264	0.9%
Dental Access	0	495,759	0	495,759	0	495,759	0	495,759	0	495,759	0	495,759	0.1%
Total Division Budget*	$107,427,618	$39,209,729	$340,532,109	$487,169,456	$129,285,151	$67,420,556	$428,134,905	$624,840,612	$139,591,484	$71,467,187	$452,645,556	$663,704,227	100.0%
Percent of Total	22.1%	8.0%	69.9%	100.0%	20.7%	10.8%	68.5%	100.0%	21.0%	10.8%	68.2%	100.0%	
Benefits													
Medicaid Services													
Hospital & Clinic Services	$39,732,174	$1,316,969	$89,115,997	$130,165,140	$46,353,619	$2,376,210	$100,643,641	$149,373,470	$49,686,251	$2,376,210	$105,329,630	$157,392,091	23.7%
Hospital Utilization Fee	0	16,688,641	36,341,678	53,030,319	0	20,938,284	45,163,837	66,102,121	0	21,617,910	46,363,178	67,981,088	10.2%
Children's Mental Health	16,706,265	2,410,070	40,313,326	59,429,661	20,107,297	2,432,866	45,524,943	68,065,106	21,370,143	2,485,541	47,259,091	71,114,775	10.7%
Managed Care Services	9,618,471	5,187,530	32,633,643	47,439,644	12,538,540	5,879,662	38,484,746	56,902,948	12,906,263	7,463,386	41,640,676	62,010,325	9.3%
Pharmacy Services	10,756,729	753,823	25,002,069	36,512,621	14,334,018	753,823	32,428,436	47,516,277	16,477,422	753,823	36,632,584	53,863,829	8.1%
Acute Services**	7,635,272	3,165,091	23,673,350	34,473,713	9,400,665	3,175,783	23,699,795	36,276,243	10,712,211	3,181,729	24,727,409	38,621,348	5.8%
Medicare Buy-In	6,437,621	0	14,947,436	21,385,057	7,647,549	0	16,735,636	24,383,185	8,607,181	0	18,346,432	26,953,613	4.1%
Clawback Payment - Part D	11,901,277	0	0	11,901,277	12,755,059	0	0	12,755,059	13,203,704	0	0	13,203,704	2.0%
Cervical and Breast Cancer	592,525	5,171	2,118,015	2,715,711	629,134	5,171	2,150,560	2,784,865	655,384	5,171	2,198,387	2,858,942	0.4%
Indian Health Services	0	0	32,256,582	32,256,582	0	0	34,687,728	34,687,728	0	0	35,791,174	35,791,174	5.4%
School Based Services	0	0	12,851,337	12,851,337	0	0	14,685,739	14,685,739	0	0	15,540,692	15,540,692	2.3%
CHIP	103,996	6,165,247	22,159,869	28,429,112	1,101,943	7,236,903	28,821,788	37,160,634	1,539,502	6,846,127	28,817,695	37,203,324	5.6%
Healthy Montana Kids*	0	0	0	0	0	15,481,329	33,128,011	48,609,340	0	17,648,026	38,370,960	56,018,986	8.4%
Big Sky Rx	0	1,517,040	0	1,517,040	0	4,717,040	0	4,717,040	0	4,717,040	0	4,717,040	0.7%
Dental Benefits	0	495,759	0	495,759	0	495,759	0	495,759	0	495,759	0	495,759	
Pharmassist Program	0	9,455	0	0	0	234,980	0	234,980	0	234,980	0	234,980	0.0%
Total Benefits	$103,484,330	$37,209,582	$331,413,302	$472,602,973	$124,867,824	$63,727,810	$416,154,859	$604,750,493	$135,158,061	$67,825,703	$441,017,908	$644,001,671	97.0%
Percent of Division Total	21.2%	7.6%	68.0%	97.0%	20.0%	10.2%	66.6%	96.8%	20.4%	10.2%	66.4%	97.0%	

*DPHHS may request appropriation authority for Healthy Montana Kids in FY 2009.

**Acute services includes $2.9 million in general fund benefits unrelated to Medicaid

Medicaid Services

The Medicaid services function is 73 percent of the FY 2011 budget request, followed by children's health resources (CHIP and Healthy Montana Kids), and then children's mental health services, which are also largely Medicaid funded. The remaining functions – Big Sky Rx and dental access – are each less than 1 percent of the FY 2011 budget request.

Hospital and Clinic Services

The single largest expenditure made by HRD is for hospital and clinic services, projected to reach $157.4 million in FY 2011, not including supplemental payments funded by the hospital utilization fee, which add another $68.0 million. Examples of clinic services include ambulatory free standing surgical centers, Federally Qualified Health Centers (FQHCs), and rural health clinics.

The utilization fee is an assessment for each day of inpatient hospital care provided by a hospital. The 2008 rate was $47 per day and rises to $50 per day January 1, 2009. The utilization fee expires June 30, 2009. The executive is proposing to continue the fee (LC0042).

Children's mental health services fund Medicaid services for seriously emotionally disturbed (SED) children and limited outpatient services for children who are not SED. There is also a small amount of general fund that supports the match for the federal system of care grant and mental health services children who are not Medicaid eligible.

LFD ISSUE

Some General Fund Costs for Treatment Services Should be Medicaid Funded

The legislature funded a study of mental health services in Montana. The study was managed by the Children, Families, Health, and Human Services Interim Committee. One of the findings of the study published in October 2008, just prior to the session, was that some mental health services for children in foster care that are funded entirely by the general fund could be funded by Medicaid, reducing the general fund outlay for such services by about 70 percent.

Legislative Option

The legislature could request information on what DPHHS has done to implement the study finding, what types of services could be funded by Medicaid instead of general fund, and what the estimated general fund cost savings would be, by year, during the 2011 biennium.

Managed care services are 9 percent of the total benefits budget and include such services as physician, laboratory services, and the disease management contract.

LFD COMMENT

Disease Management

Health plans have instituted disease management for chronic health conditions such as asthma, heart disease, and diabetes to improve health outcomes and prevent the need for more expensive services. The Montana Medicaid program instituted disease management through a contract. The contract is for a fixed amount. Base expenditures were about $727,000 and the budget request bumps the amount to $3.2 million annually.

Acute services include private duty nursing, hearing aides, and most of the therapies (physical, occupational, and speech). Medicare buy in funds Part A and Part B premiums for persons eligible for both Medicare and Medicaid (dual eligibles). Medicare is billed first for services provided to dual eligibles and Medicaid pays the balance of allowable charges.

The clawback payment is made to the federal government and represents the savings to the state Medicaid program due to implementation of Part D for prescription drugs. Previously, Medicaid paid the drug costs for dual eligibles. The clawback is based on the number of dual eligibles and a payment for each. It is funded entirely from the general fund.

Cervical and breast cancer services are provided to persons with incomes under 200 percent of the federal poverty level and who are screened and diagnosed through the Montana breast and cervical cancer program. Medicaid covers the cost of cancer treatment and other basic health services.

Indian Health Services benefits represent federal Medicaid reimbursement for services provided by: 1) Indian Health Services to Medicaid eligible persons; or 2) by tribes that directly administer services that in other instances would be administered by Indian Health Services.

Schools receive federal reimbursement for Medicaid services provided by schools for eligible students. Federal changes eliminated reimbursement for some services limiting growth in that service.

Children's Health Resources

CHIP services are 6 percent of the division budget and grow from base budget expenditures of $28.4 million to $37.2 million in the FY 2011 request. The executive budget request assumes that the federal funding for CHIP will be reauthorized and increased above the current federal grant level.

Healthy Montana Kids is a new program that raised CHIP eligibility from 175 to 250 percent of the federal poverty level, and raised Medicaid eligibility levels for the program to 185 percent of the federal poverty level and prohibited family assets from being considered for eligibility for the Healthy Montana Kids program. It is funded from a portion of insurance premium tax revenues that were previously deposited in the general fund. Federal funds include Medicaid and CHIP matching funds.

Big Sky Rx

Big Sky Rx provides premium payment assistance to Medicare Part D beneficiaries with incomes under 200 percent of the poverty level. The Pharmassist program initiated during FY 2008 funds one on one consultations with pharmacists about prescription drugs that persons are taking. Big Sky Rx and Pharmassist are funded from health and Medicaid initiative state special revenue.

Dental benefits

Dental benefits are funded from tobacco settlement state special revenue and were used to contract with providers for direct access to dental services for low income persons and for specific grants. The 2007 Legislature approved the program. The executive budget includes $300,000 general fund over the biennium to continue and expand the program.

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.

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 appropriations deliberations the Legislative Fiscal Division recommends that 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

Goals Monitored During 2009 Interim

The Legislative Finance Committee reviewed goals:

- Raise the percentage of children (age 0-20) who receive a well-child screen to 94 percent in FY 08 and 95 percent in FY 09. The baseline measurement is 89 percent in FY 04; 93 percent in FY 05; and 92 percent in FY 2006.
- 16,000 children will be enrolled in CHIP on a monthly basis by June 2008. 16,000 children will continue to be enrolled on a monthly basis by CHIP in FY 2009. The baseline measurement is 13,289 children enrolled in June 2007; 13,165 children enrolled in June 2006.
- Increase dental access by 4.7 percent as measured by the number of unique client visits to a dental provider. Target goal is 22,813 people by June 30, 2009. (FY 2006 was 21,893.)
- Increase the number of clients who receive dental services in a community health center by percent in FY 2008 and an additional 5 percent in FY 2009, from a baseline of 3,900 in FY 2006. Preliminary FY 2007 data is 3,686.

Success

The goal to enroll over 16,000 in CHIP was reached February 2008. Enrollment has continued above 16,000 and was 17,240 as of November 1, 2008.

Challenges

Measurement of the other goals was not completed by the last Legislative Finance Committee meeting because FY 2007 data was not final. However, DPHHS has prepared the state Medicaid report that is distributed pursuant to 53-6-110 and the report is based on FY 2007 data. The legislature could review the final FY 2007 data related to 2009 biennium goals.

Goals Submitted with the Executive Budget

The HRD goals and measures for the 2011 biennium are:

Reduce the number of uninsured Montana children

- Continuously increase the number of low to moderate income Montana children who are enrolled in the Children's Health Insurance Plan (CHIP)
- Provide access to Medicaid dental services in private dental offices and community health centers
    - Continuously increase dental access for Medicaid recipients
    - Continuously increase the number of clients who receive dental care at community health centers
- Increase mental health treatment options for children in a community setting rather than in a facility
    - Continuously decrease the number of children who receive mental health treatment in a residential facility
- Increase the percentage of children with Medicaid health care coverage who receive well-child screen services
    - Continuously increase the proportion of primary care providers who receive training on using a standardized child health screening tool
    - Continuously increase the proportion of primary care providers who report screening data

LFD ISSUE

2011 Biennium HRD Goals are of Limited Use to Help the Legislature Establish the Division Appropriation

The HRD 2011 biennium budget request is over $900 million. However, the activities being evaluated are less than 10 percent of the total budget. The legislature cannot use the number of well child screens, access to dental care, or enrollment changes for children to help determine the appropriate funding level for the most costly services – hospital care, prescription drugs, and physician services.

LFD ISSUE (CONT.)

Goals Published on the Internet are Superior to Those Included in Budget Request

HRD programs have formulated goals that are far reaching and that guide program policies, actions, and expenditures. The goals are listed on the division website. However, the goals, objectives, and measures submitted as part of the HRD executive budget request are narrower in scope, not measureable, and of limited use in establishing appropriations.

An example of a meaningful goal and objectives that are measurable are those established by the Children's Mental Health Services program and published on the web. Goal 1 is:

- Transform the children's public mental health system into a recovery-based system of care for children with serious emotional disturbance (SED) and their families.

Some of the specific measures are:

- The percentage of inpatient hospital psychiatric residential treatment facility placements in out-of-state facilities will be limited to 15 percent of all inpatient psychiatric residential treatment placements for youth with serious emotional disturbance
- 90 percent of the children with SED and their families who receive community-based mental health services and are surveyed will report their perception that they have been involved in their treatment planning
- 65 percent of the children with SED and their families who receive services, including targeted case-management services under Medicaid, will report positively about their outcomes

Developing Measures to Quantify the Outcomes of Health Expenditures can be Challenging

It is challenging to develop measures that evaluate the effect of public expenditures for health services for eligible groups of people that sometimes transition in and out of services. The best evaluations of health plan outcomes track the same group of people as well as people in a control group who don't receive the services over a long period of time, and incorporate data that can be time and labor intensive to accumulate and interpret. However, there are other ways than a statistically valid study to help program administrators and legislators determine whether health services are having a desired or positive outcome.

The legislature could ask HRD how it evaluates or would evaluate outcomes of some health services. For instance, HRD collected data about the Nurse First program a number of years ago to determine whether the advice provided to callers helped reduce emergency room visits.

Medicaid Disease Management

Montana Medicaid contracts with McKesson Health Solutions to provide disease management services to people with heart failure, asthma, diabetes, and chronic pain. Services are provided telephonically and in person by community based registered nurses. Elements of contract performance could also be applicable to developing goals, objectives, and measures that would provide data for the legislature to use in establishing appropriations.

Measures are not Specific nor Time Bound

The HRD measures are not specific nor time bound. It is not possible to tell if progress is being made toward the goal. The measure for many of the objectives are to "continuously" do something.

- Is the criteria to continuously increase the number of low to moderate income children met if 10 children per month are enrolled in CHIP?
- Will the program be meeting legislative goals if it pays for "continuous increases" in enrollment by limiting services or by paying CHIP benefits entirely from state funds?
- If the goal is to reduce the number of uninsured children, should HRD undertake outreach activities to children to enroll eligible children in Medicaid?
- Will HRD have met the goal if it continuously enrolls children in CHIP and Medicaid, yet the number of uninsured children remains stable or rises?

LFD ISSUE (CONT.)

Legislative Options for all Issues Related to HRD Goals and Measures
The legislature could ask HRD to establish criteria to measure whether activities are "continuously" being done and time periods for certain steps to be accomplished for the goals it submitted with the executive budget.

The legislature could also request that HRD provide some criteria it uses to assess whether expenditures are reasonable and the most effective treatment is being provided.

If HRD does not evaluate Medicaid program outcomes other than the ones submitted with the executive budget, the legislature could ask that an interim legislative committee work with HRD to determine goals, objectives, and outcome measures that would provide information valuable to HRD and that the legislature could use to help establish appropriation levels.

Funding

HRD is funded from general fund, state special revenue, and federal funds. The two most significant sources of funding are federal Medicaid matching funds, which support 63 percent of the FY 2011 budget request, and general fund, which supports 21 percent. The other major funding sources are:

- CHIP federal matching funds – 6 percent
- Hospital utilization state special revenue, Healthy Montana Kids state special revenue, and health and Medicaid initiatives state special revenue – each 3 percent

Program Funding Table
Health Resources 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	$ 107,427,618	22.1%	$ 129,285,151	20.7%	$ 139,591,484	21.0%
	01100 General Fund	107,427,618	22.1%	129,285,151	20.7%	139,591,484	21.0%
02000	Total State Special Funds	39,209,729	8.0%	67,420,556	10.8%	71,467,187	10.8%
	02053 Medicaid Nursing Home Match	84,889	0.0%	95,581	0.0%	101,527	0.0%
	02142 Medicaid Third Party Revenue	1,237,822	0.3%	1,237,822	0.2%	1,237,822	0.2%
	02311 6901-02 Indrct Activty Prog 11	21,496	0.0%	25,353	0.0%	25,393	0.0%
	02514 Comm Hlth Care Ssr	-	-	-	-	-	-
	02597 Montana Healthy Kids Initiative	-	-	18,524,271	3.0%	21,964,974	3.3%
	02766 End Stage Renal Checkoff - Sb 85	9,994	0.0%	9,994	0.0%	9,994	0.0%
	02772 Tobacco Hlth & Medicd Initiative	12,659,555	2.6%	18,782,305	3.0%	18,651,513	2.8%
	02785 6901-Senior Prescription Drugs	-	-	-	-	-	-
	02789 6901-Chip/Mcha Tobacco Sett Fd	5,713,440	1.2%	4,953,813	0.8%	5,004,921	0.8%
	02987 Tobacco Interest	2,793,892	0.6%	2,853,133	0.5%	2,853,133	0.4%
	02989 69010-Hospital Utilization Fee	16,688,641	3.4%	20,938,284	3.4%	21,617,910	3.3%
03000	Total Federal Special Funds	340,532,109	69.9%	428,134,905	68.5%	452,645,556	68.2%
	03237 Alternative To Psych Treatment Fac	67,690	0.0%	67,684	0.0%	67,682	0.0%
	03426 Chip Program Fed	23,816,795	4.9%	33,162,617	5.3%	36,740,617	5.5%
	03580 6901-93.778 - Med Adm 50%	6,434,182	1.3%	8,705,096	1.4%	8,720,263	1.3%
	03582 93.778 - Med Ben 100%	32,256,582	6.6%	34,687,728	5.6%	35,791,174	5.4%
	03583 93.778 - Med Ben Fmap	276,996,836	56.9%	350,169,659	56.0%	370,308,523	55.8%
	03598 03 Indirect Activity Prog 09	-	-	325,410	0.1%	-	-
	03611 6901-03 Indrct Activty Prog 11	296,380	0.1%	353,135	0.1%	353,727	0.1%
	03794 Samsha Grant	663,644	0.1%	663,576	0.1%	663,570	0.1%
Grand	Total	$ 487,169,456	100.0%	$ 624,840,612	100.0%	$ 663,704,227	100.0%

General fund declines from 22 percent of program funding to 21 percent in FY 2011, and state revenue increases from 8 percent to 11 percent over the same time period largely due to the request for the Healthy Montana Kids program funded from state special revenue and federal matching funds. Federal funds decline from 70 percent of base budget costs to 68 percent of the FY 2011 request partially due to the reduction in the federal match rate for Medicaid services.

Most all state funds provide matching funds for federal Medicaid and CHIP funds to provide direct services. The total state match for Medicaid services costs is $268.0 million general fund and $53.8 million state special revenue in the FY

2011 executive budget request.

State special revenue sources and the functions funded are:

- Medicaid nursing home match – county funds to match additional federal dollars for ambulance services
- Medicaid third party revenue – collections from other payors such as insurance companies, used as state Medicaid match
- Indirect cost recovery – allocations of overhead administrative costs paid from other state special revenue sources to fund program administration
- Montana Healthy Kids – reallocation of a portion of insurance premium taxes from the general fund to support expansion of Medicaid and CHIP for children, enacted through citizen initiative November 2008 (I-155)
- End stage renal checkoff – income tax check off revenue to fund end state renal disease treatment
- Tobacco and health initiative (health and Medicaid initiatives) – tobacco tax revenues that:
    - Fund premium assistance for Medicare Part D prescription drug plans for seniors with incomes below 200 percent of the federal poverty level
    - Fund consultation for any Montanan with pharmacists about medications
    - Pay a portion of state match for CHIP
    - Pay a portion of state Medicaid match for eligibility expansions and provider rate increases
- Senior prescription drugs – a legislative appropriation for rebate payments from pharmacies to provide assistance for purchasing medications, but the program was not initiated
- CHIP/MCHA tobacco settlement fund – tobacco settlement revenues allocated to fund CHIP and a Program administered by the State Auditor - the Montana Comprehensive Health Association (high risk insurance pool for persons who are unable to obtain private health insurance)
- Hospital utilization fee – an assessment for each inpatient day of care provided by hospitals ($48 per day in 2008, rising to $50 per day January 1, 2009) used as state match to fund supplemental payments to hospitals

There are eight federal funding sources that support HRD. Taken together the federal Medicaid funds are the most significant funding source providing over $800 million of the 2011 biennium budget request. Federal grant funds that support CHIP are about 6 percent of biennial funds. Other federal sources are:

- Alternative to psychiatric treatment – federal grant funds for a Medicaid waiver to pay for community services usually not funded by Medicaid for children at risk of placement in residential psychiatric care
- Indirect activity Prog 9 – federal funds to pay for eligibility and payment systems changes for Healthy Montana Kids
- Indirect activity Prog 11 - allocations of overhead administrative costs paid from other federal revenue sources to fund program administration.

Budget Summary by Category

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

Budget Summary by Category	General Fund				Total Funds			
Budget Item	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	107,427,618	107,427,618	214,855,236	79.91%	487,169,456	487,169,456	974,338,912	75.62%
Statewide PL Adjustments	290,598	296,571	587,169	0.22%	1,019,393	1,041,360	2,060,753	0.16%
Other PL Adjustments	20,581,632	30,164,230	50,745,862	18.87%	133,977,674	170,870,390	304,848,064	23.66%
New Proposals	985,303	1,703,065	2,688,368	1.00%	2,674,089	4,623,021	7,297,110	0.57%
Total Budget	**$129,285,151**	**$139,591,484**	**$268,876,635**		**$624,840,612**	**$663,704,227**	**$1,288,544,839**	

The base budget for HRD is 76 percent of the total request for the 2011 biennium - $487.2 million, including $107.4 million general fund. Statewide present law adjustments add $2.1 million over the biennium, including $0.6 million general fund.

Present law adjustments add $304.8 million, including $50.7 million general fund. Adjustments over $10.0 million include:

- A request for funding Healthy Montana Kids - $114.6 million
- Medicaid caseload adjustments - $39.6 million, including $13.0 million general fund
- Continuation of the hospital utilization fee - $28.0 million total funds, $9.2 million in fee income
- CHIP enrollment and operating cost increases - $21.5 million, including $2.2 million general fund

New proposals are a small amount of the requested increase, adding $7.3 million, including $2.7 million general fund.

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					1,196,531					1,214,360
Vacancy Savings					(205,128)					(205,850)
Inflation/Deflation					6,406					8,177
Fixed Costs					21,584					24,673
Total Statewide Present Law Adjustments					**$1,019,393**					**$1,041,360**
DP 11001 - Medicaid Physical Svc Caseload	0.00	11,319,776	762,065	26,916,020	38,997,861	0.00	16,691,141	2,351,735	41,404,668	60,447,544
DP 11002 - Medicaid FMAP	0.00	3,997,007	0	(3,997,007)	0	0.00	5,668,701	0	(5,668,701)	0
DP 11003 - Medicare Buy - In Caseload	0.00	939,691	0	1,950,776	2,890,467	0.00	1,754,193	0	3,566,379	5,320,572
DP 11004 - Medicaid Breast & Cervical Cancer	0.00	15,698	0	53,456	69,154	0.00	32,986	0	110,245	143,231
DP 11005 - Clawback Base Adjustment	0.00	853,782	0	0	853,782	0.00	1,302,427	0	0	1,302,427
DP 11006 - Medicaid Caseload - Children's Mental Health	0.00	2,304,067	22,796	4,830,513	7,157,376	0.00	3,123,441	75,471	6,503,580	9,702,492
DP 11007 - Indian Health Services Caseload	0.00	0	0	2,431,146	2,431,146	0.00	0	0	3,534,592	3,534,592
DP 11008 - CHIP Caseload	0.00	887,370	1,143,839	6,916,849	8,948,058	0.00	1,274,391	1,605,996	9,626,720	12,507,107
DP 11009 - CHIP SSR Fund Adjustment	0.00	0	0	0	0	0.00	0	0	0	0
DP 11010 - Medicaid Organ Transplants	0.00	0	1,000,000	2,075,977	3,075,977	0.00	0	1,000,000	2,033,060	3,033,060
DP 11011 - Healthy Montana Kids Plan	60.00	0	17,393,802	35,178,639	52,572,441	60.00	0	18,598,969	37,420,017	56,018,986
DP 11034 - Big Sky Rx Base Adjustment - Biennial	0.00	0	3,200,000	0	3,200,000	0.00	0	3,200,000	0	3,200,000
DP 11035 - Pharmassist Program	0.00	0	234,980	0	234,980	0.00	0	234,980	0	234,980
DP 11039 - Hospital Utilization Fee	0.00	0	4,249,643	8,822,159	13,071,802	0.00	0	4,929,269	10,021,500	14,950,769
DP 11041 - CHIP - FMAP Rate Increase	0.00	109,939	125,343	(235,282)	0	0.00	160,464	175,639	(336,103)	0
DP 11042 - PRTF Reimbursement To Include State Plan Services	0.00	154,302	0	320,328	474,630	0.00	156,486	0	318,144	474,630
Total Other Present Law Adjustments	**60.00**	**$20,581,632**	**$28,132,468**	**$85,263,574**	**$133,977,674**	**60.00**	**$30,164,230**	**$32,172,059**	**$108,534,101**	**$170,870,390**
Grand Total All Present Law Adjustments					**$134,997,067**					**$171,911,750**

Program Personal Services Narrative

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.

- **Market Rate –** HRD expects employee pay to be at 90 percent of the 2008 market survey, slightly below the 100 percent agency goal. Current HRD employee pay levels are 101 percent of the June 2006 market survey
- **Vacancy -** HRD does not have specific occupations with higher turnover rates. Position vacancies are mainly due to competing factors in the work arena. Division pay is not always competitive once an employee has several years of experience. Employees are generally lost due to promotion, career advancements, or higher salaries
- **Legislatively Applied Vacancy Savings -** HRD experienced longer hiring times since many positions were re-advertised to gain qualified applicants, thus creating sufficient vacancy savings.
- **Pay Changes -** HRD completed union negotiations to change to pay plan 20 in late FY 2008. The approved contract lessened internal pay inequities by stipulating that all employees be paid at least 87 percent of market. This change was funded by vacancies within the division
- **Retirements -** 45 employees (62 percent of base year program workforce) will be eligible for retirement. Based on current trends and projections it is estimated that four employees will retire with an anticipated compensated absence liability of $16,296

New Proposals

New Proposals	Fiscal 2010						Fiscal 2011				
Program		FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 11016 - Dental Expansion											
	11	0.00	100,000	0	0	100,000	0.00	200,000	0	0	200,000
DP 11029 - Federal Mandate to TGF and TFC											
	11	0.00	166,189	0	345,003	511,192	0.00	168,540	0	342,652	511,192
DP 11033 - Provider Rate Increase - CHIP											
	11	0.00	0	3,772	12,844	16,616	0.00	0	7,749	25,896	33,645
DP 11036 - Medicaid Grant											
	11	2.00	118,060	0	118,059	236,119	2.00	128,137	0	128,137	256,274
DP 11043 - Medicaid for Workers with Disabilities											
	11	2.00	70,937	0	108,596	179,533	2.00	117,710	0	202,174	319,884
DP 11044 - Provider Rate Increase - Medicaid											
	11	0.00	530,117	0	1,100,512	1,630,629	0.00	1,088,678	0	2,213,348	3,302,026
	Total	**4.00**	**$985,303**	**$3,772**	**$1,685,014**	**$2,674,089**	**4.00**	**$1,703,065**	**$7,749**	**$2,912,207**	**$4,623,021**

Language and Statutory Authority

DP11043 – Medicaid for Workers with Disabilities is contingent on the passage of legislation, LC0349.

DP11039 – Hospital Utilization Fee is contingent on the passage of legislation, LC0042.

Sub-Program Details

MEDICAID 01

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	43.60	0.00	2.00	45.60	0.00	2.00	45.60	45.60
Personal Services	2,037,189	608,814	71,872	2,717,875	616,720	71,900	2,725,809	5,443,684
Operating Expenses	6,089,412	15,730	0	6,105,142	18,931	0	6,108,343	12,213,485
Benefits & Claims	382,731,401	61,390,189	1,346,044	445,467,634	88,732,195	2,753,211	474,216,807	919,684,441
Total Costs	**$390,858,002**	**$62,014,733**	**$1,417,916**	**$454,290,651**	**$89,367,846**	**$2,825,111**	**$483,050,959**	**$937,341,610**
General Fund	89,498,201	16,748,194	541,025	106,787,420	24,805,613	1,077,743	115,381,557	222,168,977
State/Other Special	27,138,721	6,015,565	0	33,154,286	8,284,901	0	35,423,622	68,577,908
Federal Special	274,221,080	39,250,974	876,891	314,348,945	56,277,332	1,747,368	332,245,780	646,594,725
Total Funds	**$390,858,002**	**$62,014,733**	**$1,417,916**	**$454,290,651**	**$89,367,846**	**$2,825,111**	**$483,050,959**	**$937,341,610**

Sub-Program Description

The Medicaid Services sub-program 2011 biennium is nearly $1.0 billion, with 98 percent of the total supporting services and benefits for individuals. General fund is 24 percent of 2011 biennium funding, while federal funds are 69 percent of the total. These services are generally referred to as state plan services and include inpatient and outpatient hospital, physician, pharmacy, and therapy services.

Present law adjustments add $151.4 million while new proposals add $4.2 million. Expansion of Medicaid funding to cover certain transplants for adults is included in the executive budget as a present law adjustment. If it were correctly recorded as a new proposal, it would raise new proposal costs another $6.1 million and reduce present law adjustments. New proposals fund a 1 percent annual provider rate increase (implemented October 1 of each fiscal year), dental services expansion, and extension of Medicaid benefits to disabled workers to allow them to earn more and retain Medicaid services. Figure 39 shows each adjustment by major service category for the 2011 biennium.

Figure 39
2011 Biennium Executive Budget Request - HRD Medicaid Services

	FY 2010 Budget Request				FY 2011 Budget Request			
Medicaid Services and Proposed Changes	General Fund	SSR	Federal	Total	General Fund	SSR	Federal	Total
Hospital and Clinical Services	$39,732,174	$1,316,969	$89,115,997	$130,165,140	$39,732,174	$1,316,969	$89,115,997	$130,165,140
Hospital Bed Tax Base Expenditures	0	16,688,641	36,341,678	53,030,319	0	16,688,641	36,341,678	53,030,319
DP 11039 - Hospital Utilization Fee	0	4,249,643	8,822,159	13,071,802	0	4,929,269	10,021,500	14,950,769
DP 11001 - Medicaid Physical Svc Caseloac	5,061,329	59,241	10,630,184	15,750,754	7,662,980	59,241	15,699,740	23,421,961
DP 11002 - Medicaid FMAP	1,436,058	0	(1,436,058)	0	2,036,592	0	(2,036,592)	0
DP 11010 - Medicaid Organ Transplants	0	1,000,000	2,075,977	3,075,977	0	1,000,000	2,033,060	3,033,060
DP 11044 - Provider Rate Increase - Medic	124,058	0	257,541	381,599	254,505	0	517,425	771,930
Subtotal Hospital Services	46,353,619	23,314,494	145,807,478	215,475,591	49,686,251	23,994,120	151,692,808	225,373,179
Managed Care Services Base Expenditures	9,618,471	5,187,530	32,633,643	47,439,644	9,618,471	5,187,530	32,633,643	47,439,644
PL 11001 Medicaid Caseload	2,242,870	0	4,656,146	6,899,016	2,237,202	0	4,548,367	6,785,569
Montana Healthy Kids Part of Caseload	0	692,132	1,436,850	2,128,982	0	2,275,856	4,626,952	6,902,808
DP 11002 - Medicaid FMAP	535,681	0	(535,681)	0	759,694	0	(759,694)	0
DP 11044 - Provider Rate Increase - Medic	141,518	0	293,788	435,306	290,896	0	591,409	882,305
Subtotal Managed Care Services	12,538,540	5,879,662	38,484,746	56,902,948	12,906,263	7,463,386	41,640,676	62,010,325
Pharmacy Services	10,756,729	753,823	25,002,069	36,512,621	10,756,729	753,823	25,002,069	36,512,621
DP 11001 - Medicaid Physical Svc Caseloac	3,176,395	0	7,827,261	11,003,656	5,151,841	0	12,199,367	17,351,208
LFD Allocation of FMAP Change	400,894	0	(400,894)	0	568,852	0	(568,852)	0
Subtotal Pharmacy Services	14,334,018	753,823	32,428,436	47,516,277	16,477,422	753,823	36,632,584	53,863,829
Acute Services Base Expenditures*	4,703,551	3,165,091	23,673,350	31,541,992	4,703,551	3,165,091	23,673,350	31,541,992
DP 11001 - Medicaid Physical Svc Caseloac	438,288	10,692	932,072	1,381,052	1,070,266	16,638	2,209,740	3,296,644
DP 11002 - Medicaid FMAP	1,122,593	0	(1,122,593)	0	1,592,041	0	(1,592,041)	0
DP 11016 - Dental Expansion	100,000	0	0	100,000	200,000	0	0	200,000
DP 11044 - Provider Rate Increase - Medic	104,512	0	216,966	321,478	214,632	0	436,360	650,992
Subtotal Acute Services	6,468,944	3,175,783	23,699,795	33,344,522	7,780,490	3,181,729	24,727,409	35,689,628
Medicare Buy-In	6,437,621	0	14,947,436	21,385,057	6,437,621	0	14,947,436	21,385,057
DP 11003 - Medicare Buy - In Caseload	939,691	0	1,950,776	2,890,467	1,754,193	0	3,566,379	5,320,572
DP 11043 - Medicaid for Workers with Disa	35,001	0	72,660	107,661	81,760	0	166,224	247,984
DP 11002 - Medicaid FMAP	235,236	0	(235,236)	0	333,607	0	(333,607)	0
Subtotal Medicare Buy-In	7,647,549	0	16,735,636	24,383,185	8,607,181	0	18,346,432	26,953,613
Clawback - Phased Down State Contribution	11,901,277	0	0	11,901,277	11,901,277	0	0	11,901,277
DP 11005 - Clawback Base Adjustment	723,111	0	0	723,111	1,117,010	0	0	1,117,010
LFD Estimate of FMAP Adjustment	130,671	0	0	130,671	185,417	0	0	185,417
Subtotal Clawback	12,755,059	0	0	12,755,059	13,203,704	0	0	13,203,704
Indian Health Services	0	0	34,687,728	34,687,728	0	0	35,791,174	35,791,174
School Based Services	0	0	14,685,739	14,685,739	0	0	15,540,692	15,540,692
Breast and Cervical Cancer	629,134	5,171	2,150,560	2,784,865	655,384	5,171	2,198,387	2,858,942
Total by Component								
Base**/Some Caseload Increases**	71,877,680	10,428,584	236,896,522	319,202,786	71,903,930	10,428,584	238,902,748	321,235,261
Hospital Utilization Fee	0	20,938,284	45,163,837	66,102,121	0	21,617,910	46,363,178	67,981,088
Caseload/Service Utilization Growth	11,858,573	69,933	25,996,438	37,924,944	17,876,482	75,879	38,223,594	56,175,955
Phased Down Contribution - Clawback	12,624,388	0	0	12,624,388	13,018,287	0	0	13,018,287
Montana Healthy Kids	0	692,132	1,436,850	2,128,982	0	2,275,856	4,626,952	6,902,808
Expansions/Access	135,001	1,000,000	2,148,637	3,283,638	281,760	1,000,000	2,199,284	3,481,044
Provider Rate Increases	370,088	0	768,295	1,138,383	760,033	0	1,545,194	2,305,227
FMAP Federal Match Rate Reduction	3,861,133	0	(3,730,462)	130,671	5,476,203	0	(5,290,786)	185,417
Grand Total* **	$100,726,863	$33,128,933	$308,680,118	$442,535,913	$109,316,695	$35,398,229	$326,570,163	$471,285,086
Percent of Total	22.8%	7.5%	69.8%	100.0%	23.2%	7.5%	69.3%	100.0%

*Acute services base expenditures do not include $2.9 million of general fund benefits.
**Base expenditures do not include the clawback nor the hospital utilization fee expenditures.
***Someof the adjustments (DPs) included in this table also fund operating costs and so the combined amount for each DP may not equal the amount listed in present law tables or the narrative descriptions.

Base budget expenditures are 70 percent of the total 2011 biennium request. The hospital utilization fee is 15 percent. The fee provides supplemental payments to hospitals to pay the cost of uncompensated Medicaid services. The fee expires June 30, 2009. The executive budget includes the revenue and federal matching funds as present law expenditures and the executive supports LC0042 to repeal the sunset of the tax. The base budget would be 85 percent of the total state plan services if hospital utilization fees are considered part of the base budget.

Caseload, service utilization, and inflation increases in the price of some services, such as prescription drugs, are $94.0 million of the total. The clawback (reimbursement to the federal government for prescription drug savings to Medicaid when the new Medicare Part D benefit was introduced) is 3 percent of the total. However, since the clawback is 100 percent general fund, it is 2 percent of the total biennial budget request.

The Medicaid base budget is 69 percent of the total general fund ($149.6 million) and the general fund requested to offset a reduction in the federal match rate is 4 percent ($9.3 million). New proposals add $1.5 million general fund and $2.0 million health and Medicaid initiatives state special revenue.

The Healthy Montana Kids (HMK) program adds $9.5 million. The majority of the cost for HMK is in the CHIP sub-program budget request. I-155 is discussed in more detail in the agency overview.

LFD ISSUE

FY 2006 – FY 2008 Medicaid Data will not Predict Effect of Economic Downturn

Medicaid cost growth slowed during FY 2007 and FY 2008. DPHHS reverted $23.9 million in general fund in FY 2008, largely from unspent Medicaid service appropriations.

Some Medicaid services experienced reductions and very small changes between FY 2007 that seem unlikely to continue. However, the cost data does not indicate that cost trends will change significantly even though Medicaid enrollment has begun to increase.

Some of the services that grew very little are pharmacy costs and children's mental health services.

LFD ISSUE

Funding Switch Increases Base General Fund Costs

The executive budget reduces health and Medicaid initiatives state special revenue account funds in the CHIP program and shifts nearly $2.0 million to the general fund. The freed up state special revenue supports expansion of Medicaid to fund certain transplants for adults. This issue is discussed in greater detail in the narrative describing the adjustment to add transplants for adults.

Legislative Option
The legislature could consider reallocating the state special revenue to CHIP and moving the general fund to the Medicaid expansion.

LFD COMMENT

The vast majority of funding for Medicaid state plan services is in present law costs. The legislature would need to consider changing base level services if it wanted to noticeably influence Medicaid costs.

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

Budget Summary by Category	General Fund				Total Funds			
Budget Item	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	89,498,201	89,498,201	178,996,402	80.57%	390,858,002	390,858,002	781,716,004	83.40%
Statewide PL Adjustments	268,768	273,059	541,827	0.24%	624,544	635,651	1,260,195	0.13%
Other PL Adjustments	16,479,426	24,532,554	41,011,980	18.46%	61,390,189	88,732,195	150,122,384	16.02%
New Proposals	541,025	1,077,743	1,618,768	0.73%	1,417,916	2,825,111	4,243,027	0.45%
Total Budget	**$106,787,420**	**$115,381,557**	**$222,168,977**		**$454,290,651**	**$483,050,959**	**$937,341,610**	

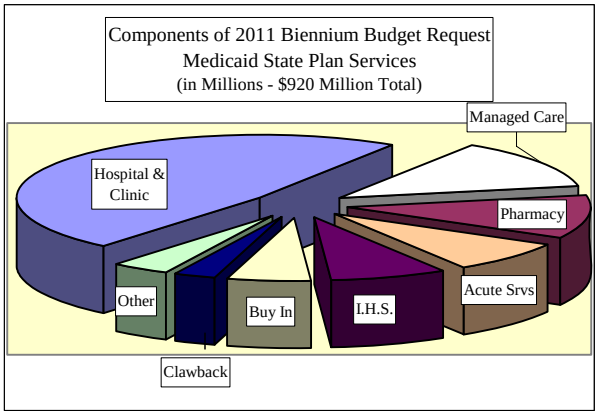
Present Law Adjustments

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					719,061					727,303
Vacancy Savings					(110,247)					(110,583)
Inflation/Deflation					3,768					5,260
Fixed Costs					11,962					13,671
Total Statewide Present Law Adjustments					**$624,544**					**$635,651**
DP 11001 - Medicaid Physical Svc Caseload	0.00	11,319,776	762,065	26,916,020	38,997,861	0.00	16,691,141	2,351,735	41,404,668	60,447,544
DP 11002 - Medicaid FMAP	0.00	3,350,479	0	(3,350,479)	0	0.00	4,751,807	0	(4,751,807)	0
DP 11003 - Medicare Buy - In Caseload	0.00	939,691	0	1,950,776	2,890,467	0.00	1,754,193	0	3,566,379	5,320,572
DP 11004 - Medicaid Breast & Cervical Cancer	0.00	15,698	0	53,456	69,154	0.00	32,986	0	110,245	143,231
DP 11005 - Clawback Base Adjustment	0.00	853,782	0	0	853,782	0.00	1,302,427	0	0	1,302,427
DP 11007 - Indian Health Services Caseload	0.00	0	0	2,431,146	2,431,146	0.00	0	0	3,534,592	3,534,592
DP 11010 - Medicaid Organ Transplants	0.00	0	1,000,000	2,075,977	3,075,977	0.00	0	1,000,000	2,033,060	3,033,060
DP 11039 - Hospital Utilization Fee	0.00	0	4,249,643	8,822,159	13,071,802	0.00	0	4,929,269	10,021,500	14,950,769
Total Other Present Law Adjustments	**0.00**	**$16,479,426**	**$6,011,708**	**$38,899,055**	**$61,390,189**	**0.00**	**$24,532,554**	**$8,281,004**	**$55,918,637**	**$88,732,195**
Grand Total All Present Law Adjustments					**$62,014,733**					**$89,367,846**

DP 11001 - Medicaid Physical Svc Caseload - This request adds $99.4 million in total funds, including $28.0 million in general fund, $3.1 million in state special revenue, and $68.3 million in federal funds for estimated changes in state plan Medicaid costs. Figure 40 shows how this request is allocated among Medicaid expenditures.

Figure 40



LFD COMMENT

Caseload Projections may not Capture Effect of Economic Downturn

The LFD issue discussed the difficulty in estimating Medicaid costs in the agency overview.

DP 11002 - Medicaid FMAP - The executive budget adds $9.7 million general fund and reduces federal funds by the same amount to adjust for the increased state Medicaid match rate.

DP 11003 - Medicare Buy - In Caseload - This request adds $8.2 million over the biennium with $2.6 million general fund and $5.6 million federal funds for expected increases in premiums for Medicare Part A and Part B. The department pays Medicare Part A and B premiums for persons who are eligible for both Medicaid and Medicare. Medicare then covers the cost of most services and Medicaid becomes a secondary payer, liable only for the costs of non-Medicare covered services and for co-insurance and deductibles related to services utilized. The premiums have grown an average 9.93 percent per year. Base level expenditures were $21.4 million.

DP 11007 - Indian Health Services Caseload - This request adds $6.0 million federal funds for the biennium for Medicaid reimbursements to Indian Health Services (I.H.S.) providers for services furnished to Medicaid eligible persons. Base level expenditures were $32.3 million.

LFD COMMENT

DPHHS has made a concerted effort to identify all Medicaid eligible persons who are also I.H.S. recipients and to bill appropriately for services. Legislative policy supported and encouraged this goal, including approving funds for an FTE to specifically expand federal Medicaid funding for I.H.S. The FTE was added by legislative initiative.

DP 11010 - Medicaid Organ Transplants - This requests adds $6.0 over the biennium ($2.0 million health and Medicaid initiatives state special revenue and $4.1 federal funds) to extend non-experimental transplant (heart, lung and liver) benefits to adults provided there is a medical necessity. Currently, Medicaid covers all organ transplants for children. Adults are eligible for cornea, kidney and bone marrow transplants. Previously, adults were excluded from coverage for heart, lung and liver, because these procedures were considered experimental, and this exclusion was implemented as a cost control measure. Today these procedures are no longer considered experimental.

LFD ISSUE

Benefit Change is not Present Law

This request is included in the executive budget as a present law adjustment to Medicaid services. Present law adjustments are those changes necessary to continue the level of services authorized by the last legislature. If these adult transplants had been procedures being funded, there would be no need to ask for appropriation to implement the change. Additionally, the source of state match – health and Medicaid initiative state special revenue - can be used for new Medicaid services and Medicaid provider rates. The funds cannot supplant the general fund in the trended traditional level of appropriation for Medicaid services and Medicaid provider rates. If this is a new service, it is a new proposal and eligible for health and Medicaid initiative funding. If this proposal is not a new service, but a true present law adjustment within "the trended traditional level of appropriation for Medicaid services" it cannot be funded with health and Medicaid initiative revenue. Given the funding source and request to add funds for the service, this request is a new proposal. The executive budget overstates present law by $6.0 million.

Legislative Option

The legislature could consider reporting this appropriation as a new proposal if it approves the request. The legislature could also restrict the appropriation so it could not be used for other services.

LFD ISSUE

Expansion has Higher Priority Over General Fund Supported Services in Event of General Fund Shortfall

The executive request funds for this Medicaid expansion from state special revenue. The state special revenue is available partly as a result of funding shifts in the CHIP program, where costs are shifted to the general fund instead of being paid by state special revenue sources allocated to CHIP. Undoubtedly funding an expansion from state special revenue can be less controversial than funding it from the general fund.

If the legislature accepts the executive recommendation and Medicaid services need to be reduced in order to mitigate a supplemental appropriation or to reduce general fund spending statewide, this expansion would be exempt from either of those actions. Funding this expansion from health and Medicaid initiatives revenue also would limit the ability of the department to move funds for this expansion to offset general fund costs, since health and Medicaid initiative state special revenue may be used only for certain uses (see agency overview for fund balance and discussion of account).

These are service and funding choices that may face DPHHS this biennium, due to the recession.

1. DPHHS may set priorities to reduce the amount, scope, or duration of the Medicaid services if available funds are not sufficient to provide medical assistance for all eligible persons (53-6-101(12), MCA. Historically, when Medicaid costs exceed appropriations, the department has reduced general funded new proposals, with the reasoning being that preservation of ongoing services is more than important implementation of new or additional funding.

2. Like the national economy, the Montana economy is slowing. If economic declines cause Medicaid costs to increase beyond appropriated levels and general fund revenues are lower than estimated, there could be the "perfect storm" for Medicaid cost increases without excess general fund to support higher expenditures.

Statute requires agencies to take actions to reduce expenditures if costs exceed appropriations. It also requires the budget director to reduce agency spending by no more than 10 percent of the general fund in HB 2 in an amount that ensures that the projected ending general fund balance for the biennium will be at least 1 percent of all general fund appropriations during the biennium.

Legislative Option
If the legislature approves this expansion, it may want to fund the increase from the general fund. If DPHHS needs to make reductions in general fund spending, it would have the option to delay implementation of the expansion prior to making reductions in long standing Medicaid services or other general fund programs in DPHHS.

LFD COMMENT

Federal Medicaid Regulation Establishes Unique Benefit Entitlement for Children

The executive budget presents coverage of transplants for adults as an issue of equity with services provided to children. However, a federal requirement unique to children – Early Periodic Screening, Diagnosis and Treatment (EPSDT) – requires a state to fund any federally allowable Medicaid service for a child if the service is needed to treat a diagnosed illness or condition. The service must be provided even if a state plan does not include the specific service and the service is federally allowed. The federal Medicaid program establishes an "entitlement" within Medicaid that favors children, foregoing equitable treatment with adults.

DP 11039 - Hospital Utilization Fee - The executive budget includes a request for $9.2 million state special revenue and $28.0 million federal Medicaid fund for an increase in supplemental payments to hospitals. The state match is funded by a fee imposed on each day of inpatient hospital care. The fee in calendar year 2008 was $43 per inpatient day, rising to $48 per day for calendar year 2009. Total supplemental payments in FY 2008 were $53.0 million.

The utilization fee expires June 30, 2009. The executive is proposing legislation to continue the fee. The Interim Committee on Children and Families recommended adoption of a bill to continue and make permanent the tax.

The Montana Medicaid program has historically reimbursed the hospitals in the State of Montana at a rate less then the cost of providing these hospital services to the Medicaid clients. Federal regulations require hospitals to provide services to all citizens without regard to ability to pay and require the hospitals to have a methodology in place to provide charity care to patients who do not have the ability to pay for the hospital services.

The estimate of unreimbursed Medicaid costs for all Montana hospitals in FY 2010 is $50.7 million, and in FY 2011 is $56.1 million. The hospital utilization fee collected from the hospitals is matched on an approximately 2 to 1 basis with federal funds and would be distributed to the hospitals to bring the Medicaid reimbursements closer to 100 percent of cost.

LFD COMMENT

The executive budget is based on an estimate of 449,219 days each year of the 2011 biennium at a daily rate of $48 during FY 2010 and $50 during FY 2011. The hospital utilization fee is used as state match for two reimbursements:

- A portion of the standard Montana state payment to hospitals for Medicaid services
- Special federal funding to hospitals that treat significant populations of indigent patients - Disproportionate Share Hospital (DSH) reimbursement

Recent Montana DSH payments have been about $16 million annually. DSH payments are made to compensate hospitals that serve a disproportionate share of lower income persons as reflected by a higher reliance on Medicare and Medicaid payments. The primary method to calculate a DSH payment is based on a complex statutory formula that considers services provided to certain persons who are both Medicare and Medicaid eligible. The secondary method to determine DSH payments is for urban hospitals with more than 100 hospital beds that can demonstrate that more than 30 percent of total net inpatient care revenues, other than Medicare or Medicaid, come from state and local government sources for indigent care, such as for medically indigent adults.

LFD ISSUE

Impact if Fee is not Reauthorized

In 2011, HRD projects that Medicaid reimbursement without the utilization fee would fall to 66 percent of the cost of providing hospital services. If the fee is not reauthorized and no additional state matching funds were appropriated to offset the loss of state match, it is likely that the state would be required to raise reimbursement rates if providers filed a lawsuit.

The executive budget establishes the hospital utilization fee will at $50 per day (the rate that is effective January 1, 2009) without any change. However, HRD also anticipates that the allowable upper payment limit for Medicaid hospital services will increase about 10 percent a year.

The executive budget includes a statement that if the hospital utilization fee is not continued, general fund would need to be appropriated instead. LFD staff has asked for clarification on this statement.

LFD ISSUE (CONT.)

Legislative Options

The legislature may wish to ask HRD staff the estimated percent of cost that would be covered each year of the 2011 biennium if the hospital fee remains at $50 per day. The legislature may also wish to ask HRD staff the levels that reimbursement should not fall below. Depending on the answers to these questions, legislators can evaluate whether to:

- Reauthorize the fee, and if so at what level, including any potential future changes
- Do not reauthorize the fee and evaluate whether to appropriate other state matching funds for payments to hospitals, and if so, how much

LFD ISSUE

Impact of New Federal Rule Regarding Reimbursement for Outpatient Hospital Services

A recent federal rule addressing reimbursement of some outpatient hospital services may impact the upper payment limit for Medicaid reimbursement for hospital services. The rule narrows the definition of outpatient hospital services to exclude those that could be provided and covered outside a hospital. DPHHS staff is evaluating the rule to determine whether the amount that hospitals can be reimbursed is lower than the amount requested in the executive budget. There is concern among some states that the cost of some outpatient services could be excluded from Medicaid reimbursement altogether.

Legislative Option

The legislature may wish to discuss with DPHHS its determination of whether the federal rule regarding reimbursement for outpatient services lowers the hospital Medicaid upper payment limit for Montana hospitals. If so, the legislature may wish to revise the appropriation and potentially the daily fee, if it approves this request. The legislature may wish to discuss with HRD whether federal Medicaid reimbursement would be eliminated for some outpatient services, and if so, the impact of such a change.

LFD ISSUE

Hospital Utilization Fee is a New Proposal

The executive budget includes the hospital utilization fee as a present law adjustment and rolled FY 2008 expenditures into the base budget. Including costs in the base budget is a more accurate reflection of what was expended for the Medicaid program in FY 2008; however, because the tax expires June 30, 2009, continuation of the tax is a new proposal.

Legislative Option

If the legislature approves this proposal, it could record the costs as a new proposal rather than present law adjustment.

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 11016 - Dental Expansion										
01	0.00	100,000	0	0	100,000	0.00	200,000	0	0	200,000
DP 11043 - Medicaid for Workers with Disabilities										
01	2.00	70,937	0	108,596	179,533	2.00	117,710	0	202,174	319,884
DP 11044 - Provider Rate Increase - Medicaid										
01	0.00	370,088	0	768,295	1,138,383	0.00	760,033	0	1,545,194	2,305,227
Total	**2.00**	**$541,025**	**$0**	**$876,891**	**$1,417,916**	**2.00**	**$1,077,743**	**$0**	**$1,747,368**	**$2,825,111**

DP 11016 - Dental Expansion - This proposal adds $100,000 general fund in FY 2010 and $200,000 general fund in FY 2011 to expand access to dental services through the Federally Qualified Health Centers (FQHCs) and possibly other providers. FQHCs competitively bid to provide dental services in the 2009 biennium for both Medicaid and non-Medicaid low-income populations.

LFD COMMENT

Combine with Other Dental Expansion

If the legislature approves this request, it could move the general fund to the Dental sub-program. If the general fund is used as Medicaid match it could be transferred to the Medicaid Services function. If not, costs would be recorded with other expenditures that are fully state funded.

LFD COMMENT

Dental Access was a Goal Tracked During 2009 Biennium

The Legislative Finance Committee tracked changes in dental access as an outcome to monitor during the 2009 biennium. The outcome measures are discussed in the division overview.

DP 11043 - Medicaid for Workers with Disabilities - The Health Resources Division is requesting $449,417 for the biennium, including $188,647 general fund for the Medicaid for Workers with Disabilities program (MWD).

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

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

Goals:

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

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

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

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

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

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

The main features of the MWD program in order of impact on enrollment and costs are:
- Income eligibility limit
- Amount of earned income disregarded for income eligibility determination
- Resource eligibility limit
- Premium amount and monthly cost share
- Income level above which participants are required to pay a premium

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

LFD ISSUE

Recommendation for Interim Tracking

The legislature may wish to recommend that this proposal be monitored by the Legislative Finance Committee during the interim. One of the recurring themes in discussions about public health assistance is the detrimental effect of losing health coverage for persons with disabilities. This program could provide valuable data to determine whether Medicaid costs overall are reduced if persons are allowed to maintain Medicaid services necessary to their employment. Experience with the program could provide valuable information in establishing future Medicaid program policies.

LFD COMMENT

If Proposal is Funded, FTE Funding Could be Assigned to Human and Community Services Division

If the legislature approves funding for this proposal, it could request LFD staff to allocate the funding among divisions so that appropriations are comparable to costs in the next biennium.

LFD COMMENT

Program Could be Funded with State Special Revenue

This Medicaid expansion would be an allowable use of health and Medicaid initiatives state special revenue for the services match. If the legislature approves the request, it could use this proposal to switch between general fund and state special revenue depending on other appropriation decisions.

LFD COMMENT

Contingent on Legislation

If the legislature approves this request, it may wish to make the appropriation contingent upon passage and approval of LC0349.

DP 11044 - Provider Rate Increase - Medicaid - The executive budget adds $1.6 million general fund and $3.3 million in federal funds for a 1 percent annual provider rate increase. The rate increase will be implemented October 1 of each fiscal year and as a result annualizes to a 0.75 percent change within each fiscal year.

Sub-Program Details

CHILDREN'S HEALTH CARE RESOURCES 02

Sub-Program Proposed Budget

The following table summarizes the total legislative 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	19.00	60.00	0.00	79.00	60.00	0.00	79.00	79.00
Personal Services	789,761	3,033,102	0	3,822,863	3,037,097	0	3,826,858	7,649,721
Operating Expenses	1,330,392	1,350,675	0	2,681,067	920,712	0	2,251,104	4,932,171
Equipment & Intangible Assets	5,535	0	0	5,535	0	0	5,535	11,070
Benefits & Claims	28,429,111	57,324,247	16,616	85,769,974	64,759,554	33,645	93,222,310	178,992,284
Total Costs	**$30,554,799**	**$61,708,024**	**$16,616**	**$92,279,439**	**$68,717,363**	**$33,645**	**$99,305,807**	**$191,585,246**
General Fund	103,996	997,947	0	1,101,943	1,435,506	0	1,539,502	2,641,445
State/Other Special	6,621,200	18,703,621	3,772	25,328,593	20,422,052	7,749	27,051,001	52,379,594
Federal Special	23,829,603	42,006,456	12,844	65,848,903	46,859,805	25,896	70,715,304	136,564,207
Total Funds	**$30,554,799**	**$61,708,024**	**$16,616**	**$92,279,439**	**$68,717,363**	**$33,645**	**$99,305,807**	**$191,585,246**

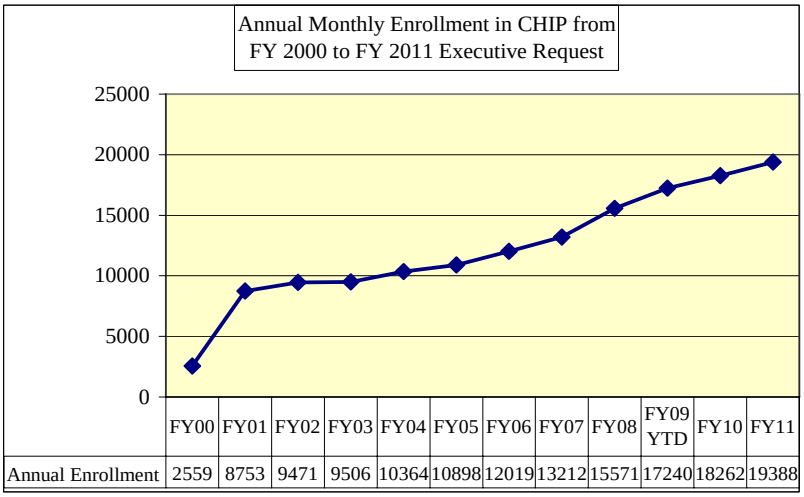
Sub-Program Description

Children's Health Care Resources includes the CHIP program and a present law adjustment to fund the Healthy Montana Kids (HMK) program enacted by voter initiative November 2008 (I-155). The annual 2011 biennium budget requests are more than triple base budget expenditures, largely due to HMK.

CHIP Enrollment

The legislature has reviewed CHIP enrollment over the biennia. During the 2007 biennium, enrollment lagged appropriation levels. The 2007 Legislature expanded CHIP eligibility from 150 percent of the federal poverty level to 175 percent. Enrollment has grown substantially over the 2009 biennium. Figure 41 shows historic and projected enrollment as of November 2008. Figure 41 does not include Healthy Montana Kids (I-155) funding.

Figure 41



LFD ISSUE

Request Assumes a Higher Federal Grant

The executive budget request includes $70.0 million in federal CHIP grant funds for base level and caseload cost increases for the CHIP program, and $6.0 million for the Healthy Montana Kids program. These amounts are far in excess of historic CHIP grant amounts.

Since FY 2006 the base grant for CHIP has ranged from $15 to 16 million annually. This biennium CHIP enrollment has increased enough to begin using the full federal grant each year. Previously, unspent portions of the federal grant were available to fund expanded enrollment. During the 2007 session, it appeared that Congress was going to reauthorize CHIP and expand federal funding. The legislature expanded eligibility and provided the state matching funds to enroll more children. Subsequently, federal funding for CHIP was extended, but not raised. The funding for CHIP expires March 2009.

Figure 42

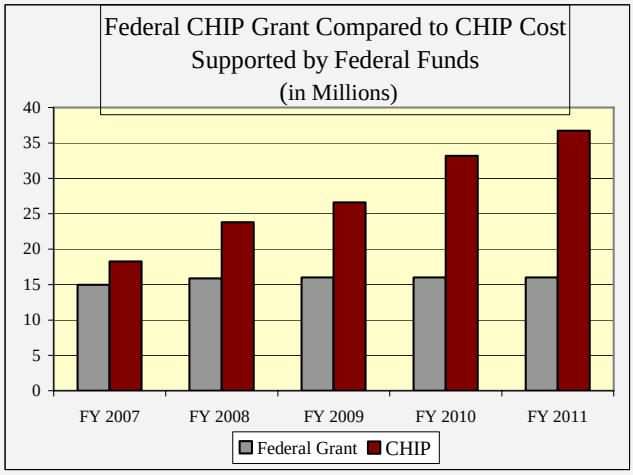


Figure 42 compares expected annual federal CHIP grants if Congress reauthorizes CHIP and maintains historic funding levels compared to the executive request for CHIP. Figure 42 does not include $6.0 million in federal CHIP grant funds requested to support Healthy Montana Kids and it does not include an additional $1.4 million in federal funds that HRD anticipates it will receive during FY 2009.

Congressional Reauthorization

Congress may act to reauthorize CHIP while the legislature in is session. If so, legislators will be able to make informed appropriation decisions about near term federal funding for CHIP.

Current Federal CHIP Grant will be Exhausted by July 1, 2009

If Congress does not reauthorize CHIP, the federal matching funds will be exhausted by July 1, 2009 at current enrollment levels.

Legislative Options:

The legislature could request that HRD provide a plan to manage the program within the historic level of federal funding in case CHIP grants are not increased to the level anticipated in the executive budget. The legislature could review the plan and decide whether to structure appropriations to implement the plan, or whether to provide state funding to offset all or a portion of reduced federal funding. The legislature could ask HRD to address options related to offsetting any potential federal CHIP shortfalls by raising Medicaid eligibility for children. (Currently Medicaid eligibility for Healthy Kids Montana is 185 percent of the federal poverty level, the maximum federal limit.)

LFD ISSUE

Program Required to Spend Non-General Fund First

FY 2008 base funding shows $103,000 in general fund costs. The CHIP program was appropriated $6.8 million in state special revenue matching funds in FY 2008 – about $200,000 more than the program expended. These funds should have been used instead of general fund.

The CHIP program received a $100,000 general fund appropriation and about $400,000 federal matching funds each year of the 2009 biennium to implement HB 198 to fund significant dental needs beyond those covered in the basic CHIP plan. Expenditures are limited to $100,000 in state funds, plus any matched federal funds, each fiscal year.

The department recorded $103,996 in expenditures against the general fund. It should have used excess state special revenue prior to spending general fund in compliance with 17-2-108(1), MCA.

Legislative Options
The legislature could ask DPHHS to adjust FY 2008 accounting records to comply with 17-2-108(1), MCA and revert $103,996 to the general fund. The legislature could request that the Legislative Audit Division include this issue in the financial compliance audit.

LFD ISSUE

Funding Shifts to General Fund Should be New Proposals and May be Unnecessary

There are two present law budget requests - DP 11008 - CHIP Caseload and DP 11041 - CHIP – State Match Increase that shift costs from state special revenue to the general fund. All funding shifts are to be included as new proposals, particularly when general fund is increased.

Except for $100,000 for additional dental services, the 2007 Legislature funded all of the state match for the CHIP program from state special revenue (tobacco settlement funds and health and Medicaid initiatives revenue). The executive budget shifts the cost of an increase in the CHIP state match rate to the general fund. That cost shift should be a new proposal. Additionally, depending on legislative appropriations there may be sufficient funds in either the health and Medicaid initiatives account or tobacco settlement fund to cover the increase in state match.

Legislative Option
The legislature may wish to review fund balances of state special revenue sources allocated to CHIP. There may be sufficient funds to offset the switch to general fund as well as the cost shift in the present law adjustment for increased benefit and operating costs. The state special revenue sources allocated to CHIP include tobacco settlement revenue and tobacco tax state special revenue. These funding sources are reviewed in the agency summary because they fund so many activities across the agency.

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

Budget Summary by Category	General Fund				Total Funds			
Budget Item	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	103,996	103,996	207,992	7.87%	30,554,799	30,554,799	61,109,598	31.90%
Statewide PL Adjustments	638	651	1,289	0.05%	187,525	191,270	378,795	0.20%
Other PL Adjustments	997,309	1,434,855	2,432,164	92.08%	61,520,499	68,526,093	130,046,592	67.88%
New Proposals	0	0	0	0.00%	16,616	33,645	50,261	0.03%
Total Budget	**$1,101,943**	**$1,539,502**	**$2,641,445**		**$92,279,439**	**$99,305,807**	**$191,585,246**	

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					222,714					225,857
Vacancy Savings					(40,497)					(40,624)
Inflation/Deflation					806					893
Fixed Costs					4,502					5,144
Total Statewide Present Law Adjustments					**$187,525**					**$191,270**
DP 11008 - CHIP Caseload	0.00	887,370	1,143,839	6,916,849	8,948,058	0.00	1,274,391	1,605,996	9,626,720	12,507,107
DP 11009 - CHIP SSR Fund Adjustment	0.00	0	0	0	0	0.00	0	0	0	0
DP 11011 - Healthy Montana Kids Plan	60.00	0	17,393,802	35,178,639	52,572,441	60.00	0	18,598,969	37,420,017	56,018,986
DP 11041 - CHIP - FMAP Rate Increase	0.00	109,939	125,343	(235,282)	0	0.00	160,464	175,639	(336,103)	0
Total Other Present Law Adjustments	**60.00**	**$997,309**	**$18,662,984**	**$41,860,206**	**$61,520,499**	**60.00**	**$1,434,855**	**$20,380,604**	**$46,710,634**	**$68,526,093**
Grand Total All Present Law Adjustments					**$61,708,024**					**$68,717,363**

DP 11008 - CHIP Caseload - This request adds $21.5 million in total funds, including $2.2 million general fund and $2.7 million in state special revenue funds for CHIP expansion. Base level expenditures were $28.4 million.

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

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

DP 11011 - Healthy Montana Kids Plan - This present law adjustment adds 60.00 new FTE and $36.0 million from Montana healthy kids state special revenue funds and $72.6 million federal funds over the biennium to expand Medicaid and CHIP programs for children's health insurance enacted by the passage of voter Initiative 155 - Healthy Montana Kids and effective November 4, 2008. This request is contingent upon federal approval of both CHIP and Medicaid state plan amendments and the receipt of matching federal funds.

LFD COMMENT

Total Agency Request in HRD

This initiative is discussed in greater detail in the agency overview. The initiative includes funding for three divisions within DPHHS:

- Health Resources Division – 6.00 FTE and $32.7 million Montana healthy kids state special revenue funds and federal matching funds
- Human and Community Services Division – 54.00 FTE and $3.0 million from the Montana healthy kids state special revenue account and $3.0 million in federal Medicaid matching funds
- Technology Services Division - $0.2 million Montana healthy kids state special revenue funds and $0.3 million federal funds

LFD ISSUE The Legislature could Structure Appropriations to Allow Accurate Budget Comparisons between the Three Divisions

Option
The legislature may wish to allocate funds and FTE to the appropriate division if it approves funding for the proposal. Allocating funds among divisions would facilitate more accurate comparisons of appropriations and expenditures.

DP 11041 - CHIP - FMAP Rate Increase - The executive budget adds $300,982 in tobacco settlement funds and $270,403 in general fund over the biennium with a like reduction in federal funds.

LFD ISSUE Shift to General Fund Should be a New Proposal and May be Unnecessary

The legislature may wish to review fund balances of state special revenue sources allocated to CHIP. There may be sufficient funds to offset the switch to general fund as well as the cost shift in the present law adjustment for increased benefit and operating costs. The state special revenue sources allocated to CHIP include tobacco settlement revenue and tobacco tax state special revenue. These funding sources are reviewed in the agency summary because they fund so many activities across the agency.

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 11033 - Provider Rate Increase - CHIP										
02	0.00	0	3,772	12,844	16,616	0.00	0	7,749	25,896	33,645
Total	**0.00**	**$0**	**$3,772**	**$12,844**	**$16,616**	**0.00**	**$0**	**$7,749**	**$25,896**	**$33,645**

DP 11033 - Provider Rate Increase - CHIP - This proposal adds $50,261, including about $12,000 health and Medicaid initiative state special revenue, for a targeted rate increase for CHIP providers for each year of the biennium. The provider groups that will receive the rate increase are those paid directly by department, for example dentists. This targeted increase is expected to encourage providers' willingness to continue to accept CHIP patients. The funds would provide a 1 percent provider rate increase that would be implemented October 1 of each state fiscal year, so the annualized rate during the state fiscal year is 0.75 percent.

Sub-Program Details

CHILDREN'S MENTAL HEALTH SERVICES 03

Sub-Program Proposed Budget

The following table summarizes the total legislative 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	16.00	0.00	2.00	18.00	0.00	2.00	18.00	18.00
Personal Services	781,366	174,570	90,244	1,046,180	179,032	90,276	1,050,674	2,096,854
Operating Expenses	1,860,320	2,661	145,875	2,008,856	3,102	165,998	2,029,420	4,038,276
Grants	645,569	0	0	645,569	0	0	645,569	1,291,138
Benefits & Claims	59,429,662	7,632,006	1,003,438	68,065,106	10,177,122	1,507,991	71,114,775	139,179,881
Total Costs	**$62,716,917**	**$7,809,237**	**$1,239,557**	**$71,765,711**	**$10,359,256**	**$1,764,265**	**$74,840,438**	**$146,606,149**
General Fund	17,825,421	3,126,089	444,278	21,395,788	4,219,682	625,322	22,670,425	44,066,213
State/Other Special	2,410,070	22,796	0	2,432,866	75,471	0	2,485,541	4,918,407
Federal Special	42,481,426	4,660,352	795,279	47,937,057	6,064,103	1,138,943	49,684,472	97,621,529
Total Funds	**$62,716,917**	**$7,809,237**	**$1,239,557**	**$71,765,711**	**$10,359,256**	**$1,764,265**	**$74,840,438**	**$146,606,149**

Sub-Program Description

The Children's Mental Health sub-program administers mental health services for children, including Medicaid funded services, an expanded mental health benefit program in CHIP for SED (limited to 130 children), and very limited services supported by general fund. The Medicaid and general fund services are included in the Children's Mental Health sub-program budget, but the CHIP funding for the expanded mental health benefit is budgeted in the CHIP program. The bureau also manages a federal grant to develop and coordinate an integrated service support system for children under age 18 who are seriously emotionally disturbed (SED), living in or about to be placed in an out-of-home setting, and needing the assistance of more than one state agency.

The most significant changes from the 2008 base budget include:

- Medicaid service utilization and eligibility increases - $16.9 million total funds, $5.4 million general fund
- An increase in the state Medicaid match rate - $1.6 million general fund
- A provider rate increase - $1.5 million total funds, $0.5 million general fund

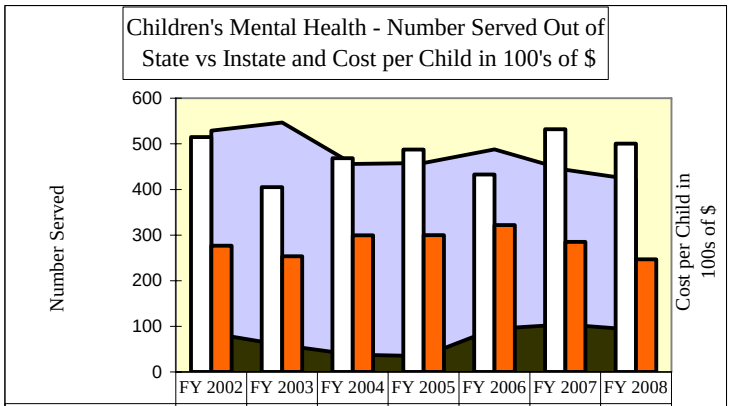
Residential Treatment Services

HRD has made concerted efforts to reduce the number of children placed in residential treatment facilities (RTFs) and to reduce the number of out of state placements. Figure 43 shows the number of children served instate and out of state as well as the average cost per type of placement.

The number of children in RTFs declined by about 60 from 488 in FY 2006 to 421 in FY 2008, with the largest decline in instate placements. The average cost per child served has also declined for both types of placements.

HRD has used five field staff to help keep children in their communities and the utilization review contractor has aided in that effort. HRD also participates in cross divisional efforts to provide long term plans for children with intensive service needs, including paying part of the cost for services.

Figure 43



	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
In State Placements	444	488	418	423	393	339	329
Out of State Place.	85	59	38	35	95	104	92
Cost In State	276.832	253.888	299.45	299.929	322.309	285.099	246.979
Cost Out of State	514.492	405.005	468.18	487.243	432.693	531.864	500.399

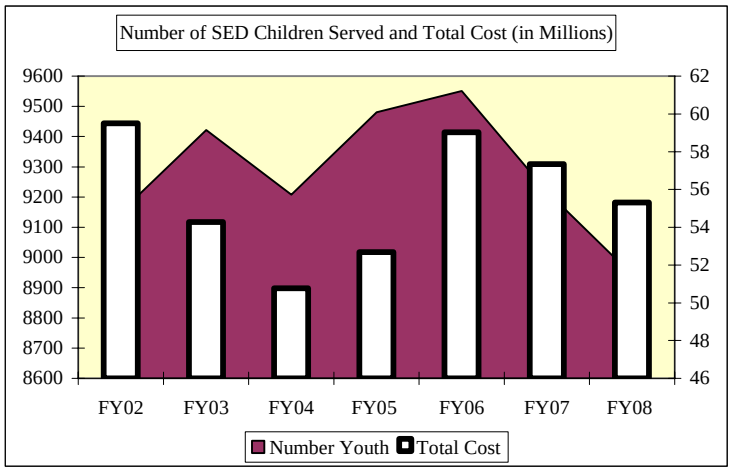
Service Costs for Seriously Emotionally Disturbed Children are Lower

One of the areas of legislative interest has been high cost cases in children's mental health. Last session one of the fastest growing components of the Medicaid budget was children's mental health. This biennium, the growth rate slowed considerable. The slower growth rate is due to several factors:

- Fewer number of children served in residential psychiatric facilities (488 in FY 2006, 443 in FY 2007, and 421in FY 2008)
- Fewer SED children served

Figure 44 shows the total number of SED youth served and the total cost in millions from FY 2002 through FY 2008.

Figure 44



LFD ISSUE

Growth Rate for Children's Mental Health Medicaid Slows

Children's mental health Medicaid costs have been growing at a much slower rate compared to the cost change between FY 2004 and FY 2006. Some of the slowing cost increases are due to aggressively managing RTC placements and aggressively managing community services for children with intensive needs.

LFD ISSUE (CONT.)

FY 2008 expenditures were $13.3 million lower than the appropriation ($72.7) million. FY 2009 expenditures are projected to be $59.9 million, about 2 percent more than FY 2008, and close to $20 million less than the FY 2009 appropriation.

The 2011 biennium caseload adjustment is based on cost increases between FY 2009 and FY 2010 that don't seem to be supported by the last two years of experience. Caseload estimates are updated during the legislative session. If projected FY 2009 costs for children's mental health services remain low compared to FY 2008 costs, the legislature may consider reducing this request.

Legislative Option
The legislature could direct LFD staff to work with HRD staff to determine children's mental health cost changes from FY 2006 through the estimate for FY 2009 and potential reductions to the present law request.

System of Care Funding and State Match

In 2004, HRD received a five year grant from the federal Substance Abuse and Mental Health Services Administration to develop a system of care for SED youth. A system of care is a coordinated network of community-based services and supports that are organized to meet the challenges of children and youth with serious mental health needs and their families. Families and youth work in partnership with public and private organizations to design mental health services and supports that are effective

The system of care grant is a six year grant, but must be applied for annually and is subject to federal approval annually. The grant began September 30, 2004 and ends September 29, 2010. Montana has $1.5 million in excess grant funds it has not expended from prior year grants and is requesting to carry forward those funds in its most recent application.

The grant required a 25 percent in-kind or cash match for years one through three. The match rose to 50 percent in the fourth year and at the end of September 2008 it increased to 66 percent. The grant terms prohibit the funds being used to supplant state funding. Local Kids Management Authorities (KMAs) provide the match.

A KMA is local interagency team comprised of parents, youth, public and private child-serving agencies, youth corrections, courts, tribes, providers and advocates. KMAs provide local infrastructure for wraparound services and partner with the state to provide information on systemic needs.

The 2007 Legislature appropriated $371,000 general fund in each year of the 2009 biennium for system of care activities. This appropriation was used as part of the match for the grant. However, it may exceed the match needed by the five KMAs.

The state and the KMAs also are planning ahead to determine which of the system of care elements that were put into place during the grant period can and should be kept in place without the federal funds.

LFD COMMENT

Match Requirements for System of Care Grant

DPHHS included a request for $300,000 general fund for the 2011 biennium for system of care sustainability. The request was not included in the governor's budget. The Children Families, Health, and Human Services Interim Committee requested two bills to provide funding for the system of care sustainability and flexible funding for children's mental health services:

- LC0593, to appropriate $2.4 million general fund to sustain existing KMAs at the community level and create 10 additional KMAs
- LC0595, to appropriate $250,000 general fund to provide flexible funding with priority given to children up to the age of 6

The LFD staff has requested that HRD provide the following information to the 2009 Legislature so that is may consider issues related to the system of care grant and related legislative interim committee appropriation requests:

- Status of grant funding and assuming reauthorization of the federal grant, length of time KMA's can be funded
- Preliminary evaluation criteria regarding outcomes of KMA activities
- Estimated nonfederal cost to continue KMAs for the 2011 and 2013 biennium
- Continued existence of KMAs once federal funds are no longer available

LFD ISSUE

General Fund Request for Children's Mental Health Benefits

Near the end of its analysis of the executive budget, LFD staff identified a potential issue with respect the level of general fund supporting executive budget request for children's mental health services. Executive budget documentation provided explanation for some changes to the general fund changes, but not all. Too little time remained to fully evaluate the level of general fund requested and determine how much general fund supported:

- Federal Medicaid match rate changes
- The system of care grant and funding for KMAs
- Non Medicaid mental health benefits paid by part of the TANF state maintenance of effort

Legislative Option

The LFD will review the additional documentation requested from HRD and provide comment to the legislature during appropriation committee hearings. The information will allow the legislature to evaluate any potential appropriation requests for funding state match for the system of care grant to determine funds available in the base budget and 2011 biennium budget request.

Budget Summary By Category

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

Budget Summary by Category

	General Fund				Total Funds			
Budget Item	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	17,825,421	17,825,421	35,650,842	80.90%	62,716,917	62,716,917	125,433,834	85.56%
Statewide PL Adjustments	21,192	22,861	44,053	0.10%	177,231	182,134	359,365	0.25%
Other PL Adjustments	3,104,897	4,196,821	7,301,718	16.57%	7,632,006	10,177,122	17,809,128	12.15%
New Proposals	444,278	625,322	1,069,600	2.43%	1,239,557	1,764,265	3,003,822	2.05%
Total Budget	**$21,395,788**	**$22,670,425**	**$44,066,213**		**$71,765,711**	**$74,840,438**	**$146,606,149**	

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					214,399					219,048
Vacancy Savings					(39,829)					(40,016)
Inflation/Deflation					900					1,088
Fixed Costs					1,761					2,014
Total Statewide Present Law Adjustments					**$177,231**					**$182,134**
DP 11002 - Medicaid FMAP										
	0.00	646,528	0	(646,528)	0	0.00	916,894	0	(916,894)	0
DP 11006 - Medicaid Caseload - Children's Mental Health										
	0.00	2,304,067	22,796	4,830,513	7,157,376	0.00	3,123,441	75,471	6,503,580	9,702,492
DP 11042 - PRTF Reimbursement To Include State Plan Services										
	0.00	154,302	0	320,328	474,630	0.00	156,486	0	318,144	474,630
Total Other Present Law Adjustments	**0.00**	**$3,104,897**	**$22,796**	**$4,504,313**	**$7,632,006**	**0.00**	**$4,196,821**	**$75,471**	**$5,904,830**	**$10,177,122**
Grand Total All Present Law Adjustments					**$7,809,237**					**$10,359,256**

DP 11002 - Medicaid FMAP - The executive budget adds $646,528 million general fund and reduces federal funds by the same amount to adjust for the increased state Medicaid match rate.

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

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

LFD COMMENT

Provider Participation and Access to Services

The executive budget indicates that PRTF providers may not receive sufficient compensation with this change and that a provider could encounter catastrophic expenses for an individual child. The legislature may wish to ask the department and providers to comment on this potential outcome and the likelihood that providers would continue to accept Montana Medicaid clients, particularly out of state PRTF, if the risk is substantial.

The legislature may also wish to ask whether individual clients could be refused services if they had physical Medicaid conditions that could be expensive to treat. If that were to happen, the legislature may wish to ask HRD how residential treatment services would be obtained.

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 11029 - Federal Mandate to TGF and TFC										
03	0.00	166,189	0	345,003	511,192	0.00	168,540	0	342,652	511,192
DP 11036 - Medicaid Grant										
03	2.00	118,060	0	118,059	236,119	2.00	128,137	0	128,137	256,274
DP 11044 - Provider Rate Increase - Medicaid										
03	0.00	160,029	0	332,217	492,246	0.00	328,645	0	668,154	996,799
Total	**2.00**	**$444,278**	**$0**	**$795,279**	**$1,239,557**	**2.00**	**$625,322**	**$0**	**$1,138,943**	**$1,764,265**

DP 11029 - Federal Mandate to TGF and TFC - This proposal adds $334,729 in general fund and $687,655 in federal funds over the biennium. The increased funding may be necessary to meet federally required reimbursement changes for therapeutic group homes (TGH) and therapeutic foster care (TCF) providers.

If CMS requires the department to unbundle the current per diem payment to each of these provider types and reimburse for individual services, HRD estimates additional funds would be necessary. The division estimates that providers will receive 3 percent more if CMS requires the agency to change to a fee for service basis of reimbursement.

Therapeutic group homes have completed cost reports for FY 2008. The cost reports can be used to determine a rate for individual services that were previously billed as bundled services if needed.

LFD ISSUE

Restricted Appropriation

The legislature may wish to line item and restrict this appropriation in case federal regulations either remain the same or the expected cost change is less than the request.

DP 11036 - Medicaid Grant - The 2007 Legislature approved an executive request for a federal demonstration grant authorized by the federal Deficit Reduction Act of 2005. The grant allowed the state to pursue a home and community based service waiver (HBCS) as an alternative to utilizing psychiatric residential treatment facility services for children with serious emotional disturbance. This budget request adds $236,119 in FY 2010 ($118,060 general fund) and $256,274 in FY 2011 ($128,137 general fund) to annualize FY 2008 costs. The grant was initiated October 1, 2007.

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

Justification: The grant allowed the state to pursue a home and community based service waiver (HBCS), as an alternative to utilizing psychiatric residential treatment facility services for children with serious emotional disturbance.
Justification:

Goal: Offer youth with SED the choice of home and community-based alternatives to psychiatric residential treatment facilities

Performance Criteria and Milestones:

- Within Waiver Year 1, enroll and track 20 Yellowstone County youth with SED
- Waiver Year 2, enroll and track a total of 30 youth in two other counties within the state
- Waiver years 3-5 enroll and track 50 youth in two more counties. A total of 100 youth will be served

- Measure success through functional outcomes, cost effectiveness, consumer surveys, and cost neutrality including the federally mandated CMS 7372 report which includes a section regarding quality of services rendered, as well as budget neutrality of the waiver

FTE: A program director oversees the work in all five sites; there is a plan manager for each county with a waiver program. Currently the waiver is located in Yellowstone County but will begin in four other counties.

Funding: Medicaid reimburses for services provided to youth with SED enrolled in the waiver at FMAP. Administrative costs are reimbursed via the DRA grant.

Obstacles: Outreach to potential clients; hiring plan managers; locating office spaces; establishing provider networks; educating stake holders regarding the waiver and referral process; as well as educating parents, providers, etc. to the wraparound delivery service model

Risks: Potential increase in cost as youth with SED will be placed in a more costly and restrictive setting. Potential increase in costs as youth with SED return to out-of-home placements because the intense work with families is not able to take place when the youth is out of the home.

LFD COMMENT

Goals and Measures Provide Good Information

The goal and measures included for this proposal are time bound and include evaluation data that reviews health outcomes as well as whether the services are cost effective. The data gathered for this waiver may prove valuable to legislators in establishing appropriations.

LFD ISSUE

Specific Evaluation Criteria Needed

The legislature may wish to know the specific quality and functional outcome measures that will be reviewed, as well as the thresholds that will indicate that waiver services achieved positive outcomes. The information may be particularly useful since one of the goals of this project listed in the grant application is to produce a community-level template that can be used to establish the wraparound services in Montana communities, and the cost-neutral strategies needed to implement a sustainable, ongoing home and community based waiver at the end of the five year demonstration project.

Legislative Option
If the legislature approves the request, it may wish to include the specific evaluation criteria in the new proposal evaluation section.

DP 11044 - Provider Rate Increase - Medicaid - The executive budget adds $1.6 million general fund and $3.3 million in federal funds for a 1 percent annual provider rate increase. The rate increase will be implemented October 1 of each fiscal year and as a result annualizes to a 0.75 percent change within each fiscal year.

Sub-Program Details

PRESCRIPTION DRUG PROGRAM 05

Sub-Program Proposed Budget

The following table summarizes the total legislative 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	7.40	0.00	0.00	7.40	0.00	0.00	7.40	7.40
Personal Services	315,355	33,951	0	349,306	35,674	0	351,029	700,335
Operating Expenses	702,129	4,280	0	706,409	4,768	0	706,897	1,413,306
Benefits & Claims	1,517,040	3,434,980	0	4,952,020	3,434,980	0	4,952,020	9,904,040
Total Costs	**$2,534,524**	**$3,473,211**	**$0**	**$6,007,735**	**$3,475,422**	**$0**	**$6,009,946**	**$12,017,681**
State/Other Special	2,534,524	3,473,211	0	6,007,735	3,475,422	0	6,009,946	12,017,681
Total Funds	**$2,534,524**	**$3,473,211**	**$0**	**$6,007,735**	**$3,475,422**	**$0**	**$6,009,946**	**$12,017,681**

Sub-Program Description

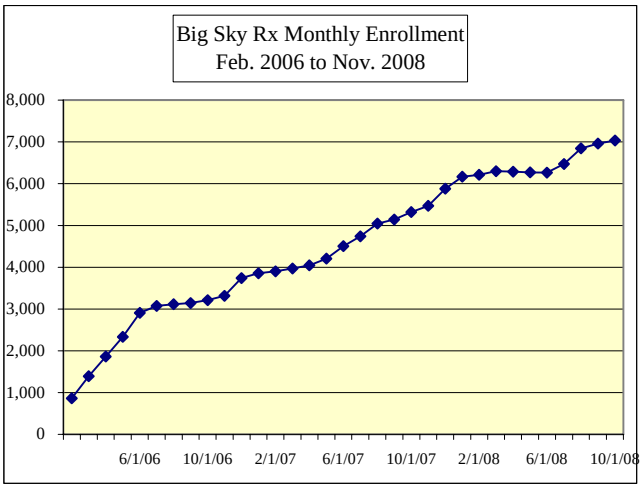
The Prescription Drug sub-program includes two functions:

- Big Sky Rx – premium assistance to purchase Medicare Part D prescription drug coverage for Medicare eligible Montanans with incomes under 200 percent of the federal poverty level
- Pharmassist – toll free number for Montanans to call and have one-on-one consultations with a licensed pharmacist about the prescription drugs they are taking

Both programs are funded from the health and Medicaid initiatives state special revenue account established by citizen initiative November 2004 (I-149). The initiative raised tobacco taxes and specified how the funds could be used.

The 2005 Legislature established Big Sky Rx, the Pharmassist program, and two other programs – a drug discount program and a prescription drug education program. Big Sky Rx was implemented and began enrollment in February 2006 and was 7,033 in October 2008. (See Figure45)

Figure 45



The Pharmassist program started in March 2008 and contracts with licensed pharmacists to consult with individuals to offer information on ways of controlling medication costs and on prudent use of medications. Pharmacists involved in this program are not diagnosing, treating medical conditions, or prescribing medications. The participating pharmacist is providing medication management recommendations.

The Prescription Drug Education program is on the DPHHS web site and lists a page explaining the program and includes links to information about prescription drugs, including cost and effectiveness. This site serves as an educational resource for citizens and medical practitioners to compare the clinical effectiveness and cost comparisons between prescription drugs.

The drug discount program is still in the research phase. Since 2005 most major drug manufactures have been participating in pharmacy assistance programs that provide free or discounted prescription drugs.

Big Sky Rx Enrollment and Cost Estimates

The executive budget includes $6.4 million for expanded enrollment in Big Sky Rx. The program can pay up to $33.11 per month toward a Medicaid Part D policy. The average monthly payment in FY 2008 was $20.19 and enrollment averaged 6,000 persons a month, with 7,033 persons enrolled as of November 2008. When the program was initially approved, 20,000 persons were estimated to be eligible.

LFD COMMENT

Certain Medicare eligible persons may also qualify for a federal low income subsidy (LIS) to pay a portion of the monthly Part D premiums, annual deductibles, and prescription co-payments for a Medicare Part D prescription drug policy. The LIS could be worth up to $3,600 per year - $300 per month. To be eligible a person must have combined savings, investments, and real estate worth less than $23,970 if married and living with a spouse, or $11,990 if single or not living with a spouse. The value of an owner occupied home, vehicles, personal possessions, burial plots or irrevocable burial contracts are excluded. Big Sky Rx also supplements the federal LIS.

LFD ISSUE

Big Sky Costs – Conflicting Cost Outcomes

There are two issues related to Big Sky enrollment projections with diametrically opposed outcomes:

- The LFD estimate is lower than the executive request
- The executive budget request may be enough to support the executive enrollment projections

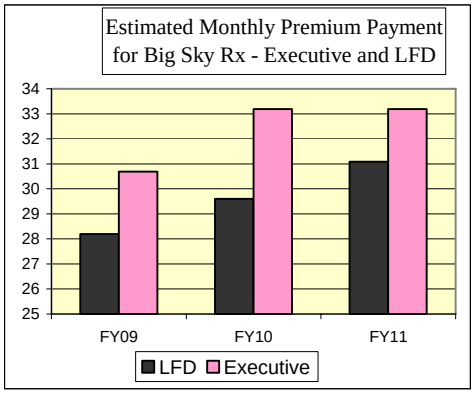
In the first instance, the legislature could consider reducing the executive budget request and in the second, the legislature could consider increasing the request. Each scenario will be discussed with the options discussion combined at the end of the issue.

Estimated Enrollment Levels Similar; Payment Different

There are two components to Big Sky Rx benefit costs: average monthly enrollment and the average monthly payment per enrollee. The number of enrollees for the LFD and executive estimates is similar reaching a monthly total at the end of FY 2011 of 14,959 (executive) compared to 14,728 (LFD).

The significant difference between the two estimates is the projected average monthly payment. Figure 46 shows the estimated monthly payments.

Figure 46



The executive budget is based on an average monthly payment of $33.18 per enrollee – the maximum payment allowed. The LFD estimate is based on the average payment in October 2008 of $28.19 inflated 5 percent annually. The LFD estimated average per capita cost is $24 to $36 lower annually than the executive projection. In total, the LFD estimated enrollment and monthly payment are lower than the executive over the biennium by $1.1 million.

Executive Request May Slightly Lower than Needed

The executive budget request could be too low to fund the executive cost estimate for Big Sky assistance, depending on enrollment patterns. If enrollment increases at a steady pace, adding persons gradually over the biennium, the executive request is $289,000 to low. If enrollment increases at a faster pace earlier in the biennium, the short fall would be greater and if enrollment growth is greatest during the latter part of the biennium costs could be less than the appropriation.

LFD ISSUE(CONT.)

Options

The legislature has several options with respect to establishing the Big Sky Rx premium appropriation:

- Accept the executive request
- Accept the executive request and add additional funds
- Accept a lower amount than requested by the executive, using the LFD estimate or an amount between the executive request and the LFD estimate
- Base the annual 2011 appropriation at the annualized cost for FY 2009 estimated enrollment, which could be as high as $3.5 million per year
- Potentially restrict the use of the appropriation so that it cannot be transferred to other uses

Budget Summary By Category

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

Budget Summary by Category	General Fund				Total Funds			
Budget Item	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%	2,534,524	2,534,524	5,069,048	42.18%
Statewide PL Adjustments	0	0	0	0.00%	38,231	40,442	78,673	0.65%
Other PL Adjustments	0	0	0	0.00%	3,434,980	3,434,980	6,869,960	57.17%
New Proposals	0	0	0	0.00%	0	0	0	0.00%
Total Budget	**$0**	**$0**	**$0**		**$6,007,735**	**$6,009,946**	**$12,017,681**	

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					48,506					50,301
Vacancy Savings					(14,555)					(14,627)
Inflation/Deflation					921					924
Fixed Costs					3,359					3,844
Total Statewide Present Law Adjustments					**$38,231**					**$40,442**
DP 11034 - Big Sky Rx Base Adjustment - Biennial	0.00	0	3,200,000	0	3,200,000	0.00	0	3,200,000	0	3,200,000
DP 11035 - Pharmassist Program	0.00	0	234,980	0	234,980	0.00	0	234,980	0	234,980
Total Other Present Law Adjustments	**0.00**	**$0**	**$3,434,980**	**$0**	**$3,434,980**	**0.00**	**$0**	**$3,434,980**	**$0**	**$3,434,980**
Grand Total All Present Law Adjustments					**$3,473,211**					**$3,475,422**

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

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

Goals: The goal of the Big Sky Rx program is to reach full service capacity of 19,285 Montanans receiving financial help to pay monthly premiums for Medicare Part D prescription drug coverage.
Performance Criteria and Milestones: Big Sky Rx measures progress toward the program goal with monthly enrollment reports as well as monthly fiscal performance reports. Both reports are evaluated for progress toward enrollment goals and for determining successful enrollment campaigns.

FTE: The work will be performed by existing staff.

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

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

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

LFD ISSUE

Performance Criteria and Milestones are not Defined

Although the goal of Big Sky Rx is to reach an enrollment of 19,285, progress toward that goal is not well defined. Without specific measures, the legislature cannot make an informed appropriation decision or evaluate program outcomes.

Option:
The legislature may wish to request that HRD provide concrete measures that are time bound. These criteria would allow the legislature to evaluate funding needs for Big Sky Rx with greater accuracy. The legislature could adopt the criteria in order to evaluate Big Sky Rx performance.

LFD ISSUE

Performance Criteria do not Evaluate Effects of Providing a Premium Subsidy

The Big Sky Rx goal is to maximize enrollment. While successful access to health care services and benefits is sometimes measured by the level of enrollment, that statistic alone does not tell the legislature whether the expenditure of funds is producing desirable outcomes. Without qualitative data, the legislature cannot determine whether one program is better than another for achieving outcomes that are usually related to such goals as treatment of medical conditions, and prevention of more costly care.

Enrollment is easy to quantify and measure, while health outcomes are not. However, incremental movement toward measuring meaningful outcomes would provide valuable information to the legislature for appropriation decisions. Until other measures are defined, enrollment will be the only data collected and reported.

Option: The legislature may wish to ask HRD to discuss what types of outcomes could be measured in addition to enrollment.

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

LFD COMMENT

Current Status of Pharmassist and Future Plan

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

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

Presently the steps for a person to follow are:

1. Patient or other interested party (healthcare professionals, family, friends or caregivers) calls MT PharmAssist hotline for a Patient Packet;
2. Patient fills out forms completely and returns them to Mountain-Pacific Quality Health (MPQH). MPQH analyzes Patient Packet information to determine if there is an opportunity for the patient to benefit from the program;
3. Contracted pharmacist receives patient packet, contacts patient to arrange face to face meeting and gather additional information if necessary; and
4. Contracted pharmacist completes the initial face to face consultation with patient within two weeks after receiving packet.

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

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

Goals for Montanans:

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

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

FTE: Existing staff and contracted services

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

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

geographical, of pharmacists.

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

LFD ISSUE

Performance Criteria are Good, but not Measurable

The performance criteria listed are good - pharmacists involved will provide a comprehensive accounting of all medical conditions and medication therapies giving a complete picture for building personalized treatment plans. However, there are no specific measures to determine whether the service is producing a desirable outcome. The objective is directly tied to health services, but there are no measures to determine whether the program is achieving the desired end.

Option

The legislature could ask what information provided by participating pharmacists HRD will review and how the information will be used to assess the program. The legislature could adopt criteria identified by HRD and integrate the measures into the proposal if approved.

Sub-Program Details

DENTAL ACCESS 07

Sub-Program Proposed Budget

The following table summarizes the total legislative 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
Benefits & Claims	495,759	0	0	495,759	0	0	495,759	991,518
Total Costs	**$495,759**	**$0**	**$0**	**$495,759**	**$0**	**$0**	**$495,759**	**$991,518**
State/Other Special	495,759	0	0	495,759	0	0	495,759	991,518
Total Funds	**$495,759**	**$0**	**$0**	**$495,759**	**$0**	**$0**	**$495,759**	**$991,518**

Sub-Program Description

The Dental Access sub-program was approved by the 2007 Legislature. It is funded from tobacco settlement trust fund interest. The program contracted with Federally Qualified Health Centers (FQHCs) for dental services in FY 2008. Figure 47 shows where HRD contracted to the following cities to pay for dental services for people who were below 200 percent of the federal poverty level.

Figure 47
Dental Access - FY 2008

Location	Amount
Butte	$33,183
Great Falls	13,474
Livingston and Bozeman	15,616
Helena	19,671
Billings	35,343
Libby	28,351
Missoula	37,174
Total	$182,812

In addition, the following entities received grants for specific activities:

- Butte Community Health Center, $177,950 – Access to dental services for low-income senior citizens on Friday weekdays
- Livingston County Health Partnership, $333,000 – Initiate dental services by helping fund staff, including a dentist, and remodel the office space
- Lincoln County Health Center in Libby, $107,000 – Purchase new dental equipment and fund a remodel
- Yellowstone County Health Department in Billings, $83,518 – Purchase a mobile dental van to provide on-sight dental care for six Billings nursing homes
- Bullhook Community Health Center in Havre, $185,000 – Establish local access to new oral health services in Hill County for both primary and preventive oral health care
- Partnership Health Center PHC – Missoula, $100,000 - Increase service capacity by adding operatories, chairs, and staff to increase the number of urgent care days
- Cooperative Health Center CHC – Helena, $15,000 - Purchase a digital x-ray system

LFD COMMENT

Transferring New Proposal for Dental Services

The legislature could consider allocating the $300,000 general fund request for dental services expansion to this subprogram if it approves the new proposal. The executive budget includes the general fund request in the Medicaid acute services function (DP 11016 Dental Expansion). Some of the general fund requested dental services expansion could be used to pay the state Medicaid match depending on the services procured and the proposal requests only general fund.