

**Program Budget Comparison**

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

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	493.92	493.92	496.92	496.92	493.92	496.92	3.00	0.61%
Personal Services	23,981,359	25,383,197	26,249,690	26,477,117	49,364,556	52,726,807	3,362,251	6.81%
Operating Expenses	8,602,388	9,891,903	9,753,307	9,881,253	18,494,291	19,634,560	1,140,269	6.17%
Equipment & Intangible Assets	57,356	15,000	57,356	57,356	72,356	114,712	42,356	58.54%
Benefits & Claims	114,752,238	114,979,411	112,943,744	119,313,378	229,731,649	232,257,122	2,525,473	1.10%
<b>Total Costs</b>	<b>\$147,393,341</b>	<b>\$150,269,511</b>	<b>\$149,004,097</b>	<b>\$155,729,104</b>	<b>\$297,662,852</b>	<b>\$304,733,201</b>	<b>\$7,070,349</b>	<b>2.38%</b>
General Fund	52,551,559	54,188,192	49,240,215	55,044,180	106,739,751	104,284,395	(2,455,356)	(2.30%)
State Special	3,685,456	5,251,431	5,569,898	5,572,194	8,936,887	11,142,092	2,205,205	24.68%
Federal Special	91,156,326	90,829,888	94,193,984	95,112,730	181,986,214	189,306,714	7,320,500	4.02%
<b>Total Funds</b>	<b>\$147,393,341</b>	<b>\$150,269,511</b>	<b>\$149,004,097</b>	<b>\$155,729,104</b>	<b>\$297,662,852</b>	<b>\$304,733,201</b>	<b>\$7,070,349</b>	<b>2.38%</b>

**Program Description**

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

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

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

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

**Program Highlights**

<b>Disability Services Division HB 2 Budget Highlights</b>
<ul style="list-style-type: none"> <li>◆ The \$305 million 2011 biennium budget, which includes over \$232 million in benefits and grants, is \$7 million greater than the 2009 biennium budget and includes a reduction to the general fund of about \$2.5 million and increases in state special revenue and federal specials revenue of \$9.5 million.</li> <li>◆ The legislature approved general fund increases in HB 2 of about \$9 million primarily to fund: <ul style="list-style-type: none"> <li>• Restoration of zero-base personal services at MDC - \$2.4 million</li> <li>• Federal Medicaid match percentage adjustment - \$2.1 million</li> <li>• Statewide present law adjustments - \$2 million</li> <li>• Increased caseloads for the developmentally disabled program - \$1.5 million</li> <li>• Annualization of cost plans for individuals moving into communities and provider rate increases approved by the 2007 Legislature - \$1.4 million</li> <li>• Autism Waiver services and a transition coordinator - \$0.6 million</li> </ul> </li> <li>◆ Reductions of over \$12 million to the general fund approved by the legislature primarily include: <ul style="list-style-type: none"> <li>• The American Recovery and Reinvestment Act (ARRA) enhanced federal Medicaid match rate (FMAP) that reduced general fund by nearly \$11 million</li> <li>• A reduction to the base budget of MDC of \$0.6 million general fund</li> <li>• The increase in the vacancy savings percentage from 4 to 7 percent that reduced general fund by \$0.5 million</li> </ul> </li> <li>◆ The largest increase in state special revenue is primarily due to \$1.6 million for a contingency request in the event that the federal government mandates that states pay for new technologies in the telecommunication programs</li> </ul>
<b>HB 645 Budget Highlights</b>
<ul style="list-style-type: none"> <li>◆ The legislature approved: <ul style="list-style-type: none"> <li>• Nearly \$11 million of federal funds to address the ARRA enhanced FMAP rate, which reduced the general fund in HB 2 by the same amount</li> <li>• About \$6.5 million for provider rate increases for DSD (as estimated by the department) that was part of a department-wide 2 percent provider rate increase approved in HB 645</li> <li>• AARA funding for Part C early intervention funding of \$2.1 million</li> <li>• AARA funding for Vocational Rehabilitation services of \$2.3 million</li> </ul> </li> </ul>

**Summary of Legislative Action**

The legislature approved a budget of nearly \$304.7 million for the 2011 biennium, of which \$232.3 million is for benefits. Of the benefit amount, \$163.3 million is for federal funding and \$61.2 million is general fund.

The 2011 biennium budget is greater than the 2009 biennium budget by \$7.0 million. The increase over the past biennium is primarily due to:

- Statewide and other present law adjustments of \$13.5 million total funds over the biennium, of which about \$8.4 million is general fund. The most significant appropriations are for:
  - The annualization of client cost plans and provider rates – over \$5.3 million; \$1.4 million general fund
  - Restoring zero-base personal services at MDC – about \$2.4 million general fund
  - Statewide present law adjustments – over \$2.0 million; mostly general fund

- Federal Medicaid match percentage (FMAP) adjustment - \$2.1 million general fund with an equal reduction in federal funds
- MDC utilization fee and Medicaid reimbursement – over \$1.7 million; \$0.2 million general fund

The present law increases mentioned above are offset by the number of budget reducing items in new proposals, where the biennium budget is reduced by \$2.6 million total funds and nearly \$9.3 million general fund.

- Significant new proposal reductions over the biennium include:
  - Nearly \$11.0 million general fund for a budget reduction due to the American Recovery and Reinvestment Act (ARRA) enhanced FMAP rate, which is offset with federal funds in HB 645
  - \$0.8 million total funds from an increase in vacancy savings from 4 to 7 percent – \$0.5 million general fund
  - \$0.6 million general fund to reduce the base budget of MDC
- Significant new proposal increases include:
  - \$3.5 million for the Disability Services Division caseload increase - including \$1.5 million general fund
  - \$2.0 million in federal funds for potential Developmental Disabilities Program federal funding increases
  - \$1.6 million state special revenue for the Montana Telecommunications Access Program funding increase contingent upon a federal regulation change
  - \$1.2 million state special revenue for the early intervention caseload growth
  - About \$0.8 million for Autism Waiver services and a transitions coordinator - \$0.6 million general fund

The legislature also provided funding for 3.00 new FTE, which are federally funded at nearly \$0.4 million for the Disability Determination Program. The legislature also approved the HB 13 pay plan, which added over \$0.8 million in total funds to the budget. Nearly \$0.7 million of the pay plan increase was general fund.

Additionally, the legislature approved a 2 percent division-wide general fund reduction of about \$7.2 million and allowed DPHHS to allocate the reduction among all divisions. At the time of this writing, the DSD share is not known.

The legislature provided \$450,000 in long range planning funds for the Montana Developmental Center (MDC), which is located in Boulder. Funds support the remodel and consolidation of rooms that house medical records and offices for psychology, psychiatry, dental, pharmacy, and medical services. The offices are presently scattered throughout older buildings that are being closed down due to the down sizing of MDC.

#### *Summary of Programs, Benefits and Grants*

The following figure shows the HB 2 expenditures of the division for the base fiscal year and the legislative appropriations for FY 2010 and FY 2011. Grants related to the ARRA are discussed in the “Other Legislation” section of this narrative. Expenditures are shown by program as well as by benefit type.

The top part of the table in Figure 22 shows the division expenditures by program. The programs include:

- Vocational Rehabilitation, which provides services for vocational rehabilitation geared toward employment; independent living; blind and low vision needs, and the Montana Telecommunications Access Program
- The Montana Developmental Center (MDC) in Boulder, a behavioral treatment facility serving persons who are seriously developmentally disabled and pose an immediate risk of harm to themselves or to others
- Developmental Disabilities Program (DDP), which supports choices and opportunities for people with developmental disabilities in their communities
- Disability Determination Services, a federally funded program that works with the Social Security Administration to determine Social Security Disability Insurance (SSDI) and Supplemental Security Income (SSI)

The second part of the table shows the benefits and grants. The total for benefit and grant expenditures is listed above the summary to provide an easy comparison between the total amount of benefits and grants and the total costs for the division.

**PUBLIC HEALTH & HUMAN SERVICES**

**10-DISABILITY SERVICES DIVISION**

The VR program accounts for 13 percent of the total division budget and about 11 percent of the total benefit spending. DDP services account for 73 percent of the total division budget and over 89 percent of total benefit spending. Disability Determination accounts for 4 percent of the total budget and 0.1 percent of the benefit spending. MDC accounts for 11 percent of the division budget. The benefits are Medicaid reimbursements and return about 8 percent of the benefits budget to the state's general fund.

**Figure 22**

**Summary of 2011 Division Costs, Benefits, and Grants Compared to the Base Budget**

Program	Fiscal 2008 Base			Fiscal 2010 Appropriations			Fiscal 2011 Appropriations			% of Division Bien. Total
	General Fund	SSR	Total Funds	General Fund	SSR	Total Funds	General Fund	SSR	Total Funds	
<b>Total Program Costs Including Benefits</b>										
Vocational Rehabilitation	\$4,784,840	\$963,811	\$13,737,871	\$5,696,149	\$1,770,370	\$19,913,361	\$5,766,862	\$1,770,901	\$19,985,049	13%
Montana Developmental Center	15,189,807	53,819	15,243,626	16,396,824	53,674	16,450,498	16,472,075	53,671	16,525,746	11%
Developmental Disabilities	32,576,912	2,667,826	108,720,250	27,147,242	3,745,854	107,322,899	32,805,243	3,747,622	113,774,269	73%
Disability Determination Services	0	4,845,797	4,845,797	0	5,317,339	5,317,339	0	5,444,040	5,444,040	4%
Total Program Costs for the Division	\$52,551,559	\$3,685,456	\$142,547,544	\$49,240,215	\$8,569,898	\$149,004,097	\$55,044,180	\$8,572,194	\$155,729,104	
Funding Percent of Total Fiscal Year Budget	36.9%	2.6%	60.5%	33.0%	3.7%	63.2%	35.3%	3.6%	61.1%	100%
<b>Benefits and Grants</b>										
Total Benefits and Grants for Division	\$3,385,869	2,667,826	\$114,751,647	\$2,780,046	3,735,587	\$112,943,744	\$3,394,443	3,735,587	\$119,313,378	100.0%
Benefits Percent of Total Budget	23.4%	1.9%	55.2%	18.6%	2.5%	54.6%	21.4%	2.4%	52.8%	77%
<b>Summary of Benefits and Grants by Program</b>										
<b>Vocational Rehabilitation</b>										
Vocational Rehabilitation	\$1,753,463	\$0	\$8,234,160	\$1,906,938	\$0	\$8,387,635	\$1,906,938	\$0	\$8,387,635	7.2%
Extended Employment	1,058,322	0	1,058,322	1,158,482	0	1,158,482	1,270,369	0	1,270,369	1.0%
Sec. 110 Blind, Low Vision	244,919	0	1,009,514	244,919	0	1,009,514	244,919	0	1,009,514	0.9%
Visual Medical Services	111,676	0	111,676	111,676	0	111,676	111,676	0	111,676	0.1%
Supported Employment	0	0	307,364	0	0	307,364	0	0	307,364	0.3%
Independent Living Part B	361,431	0	553,165	461,431	0	653,165	403,380	0	191,734	0.5%
Independent Living	8,723	0	45,625	8,723	0	45,625	8,723	0	36,902	0.0%
Social Security Benefits	0	0	183,150	0	0	183,150	0	0	183,150	0.2%
Assistive Technology Grants	0	0	370,072	0	0	370,072	0	0	370,072	0.3%
Subtotal	\$3,538,534	\$0	\$11,873,048	\$3,892,169	\$0	\$12,226,683	\$3,946,005	\$0	\$12,280,519	
Percent of Program Total	29.8%	0.0%	70.2%	31.8%	0.0%	68.2%	32.1%	0.0%	67.9%	100%
<b>Developmental Disability Services -- Medicaid</b>										
Community Services and Autism Waivers	\$21,274,118	2,667,826	76,307,554	22,717,121	3,135,587	79,595,775	23,469,643	3,135,587	80,768,762	69.0%
Targeted Case Management Adult	1,023,292	0	3,251,643	1,066,900	0	3,284,793	1,094,708	0	2,228,634	2.8%
AARA Enhanced FMAP Reduction *	0	0	0	(8,032,632)	0	(8,032,632)	(2,855,982)	0	(2,855,982)	-4.7%
Subtotal	\$22,297,410	\$2,667,826	\$79,559,197	\$15,751,389	\$3,135,587	\$74,847,936	\$21,708,369	\$3,135,587	\$81,236,122	
Percent of Program Total	28.03%	3.35%	68.62%	21.04%	4.19%	74.77%	26.72%	3.86%	69.42%	100%
<b>Medicaid Reimbursement</b>										
Montana Developmental Center	\$0	\$0	\$8,952,602	\$0	\$0	\$9,553,223	\$0	\$0	\$9,868,479	8.4%
<b>Disability Services Non-Medicaid</b>										
Developmental Disability	\$192,067	\$0	\$384,400	\$192,067	\$0	\$1,384,400	\$192,067	\$0	\$1,923,333	1.2%
General Fund, Title XX, Other	4,003,032	0	8,453,466	4,522,219	0	8,711,384	4,125,801	0	4,187,733	7.3%
Part C / Early Intervention	3,354,826	0	5,338,998	3,422,201	600,000	6,005,835	3,422,201	600,000	1,983,634	5.2%
Preadmin. Screening / Review (PASAAR)	0	0	138,504	0	0	142,404	0	0	142,404	0.1%
Subtotal	\$7,549,925	\$0	\$14,315,368	\$8,136,488	\$600,000	\$16,244,023	\$7,740,069	\$600,000	\$15,846,173	
Percent of Program Total	52.74%	0.00%	47.26%	50.09%	3.69%	46.22%	48.85%	3.79%	47.37%	100%
<b>Disability Determination Services</b>										
Client Travel Needs	\$0	\$0	\$51,432	\$0	\$0	\$71,288	\$0	\$0	\$81,494	0.1%
Percent of Program Total	0.0%	0.0%	100.0%	0%	0.0%	100.0%	0.0%	0.0%	100.0%	100%
Total Benefits, Claims, & Grants for Division	\$33,385,869	\$2,667,826	\$114,751,647	\$27,780,046	\$3,735,587	\$112,943,744	\$33,394,443	\$3,735,587	\$119,313,378	

\* This estimated reduction relates to American Recovery and Reinvestment Act funds in HB 654. HB 645 reduces the HB 2 general fund by these amounts and replaces the funding with federal funds. The reduction is due to the enhanced federal Medicaid match rate included in the ARRA. There is further discussion in the "Other Legislation" section of the narrative.

## Program Discussion

### *Recommendations to the LFC*

The following is the goal, objectives, and measurements for the 2011 biennium that the legislature recommends be tracked and reported to the Legislative Finance Committee (LFC) during the interim.

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

### Objectives and Measurements:

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

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

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

### *Developmental Disability Program and Community Services*

It is the mission of the Developmental Disabilities Program (DDP) to support choices and opportunities for people with developmental disabilities in their communities. Developmentally disabled includes individuals with mental retardation, epilepsy, autism, or other neurological conditions that require treatment similar to those required by someone with mental retardation. The developmental disability must have originated before age 18 and have resulted in a substantial handicap for indefinite duration.

The legislature approved a 2011 biennium budget of \$221.1 million for DD Services. Benefits account for about \$207.6 million of this amount while personal services for 84.52 FTE account for \$10 million, and operating costs are over \$3 million.

Action by the 2009 Legislature continued the support of the 2007 Legislature (and other previous legislatures) for serving DD clients in the community. The 2007 legislature appropriated \$18.0 million to strengthen the infrastructure for community services for developmentally disabled individuals through a rate rebasing project for community

providers and \$3.2 million to reduce the waiting list for individuals requesting services in their communities. The 2009 Legislature appropriated over \$5 million (\$1.4 million general fund) to annualize the cost plans that were funded last session and \$3.5 million (\$1.5 million general fund) for caseload increases. Additionally the legislature provided about \$0.75 million (\$0.5 million general fund) for Autism Waiver services. There is additional discussion in the Present Law and New Proposal sections of this narrative.

As noted in the costs and benefits table, the legislature reduced the division’s general fund in HB 2 by an estimate of about \$11.0 million over the biennium and provided replacement funds in HB 645. There is further discussion in the “Other Legislation” section of the narrative.

The legislature also approved an interim study through HJ 39, which proposes to study the development of additional community services for developmentally disabled children and adults with mental illness and identify any issues that have limited the creation of such services. Further discussion follows in “Recommendations to the Children, Families, Health, and Human Services Interim Committee” in this section of the narrative.

*Institutional Population and the Montana Developmental Center*

MDC currently serves persons who are seriously developmentally disabled to the extent that they pose an immediate risk of harm to themselves or to others and cannot be safely and effectively served in the present community-based service system. It is a goal of MDC to stabilize the individuals served at the facility so that they may move from the institutional setting into services in the community.

The legislature approved a 2011 biennium general fund budget of nearly \$33.0 million for MDC. The primary budget item of \$27.1 million is for personal services supporting the 268.08 FTE that operate the 24 / 7 facility. Operating costs account for \$5.8 million of the budget. The division costs and benefits table discussed earlier shows these items in greater detail.

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

The maximum population is presently 56 in the six residences and 12 in the Alternative Safety Unit (ASU) for a total capacity of 68 individuals that are defined as being a danger to themselves and others. The individuals in ASU are less likely to be candidates for community inclusion because of the intense safety issues related to protecting the client and the caretakers.

Figure 23 shows the population and related costs for FY 2006, FY 2008, and the appropriations for the 2011 biennium. The decrease in the costs per day from FY 2008 to both years of the 2011 biennium are due to the legislative budget reductions discussed earlier in the narrative. The bottom line of the table shows the federal Medicaid reimbursement amounts that MDC receives for Medicaid eligible clients. Any reimbursements go into the general fund.

The remaining MDC population includes persons who have dual diagnoses of cognitive impairment and mental illness and those who have exhibited acts which are considered criminal under Montana code. There are also individuals who may be civilly committed to MDC because they have engaged in a criminal behavior, but have been determined to

	Actual FY 2006	Actual FY 2008	Appropriated FY 2010	Appropriated FY 2011
FTE	268.80	268.80	268.80	268.80
Personal Services	\$12,332,832	\$12,329,954	\$13,529,410	\$13,596,290
All other	<u>2,859,972</u>	<u>2,913,672</u>	<u>2,921,088</u>	<u>2,929,456</u>
Total	<u>\$15,192,804</u>	<u>\$15,243,626</u>	<u>\$16,450,498</u>	<u>\$16,525,746</u>
General Fund	\$15,145,371	\$15,189,807	\$16,396,824	\$16,472,075
State Special Rev.	47,433	53,819	53,674	53,671
Federal Special	0	0	0	0
	<u>\$15,192,804</u>	<u>\$15,243,626</u>	<u>\$16,450,498</u>	<u>\$16,525,746</u>
Population	78	63	72	72
Cost Per Person	\$194,780	\$241,962	\$228,479	\$229,524
Cost Per Day	\$534	\$663	\$626	\$629
Federal Reimbursements	\$8,343,836	\$8,952,602	\$9,553,223	\$9,868,479

be incompetent to be prosecuted because they cannot understand the criminality of their actions. Others have been determined to be capable of understanding the criminal nature of their acts but are in need of treatment and are criminally sentenced. Many clients presently at MDC require a 2:1 staff ratio. Clients also may need to be separated while on recreational or class room activities due to aggressive outbreaks.

At this time, many communities do not have the capacity for meeting the safety needs of persons who are developmentally disabled with issues of offending or those who are developmentally disabled with severe mental health treatment needs.

#### *Recommendations to the Children, Families, Health, and Human Services Interim Committee*

In addition to the items mentioned in the above DDP and MDC discussions, the Legislature approved a study on community services for Developmentally Disabled Services in House Joint Resolution 39 (HJ 39). The study is an outgrowth of legislative policy that was implemented over the past sessions to move people with mental illnesses and with developmental disabilities out of state institutions and into community settings. As a result, individuals who once would have lived at MDC (Boulder, Montana) and the Montana State Hospital in Warm Springs are now living in communities across the state, with varying degrees of assistance.

Some areas of concern still remain. The major ones leading to this study are: 1) the waiting lists for services and the length of time an individual might remain on the waiting list; 2) the occurrences of incidents when developmentally disabled individuals who also have a mental illness may act out in ways that result in contact with the justice system leading to possible incarceration; and 3) the services that are presently lacking, why they are lacking, and the costs of providing these services.

HJ 39 proposes to study the development of additional community services for developmentally disabled children and adults with mental illness and identify any issues that have limited the creation of such services.

#### *Vocational Rehabilitation*

Vocational Rehabilitation (VR) promotes work and independence for Montanans with disabilities and offers three programs to assist eligible individuals with disabilities. VR serves individuals with orthopedic, mental, visual, hearing, brain injury, and other disabilities.

The legislature approved a 2011 biennium budget of just under \$40 million for VR. Benefits account for \$24.5 million of the budget and there is \$10.3 million for personal services supporting the 99.23 FTE. Operating costs account for \$5 million of the budget.

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

The division costs and benefits table discussed earlier shows these items and their source of funding in greater detail.

#### *Disability Determination*

The legislature provided a 2011 budget of nearly \$10.8 million federal funds for Disability Determination, of which \$5.4 million supports 45.09 FTE, \$5.3 million supports operating costs, and \$0.1 million supports benefits for disability claimants that are required to travel to consultative examinations and are reimbursed for their expenses at state per diem rates.

Disability Determination Services (DDS) works with the Social Security Administration (SSA) in administering two disability programs. Social Security Disability Insurance (SSDI) is a monthly benefit paid to eligible individuals who

cannot work due to serious physical or mental disability. Supplemental Security Income (SSI) is a needs based program that provides coverage for adults and children whose income and resources are below a specified level. The same medical/vocational criteria are used for both programs to determine eligibility for benefits.

### Funding

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

Program Funding	Base FY 2008	% of Base FY 2008	Budget FY 2010	% of Budget FY 2010	Budget FY 2011	% of Budget FY 2011
01000 Total General Fund	\$ 52,551,559	35.7%	\$ 49,240,215	33.0%	\$ 55,044,180	35.3%
01100 General Fund	52,551,559	35.7%	49,240,215	33.0%	55,044,180	35.3%
02000 Total State Special Funds	3,685,456	2.5%	5,569,898	3.7%	5,572,194	3.6%
02035 Mdc Vocational	53,819	0.0%	53,674	0.0%	53,671	0.0%
02159 Handicapped Telecommunications	963,811	0.7%	1,780,637	1.2%	1,782,936	1.1%
02772 Tobacco Hlth & Mediced Initiative	2,667,826	1.8%	3,135,587	2.1%	3,135,587	2.0%
02987 Tobacco Interest	-	-	600,000	0.4%	600,000	0.4%
03000 Total Federal Special Funds	91,156,326	61.8%	94,193,984	63.2%	95,112,730	61.1%
03024 Soc Sec - Trust Funds	583,140	0.4%	183,150	0.1%	183,150	0.1%
03554 84.169 - Independent Living 90	254,367	0.2%	264,389	0.2%	264,413	0.2%
03555 84.177 - Indep Living Old Blin	227,394	0.2%	230,168	0.2%	230,620	0.1%
03556 84.181 - Part H - Early Interv	1,829,505	1.2%	1,829,505	1.2%	1,829,505	1.2%
03557 84.187 - Vic Sup Employment	307,807	0.2%	307,807	0.2%	307,807	0.2%
03558 84.224 - Mon Tech 100%	370,072	0.3%	370,072	0.2%	370,072	0.2%
03559 84.265 - In Service Training 9	58,225	0.0%	58,568	0.0%	58,671	0.0%
03579 93.667 - Ssbgs - Benefits	4,898,890	3.3%	4,551,557	3.1%	4,551,557	2.9%
03580 6901-93.778 - Med Adm 50%	467,689	0.3%	488,914	0.3%	489,580	0.3%
03583 93.778 - Med Ben Fmap	63,546,563	43.1%	66,410,242	44.6%	67,158,854	43.1%
03588 93.802 - Disabil Deter Adm 100	4,845,797	3.3%	5,344,494	3.6%	5,488,366	3.5%
03599 03 Indirect Activity Prog 10	2,732,865	1.9%	3,122,430	2.1%	3,147,582	2.0%
03604 84.126 - Rehab-Sec110 A 78.7%	11,034,012	7.5%	11,032,688	7.4%	11,032,553	7.1%
Grand Total	\$ 147,393,341	100.0%	\$ 149,004,097	100.0%	\$ 155,729,104	100.0%

The costs of this division are driven by the provision of benefits and the staff and contracted providers that deliver them throughout the state. The majority of funding for DSD, 61 percent, comes from federal sources and is used for the direct provision of benefits and client services. General fund provides 35 percent of the division's funding. General fund is primarily used to support the Montana Developmental Center and as match to draw down other federal matching programs. The matching ratio for federal programs administered by the division varies. However, the most common ratios are the following:

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

**Budget Summary by Category**

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

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	52,551,559	52,551,559	105,103,118	100.79%	147,393,341	147,393,341	294,786,682	96.74%
Statewide PL Adjustments	1,100,980	1,202,541	2,303,521	2.21%	898,178	1,016,176	1,914,354	0.63%
Other PL Adjustments	2,882,167	3,261,550	6,143,717	5.89%	5,084,992	5,529,836	10,614,828	3.48%
New Proposals	(7,294,491)	(1,971,470)	(9,265,961)	(8.89%)	(4,372,414)	1,789,751	(2,582,663)	(0.85%)
<b>Total Budget</b>	<b>\$49,240,215</b>	<b>\$55,044,180</b>	<b>\$104,284,395</b>		<b>\$149,004,097</b>	<b>\$155,729,104</b>	<b>\$304,733,201</b>	

**Other Legislation***HB 645*

As mentioned in the agency overview, the legislature approved a reduction and some increases to the DSD general fund in HB 645. The reduction was for the ARRA enhanced FMAP rate for Medicaid. The increases were for total funding for a 2 percent provider rate increase and federal ARRA funds for Vocational Rehabilitation, Independent Living, and Early Intervention programs.

The Enhanced FMAP Reduction to General Fund

The legislature approved a reduction in the HB 2 general fund appropriations for Medicaid and Title IV-E foster care and subsidized adoption services through HB 645. The reduction is due to the temporary increase in the federal Medicaid and Title IV-E match rate from October 1, 2008 to December 31, 2010. The agency-wide reduction is \$97 million over the biennium and was appropriated to the Health Resources Division.

The legislature provided language in HB 645 stating:

“The House Bill No. 2 base general fund appropriations for the Health Resources Division for benefits are reduced by \$71 million in FY 2010 and \$26 million in FY 2011. The agency may redistribute funding between programs to realign funding sources for Medicaid and Title IV-E funding.”

The allocation to the Disability Services Division for Medicaid services, based on LFD estimates, would be a general fund reduction of over \$10.8 million over the biennium. At the time of this writing, LFD had not received confirmation of the DPHHS allocation estimates. The actual DPHHS allocation may differ. The enhanced federal match rate is estimated to be 74.73 percent over the recession adjustment period compared to 66.99 percent, which is the match rate that will be in effect in the last half of FY 2011 resulting in higher general fund expenditures. HB 645 appropriates the federal funds that offset the general fund reduction. It also allows for the amount of these FMAP general fund adjustments to be included in the division’s present law base budget for the 2013 biennium executive budget.

Provider Rate Increases

The legislature also approved about \$39.5 million over the biennium in HB 645 for a 2 percent provider rate increase. The total appropriation was provided to the Director’s Office to be allocated among programs. The department estimated the distribution to DSD to be over \$6.5 million at the time of this writing. However, because the appropriation is in HB 645, it functions as a one-time-only appropriation and will lower the base budget used to develop the 2013 biennium budget.

The legislature included language in HB 645 stating:

“Provider Rate Increase may be used only to fund a provider rate increase. Funds may be allocated among programs. Provider Rate Increase may not be used to raise rates paid to providers pursuant to 53-6-125.”

Other ARRA Funds

Funding for the following ARRA funds should supplement, not supplant state general fund revenue. Funding is a set amount. There is no required match.

**IDEA Part C Infants and Families**

The IDEA Part C Infants and Families funding is to provide additional early intervention services for children with disabilities ages 0 through 2 years. Funding is \$2,139,843 million over the biennium to help increase services for children ages 0 through 2 years with disabilities. States must maintain the maintenance of effort (MOE) requirements for funding for IDEA Part C funding.

While final federal rules have not been received at the time of this writing, the division presently plans to use the IDEA Part C funds to provide additional services to children and families as well as: 1) to enhance Montana’s Part C methods to collect, analyze and utilize data for continuous improvement planning at state and local level; and 2) to enhance the capacity of Montana’s technical assistance and training system to disseminate and implement research-based promising early intervention practices in Part C services to those professionals who are providing services.

**Vocational Rehabilitation (VR)**

The VR program received a total of \$ 2,315,737 over the biennium. Of this amount, VR funding is \$2,059,043 for additional services to help persons with disabilities prepare for gainful employment, Independent Living Part B funds of \$242,913 support direct services to individuals with disabilities that help them achieve employment and independent living. There is also \$13,781 in funding to support services for older and blind individuals.

Federal requirements state that VR money must be spent on services allowable under Title I of the federal Rehabilitation Act and that the Independent Living Part B money must be spent on services allowable under Title VII of the federal Rehabilitation Act such as the enhancement of independent living services in Montana.

The program plans to use the Vocational Rehabilitation funds to strengthen and enrich the current program and to prepare the program for the next few difficult years. This could include additional client benefits to avoid order of selection (establishing a waiting list), one-time programs putting people with disabilities to work, technology, and other infrastructure needs. The Independent Living Older Blind money will be used to enhance services to Montanans who are over the age of 55 and who have visual impairments. Most likely, direct services to consumers will be increased.

The general public was given an opportunity to suggest specific ideas at a statewide planning meeting conducted via MetNet on March 25, 2009. Final suggestions about spending the funds will be guided by the public input, the state plans, strategic plans, the VR Council, and the Statewide Independent Living Council.

**HB 2 and HB 645 Combined**

The table illustrates HB 2 and HB 645 combined. It shows the appropriations in HB 2 and HB 645 side by side, with the third column showing the total funding for the division from both bills.

The table reflects the estimated AARA enhanced FMAP funding. The general fund reduction is included in the HB 2 general fund total. The HB 645 column reflects the federal fund replacement.

Fund	2011 Biennium HB 2 and HB 645 Appropriations Disability Services Division		
	HB 2 & HB 13	One-time HB 645 Appropriations	2011 Biennium Revised Total
General Fund	\$104,284,395	\$0	\$104,284,395
State Special Revenues	11,142,092	0	11,142,092
Federal Special Revenues			
DSD HB 2	189,306,714	0	189,306,714
ARRA IDEA Part C		2,139,843	2,139,843
ARRA Vocational Rehab.		2,315,737	2,315,737
ARRA Enhanced FMAP *		<u>10,888,614</u>	<u>10,888,614</u>
Total Funds	<u>\$304,733,201</u>	<u>\$15,344,194</u>	<u>\$320,077,395</u>

\* Estimated

**Present Law Adjustments**

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

Present Law Adjustments	Fiscal 2010					Fiscal 2011				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					1,906,620					2,017,616
Vacancy Savings					(1,035,525)					(1,039,953)
Inflation/Deflation					55,927					64,827
Fixed Costs					(28,844)					(26,314)
<b>Total Statewide Present Law Adjustments</b>		<b>\$1,100,980</b>	<b>\$15,129</b>	<b>(\$217,931)</b>	<b>\$898,178</b>		<b>\$1,202,541</b>	<b>\$15,791</b>	<b>(\$202,156)</b>	<b>\$1,016,176</b>
DP 7101 - Fuel Inflation Reduction	0.00	(5,132)	(802)	(102)	(6,036)	0.00	(5,890)	(921)	(118)	(6,929)
DP 10001 - FMAP Adjustment	0.00	875,591	0	(875,591)	0	0.00	1,241,563	0	(1,241,563)	0
DP 10002 - Annualization of Community Service Cost Plans	0.00	260,534	0	541,602	802,136	0.00	264,224	0	537,912	802,136
DP 10003 - Annualize DSD Provider Rate Increases	0.00	462,710	467,761	897,744	1,828,215	0.00	501,937	467,761	858,517	1,828,215
DP 10004 - Restore Zero-Based Personal Services at MDC	0.00	1,181,084	0	0	1,181,084	0.00	1,181,084	0	0	1,181,084
DP 10006 - Disability Determination Services Base Adjustments	0.00	0	0	152,984	152,984	0.00	0	0	270,198	270,198
DP 10007 - FTE for Disability Determination	3.00	0	0	183,702	183,702	3.00	0	0	183,762	183,762
DP 10018 - MDC Utilization Fee, Medicaid Reimbursement Adjust	0.00	100,793	0	600,621	701,414	0.00	100,793	0	915,877	1,016,670
DP 10019 - Restore Zero-Based Personal Services at DDS	0.00	0	0	95,503	95,503	0.00	0	0	98,367	98,367
DP 10038 - Rent Increases (Restricted)	0.00	84,529	6,496	54,965	145,990	0.00	90,517	6,957	58,859	156,333
DP 10039 - Adjust Medicaid FMAP	0.00	(77,942)	0	77,942	0	0.00	(112,678)	0	112,678	0
<b>Total Other Present Law Adjustments</b>	<b>3.00</b>	<b>\$2,882,167</b>	<b>\$473,455</b>	<b>\$1,729,370</b>	<b>\$5,084,992</b>	<b>3.00</b>	<b>\$3,261,550</b>	<b>\$473,797</b>	<b>\$1,794,489</b>	<b>\$5,529,836</b>
<b>Grand Total All Present Law Adjustments</b>	<b>3.00</b>	<b>\$3,983,147</b>	<b>\$488,584</b>	<b>\$1,511,439</b>	<b>\$5,983,170</b>	<b>3.00</b>	<b>\$4,464,091</b>	<b>\$489,588</b>	<b>\$1,592,333</b>	<b>\$6,546,012</b>

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

DP 10001 - FMAP Adjustment - The legislature appropriated an increase in general fund of \$2,117,154 over the biennium, with an offsetting decrease in federal Medicaid funds, due to a projected change in Federal Medical Assistance Percentage (FMAP) rates for FY 2010 and FY 2011. At the time of legislative discussion, the projected FMAP rate for FY 2010 was projected at 67.52 percent and 67.06 percent for FY 2011, as compared to the base year FMAP of 68.62 percent for FY 2008. This equated to an increase in general fund in FY 2010 of \$875,591 and FY 2011 of \$1,241,563 to maintain current level activities. The reduction of general fund due to the enhanced FMAP in ARRA funding is discussed in the “Other Legislation” section of the narrative and included in DP 6010 in the New Proposals section.

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

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

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

These funds provide the difference between base-year spending and ongoing cost plan needs, with an adjustment for FMAP changes.

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

Performance Criteria: Individuals already in DDP community services will continue to receive appropriate care as authorized by the program's rules and monitored by staff on a monthly basis to ensure the program is operating within funding levels as appropriated.

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

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

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

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

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

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

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

DP 10019 - Restore Zero-Based Personal Services at DDS - The legislature provided nearly \$0.2 million federal funds over the biennium for Disability Determination Services to adjust for zero-based personal services funding to process the workload in an electronic environment and to meet Social Security Administration (SSA) required productivity levels. Overtime, differential, holiday, and associated personal service benefit payments are zero based and must be requested each biennium.

DP 10038 - Rent Increases (Restricted) - The legislature approved a total fund increase of \$302,323 over the biennium for rent of non state-owned buildings throughout the state. The amount includes an increase of \$175,046 general fund over the biennium.

DP 10039 - Adjust Medicaid FMAP - The legislature approved this adjustment to correct an entry in the general fund and federal funds made in budget development.

**New Proposals**

Program	FTE	-----Fiscal 2010-----				-----Fiscal 2011-----					
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
DP 6010 - HB 645 - General Fund Reduction - Enhanced Match	10	0.00	(8,032,632)	0	0	(8,032,632)	0.00	(2,855,982)	0	0	(2,855,982)
DP 6013 - 2011 Biennium Pay Plan - HB 13	10	0.00	129,679	1,679	30,493	161,851	0.00	392,271	5,078	92,000	489,349
DP 6014 - Pay Plan Lump Sum Payment - OTO	10	0.00	175,335	2,092	30,688	208,115	0.00	0	0	0	0
DP 8101 - Increasing 4 Percent Vacancy Savings to 7 Percent	10	0.00	(266,833)	(7,913)	(158,273)	(433,019)	0.00	(267,790)	(7,928)	(158,749)	(434,467)
DP 10008 - Disability Services Div. Caseload Adjustments	10	0.00	499,999	0	623,311	1,123,310	0.00	960,012	0	1,430,820	2,390,832
DP 10011 - Autism Waiver	10	0.00	50,000	0	103,941	153,941	0.00	50,000	0	101,791	151,791
DP 10012 - Transitions Coordination (Restricted/OTO)	10	0.00	50,004	0	0	50,004	0.00	50,019	0	0	50,019
DP 10015 - MTAP New Technologies (Biennial)	10	0.00	0	800,000	0	800,000	0.00	0	800,000	0	800,000
DP 10016 - Developmental Disabilities Program - Fed. Funding	10	0.00	0	0	1,000,000	1,000,000	0.00	0	0	1,000,000	1,000,000
DP 10020 - Early Intervention Caseload Growth	10	0.00	0	600,000	0	600,000	0.00	0	600,000	0	600,000
DP 10025 - Reduce Funding for the Autism Waiver	10	0.00	0	0	(103,941)	(103,941)	0.00	0	0	(101,791)	(101,791)
DP 10027 - Reduce Base Funding for MDC	10	0.00	(300,043)	0	0	(300,043)	0.00	(300,000)	0	0	(300,000)
DP 10037 - Structural Balance Adjustment - Reduce 2013 Budget	10	0.00	0	0	0	0	0.00	0	0	0	0
DP 10038 - Autism Home Bozeman (Restricted/Biennial/OTO)	10	0.00	400,000	0	0	400,000	0.00	0	0	0	0
<b>Total</b>	<b>0.00</b>	<b>(\$7,294,491)</b>	<b>\$1,395,858</b>	<b>\$1,526,219</b>	<b>(\$4,372,414)</b>	<b>0.00</b>	<b>(\$1,971,470)</b>	<b>\$1,397,150</b>	<b>\$2,364,071</b>	<b>\$1,789,751</b>	

DP 6010 - HB 645 - General Fund Reduction - Enhanced Match - HB 645 reduces HB 2 general fund appropriations for Medicaid and Title IV E foster care services by \$97 million over the biennium due to the temporary increase in the federal Medicaid match rate from October 1, 2008 to December 31, 2010. The allocation to this program is estimated by LFD staff at \$10,888,614 general fund reduction for the biennium. The final DPHHS allocation may differ. The enhanced federal match rate is estimated to be as high as 77.14 percent over the recession adjustment period compared to

66.99 percent, which is the match rate that will be in effect in the last half of FY 2011 resulting in higher general fund expenditures. HB 645 appropriates the additional federal funds that offset the general fund reduction. It also allows for the amount of these FMAP general fund adjustments to be included in the division’s present law base budget for the 2013 biennium executive budget.

DP 6013 - 2011 Biennium Pay Plan - HB 13 - The legislature passed a pay plan that provides an additional \$53 per month in health insurance contribution for CY 2010 and an additional \$54 per month for CY 2011. These amounts represent this program’s allocation of costs to fund this pay plan.

DP 6014 - Pay Plan Lump Sum Payment - OTO - This DP funds this program's cost of providing a one-time-only payment of \$450 to each full-time employee making less than \$45,000 annually and \$225 for half-time employees making \$21.635 per hour or less.

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

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

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

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

Justification:

Developmental Disability Program

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

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

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

Obstacles and Risks:

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

Extended Employment:

The extended employment program provides the supports necessary for people with the most severe disabilities, who cannot be readily placed in the competitive market, to work in either sheltered or supported community employment

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

#### Independent Living:

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

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

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

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

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

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

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

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

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

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

DP 10012 - Transitions Coordination (Restricted/OTO) - The legislature provided \$50,000 general fund each year of the biennium to support a disabilities transition coordination function to facilitate cooperation and coordination among all levels of government, as well as between the private and public sectors. The coordinator would also administer the

Montana Youth Transitions Web Site, coordinate the annual conference and a statewide Disability Mentoring Day, and conduct regional meetings related to the topic of transition.

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

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

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

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

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

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

DP 10027 - Reduce Base Funding for MDC - The legislature reduced general fund for the Montana Developmental Center by \$600,000 over the biennium.

DP 10037 - Structural Balance Adjustment - Reduce 2013 Budget - While the legislature shifted \$13.6 million total funds (including \$4.5 million general fund) of the DSD budget into a one-time-only appropriation, there is no budget impact for the 2011 biennium. This action maintains services throughout the 2011 biennium, but lowers the 2013 biennium budget starting point. The legislature also adopted language in the companion bill to HB 2 directing DPHHS to identify, evaluate, and recommend budget reductions for consideration by the 2011 Legislature.

DP 10038 - Autism Home Bozeman (Restricted/Biennial/OTO) - The legislature provided a restricted, biennial, one-time-only general fund appropriation as Medicaid match for residents living in the Bozeman group home that need autism services.

#### **Language and Statutory Authority**

The legislature added the following language to HB 2.

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