

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	202.75	202.75	219.55	221.05	202.75	221.05	18.30	9.03%
Personal Services	10,178,952	10,333,951	11,533,023	11,740,056	20,512,903	23,273,079	2,760,176	13.46%
Operating Expenses	6,880,404	7,242,406	7,294,001	7,320,070	14,122,810	14,614,071	491,261	3.48%
Equipment & Intangible Assets	230,716	100,165	230,716	230,716	330,881	461,432	130,551	39.46%
Grants	9,089,181	8,671,226	9,690,386	9,569,386	17,760,407	19,259,772	1,499,365	8.44%
Benefits & Claims	210,723,048	236,672,366	211,401,014	228,153,526	447,395,414	439,554,540	(7,840,874)	(1.75%)
Transfers	0	0	0	0	0	0	0	n/a
Debt Service	14,003	13,041	15,603	15,603	27,044	31,206	4,162	15.39%
Total Costs	\$237,116,304	\$263,033,155	\$240,164,743	\$257,029,357	\$500,149,459	\$497,194,100	(\$2,955,359)	(0.59%)
General Fund	49,990,569	56,228,953	37,171,825	51,733,144	106,219,522	88,904,969	(17,314,553)	(16.30%)
State Special	29,734,887	34,092,065	32,085,291	33,161,962	63,826,952	65,247,253	1,420,301	2.23%
Federal Special	157,390,848	172,712,137	170,907,627	172,134,251	330,102,985	343,041,878	12,938,893	3.92%
Total Funds	\$237,116,304	\$263,033,155	\$240,164,743	\$257,029,357	\$500,149,459	\$497,194,100	(\$2,955,359)	(0.59%)

Program Description

The Senior and Long Term Care Division (SLTC) plans, administers, and provides publicly-funded long-term care services for Montana's senior citizens and persons with physical disabilities. In addition, the division provides education and support regarding aging and long-term care issues to Montanans of all ages. The division makes services available through six major programs:

1. The Office on Aging provides meals, transportation, public education, information and assistance, long-term care ombudsman, and other services;
2. Medicaid Community Services Program pays for in-home, assisted living, and other community-based services to Medicaid-eligible individuals as an alternative to nursing home care;
3. Medicaid Nursing Facility Program pays for care to Medicaid-eligible individuals in 90 Montana nursing homes;
4. Protective services, including the investigation of abuse neglect and exploitation, are provided by adult protective services social workers;
5. Skilled nursing facility care is provided to veterans at the 105-bed Montana Veterans' Home (MVH) in Columbia Falls and the 80-bed Eastern Montana Veterans' Home in Glendive; and
6. The State Supplemental Payments Program pays for a portion of the room and board costs for SSI eligible individuals residing in designated residential care facilities.

Statutory References: Aging Services, 52-3-201 et seq., MCA, (Protection Services Act for Aged Persons or Disabled Adults), 52-3-501 et seq., MCA, (Montana Older Americans Act), 52-3-801 et seq., MCA, (Montana Elder and Developmentally Disabled Abuse Prevention Act); P.L.89-75 (Federal Older Americans Act), P.L. 93-66 Section 212, P.L. 93-233 (authorizes states to supplement the Supplemental Security Income Amendments to the (SSI) Payments Program Social Security Act); Veteran's Homes, 10-2-401, MCA (authorizes and establishes Montana Veteran's Homes); 53-1-602, MCA (Eastern Montana Veteran's Home); Medicaid, Title 53, Chapter 6, MCA; Title 19, Social Security Act 42 USC 1396 et. seq. (establishes and authorizes Medicaid Program).

Program Highlights

Senior and Long Term Care Division HB 2 Budget Highlights	
<ul style="list-style-type: none"> ◆ The 2011 biennium budget is \$3.0 million total funds, including \$17.3 million general fund, lower than the 2009 biennium budget ◆ The reduction between the two biennia is due to a temporary increase in the federal Medicaid match rate, which is estimated to lower general fund appropriations for SLTC by \$29.0 million over the biennium ◆ Most of the change between the two biennia is in services costs, which are \$7.8 million lower due to the temporary match rate change (See HB 645) ◆ Major present law adjustments that partially offset the general fund reduction include: <ul style="list-style-type: none"> • Medicaid service utilization and eligibility increases (\$13.3 million, \$5.0 million general fund) • Annualization of 2009 biennium provider rate increases to fund healthcare for healthcare workers (\$10.3 million total funds, \$0.9 million general fund) ◆ Regular increases in the state Medicaid match rate do not change total funds, but add \$3.3 million general fund and reduce federal Medicaid matching funds by a like amount ◆ New proposals add funds for 18.30 new FTE, with 14.30 of the FTE funded for the Montana Veterans' Home and 4.00 new FTE for adult protective services ◆ One-time appropriations for new proposals add \$10.7 million, including \$31.0 million general fund to: <ul style="list-style-type: none"> • Fund an expansion in the Medicaid community waiver • Raise assisted living provider rates • Continue the resource referral service for persons with a traumatic brain injury ◆ Pay plan appropriations add \$0.4 million to increase employer health insurance contributions and for one-time stipends to certain workers in FY 2010 	
HB 645 Budget Highlights	
<ul style="list-style-type: none"> ◆ HB 645 reduced general fund Medicaid appropriations in HB 2 due to the temporary increase in the federal Medicaid match rate <ul style="list-style-type: none"> • The general fund reduction allocated to SLTC is estimated by the LFD to be \$29.0 million • HB 645 also appropriates the increased federal matching funds, also estimated to be \$29.0 million for SLTC ◆ HB 645 includes \$3.0 million for nonMedicaid community aging services and \$0.5 million for elderly feeding programs ◆ SLTC programs will receive funds from the 2 percent annual provider rate increase funded in HB 645 ◆ All HB 645 appropriations are for the 2011 biennium only 	

Program Narrative

The Senior and Long Term Care (SLTC) Division 2011 biennium appropriation is \$3.0 million lower than the 2009 biennium budget, due to the temporary increase in the federal Medicaid match rate authorized by the American Recovery and Reinvestment Act (ARRA). HB 645 included a \$146.0 million general fund reduction for FY 2009 and the 2011 biennium for the agency as a whole. The main table for this division includes the LFD estimate of the general fund

reduction that will be allocated to SLTC 2011 biennium budget - \$29.0 million over the biennium. Other general fund adjustments support annualized FY 2009 provider rate increases and service expansions, expected Medicaid eligibility and service utilization changes in the 2011 biennium, and a one-time expansion of waiver services, which offset \$12.0 of the general fund reduction. The remaining general fund reduction is partially offset by increases of \$1.4 million general fund, \$2.9 million state special revenue, and \$12.9 million in federal funds.

The most significant change in the SLTC appropriation is the benefits and claims category - a reduction of \$7.8 million, again due to the temporary enhanced federal match rate. HB 645 appropriated the increase in federal funds that offset the general fund. If the federal funds had been included in HB 2, the 2011 biennium appropriation would have been \$29.0 million greater, with a net increase of \$27 million over the 2009 biennium.

Personal services rise \$2.8 million, partially due to funding for 18.30 new FTE. Most of the new FTE are for the Montana Veteran's Home (MVH - 14.30 FTE) and the remaining (4.00 FTE) are new adult protective services social workers. Operating cost increases between the biennia are largely due to operating cost increases for medical, food, and utility costs at MVH.

Annual Appropriation Amounts Exceed Biennial Difference

The legislature adopts incremental changes to FY 2008 base budget expenditures. Annual legislative appropriation changes are higher than the \$3.0 million biennial reduction shown in the main budget table because incremental increases that occur in the second year of the biennium (FY 2009) must be added to base budget expenditures. A primary example of an incremental change would be service expansions that occur in FY 2009.

The SLTC major budget changes approved by the legislature include:

- \$5.6 million general fund (\$23.5 million total funds) to annualize rate increases and expansions approved by the 2007 Legislature
- \$5.0 million general fund (\$13.3 million total funds) for Medicaid utilization and eligibility, increases partially offset by anticipated declines in nursing home utilization
- \$3.3 million general fund with an offsetting reduction in federal funds due to state Medicaid match increases
- \$3.0 million general fund (\$10.7 million total funds) to expand community Medicaid waiver services and for a one-time rate increase for independent living services
- \$1.6 million cigarette tax state special revenue to fund 14.30 new FTE at MVH, reinstate overtime, shift differential and holiday pay removed from base budget costs, operating cost increases and inflation for the Montana Veterans' Home (MVH)
- \$0.4 million in lien and estate state special revenue to fund 4.00 new adult protective services FTE
- \$0.3 million total funds for pay plan increases in the employer contribution for health insurance and for a one-time stipend for certain workers in FY 2010
- \$0.2 million general fund for a one-time appropriation to fund resource referral services for persons with a traumatic brain injury

2013 Biennium Budget Reduction

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

SLTC Appropriation by Major Function

Although the division administers both Montana veterans' homes, the majority of its 2011 biennium appropriation (88 percent) funds benefits and claims – direct services to eligible persons. Figure 32 shows the SLTC base budget compared to the 2011 biennium appropriation.

Figure 32

Senior and Long-Term Care Division 2008 Base Budget Expenditures and 2011 Biennium Appropriations by Major Function and Service

Function and Benefits and Grants	FY 2008 Base Budget			FY 2010 Legislative Appropriation			FY 2011 Legislative Appropriation			% of Total SLTC			
	General Fund	State Special	Federal	Total	General Fund	State Special	Federal	Total					
Division Administration	\$229,289	\$74,277	\$210,125	\$513,691	\$433,811	\$215,460	\$405,200	\$1,054,471	\$396,516	\$288,052	\$427,750	\$1,112,318	0.4%
Medicaid Services	44,256,351	22,249,457	145,517,970	212,023,778	30,764,885	23,342,364	158,605,365	212,712,614	45,420,565	24,252,334	159,751,342	229,424,241	89.3%
Aging Services*	3,701,870	0	7,299,802	11,001,672	4,108,859	0	7,489,438	11,598,297	4,042,152	0	7,490,801	11,532,953	4.5%
Veterans' Homes	0	7,092,961	3,978,502	11,071,463	0	8,063,743	3,968,870	12,032,613	0	8,066,718	4,019,785	12,086,503	4.7%
Adult Protective Svcs	1,803,059	318,192	384,449	2,505,700	1,864,270	463,724	438,754	2,766,748	1,873,911	554,858	444,573	2,873,342	1.1%
Total Division	\$49,990,569	\$29,734,887	\$157,390,848	\$237,116,304	\$37,171,825	\$32,085,291	\$170,907,627	\$240,164,743	\$51,733,144	\$33,161,962	\$172,134,251	\$257,029,357	100.0%
Percent of Total Budget	21.1%	12.5%	66.4%	100.0%	15.5%	13.0%	65.5%	100.0%	20.1%	12.9%	67.0%	100.0%	
Veterans' Homes													
Montana Veterans' Home	\$0	\$5,640,906	\$2,004,300	\$7,645,206	\$0	\$7,765,905	\$2,523,692	\$10,289,597	\$0	\$7,768,498	\$2,574,607	\$10,343,105	4.0%
Eastern Veterans' Home	0	308,893	1,123,253	1,432,146	0	297,838	1,445,178	1,743,016	0	298,220	1,445,178	1,743,398	0.7%
Subtotal Veterans' Homes	\$0	\$5,949,799	\$3,127,553	\$9,077,352	\$0	\$8,063,743	\$3,968,870	\$12,032,613	\$0	\$8,066,718	\$4,019,785	\$12,086,503	4.7%
Percent of Total Division	0.0%	2.5%	1.3%	3.8%	0.0%	3.4%	1.7%	5.0%	0.0%	3.1%	1.6%	4.7%	
Benefits													
Medicaid													
Nursing Homes	\$26,679,429	\$17,459,690	\$96,516,693	\$140,655,812	\$15,674,994	\$17,279,302	\$99,441,513	\$132,395,809	\$25,008,124	\$17,077,776	\$98,223,115	\$140,309,015	54.6%
IGT	0	1,708,234	3,719,902	5,428,136	845,412	1,673,022	3,452,757	5,971,191	845,412	1,843,131	3,722,804	6,411,347	2.5%
Home Based Services	8,570,540	1,625,654	22,278,031	32,474,225	7,176,225	2,394,149	28,825,251	38,395,625	9,599,379	3,335,510	30,066,791	43,001,680	16.7%
Waiver Services**	7,932,661	1,447,528	20,474,996	29,855,185	5,971,302	1,987,197	27,714,179	35,672,678	8,840,757	1,987,212	27,941,341	38,769,310	15.1%
Nurse Aide Testing	155,313	0	155,313	310,626	155,313	0	155,313	310,626	155,313	0	155,313	310,626	0.1%
State Supplement	963,100	0	0	963,100	1,003,871	0	0	1,003,871	1,047,287	0	0	1,047,287	0.4%
Adult Protective Services	38,365	0	0	38,365	38,365	0	0	38,365	38,365	0	0	38,365	0.0%
Institutional - MVH	0	0	997,599	997,599	0	0	997,599	997,599	0	0	997,599	997,599	0.4%
Subtotal Benefits*	\$44,339,408	\$22,241,106	\$144,142,534	\$210,723,048	\$30,865,482	\$23,333,670	\$160,586,612	\$214,785,764	\$45,534,637	\$24,243,629	\$161,106,963	\$230,885,229	89.8%
Percent of Total Division	18.7%	9.4%	60.8%	88.9%	12.9%	9.7%	66.9%	89.4%	17.7%	9.4%	62.7%	89.8%	
Grants**													
Aging Grants*	\$2,490,249	\$0	\$6,598,932	\$9,089,181	\$2,837,559	\$0	\$6,752,827	\$9,590,386	\$2,716,559	\$0	\$6,752,827	\$9,469,386	3.7%
Traumatic Brain Injury	0	0	0	0	100,000	0	0	100,000	100,000	0	0	100,000	0.0%
Resource Facilitation Srv													
Total Grants					\$2,937,559	\$0	\$6,752,827	\$9,690,386	\$2,816,559	\$0	\$6,752,827	\$9,569,386	3.7%
Percent of Total Division	1.1%	0.0%	2.8%	3.8%	21.6%	10.6%	67.8%	100.0%	1.1%	0.0%	2.6%	3.7%	

*Aging grants do not include the one-time appropriation of \$1.5 million general fund each year of the 2009 biennium approved by the 2007 Legislature.

**Waiver services include \$300,000 that was reallocated from grants to benefits.

*Aging grants do not include the one-time appropriation of \$1.5 million general fund each year of the 2009 biennium approved by the 2007 Legislature.

**Waiver services include \$300,000 that was reallocated from grants to benefits.

Medicaid benefits, and in particular skilled nursing, are the majority of the FY 2011 division appropriation (54 percent). The FY 2011 appropriation for nursing services is lower than the FY 2008 base budget expenditure due to the reduction in general fund included in HB 645. If that reduction were not included, nursing services would be \$14.0 higher in FY 2010 and an additional \$4.8 higher in FY 2011. The general fund reductions are partially offset by annualization of FY 2009 rate increases and correction of an accrual error in the base budget. Skilled nursing services are the single largest Medicaid service expenditure, followed by inpatient hospital services.

The appropriation for the county intergovernmental transfer (IGT) is listed separately. Counties that fund county nursing homes transfer revenues to DPHHS. The county funds are used as state match to draw down additional federal Medicaid matching funds and raise nursing home rates. The rate increases funded by IGT are considered one time by the legislature, and continue only so long as counties participate and federal regulations allow the funding mechanism to be used.

Home based services include personal assistance, hospice, and home health. Personal assistance is the most significant of the three services accounting for over 85 percent of FY 2008 expenditures. The appropriation for home based services grows despite general fund reductions allocated from HB 645 (\$4.0 million in FY 2010 and \$1.5 million in FY 2011) due to:

1. Projected growth in service utilization and the number of persons eligible as well as annualization of 2009 provider rate increases \$11.7 million total funds (\$3.8 million general fund); and
2. Annualization of the provider rate increase to fund healthcare for healthcare workers, which was approved and funded by legislative initiative in the 2007 session (\$0.9 million general fund, \$10.3 million total funds).

The appropriation for healthcare for healthcare workers was restricted to rate increases for contractors that provide in-home services administered by SLTC and receive the majority of their income for those services from the Medicaid program. Providers accepting the rate increase must fund health insurance that meets certain benchmarks for employees working a designated number of hours. SLTC estimates that about 750 workers will be covered in the 2011 biennium at a cost of \$495 to \$545 per month. DP 22202 Healthcare for healthcare workers (Medicaid Services sub-program) includes a more detailed discussion of the rate increase to fund health insurance.

Skilled nursing and home-based services are an entitlement, meaning that if a person meets Medicaid eligibility criteria (briefly described in the agency overview) and the service is medically necessary, then the state must pay for the service.

The home and community based waiver provides community services for the aged and for physically disabled adults and children. In order to be eligible persons must meet nursing home or hospital level of care requirements. The waiver allows DPHHS to limit enrollment and to provide services that are not included in the standard array of allowable Medicaid services. One-time appropriations for a provider rate increase for independent living services and a 2011 expansion in the waiver add \$10.7 million total funds (\$3.1 million general fund). Annualization of the 2009 biennium provider rate increase and growth in waiver slots adds \$2.6 million. The general fund cost of these increases is offset by the allocation of the general fund reduction included in HB 645 - \$3.4 million in FY 2010 and \$1.2 million in FY 2011.

Figure 33 shows the estimated number of additional service slots and number of persons served due to the one-time increase.

Other benefits remain relatively constant over the 2011 biennium compared to the FY 2008 base budget.

- State supplement payments from the general fund are made to persons eligible for federal Supplemental Security Income (SSI) payments living in certain congregate living situations such as group homes
- Nurse aide testing provides funds to ensure aides meet certain qualifications to work in nursing homes
- Adult protective services aides victims of elder abuse, funding such services as cleaning and temporary lodging

Figure 33

HCBS Waiver Growth by Slots and Recipients

Year	Actual and Est. Slots	Incr.	Nursing Facility Transition	Number Served	Change
FY06	1,503	45	15	1,938	
FY07	1,573	56	14	2,046	108
FY08	1,696	79	44	2,200	154
FY09	1,720	23	1	2,236	36
FY10*	1,944	224	0	2,527	291
FY11*	2,022	78	0	2,629	101

*FY 10 and FY 11 slots and number served based on LFD estimate. Increase is funded from a one-time appropriation.
Source for FY 06 to FY 09 data - SLTC, February 12, 2009.

Grants fund community aging services such as meals on wheels, congregate meals, information and assistance, and care giver support. Increases in 2011 biennium appropriations include annualization of the FY 2009 provider rate increase and a small increase in federal block grant funds. The aging grants fund contracts with the 10 Area Agencies on Aging and those agencies deliver community services in their respective regions.

2011 Biennium Skilled Nursing Costs

Skilled nursing services are about 20 percent of total DPHHS Medicaid expenditures, the largest service expenditure of the Medicaid program. In comparison, the inpatient hospital services are the second most expensive with about 16 percent of the total. However, the daily rate for inpatient hospital services is about seven times higher than skilled nursing care.

The number of days of skilled nursing care reimbursed through the Medicaid program has steadily declined over the last several years, although total cost has not. Figure 34 shows the days of care and total Medicaid cost for skilled nursing services including the 2011 biennium appropriation.

From FY 2000 through FY 2008 the number of days of Medicaid skilled nursing care declined an average of 1.8 percent per year. In the most recent two years (FY 2006 to FY 2008) the decline jumped to 2.4 percent, a 40.2 percent change. The decline in Medicaid funded days of care follows a general trend in nursing home care statewide. Movement of persons out of nursing homes into community waiver services has also contributed to overall declines in Medicaid funded skilled nursing care.

Nursing home occupancy rates have declined gradually over the last 10 to 15 years. Recently occupancy rates have hovered in the 72 to 73 percent range over the last several years. Historically, Medicaid occupancy has averaged around 60 percent of total nursing home occupancy.

Despite the reduction in days of care, the total cost of skilled nursing care has continued to rise. The total cost of care rose an average of 4.2 percent from FY 2000 to FY 2008 and 7.9 percent annually from FY 2006 to FY 2008. The 2007 Legislature approved general provider rate increases as well as rate increases to raise direct care worker wages to \$8.50 per hour (including benefits).

The cost of care has risen for a number of reasons. Skilled nursing facilities care for more medically complex and fragile persons, have implemented processes and procedures to meet federal Medicaid and Medicare regulations, compete with other medical providers for nursing staff, and must sometimes hire “traveling” staff at significantly higher amounts.

Figure 35

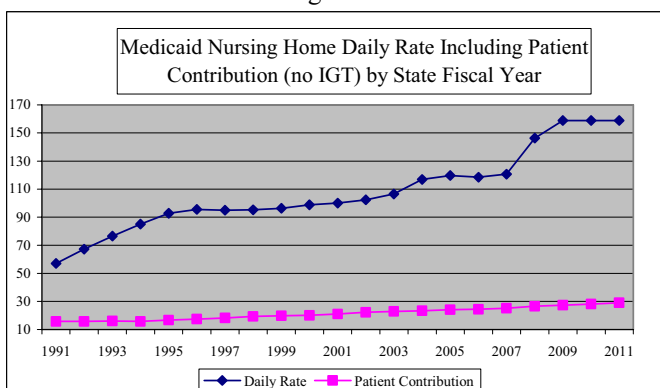
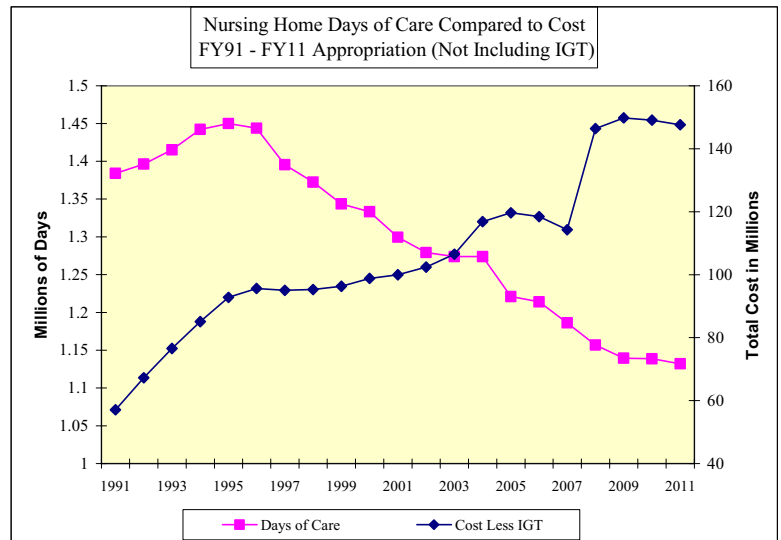


Figure 34



The Medicaid rate for skilled nursing care has steadily increased in recognition of medical complexity and the rising cost of services. Figure 35 shows the daily Medicaid rate for skilled nursing care from FY 1991 through the FY 2011 appropriation. FY 2008 and FY 2009 rates increased more rapidly than others due to a general provider rate increase of 2.5 percent annually and a rate increase targeted to raise direct care worker wages up to \$8.50 per hour (including benefits).

The Medicaid rate for skilled nursing services has two major components: the state/federal share, and the patient contribution. The state/federal share was 82.7 percent of the total rate in FY 2008, and is funded by state and federal Medicaid funds. The patient contribution, which would include Social Security, other retirement fund payments, and other personal assets, is paid directly to the nursing home and covers a portion of the total Medicaid daily rate. The patient contribution has increased steadily, usually between 2 to 3 percent annually. Figure 36 shows the daily rate used by the legislature to establish the nursing home caseload appropriations for the 2011 biennium. The rate in Figure does not include the one-time provider rate increases funded in HB 645.

Figure 36

2011 Biennium Budgeted Nursing Home Rate

Rate Component	Appropriation		
	FY 2009	FY 2010	FY 2011
State/Federal Match Rate	\$131.48	\$130.93	\$130.38
Patient Contribution	<u>27.32</u>	<u>27.87</u>	<u>28.42</u>
Total Daily Rate*	<u>\$158.80</u>	<u>\$158.80</u>	<u>\$158.80</u>
Increase in Patient Contribution		\$0.55	\$0.56
Total reimbursement does not include the added amount due to IGT payments nor one-time provider rate increases funded by the 2009 Legislature.			

Figure 37

LFD Estimate - 2011 Biennium Appropriation
State/Federal Share of Nursing Rate & Days of Care

Item	FY 2010	FY 2011
HB 2 and HB 645*	\$149,077,084	\$147,586,313
Daily Rate	\$130.93	\$130.38
Estimated Days of Care Funded	1,138,570	1,132,003
*The appropriations include about \$5.1 million in total funds over the 2011 biennium from the February Medicaid updated caseload estimates for nursing home costs that are funded in HB 645. This figure does not include any one-time rate increases funded in HB 645.		

The 2011 biennium appropriations are sufficient to fund 1,138,570 days of care in FY 2010 and 1,132,003 days of care in FY 2011 based on legislative appropriation decisions. Figure 37 shows the LFD estimate of the 2011 biennium state/federal share of the nursing home daily rate, the total funded in HB 2 and HB 645 (not including one-time rate increases), and the estimated days of care that the appropriation would support. Figure 37 includes HB 645 funding of:

- \$5.1 million over the biennium to support ongoing nursing home costs above the level funded in HB 2
- \$18.9 million in federal matching funds that offset the general fund reduction in HB 2 due to the temporary increase in the federal Medicaid match rate

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 Table Senior & Long-Term Care						
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	\$ 49,990,569	21.1%	\$ 37,171,825	15.5%	\$ 51,733,144	20.1%
01100 General Fund	49,990,569	21.1%	37,171,825	15.5%	51,733,144	20.1%
02000 Total State Special Funds	29,734,887	12.5%	32,085,291	13.4%	33,161,962	12.9%
02023 Private Ins. Medicaid Reim.-Ve	3,873,671	1.6%	4,789,025	2.0%	4,989,260	1.9%
02032 Vets-I&I Lease	11,809	0.0%	4,993	0.0%	4,994	0.0%
02053 Medicaid Nursing Home Match	2,538,203	1.1%	2,502,991	1.0%	2,673,100	1.0%
02260 Cigarette Tax Revenue	3,281,758	1.4%	3,485,185	1.5%	3,360,516	1.3%
02497 6901-Lien & Estate - Sltd	915,991	0.4%	1,061,523	0.4%	1,152,657	0.4%
02772 Tobacco Hlth & Medica Initiative	7,991,308	3.4%	9,324,723	3.9%	9,469,738	3.7%
02783 6901-Traumatic Brain Injury Dn	8,351	0.0%	8,694	0.0%	8,705	0.0%
02987 Tobacco Interest	831,850	0.4%	831,850	0.3%	1,628,211	0.6%
02990 69010-Nursing Home Utilization	10,281,946	4.3%	10,076,307	4.2%	9,874,781	3.8%
03000 Total Federal Special Funds	157,390,848	66.4%	170,907,627	71.2%	172,134,251	67.0%
03005 Emvh V-A Nursing Reimbursement	1,445,166	0.6%	1,445,178	0.6%	1,445,178	0.6%
03073 Aging - Farmers Market	42,643	0.0%	101,920	0.0%	101,920	0.0%
03112 Vets-V.A. Reimb	2,435,087	1.0%	2,417,007	1.0%	2,465,769	1.0%
03501 64.014 - Vets St. Domic Care 1	98,249	0.0%	106,685	0.0%	108,838	0.0%
03514 10.570 - Elderly Feeding 100%	809,097	0.3%	809,097	0.3%	809,097	0.3%
03515 93.041 - Elder Abuse Prev 100%	10,796	0.0%	25,028	0.0%	25,028	0.0%
03516 93.042 - Ombudsman Activity 10	76,618	0.0%	77,106	0.0%	77,106	0.0%
03517 93.043 - Preventive Hlth 100%	104,078	0.0%	104,078	0.0%	104,078	0.0%
03518 93.044 - Aging Sup S & Train 1	1,807,230	0.8%	1,838,234	0.8%	1,844,582	0.7%
03519 93.045 - Aging Meals 100%	2,872,675	1.2%	2,965,571	1.2%	2,967,226	1.2%
03537 93.779 - Hlth Info Counseling	272,103	0.1%	282,526	0.1%	282,824	0.1%
03579 93.667 - Ssbq - Benefits	296,812	0.1%	337,821	0.1%	339,895	0.1%
03580 6901-93.778 - Med Adm 50%	1,610,472	0.7%	1,792,065	0.7%	1,812,643	0.7%
03583 93.778 - Med Ben Fmap	144,142,534	60.8%	157,237,600	65.5%	158,382,021	61.6%
03666 Aging - Caregiver Iii-E	769,223	0.3%	779,722	0.3%	780,057	0.3%
03799 6901-Older Worker Program	598,065	0.3%	587,989	0.2%	587,989	0.2%
Grand Total	\$ 237,116,304	100.0%	\$ 240,164,743	100.0%	\$ 257,029,357	100.0%

SLTC is funded by general fund, state special revenue, and federal funds. General fund is about 21 percent of the base budget funding declining slightly to 20 percent of the FY 2011 appropriation. Due to the impact of the temporary increase in the federal Medicaid match rate, general fund is 15 percent of the FY 2010 biennium. General fund rises to 20 percent of total funding in FY 2011 due to the increase in the state Medicaid match rate that will occur January 1, 2011, growth in Medicaid services costs, and one-time appropriations for increased community Medicaid waiver services and a provider rate increase for independent living services.

State special revenue remains relatively constant at 13 percent of total funding. Most state revenue sources are used as state match for Medicaid services. Nursing home utilization fee revenue (\$8.30 per bed per day) is the most significant source of state match providing 4 percent of FY 2011 funding, despite projected declines in revenue over the 2011 biennium. Some of the fee revenue is deposited to the general fund and most of the fee (\$5.50 per day) is deposited to the state special revenue account.

Other significant sources of state match are:

- Health and Medicaid initiative tobacco tax revenue – 4 percent of total division funding
- County intergovernmental transfer income (Medicaid nursing home match) – 0.8 percent of total funding

Health and Medicaid initiative state special revenue supports Medicaid provider rate increases and expansion of the community services waiver authorized in the 2005 and 2007 legislative sessions. The fund is discussed in the agency overview because it supports Medicaid and health services throughout the department as well as health insurance programs administered by the State Auditor.

County intergovernmental transfer revenue (IGT) is used as state match to draw down additional federal funds to augment payments to nursing homes for Medicaid eligible services. The revenue source is declining largely due to federal regulations limiting the use of Medicaid payments received from transfer revenue as well as new upper payment limits for skilled nursing facilities (either the state Medicaid rate or actual cost). Montana has one of the few federally approved

intergovernmental transfer programs in the western region. Rate increases funded by IGT revenue are considered one time and not continuing.

Lien and estate funds are reimbursements from estates of persons who received Medicaid services (53-6-143, MCA). The funds are used to support adult protective services (APS) and a small portion of nursing home Medicaid match.

Cigarette tax revenue, veterans' interest and income, and private insurance, Medicare, and Medicaid reimbursement for services support the Montana veterans' homes and account for a total of 3 percent of the FY 2011 budget. Donations for traumatic brain injury programs are the only other state special revenue that is not used as Medicaid match.

Cigarette Tax Revenue

Figure 38 shows the estimated fund balance in the cigarette state special revenue account allocated to veterans and the projected transfer to the general fund. Statute requires that amounts in excess of \$2.0 million in the veterans' portion of the cigarette tax fund be transferred to the general fund at fiscal year end. HB 676 included an amendment to limit DPHHS expenditures from the cigarette tax account to the amounts appropriated by the legislature.

FY 2008 expenditures were slightly greater than annual revenue, with long range building projects nearly half the total. Building projects for the 2011 biennium, primarily for MVH, were initially funded from cigarette tax revenue in the November 15, 2008 executive budget request, but shifted to long range building funds financed by a transfer from the general fund in the December 15 revisions - \$1.2 million over the biennium. The legislature adopted the executive request and also funded a portion of a master planning project (\$100,000) from cigarette tax revenue. The master planning project will develop a comprehensive plan to help guide future facility growth.

Figure 38 Cigarette Tax Fund Balance Supporting Veterans' Services				
Fund Balance	Actual	Appropriated	Legislative	Appropriation
Deposits/Expenditures	FY 2008	FY 2009	FY 2010	FY 2011
Beginning Fund Balance*	\$10,474,759	\$2,190,236	\$2,000,000	\$2,000,000
Revenue/Transfers In**				
Cigarette Tax	6,626,059	6,361,000	6,070,000	6,083,000
Other Deposits	7,586			
Expenditures				
Veterans' Homes Operations				
Montana Veterans' Home	2,947,623	3,284,652	3,096,521	2,966,365
Eastern Montana Veterans' Home	259,858	307,119	297,838	298,220
Long-Range Building				
Montana Veterans' Homes	3,198,585	2,078,049	100,000	0
DPHHS Cost Allocated Admin.	206,163	255,642	317,047	387,749
Division Administrative Cost	74,277	48,845	90,826	95,931
Pay Plan and Retirement Costs	0	181,172	0	0
Subtotal Expenditures	\$6,686,506	\$5,974,307	\$3,902,232	\$3,748,265
Annual Rate of Change		-10.7%	-34.7%	-3.9%
Transfer to General Fund	(8,224,076)	(576,929)	(2,167,768)	(2,334,735)
Ending Fund Balance	\$2,190,236	\$2,000,000	\$2,000,000	\$2,000,000
*Statute requires that unexpended cash balances in excess of \$2 million be deposited to the general fund. Fund balances include other adjustments and may not equal cash balances.				
**Revenue based on estimates adopted by the legislature in March 2009. Federal reauthorization of the Children's Health Insurance Program raised federal tobacco taxes, resulting in lower projected state tax revenues due to expected consumption declines.				

MVH appropriation levels remain relatively constant compared to base budget expenditures of \$2.9 million in FY 2008. Eastern Montana Veterans' Home (EMVH) contract amounts rise slightly from about \$260,000 in FY 2008 to about \$298,000 in FY 2011, largely due to a one-time appropriation of \$40,000 to fund improvements.

Amounts paid for indirect costs, DPHHS centralized services, and some statewide centralized services continue to rise, from \$206,000 in FY 2008 to an estimated \$388,000 in FY 2011. In four of the last five years, the amount withdrawn from the veterans' cigarette tax fund for overhead costs has grown at rates in excess of 20 percent per year.

Study for a New Veterans' Home

The legislature passed HB 213 requiring a study to select a site for a new veterans' home in southwest Montana to be operated under contract in an arrangement similar to that of EMVH. The Governor is to appoint a selection committee that will review proposals from interested communities and recommend a site selection to the Governor no later than April 1, 2010. The bill directs the Department of Administration to include the project in the long range building program for the 62nd legislature. This bill distributes 1.2 percent of the cigarette tax revenue in FY 2010 and FY 2011 to an account to fund the building of new veterans' home, diverting about \$2.0 million from deposit into the general fund. If the 2011 Legislature approves the new veterans' home, a portion of the new home's operating costs will be funded from the cigarette tax state special revenue fund.

Cigarette Tax Revenue – Indirect Cost Assessment Review by LFC

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

Budget Summary by Category

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

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	49,990,569	49,990,569	99,981,138	112.46%	237,116,304	237,116,304	474,232,608	95.38%
Statewide PL Adjustments	186,166	231,176	417,342	0.47%	38,563	97,018	135,581	0.03%
Other PL Adjustments	7,110,739	7,245,680	14,356,419	16.15%	18,896,774	20,195,961	39,092,735	7.86%
New Proposals	(20,115,649)	(5,734,281)	(25,849,930)	(29.08%)	(15,886,898)	(379,926)	(16,266,824)	(3.27%)
Total Budget	\$37,171,825	\$51,733,144	\$88,904,969		\$240,164,743	\$257,029,357	\$497,194,100	

Base budget expenditures are 95 percent of the total FY 2011 biennium appropriation and base general fund expenditures are 112 percent due to the new proposal to implement the increased federal Medicaid match, which lowers general fund by \$29.0 million. Statewide present law adjustments add \$417,342 general fund. Present law adjustments are 8 percent of the total FY 2011 appropriation, but 16 percent of the general fund.

HB 645 appropriates the increased federal matching funds due to the temporary higher federal match rate. If those funds would have been appropriated in HB 2, the SLTC 2011 biennium appropriation would have been \$29.0 million general fund higher.

HB 645

The American Recovery and Reinvestment Act (ARRA) provides an enhanced federal match rate for Medicaid costs effective October 1, 2008 through December 31, 2010. The increased federal match rate for Medicaid will reduce the amount of general fund needed as state Medicaid match. HB 645 reduced HB 2 general fund appropriations and also appropriated the federal fund increase as well as other one-time appropriations authorized by ARRA for the 2011 biennium. Figure 39 shows the combined total appropriated to SLTC in HB 2 and HB 645. The general fund reduction from HB 645 (\$29.0 million for SLTC) and an equal amount of offsetting federal funds appropriated in HB 645 is included in Figure 39.

HB 645 added \$19.8 million in total one-time appropriations for SLTC. The one-time appropriations fund:

- A Medicaid services provider rate increase to raise direct care worker wages by \$1 per hour (including benefits) - \$4.4 million general fund (\$12.0 million total funds)
- NonMedicaid community aging services - \$0.1 million general fund and \$2.9 million in general state stabilization federal grant funds
- Elderly feeding programs - \$0.5 million in federal categorical grant funds

Figure 39 Total Appropriated in HB 2, HB 13, and HB 645 2011 Biennium - Senior and Long Term Care Division				
Budget Item/Fund	HB 645 One-Time 2011 Biennium		Total	Percent of Total
	HB 2 & HB 13	Appropriations		
FTE	221.05	0.00	221.05	
Personal Services	\$23,273,079	\$0	\$23,273,079	4.3%
Operating	14,614,071	0	14,614,071	2.7%
Equipment	461,432	0	461,432	0.1%
Grants	19,259,772	3,500,000	22,759,772	4.2%
Benefits/Claims*	439,554,540	45,388,682	484,943,222	88.8%
Debt Service	31,206	0	31,206	0.0%
Total Costs	497,194,100	48,888,682	546,082,782	100.0%
General Fund*	88,904,969	4,480,421	93,385,390	17.1%
State Special	65,247,253	0	65,247,253	11.9%
Federal Funds	343,041,878	44,408,261	387,450,139	71.0%
Total Funds	\$497,194,100	\$48,888,682	\$546,082,782	100.0%
Percent Increase				9.8%

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				466,746						515,532
Vacancy Savings				(425,828)						(427,780)
Inflation/Deflation				56,347						67,706
Fixed Costs				(58,702)						(58,440)
Total Statewide Present Law Adjustments	\$186,166	(\$210,812)	\$63,209	\$38,563		\$231,176	(\$213,751)	\$79,593	\$97,018	
DP 7101 - Fuel Inflation Reduction	0.00	(2,309)	(2,642)	(1,337)	(6,288)	0.00	(2,653)	(3,015)	(1,549)	(7,217)
DP 22202 - Healthcare for Healthcare Workers	0.00	917,763	750,000	3,462,237	5,130,000	0.00	0	1,691,361	3,438,639	5,130,000
DP 22203 - Dept of Transportation Cars	0.00	10,003	0	10,003	20,006	0.00	13,454	0	13,454	26,908
DP 22205 - Nursing Home IGT Adjustment	0.00	0	(35,212)	(267,145)	(302,357)	0.00	0	134,897	2,902	137,799
DP 22206 - Annualize Nursing Home Provider Increase	0.00	1,097,351	25,251	2,459,266	3,581,868	0.00	1,109,780	25,251	2,459,266	3,594,297
DP 22207 - Annualize Home Based Provider Increase	0.00	217,738	18,495	513,951	750,184	0.00	217,738	18,495	513,951	750,184
DP 22208 - Annualize Community Based Waiver Increase	0.00	253,509	(21,063)	492,362	724,808	0.00	255,104	(21,063)	490,767	724,808
DP 22209 - Annualize Aging Services Provider Increase	0.00	226,310	0	0	226,310	0.00	226,310	0	0	226,310
DP 22210 - MVH Restore Overtime/Holidays Worked	0.00	0	380,165	0	380,165	0.00	0	389,160	0	389,160
DP 22211 - State Supplemental Payments	0.00	40,325	0	0	40,325	0.00	94,333	0	0	94,333
DP 22212 - Annualize Waiver and Fund Switch	0.00	(234,307)	410,728	373,691	550,112	0.00	(233,097)	410,728	372,481	550,112
DP 22213 - Annualize IGT Offset Funding	0.00	845,412	0	0	845,412	0.00	845,412	0	0	845,412
DP 22214 - Home Based Caseload	0.00	1,336,647	0	2,774,849	4,111,496	0.00	2,022,454	0	4,111,771	6,134,225
DP 22215 - Nursing Home Caseload Adjustment	0.00	912,246	(205,639)	1,466,987	2,173,594	0.00	702,840	(407,165)	601,294	896,969
DP 22216 - Medicaid Nursing Home FMAP Adjustment	0.00	1,001,433	0	(1,001,433)	0	0.00	1,354,138	0	(1,354,138)	0
DP 22217 - Medicaid Waiver FMAP Adjustment	0.00	204,504	0	(204,504)	0	0.00	276,529	0	(276,529)	0
DP 22218 - Home Based Medicaid FMAP Adj	0.00	203,817	0	(203,817)	0	0.00	275,601	0	(275,601)	0
DP 22219 - Operating Cost Adjustments	0.00	80,297	0	173,297	253,594	0.00	87,737	0	197,379	285,116
DP 22220 - Increase in Federal Aging Grants	0.00	0	0	153,895	153,895	0.00	0	0	153,895	153,895
DP 22222 - MVH Operating Expenses	0.00	0	263,650	0	263,650	0.00	0	263,650	0	263,650
Total Other Present Law Adjustments	0.00	\$7,110,739	\$1,583,733	\$10,202,302	\$18,896,774	0.00	\$7,245,680	\$2,502,299	\$10,447,982	\$20,195,961
Grand Total All Present Law Adjustments	0.00	\$7,296,905	\$1,372,921	\$10,265,511	\$18,935,337	0.00	\$7,476,856	\$2,288,548	\$10,527,575	\$20,292,979

Language and Statutory Authority

The legislature approved the following language for the agency in HB 2.

"Community Waiver Services funding may be used only to expand Medicaid community waiver services, pay the state supplement payment increases due to the expansion, and provide additional informational resources for aged and disabled persons."

Sub-Program Details**MEDICAID SERVICES 01****Sub-Program Legislative Budget**

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

Sub-Program Legislative Budget								
Budget Item	Base Budget Fiscal 2008	PL Base Adjustment Fiscal 2010	New Proposals Fiscal 2010	Total Leg. Budget Fiscal 2010	PL Base Adjustment Fiscal 2011	New Proposals Fiscal 2011	Total Leg. Budget Fiscal 2011	Total Leg. Budget Fiscal 10-11
FTE	17.60	0.00	0.00	17.60	0.00	0.00	17.60	17.60
Personal Services	991,975	84,681	(33,653)	1,043,003	87,231	(33,733)	1,045,473	2,088,476
Operating Expenses	1,286,022	613	0	1,286,635	674	0	1,286,696	2,573,331
Equipment & Intangible Assets	24,198	0	0	24,198	0	0	24,198	48,396
Benefits & Claims	209,721,583	17,565,117	(16,927,922)	210,358,778	18,763,806	(1,417,515)	227,067,874	437,426,652
Total Costs	\$212,023,778	\$17,650,411	(\$16,961,575)	\$212,712,614	\$18,851,711	(\$1,451,248)	\$229,424,241	\$442,136,855
General Fund	44,256,351	6,796,171	(20,287,637)	30,764,885	6,896,537	(5,732,323)	45,420,565	76,185,450
State/Other Special	22,249,457	942,903	150,004	23,342,364	1,852,858	150,019	24,252,334	47,594,698
Federal Special	145,517,970	9,911,337	3,176,058	158,605,365	10,102,316	4,131,056	159,751,342	318,356,707
Total Funds	\$212,023,778	\$17,650,411	(\$16,961,575)	\$212,712,614	\$18,851,711	(\$1,451,248)	\$229,424,241	\$442,136,855

Sub-Program Description

Medicaid services administered by SLTC include skilled nursing, home based (personal assistance and hospice), and community waiver services for adults who are physically disabled or elderly.

The Medicaid services function comprises the lion's share of the SLTC division budget with 89 percent (\$442.1 million) over the 2011 biennium. Figure 40 lists each Medicaid service, shows the base budget, each change funded by the legislature, including the LFD estimated allocation of the general fund reduction in HB 645 as well as the increase in federal Medicaid matching funds due to the temporary federal match rate increase, and the total amount requested for each Medicaid service administered by SLTC. Amounts in Figure 40 will be different than the main table for the Medicaid Services sub-program because the federal funds appropriated in HB 645 are included.

Figure 40

Senior and Long Term Care Division 2011 Biennium Medicaid Services Appropriations

Medicaid Services	2011 Biennium Appropriations				% of
Legislative Appropriation Changes*	General Fund	SSR	Federal	Total	Total
Nursing Home Services					
<u>FY 2008 Base Budget Doubled</u>	\$53,358,858	\$34,919,380	\$193,033,386	\$281,311,624	60.3%
Intergovernmental County Transfer	0	3,516,153	7,175,561	10,691,714	2.3%
MT Veterans' Home Federal Authority	0	0	1,995,198	1,995,198	0.4%
Nurse Aide Testing	310,626	0	310,626	621,252	0.1%
DP 22206 Annualize Provider Increase	2,207,131	50,502	4,918,532	7,176,165	1.5%
DP 22213 Annualize IGT Offset Funding	1,690,824	0	0	1,690,824	0.4%
DP 22215 Caseload & Accrual Error Adj.	1,615,086	(612,804)	2,068,281	3,070,563	0.7%
DP 22216 Medicaid State Match Increase	2,355,571	0	(2,355,571)	0	0.0%
DP 6010 Temp. Fed. Medicaid Match Increase*	<u>(18,853,528)</u>	<u>0</u>	<u>18,853,528</u>	<u>0</u>	<u>0.0%</u>
Subtotal Appropriation Changes	<u>(10,984,916)</u>	<u>(562,302)</u>	<u>23,484,770</u>	<u>11,937,552</u>	<u>2.6%</u>
Total Nursing Home Appropriation	42,684,568	37,873,231	225,999,541	306,557,340	65.7%
Percent Change Over Base Budget Doubled	-20.0%	8.5%	17.1%	9.0%	
Home Based Services - Entitlement					
<u>FY 2008 Base Budget Doubled</u>	17,141,080	3,251,308	44,556,062	64,948,450	13.9%
DP 22202 Healthcare for Healthcare Workers	917,763	2,441,361	6,900,876	10,260,000	2.2%
DP 22207 Annualize Provider Increase	435,476	36,990	1,027,902	1,500,368	0.3%
DP 22213 Annualize IGT Offset Funding	0	0	0	0	0.0%
DP 22214 Home Based Caseload	3,359,101	0	6,886,620	10,245,721	2.2%
DP 22218 Medicaid State Match Increase	479,418	0	(479,418)	0	0.0%
DP 6010 Temp. Fed. Medicaid Match Increase*	<u>(5,557,234)</u>	<u>0</u>	<u>5,557,234</u>	<u>0</u>	<u>0.0%</u>
Subtotal Appropriation Changes	<u>(365,476)</u>	<u>2,478,351</u>	<u>19,893,214</u>	<u>22,006,089</u>	<u>18.6%</u>
Total Home Based Appropriation	16,775,604	5,729,659	64,449,276	86,954,539	18.6%
Percent Change Over Base Budget Doubled	-2.1%	76.2%	44.6%	33.9%	
Community Services Waiver - Nonentitlement					
<u>FY 2008 Base Budget Doubled</u>	15,865,322	2,895,056	40,949,992	59,710,370	12.8%
DP 22208 Annualize Waiver Increase	508,613	(42,126)	983,129	1,449,616	0.3%
DP 22212 Annualize Waiver and Fund Switch	(467,404)	821,456	746,172	1,100,224	0.2%
DP 22217 Medicaid Waiver FMAP Adjustment	481,033	0	(481,033)	0	0.0%
DP 22223 Additional Funding for SLTC HCBS	2,564,994	300,023	6,028,821	8,893,838	1.9%
DP 22896 Assisted Living Facility Rate Increase	489,000	0	1,311,986	1,800,986	0.4%
DP 6010 Temp. Fed. Medicaid Match Increase*	<u>(4,629,499)</u>	<u>0</u>	<u>4,629,499</u>	<u>0</u>	<u>0.0%</u>
Subtotal Appropriation Changes	<u>(1,053,263)</u>	<u>1,079,353</u>	<u>13,218,574</u>	<u>13,244,664</u>	<u>2.8%</u>
Total Waiver Appropriation	14,812,059	3,974,409	54,168,566	72,955,034	15.6%
Percent Change Over Base Budget Doubled*	-6.6%	0.0%	32.3%	22.2%	
Total Medicaid Services - Senior and Long Term Care					
<u>Total Medicaid Services FY 2008 Base Doubled*</u>	<u>\$86,675,886</u>	<u>\$44,581,897</u>	<u>\$288,020,825</u>	<u>\$419,278,608</u>	<u>89.9%</u>
Present Law Annualization - 2009 Expansions	5,292,403	3,308,183	14,576,611	23,177,197	5.0%
Present Law Adjustments - Caseload	4,974,187	(612,804)	8,954,901	13,316,284	2.9%
Present Law Due to State Match Change	3,316,022	0	(3,316,022)	0	0.0%
One-Time Expansion & Provider Rate Increase	3,053,994	300,023	7,340,807	10,694,824	2.3%
Temporary Federal Match Increase*	<u>(29,040,261)</u>	<u>0</u>	<u>29,040,261</u>	<u>0</u>	<u>0.0%</u>
Subtotal Appropriation Changes*	<u>(\$12,403,655)</u>	<u>\$2,995,402</u>	<u>\$56,596,558</u>	<u>\$47,188,305</u>	<u>10.1%</u>
Grand Total Annual Appropriation**	<u>\$74,272,231</u>	<u>\$47,577,299</u>	<u>\$344,617,383</u>	<u>\$466,466,913</u>	<u>100%</u>
Percent Change Over Base Budget	-14.3%	6.7%	19.7%	11.3%	
Grand Total Biennial Change					
*Base budget amounts include present law changes in IGT funds. DP 6010 includes the estimated amount of federal funds that will be allocated from HB 645 to SLTC due to the temporary enhanced federal Medicaid match rate. For that reason the base budget and appropriation change totals will differ from the amounts shown in the main table.					

The Medicaid benefits appropriation for the 2011 biennium increases \$47.2 million, including a \$12.4 million general fund reduction, compared to the base budget. Nursing home services are 66 percent of the FY 2011 appropriation, including all reimbursement and Medicaid related nursing services appropriations.

Home based services are 19 percent of the FY 2011 appropriation. The HB 645 general fund reduction to HB 2 lowers home-based services appropriations by \$5.6 million over the biennium, more than offsetting the general fund cost of major biennial increases:

- \$10.3 million (\$0.9 million general fund) to annualize provider rate increases to support the cost of healthcare for healthcare workers
- \$10.2 million (\$3.4 million general fund) for eligibility and service utilization increases

The community waiver services appropriation rises \$13 million over the 2011 biennium compared to base budget expenditures doubled. The HB 645 general fund reduction (\$4.6 million) more than offsets the general fund cost of:

- Annualization of service expansions funded by the 2007 Legislature and FY 2009 provider rate increases - \$2.6 million total funds
- New proposals for one-time funding of a provider rate increase for independent living services and additional waiver slots - \$ 10.7 million total funds, including \$3.1 million general fund

The legislature appropriated funds to support the normal change in the federal Medicaid match rate in HB 2 (DPs 22216, 22217, and 22218) and included reductions to HB 2 general fund Medicaid appropriations from the temporary federal Medicaid match rate in HB 645. Figure 40 shows the effect of both the regular formula change and the temporary enhancement (DP 6010). Although total budget amounts do not change, the regular increase in the state Medicaid match rate adds \$3.3 million general fund and reduce federal funds by a like amount. Changes in administrative costs are minimal compared to the increase requested for Medicaid services.

Budget Summary by Category

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

Budget Summary by Category								
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	44,256,351	44,256,351	88,512,702	116.18%	212,023,778	212,023,778	424,047,556	95.91%
Statewide PL Adjustments	40,061	70,042	110,103	0.14%	85,303	87,916	173,219	0.04%
Other PL Adjustments	6,756,110	6,826,495	13,582,605	17.83%	17,565,108	18,763,795	36,328,903	8.22%
New Proposals	(20,287,637)	(5,732,323)	(26,019,960)	(34.15%)	(16,961,575)	(1,451,248)	(18,412,823)	(4.16%)
Total Budget	\$30,764,885	\$45,420,565	\$76,185,450		\$212,712,614	\$229,424,241	\$442,136,855	

The base budget is 96 percent of the total 2011 biennium appropriation for SLTC Medicaid services. Present law adjustments are 8 percent and new proposals reduce spending by 5 percent - \$18.4 million total funds including \$26.0 million general fund. New proposals include the LFD estimate of the HB 645 general fund reduction due to the temporary enhancement in the federal Medicaid match rate - \$29.0 million for this program. Other new proposals for one-time appropriations for expansion of community services and a provider rate increase for independent living services partially offset the effect of the temporary federal match rate increase.

Present law adjustments increase due to estimated service utilization and eligibility growth in Medicaid services and annualization of service expansions and provider rate increases in FY 2009 that were approved by the 2007 Legislature. Some of the present law increase is partially offset by expected declines in the number of nursing home days of service.

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				129,543					132,197
Vacancy Savings				(44,862)					(44,966)
Inflation/Deflation				622					685
Total Statewide Present Law Adjustments	\$40,061	\$343	\$44,899	\$85,303		\$70,042	\$354	\$17,520	\$87,916
DP 7101 - Fuel Inflation Reduction									
0.00	(3)	0	(6)	(9)	0.00	(4)	0	(7)	(11)
DP 22202 - Healthcare for Healthcare Workers									
0.00	917,763	750,000	3,462,237	5,130,000	0.00	0	1,691,361	3,438,639	5,130,000
DP 22205 - Nursing Home IGT Adjustment									
0.00	0	(35,212)	(267,145)	(302,357)	0.00	0	134,897	2,902	137,799
DP 22206 - Annualize Nursing Home Provider Increase									
0.00	1,097,351	25,251	2,459,266	3,581,868	0.00	1,109,780	25,251	2,459,266	3,594,297
DP 22207 - Annualize Home Based Provider Increase									
0.00	217,738	18,495	513,951	750,184	0.00	217,738	18,495	513,951	750,184
DP 22208 - Annualize Community Based Waiver Increase									
0.00	253,509	(21,063)	492,362	724,808	0.00	255,104	(21,063)	490,767	724,808
DP 22212 - Annualize Waiver and Fund Switch									
0.00	(234,307)	410,728	373,691	550,112	0.00	(233,097)	410,728	372,481	550,112
DP 22213 - Annualize IGT Offset Funding									
0.00	845,412	0	0	845,412	0.00	845,412	0	0	845,412
DP 22214 - Home Based Caseload									
0.00	1,336,647	0	2,774,849	4,111,496	0.00	2,022,454	0	4,111,771	6,134,225
DP 22215 - Nursing Home Caseload Adjustment									
0.00	912,246	(205,639)	1,466,987	2,173,594	0.00	702,840	(407,165)	601,294	896,969
DP 22216 - Medicaid Nursing Home FMAP Adjustment									
0.00	1,001,433	0	(1,001,433)	0	0.00	1,354,138	0	(1,354,138)	0
DP 22217 - Medicaid Waiver FMAP Adjustment									
0.00	204,504	0	(204,504)	0	0.00	276,529	0	(276,529)	0
DP 22218 - Home Based Medicaid FMAP Adj									
0.00	203,817	0	(203,817)	0	0.00	275,601	0	(275,601)	0
Total Other Present Law Adjustments	0.00	\$6,756,110	\$942,560	\$9,866,438	0.00	\$6,826,495	\$1,852,504	\$10,084,796	\$18,763,795
Grand Total All Present Law Adjustments	0.00	\$6,796,171	\$942,903	\$9,911,337	0.00	\$6,896,537	\$1,852,858	\$10,102,316	\$18,851,711

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

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

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

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

targeted with the funding for the six months in 2009 can be maintained. It is more likely that the funding will provide coverage for approximately 750 workers.

The following information was utilized as part of the legislative decision making process and will be used for ongoing program evaluation. It was submitted by the agency, edited by LFD staff for brevity and to include any legislative changes.

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

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

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

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

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

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

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

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

Monitoring Provision of Insurance

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

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

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

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

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

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

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

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

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

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

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

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

The HB 2 appropriation reflects the Medicaid match rate without the temporary federal enhancement enacted in the ARRA. The general fund reduction due to the temporary increase included in HB 645 was added in DP 6010.

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

The HB 2 appropriation reflects the Medicaid match rate without the temporary federal enhancement enacted in the ARRA. The general fund reduction due to the temporary increase included in HB 645 was added in DP 6010.

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

The HB 2 appropriation reflects the Medicaid match rate without the temporary federal enhancement enacted in the ARRA. The general fund reduction due to the temporary increase included in HB 645 was added in DP 6010.

New Proposals

New Proposals										
Sub Program	Fiscal 2010					Fiscal 2011				
	FTE	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										
01	0.00	(21,470,495)	0	0	(21,470,495)	0.00	(7,569,766)	0	0	(7,569,766)
DP 8101 - Increasing 4% Vacancy Savings to 7%										
01	0.00	(16,827)	0	(16,826)	(33,653)	0.00	(16,866)	0	(16,867)	(33,733)
DP 22223 - Additional Funding for SLTC HCBS - OTO										
01	0.00	1,020,685	150,004	2,612,593	3,783,282	0.00	1,544,309	150,019	3,416,228	5,110,556
DP 22896 - Assisted Living Facility Rate Increase (Rst/OTO)										
01	0.00	179,000	0	580,291	759,291	0.00	310,000	0	731,695	1,041,695
Total	0.00	(\$20,287,637)	\$150,004	\$3,176,058	(\$16,961,575)	0.00	(\$5,732,323)	\$150,019	\$4,131,056	(\$1,451,248)

DP 6010 - HB 645 General Fund Reduction - Enhanced Match - HB 645 reduced 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 a \$29.0 million general fund reduction. The enhanced federal match rate is estimated 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.

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

DP 22223 - Additional Funding for SLTC HCBS - OTO - The legislature appropriated \$9.1 million total funds (\$2.7 million general fund and \$0.3 million health and Medicaid initiatives state special revenue) to rebalance the long term care system by developing increased availability of home and community based services. The funds will support an additional 178 new service slots for community based waiver services (\$8.9 million over the biennium), additional state supplement payments for persons accessing the expanded waiver services (\$25,000 over the biennium), and expansion of counseling

services for community placement alternatives and information brochures (\$85,000 over the biennium). The appropriation is restricted to these specific purposes and is for the 2011 biennium only. The appropriation is allocated among the following sub-programs – Medicaid Services, Division Administration, and Aging Services.

DP 22896 - Assisted Living Facility Rate Increase (Rst/OTO) - The legislature added \$1.8 million total funds over the biennium, including \$489,000 general fund, for a rate increase for assisted living. The appropriation is estimated to be sufficient to fund an increase of \$3.67 per day in 2010 and an additional increase of \$1.23 in FY 2011 for a biennial total per day increase of \$4.90. The daily Medicaid rate will rise from \$23.90 in 2009 to \$27.57 in 2010 and \$28.80 by 2011

The estimated rate increase includes the projected rise in independent living services due to the expansion of waiver services and a higher daily rate from 163,310 days of care in FY 2008 to 212,550 days of care in FY 2011, or about 7 percent per year. The base budget Medicaid rate for assisted living services was \$3.6 million.

Sub-Program Details

VETERANS 02

Sub-Program Legislative Budget

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

Sub-Program Legislative Budget								
Budget Item	Base Budget Fiscal 2008	PL Base Adjustment Fiscal 2010	New Proposals Fiscal 2010	Total Leg. Budget Fiscal 2010	PL Base Adjustment Fiscal 2011	New Proposals Fiscal 2011	Total Leg. Budget Fiscal 2011	Total Leg. Budget Fiscal 10-11
FTE	129.90	0.00	14.30	144.20	0.00	14.30	144.20	144.20
Personal Services	6,342,003	116,103	738,311	7,196,417	158,594	740,579	7,241,176	14,437,593
Operating Expenses	4,553,306	287,386	(182,250)	4,658,442	296,517	(182,250)	4,667,573	9,326,015
Equipment & Intangible Assets	162,151	0	0	162,151	0	0	162,151	324,302
Debt Service	14,003	1,600	0	15,603	1,600	0	15,603	31,206
Total Costs	\$11,071,463	\$405,089	\$556,061	\$12,032,613	\$456,711	\$558,329	\$12,086,503	\$24,119,116
State/Other Special	7,092,961	414,721	556,061	8,063,743	415,428	558,329	8,066,718	16,130,461
Federal Special	3,978,502	(9,632)	0	3,968,870	41,283	0	4,019,785	7,988,655
Total Funds	\$11,071,463	\$405,089	\$556,061	\$12,032,613	\$456,711	\$558,329	\$12,086,503	\$24,119,116

Sub-Program Description

Veterans' services are 5 percent of the FY 2011 division appropriation. The program administers the two veterans' homes. The Montana Veterans' Home (MVH-Columbia Falls) is staffed by state employees and operation of the Eastern Montana Veterans' Home (EMVH-Glendive) is contracted, with 1.00 FTE state program administrator to oversee the contract.

Present law adjustments add about \$0.9 million over the biennium, nearly all for the support of MVH and nearly all supported by cigarette tax state special revenue. The appropriation for EMVH increases about \$43,000 from base level funding.

The most significant change is in personal services costs with funding for 14.30 new staff for MVH. Operating cost increases fund inflation in medical, utility, and food expenses as well as several upgrades to equipment and the MVH facility. The cost of new staff is partially offset by reductions in contracted medical staff costs.

Figure 41 shows the total appropriation for each veterans' home compared to base budget expenditures, the estimated average daily population, and the annual cost per day of care. The homes are funded from insurance, Medicare, Medicaid, and private payments, as well as federal Veterans' Administration per diem payments. The balance of costs not paid by these funding sources is paid from cigarette tax state special revenue allocated for veterans' uses. The funding for the vets' homes is discussed in greater detail in the division funding section.

MVH is expected to have an average daily population (ADP) of 104, with an average daily cost of \$272 per person in FY 2011. Most of the cost increase from the base budget is supported by cigarette tax state special revenue.

EMVH is expected to have an ADP of 66 in the 2011 biennium with an average daily cost of \$72 per person. Most of the increase in the EMVH appropriation supports one-time maintenance and is funded from cigarette tax state special revenue.

Figure 41			
Veterans' Homes FY 2008 Expenditures and Revenues and 2011 Biennium Budget			
Institution/ Cost/Funding	Actual FY 2008	Legislative Appropriation FY 2010 FY 2011	
<u>Montana Veterans' Home*</u>			
FTE	128.89	143.19	143.19
Personal Services	\$6,287,996	\$7,141,632	\$7,185,508
All Other*	<u>3,078,443</u>	<u>3,147,965</u>	<u>3,932,526</u>
Total Cost	<u>\$9,366,439</u>	<u>\$10,289,597</u>	<u>\$10,343,105</u>
State Special Revenue	\$6,833,103	\$7,765,905	\$7,768,498
Federal	2,533,336	2,523,692	2,574,607
Population	105	104	104
Annual Cost Per Person	\$89,204	\$98,938	\$99,453
Cost Per Day	\$244	\$271	\$272
Annual Increase		5.3%	0.5%
Annual Per Person Reimbursement			
State Special Revenue	\$65,077	\$74,672	\$74,697
Annual Increase		7.1%	0.0%
Federal Funds	\$24,127	\$24,266	\$24,756
Annual Increase		0.3%	2.0%
<u>Eastern MT Veterans' Home</u>			
FTE	1.00	1.00	1.00
Personal Services	\$54,007	\$54,785	\$55,668
All Other	<u>1,651,017</u>	<u>1,688,231</u>	<u>1,687,730</u>
Total Cost	<u>\$1,705,024</u>	<u>\$1,743,016</u>	<u>\$1,743,398</u>
State Special Revenue	\$259,858	\$297,838	\$298,220
Federal	1,445,166	1,445,178	1,445,178
Population	66	66	66
Annual Cost Per Person	\$25,834	\$26,409	\$26,415
Cost Per Day	\$71	\$72	\$72
Annual Increase		1.1%	0.0%
Annual Per Person Reimbursement			
State Special Revenue	\$3,937	\$4,513	\$4,518
Annual Change		14.6%	0.1%
Federal Funds	\$21,896	\$21,897	\$21,897
Annual Change		0.0%	0.0%
*MVH costs include both the skilled nursing facility (105 beds) and domiciliary unit (12 beds).			

Budget Summary by Category

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

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent Of Budget
Base Budget	0	0	0	0.00%	11,071,463	11,071,463	22,142,926	91.81%
Statewide PL Adjustments	0	0	0	0.00%	(235,599)	(192,510)	(428,109)	(1.77%)
Other PL Adjustments	0	0	0	0.00%	640,688	649,221	1,289,909	5.35%
New Proposals	0	0	0	0.00%	556,061	558,329	1,114,390	4.62%
Total Budget	\$0	\$0	\$0		\$12,032,613	\$12,086,503	\$24,119,116	

The base budget for the veterans' home function is 92 percent of the total 2011 biennium appropriation. New proposals and present law adjustments are each about 5 percent of the total. Statewide present law adjustments decline by about \$0.4 million because the 4 percent vacancy savings assessment more than offsets other statewide adjustments.

Present law adjustments fund inflation in operating costs such as food and medical costs and restore the cost of overtime and holiday pay, which is removed from base budget costs. New proposals fund 14.30 new FTE and reduce contracted medical staff costs by \$0.7 million due to the new nursing staff.

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					(10,814)					24,079	
Vacancy Savings					(253,248)					(254,645)	
Inflation/Deflation					37,453					46,784	
Fixed Costs					(8,990)					(8,728)	
Total Statewide Present Law Adjustments		\$0	(\$226,832)	(\$8,767)	(\$235,599)		\$0	(\$234,801)	\$42,291	(\$192,510)	
DP 7101 - Fuel Inflation Reduction	0.00	0	(2,262)	(865)	(3,127)	0.00	0	(2,581)	(1,008)	(3,589)	
DP 22210 - MVH Restore Overtime/Holidays Worked	0.00	0	380,165	0	380,165	0.00	0	389,160	0	389,160	
DP 22222 - MVH Operating Expenses	0.00	0	263,650	0	263,650	0.00	0	263,650	0	263,650	
Total Other Present Law Adjustments		0.00	\$0	\$641,553	(\$865)	\$640,688	0.00	\$0	\$650,229	(\$1,008)	\$649,221
Grand Total All Present Law Adjustments		0.00	\$0	\$414,721	(\$9,632)	\$405,089	0.00	\$0	\$415,428	\$41,283	\$456,711

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

DP 22210 - MVH Restore Overtime/Holidays Worked - The legislature added \$769,325 over the biennium from cigarette tax state special revenue for adjustments in personal service costs for overtime, holiday pay, and differential pay. The appropriation is based on an analysis of base year costs, contract changes, holiday staffing patterns, and historical data. These costs were removed from the FY 2008 base budget. Base budget costs for these items, excluding taxes of \$143,325, were \$354,765 or \$78,530 lower than the estimated 2011 biennium costs.

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

New Proposals

New Proposals										
Sub Program	Fiscal 2010					Fiscal 2011				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 22102 - MVH Dom/Nursing Wing Facility Upgrades										
02	0.00	0	165,000	0	165,000	0.00	0	165,000	0	165,000
DP 22105 - MT Vets' Home Safety Officer										
02	1.00	0	55,470	0	55,470	1.00	0	55,488	0	55,488
DP 22114 - EMVH Facility Painting and Upgrades - OTO										
02	0.00	0	40,000	0	40,000	0.00	0	40,000	0	40,000
DP 22115 - MT Vets' Home New CNAs FTE										
02	4.80	0	223,874	0	223,874	4.80	0	224,514	0	224,514
DP 22117 - MVH Additional Aggregate RNs										
02	2.00	0	183,095	0	183,095	2.00	0	183,790	0	183,790
DP 22118 - MVH Additional Aggregate LPNs										
02	0.50	0	30,561	0	30,561	0.50	0	30,656	0	30,656
DP 22119 - MVH Additional Aggregate CNAs										
02	3.00	0	134,655	0	134,655	3.00	0	135,114	0	135,114
DP 22120 - MVH Additional Aggregate Activity Positions										
02	3.00	0	110,656	0	110,656	3.00	0	111,017	0	111,017
DP 22900 - Reduce Contracted Services Costs - MVH										
02	0.00	0	(387,250)	0	(387,250)	0.00	0	(387,250)	0	(387,250)
Total	14.30	\$0	\$556,061	\$0	\$556,061	14.30	\$0	\$558,329	\$0	\$558,329

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

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

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

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

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

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

DP 22119 - MVH Additional Aggregate CNAs - The legislature appropriated \$169,769 cigarette tax state special revenue to increase aggregate CNA positions by 3.00 FTE. The new FTE will provide relief staffing for on-call and per diem employees.

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

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

Sub-Program Details**AGING 03****Sub-Program Legislative Budget**

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

Sub-Program Legislative Budget								
Budget Item	Base Budget Fiscal 2008	PL Base Adjustment Fiscal 2010	New Proposals Fiscal 2010	Total Leg. Budget Fiscal 2010	PL Base Adjustment Fiscal 2011	New Proposals Fiscal 2011	Total Leg. Budget Fiscal 2011	Total Leg. Budget Fiscal 10-11
FTE	10.00	0.00	0.00	10.00	0.00	0.00	10.00	10.00
Personal Services	505,108	56,171	(17,543)	543,736	57,535	(17,585)	545,058	1,088,794
Operating Expenses	417,397	12,255	3,766	433,418	23,125	3,814	444,336	877,754
Equipment & Intangible Assets	26,886	0	0	26,886	0	0	26,886	53,772
Grants	9,089,181	380,205	121,000	9,590,386	380,205	0	9,469,386	19,059,772
Benefits & Claims	963,100	29,491	11,280	1,003,871	72,907	11,280	1,047,287	2,051,158
Total Costs	\$11,001,672	\$478,122	\$118,503	\$11,598,297	\$533,772	(\$2,491)	\$11,532,953	\$23,131,250
General Fund	3,701,870	275,330	131,659	4,108,859	329,585	10,697	4,042,152	8,151,011
Federal Special	7,299,802	202,792	(13,156)	7,489,438	204,187	(13,188)	7,490,801	14,980,239
Total Funds	\$11,001,672	\$478,122	\$118,503	\$11,598,297	\$533,772	(\$2,491)	\$11,532,953	\$23,131,250

Sub-Program Description

The aging function administers grants for community services managed by local agencies, and the contract for payment of the state supplement and the monthly supplement amount for persons eligible for Social Security Insurance payments due to their disability and low income. The 2011 biennium appropriation is about \$3.4 million higher than base budget expenditures, including \$2.1 million general fund. Most of the increase is in grants that will support community aging services. Anticipated increases in federal aging grants add about \$400,000 over the biennium.

HB 645

HB 645 includes two appropriations specific to nonMedicaid community aging services - \$3.0 million (including \$0.1 million general fund) for community services and \$0.5 million in federal categorical grant funds for elderly feeding programs. Both appropriations are for the 2011 biennium only. Aging services programs will also receive a one-time provider rate increase funded for all DPHHS providers in HB 645.

Budget Summary by Category

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

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent Of Budget
Base Budget	3,701,870	3,701,870	7,403,740	90.83%	11,001,672	11,001,672	22,003,344	95.12%
Statewide PL Adjustments	8,695	8,942	17,637	0.22%	57,592	59,234	116,826	0.51%
Other PL Adjustments	266,635	320,643	587,278	7.20%	420,530	474,538	895,068	3.87%
New Proposals	131,659	10,697	142,356	1.75%	118,503	(2,491)	116,012	0.50%
Total Budget	\$4,108,859	\$4,042,152	\$8,151,011		\$11,598,297	\$11,532,953	\$23,131,250	

Base budget expenditures are 95 percent of the 2011 biennium budget. Statewide present law adjustments and new proposals total 1 percent. Present law adjustments to annualize FY 2009 provider rate increases and for federal block grant increases are about 4 percent of the total.

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				79,557						80,979
Vacancy Savings				(23,386)						(23,444)
Inflation/Deflation				1,421						1,699
Total Statewide Present Law Adjustments	\$8,695	\$0	\$48,897	\$57,592			\$8,942	\$0	\$50,292	\$59,234
DP 22209 - Annualize Aging Services Provider Increase	0.00	226,310	0	0	226,310	0.00	226,310	0	0	226,310
DP 22211 - State Supplemental Payments	0.00	40,325	0	0	40,325	0.00	94,333	0	0	94,333
DP 22220 - Increase in Federal Aging Grants	0.00	0	0	153,895	153,895	0.00	0	0	153,895	153,895
Total Other Present Law Adjustments	0.00	\$266,635	\$0	\$153,895	\$420,530	0.00	\$320,643	\$0	\$153,895	\$474,538
Grand Total All Present Law Adjustments	0.00	\$275,330	\$0	\$202,792	\$478,122	0.00	\$329,585	\$0	\$204,187	\$533,772

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

DP 22211 - State Supplemental Payments - The legislature appropriated about \$130,000 general fund over the biennium to fund increases for state supplemental payments. The payments are made to SSI eligible individuals who reside in designated residential care facilities, such as community homes for persons with developmental disabilities, adult foster homes, or assisted living facilities. The monthly benefit is \$94 dollars on average with an administrative processing fee expected to be \$10.55 in 2010, increasing to \$10.95 in 2011. State supplemental payments are funded entirely from the general fund. Base budget expenditures were \$1.1 million.

DP 22220 - Increase in Federal Aging Grants - This appropriation adds about \$154,000 additional federal funds per year due to anticipated federal grant increases for community aging services. The funds would augment contracts with Area Agencies on Aging. Base year expenditures for aging services grants were \$9.1 million.

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 8101 - Increasing 4% Vacancy Savings to 7%										
03	0.00	(4,387)	0	(13,156)	(17,543)	0.00	(4,397)	0	(13,188)	(17,585)
DP 22223 - Additional Funding for SLTC HCBS - OTO										
03	0.00	136,046	0	0	136,046	0.00	15,094	0	0	15,094
Total	0.00	\$131,659	\$0	(\$13,156)	\$118,503	0.00	\$10,697	\$0	(\$13,188)	(\$2,491)

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

DP 22223 - Additional Funding for SLTC HCBS - OTO - The legislature appropriated \$9.1 million total funds (\$2.7 million general fund and \$0.3 million health and Medicaid initiatives state special revenue) to rebalance the long term care system by developing increased availability of home and community based services. The funds will support an additional 178 new service slots for community based waiver services (\$8.9 million over the biennium), additional state supplement payments for persons accessing the expanded waiver services (\$25,000 over the biennium), and expansion of counseling services for community placement alternatives and information brochures (\$85,000 over the biennium). The appropriation is restricted to these specific purposes and is for the 2011 biennium only. The appropriation is allocated among the following sub-programs – Medicaid Services, Division Administration, and Aging Services.

Sub-Program Details**SLTC DIVISION ADMINISTRATION 04****Sub-Program Legislative Budget**

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

Sub-Program Legislative Budget								
Budget Item	Base Budget Fiscal 2008	PL Base Adjustment Fiscal 2010	New Proposals Fiscal 2010	Total Leg. Budget Fiscal 2010	PL Base Adjustment Fiscal 2011	New Proposals Fiscal 2011	Total Leg. Budget Fiscal 2011	Total Leg. Budget Fiscal 10-11
FTE	5.00	0.00	0.00	5.00	0.00	0.00	5.00	5.00
Personal Services	327,606	15,740	166,609	509,955	17,733	224,625	569,964	1,079,919
Operating Expenses	182,046	204,191	54,240	440,477	235,716	20,553	438,315	878,792
Equipment & Intangible Assets	4,039	0	0	4,039	0	0	4,039	8,078
Grants	0	0	100,000	100,000	0	100,000	100,000	200,000
Total Costs	\$513,691	\$219,931	\$320,849	\$1,054,471	\$253,449	\$345,178	\$1,112,318	\$2,166,789
General Fund	229,289	56,620	147,902	433,811	69,879	97,348	396,516	830,327
State/Other Special	74,277	16,549	124,634	215,460	21,654	192,121	288,052	503,512
Federal Special	210,125	146,762	48,313	405,200	161,916	55,709	427,750	832,950
Total Funds	\$513,691	\$219,931	\$320,849	\$1,054,471	\$253,449	\$345,178	\$1,112,318	\$2,166,789

Sub-Program Description

The SLTC division administration appropriation grows about \$1.1 million over the biennium compared to base budget expenditures. Present law adjustments of about \$540,000 are offset due to removal of about \$47,000 for rent of Department of Administration buildings. Nearly the same amount for rent is included in the present law adjustment to pay for leased space off the capitol complex. New proposals include the division pay plan allocation (\$0.4 million) and one-time appropriations to continue the resource facilitation referral service for persons with traumatic brain injury (\$0.2 million) and publication of information for the aged and their families (\$0.1 million).

Budget Summary by Category

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

Budget Summary by Category								
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	229,289	229,289	458,578	55.23%	513,691	513,691	1,027,382	47.41%
Statewide PL Adjustments	(23,677)	(17,858)	(41,535)	(5.00%)	(33,663)	(31,667)	(65,330)	(3.02%)
Other PL Adjustments	80,297	87,737	168,034	20.24%	253,594	285,116	538,710	24.86%
New Proposals	147,902	97,348	245,250	29.54%	320,849	345,178	666,027	30.74%
Total Budget	\$433,811	\$396,516	\$830,327		\$1,054,471	\$1,112,318	\$2,166,789	

The base budget is 48 percent of the 2011 biennium appropriation, present law adjustments are about 25 percent, and new proposals are 31 percent. Reductions in statewide present law adjustments in rent (the SLTC division relocated from the capital complex to private office space) offset increases in other categories. Present law adjustments include rent costs for the private space and some increases in contracted services. New proposals include the total division pay plan allocation, part of a one-time increase for information brochures for aged and their families about service options, and a one-time appropriation to continue the resource facilitation service for persons with a traumatic brain injury.

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					30,046					32,122
Vacancy Savings					(14,306)					(14,389)
Inflation/Deflation					59					62
Fixed Costs					(49,462)					(49,462)
Total Statewide Present Law Adjustments		(\$23,677)	\$16,549	(\$26,535)	(\$33,663)		(\$17,858)	\$21,654	(\$35,463)	(\$31,667)
DP 22219 - Operating Cost Adjustments	0.00	80,297	0	173,297	253,594	0.00	87,737	0	197,379	285,116
Total Other Present Law Adjustments	0.00	\$80,297	\$0	\$173,297	\$253,594	0.00	\$87,737	\$0	\$197,379	\$285,116
Grand Total All Present Law Adjustments	0.00	\$56,620	\$16,549	\$146,762	\$219,931	0.00	\$69,879	\$21,654	\$161,916	\$253,449

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

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 6013 - 2011 Biennium Pay Plan - HB 13										
04	0.00	18,097	52,685	6,630	77,412	0.00	56,550	158,724	20,144	235,418
DP 6014 - Pay Plan Lump Sum Payment OTO										
04	0.00	20,330	73,505	6,092	99,927	0.00	0	0	0	0
DP 8101 - Increasing 4% Vacancy Savings to 7%										
04	0.00	(4,790)	(1,556)	(4,384)	(10,730)	0.00	(4,818)	(1,565)	(4,410)	(10,793)
DP 22223 - Additional Funding for SLTC HCBS - OTO										
04	0.00	14,265	0	39,975	54,240	0.00	(19,422)	0	39,975	20,553
DP 22897 - Resource Facilitation Service -- TBI (Rst/OTO)										
04	0.00	100,000	0	0	100,000	0.00	100,000	0	0	100,000
DP 22898 - Structural Balance Adjustment - Reduce 2013 Budget										
04	0.00	0	0	0	0	0.00	0	0	0	0
DP 22899 - Continue FY08 Funding Ratio for Present Law Base										
04	0.00	0	0	0	0	0.00	(34,962)	34,962	0	0
Total	0.00	\$147,902	\$124,634	\$48,313	\$320,849	0.00	\$97,348	\$192,121	\$55,709	\$345,178

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. In addition, the legislature provided a one-time-only payment of \$450 for all employees earning less than \$45,000 annually. These costs are included in DP 6014.

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

DP 22223 - Additional Funding for SLTC HCBS - OTO - The legislature appropriated \$9.1 million total funds (\$2.7 million general fund and \$0.3 million health and Medicaid initiatives state special revenue) to rebalance the long term care system by developing increased availability of home and community based services. The funds will support an additional 178 new service slots for community based waiver services (\$8.9 million over the biennium), additional state supplement payments for persons accessing the expanded waiver services (\$25,000 over the biennium), and expansion of counseling services for community placement alternatives and information brochures (\$85,000 over the biennium). The appropriation is restricted to these specific purposes and is for the 2011 biennium only. The appropriation is allocated among the following sub-programs – Medicaid Services, Division Administration, and Aging Services.

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

DP 22898 - Structural Balance Adjustment - Reduce 2013 Budget - The legislature shifted \$27.5 million total funds, including \$5.0 million general fund of the SLTC budget into a one-time-only appropriation. This action maintains services throughout the 2011 biennium, but lowers the 2013 biennium budget starting point. The legislature also adopted language in the companion bill to HB 2 directing DPHHS to identify, evaluate, and recommend budget reductions for consideration by the 2011 Legislature.

The structural balance reduction was allocated to four divisions: Disability Services, Health Resources, Addictive and Mental Disorders, and SLTC. However, the legislature expected that the impact of the one-time-only appropriation would be distributed throughout all department programs when the 2013 biennium budget is submitted.

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

Sub-Program Details**ADULT PROTECTIVE SERVICES 05****Sub-Program Legislative Budget**

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

Sub-Program Legislative Budget								
Budget Item	Base Budget Fiscal 2008	PL Base Adjustment Fiscal 2010	New Proposals Fiscal 2010	Total Leg. Budget Fiscal 2010	PL Base Adjustment Fiscal 2011	New Proposals Fiscal 2011	Total Leg. Budget Fiscal 2011	Total Leg. Budget Fiscal 10-11
FTE	40.25	0.00	2.50	42.75	0.00	4.00	44.25	44.25
Personal Services	2,012,260	148,388	79,264	2,239,912	155,819	170,306	2,338,385	4,578,297
Operating Expenses	441,633	33,396	0	475,029	41,517	0	483,150	958,179
Equipment & Intangible Assets	13,442	0	0	13,442	0	0	13,442	26,884
Benefits & Claims	38,365	0	0	38,365	0	0	38,365	76,730
Total Costs	\$2,505,700	\$181,784	\$79,264	\$2,766,748	\$197,336	\$170,306	\$2,873,342	\$5,640,090
General Fund	1,803,059	168,784	(107,573)	1,864,270	180,855	(110,003)	1,873,911	3,738,181
State/Other Special	318,192	(1,252)	146,784	463,724	(1,392)	238,058	554,858	1,018,582
Federal Special	384,449	14,252	40,053	438,754	17,873	42,251	444,573	883,327
Total Funds	\$2,505,700	\$181,784	\$79,264	\$2,766,748	\$197,336	\$170,306	\$2,873,342	\$5,640,090

Sub-Program Description

The Adult Protective Services (APS) program is responsible for the investigation of abuse, neglect, and exploitation of adults. Additionally, the program has about \$40,000 annually to help provide emergency services such as temporary lodging and cleaning. The majority of FTE in the program are adult protective services social workers.

The APS program budget rises \$628,700 over the biennium. General fund supports about \$69,000 of the increase.

Statewide present law adjustments, primarily in personal services, are about \$341,000 of the total. New proposals fund 4.00 new FTE from lien and estate special revenue (\$383,000), raise vacancy savings from 4 to 7 percent, and readjust finding to continue the base funding ratio. Funding to replace six cars leased from the Montana Department of Transportation motor pool is about \$47,000 of the increase.

Budget Summary by Category

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

Budget Summary by Category								
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	1,803,059	1,803,059	3,606,118	96.47%	2,505,700	2,505,700	5,011,400	88.85%
Statewide PL Adjustments	161,087	170,050	331,137	8.86%	164,930	174,045	338,975	6.01%
Other PL Adjustments	7,697	10,805	18,502	0.49%	16,854	23,291	40,145	0.71%
New Proposals	(107,573)	(110,003)	(217,576)	(5.82%)	79,264	170,306	249,570	4.42%
Total Budget	\$1,864,270	\$1,873,911	\$3,738,181		\$2,766,748	\$2,873,342	\$5,640,090	

The base budget is 89 percent of the 2011 biennium appropriation. State wide present law adjustments are 6 percent and new proposals are 4 percent. General fund reductions due to increasing vacancy savings and continuing the base budget funding ratios lower general fund by \$0.2 million. Funding for 4.00 new FTE offset the general fund reduction.

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				238,414					246,155
Vacancy Savings				(90,026)					(90,336)
Inflation/Deflation				16,792					18,476
Fixed Costs				(250)					(250)
Total Statewide Present Law Adjustments	\$161,087	(\$872)	\$4,715	\$164,930		\$170,050	(\$958)	\$4,953	\$174,045
DP 7101 - Fuel Inflation Reduction	0.00 (2,306)	(380)	(466)	(3,152)	0.00 (2,649)	(434)	(534)	(3,617)	
DP 22203 - Dept of Transportation Cars	0.00 10,003	0	10,003	20,006	0.00 13,454	0	13,454	26,908	
Total Other Present Law Adjustments	0.00 \$7,697	(\$380)	\$9,537	\$16,854	0.00 \$10,805	(\$434)	\$12,920	\$23,291	
Grand Total All Present Law Adjustments	0.00 \$168,784	(\$1,252)	\$14,252	\$181,784	0.00 \$180,855	(\$1,392)	\$17,873	\$197,336	

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

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

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 8101 - Increasing 4% Vacancy Savings to 7%										
05	0.00	(65,157)	0	(2,363)	(67,520)	0.00	(65,381)	0	(2,371)	(67,752)
DP 22112 - New APS Field Staff										
05	2.50	0	146,784	0	146,784	4.00	0	238,058	0	238,058
DP 22899 - Continue FY08 Funding Ratio for Present Law Base										
05	0.00	(42,416)	0	42,416	0	0.00	(44,622)	0	44,622	0
Total	2.50	(\$107,573)	\$146,784	\$40,053	\$79,264	4.00	(\$110,003)	\$238,058	\$42,251	\$170,306

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

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

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

The following information was utilized as part of the legislative decision making process and will be used for ongoing program evaluation. It was submitted by the agency, edited by LFD staff for brevity and to include any legislative changes.

Justification: Montana has experienced a 10 percent increase in adult abuse/neglect/exploitation referrals in one year (FY 2007 – 4,592 referrals and FY 08 – 5,003 referrals). The target is 90 referrals per worker per year and 5 to 6 guardianships per worker per year. Targeted caseload and acuity levels (difficulty of case) support the addition of 4.00 new FTE.

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

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

FTE: 4.00 new FTE are funded in this request

Funding: Lien and estate recovery state special revenue

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

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

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