

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	120.48	120.48	120.73	120.73	120.48	120.73	0.25	0.21%
Personal Services	6,313,406	6,924,954	6,772,623	6,832,212	13,238,360	13,604,835	366,475	2.77%
Operating Expenses	1,531,579	1,585,794	1,870,368	1,870,968	3,117,373	3,741,336	623,963	20.02%
Equipment & Intangible Assets	7,500	7,645	7,500	7,500	15,145	15,000	(145)	(0.96%)
Grants	550,380	539,697	550,380	550,380	1,090,077	1,100,760	10,683	0.98%
Total Costs	\$8,402,865	\$9,058,090	\$9,200,871	\$9,261,060	\$17,460,955	\$18,461,931	\$1,000,976	5.73%
General Fund	2,478,359	2,734,220	2,772,404	2,755,084	5,212,579	5,527,488	314,909	6.04%
State Special	131,602	140,458	254,122	254,694	272,060	508,816	236,756	87.02%
Federal Special	5,792,904	6,183,412	6,174,345	6,251,282	11,976,316	12,425,627	449,311	3.75%
Total Funds	\$8,402,865	\$9,058,090	\$9,200,871	\$9,261,060	\$17,460,955	\$18,461,931	\$1,000,976	5.73%

Program Description

The role of the Quality Assurance Division (QAD) is to protect the safety and well-being of Montanans by monitoring and ensuring the integrity and cost-effectiveness of programs administered by the department. The Quality Assurance Division (QAD) fulfills this roll by providing comprehensive services that:

1. Protect the safety of clients that utilize Montana's health care, day care, and residential providers through licensure of 2,358 facilities. Of these facilities, 293 are certified by QAD for participation in the Medicare and Medicaid programs;
2. Detect and investigate abusive or fraudulent practices affecting the Medicaid, TANF and Supplemental Nutrition Assistance (Food Stamp) programs and initiate recovery efforts;
3. Reduce Medicaid costs by identifying other insurers or parties responsible for paying a client's medical expenses;
4. Provide both internal and external independent audits for DPHHS programs;
5. Provide independent fair hearings for clients and providers participating in DPHHS programs;
6. Monitor and evaluate health maintenance organizations for quality assurance and network adequacy;
7. Maintain Certified Nurse Aide Registry;
8. Approve and monitor Nurse Aide Training programs;
9. Operate the Certificate of Need (CON) Program; and
10. Operate the internal HIPAA function for the Department.

The division has field offices in Anaconda, Billings, Bozeman, Great Falls, Havre, Hinsdale, Kalispell, Miles City, and Missoula.

Statutory authority: 42 U.S.C. 1818 and 42 U.S.C. 1919; 45 U.S.C.; Title 50, Chapter 5, parts 1 and 2; Title 50, Chapter 5, part 11; Title 52, Chapter 2, part 7; and Title 53, Chapter 2, section 501 MCA; CFR 21, CFR 49, CFR 10; P.L. 102-359 (10-27-92).

Program Highlights

Quality Assurance Division HB 2 Budget Highlights
<ul style="list-style-type: none"> ◆ The QAD 2011 biennium budget increases 5.7 percent or \$1.0 million as compared to 2009 biennium ◆ \$1.2 million of the increase is due to statewide present law adjustments ◆ Reductions include funding statewide present law adjustments based on FY 2008 funding levels, increased vacancy savings, and eliminating a position

Program Narrative

The legislature approved appropriations for the Quality Assurance Division in the 2011 biennium which are 5.7 percent higher than the 2009 biennium. Approximately one third of the overall increase is generated from increases in personal services costs, and the remaining two thirds of the increase is for operating expenses related to lien and estate recoveries, computer system enhancements for surveillance, and workload increases initiated by the Centers for Medicare and Medicaid (CMS) requirements for federal programs. A discussion of these components is included in decision packages for present law and new proposals further in this section.

The 2007 Legislature approved \$0.7 million to implement the Medicaid Payment Error Program (PERM) required by the federal Improper Payments Information Act. Funds support 8.00 FTE performing retrospective reviews of Medicaid and Children's Health Insurance Program (CHIP) eligibility and medical necessity of services. Each state is required to estimate improper payments in Medicaid and CHIP. PERM testing is conducted every three years. The reviews require approximately two years to complete. The final results for Montana will be published in the US Department of Health and Human Services performance and accountability report in November 2009. The next PERM review for Montana would begin October 1, 2010 or three months into FY 2011.

The 2009 Legislature approved utilizing the PERM staff to conduct focused reviews of eligibility for high cost, complex Medicaid cases during the time periods when staff is not conducting PERM reviews. The first of the focused reviews will be started in FY 2010. See funding discussion for further information.

The legislature included reductions to general fund of \$134,000 over the biennium to fund the 2011 biennium costs at 2008 base funding levels. State program budgets for the 2011 biennium were constructed using FY 2008 base expenditure percentages as the funding allocation basis. The general fund reduction funds present law adjustments supported through indirect cost allocations at the FY 2008 base levels rather than higher levels included in the Governor's proposal. The legislature also reduced personal services by increasing vacancy savings from 4 percent to 7 percent and removing support for a third party supervisor position that have been open for two years.

Recommendations to the Legislative Finance Committee

During committee action the following was recommended for consideration by the Legislative Finance Committee.

The Joint Appropriations Subcommittee on the Department of Public Health and Human Services recommends that the Legislative Finance Committee monitor the Quality Assurance Division using goals selected for the 2009 biennium. The subcommittee also recommends that the Legislative Fiscal Division and the Quality Assurance Division staff determine the performance measurements for the goals to be used in the 2011 biennium and report on the division's progress on the performance measurement to the Legislative Finance Committee.

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							
Quality Assurance Division							
		Base	% of Base	Budget	% of Budget	Budget	% of Budget
Program Funding		FY 2008	FY 2008	FY 2010	FY 2010	FY 2011	FY 2011
01000	Total General Fund	\$ 2,478,359	29.5%	\$ 2,772,404	30.1%	\$ 2,755,084	29.7%
	01100 General Fund	2,478,359	29.5%	2,772,404	30.1%	2,755,084	29.7%
02000	Total State Special Funds	131,602	1.6%	254,122	2.8%	254,694	2.8%
	02034 Earmarked Alcohol Funds	66,496	0.8%	67,214	0.7%	67,480	0.7%
	02380 02 Indirect Activity Prog 08	12,610	0.2%	16,907	0.2%	16,967	0.2%
	02497 6901-Lien & Estate - Sltcd	27,033	0.3%	118,533	1.3%	118,533	1.3%
	02566 Medical Marijuana	25,463	0.3%	51,468	0.6%	51,714	0.6%
03000	Total Federal Special Funds	5,792,904	68.9%	6,174,345	67.1%	6,251,282	67.5%
	03096 Discretionary Child Care	571,775	6.8%	570,722	6.2%	570,614	6.2%
	03251 Child Care Admin	114,816	1.4%	114,605	1.2%	114,584	1.2%
	03303 Title 18 Clia	75,791	0.9%	79,834	0.9%	80,696	0.9%
	03335 Fda Mammography Inspections	38,834	0.5%	38,834	0.4%	38,834	0.4%
	03426 Chip Program Fed	111,953	1.3%	(5)	0.0%	124,917	1.3%
	03530 6901-Foster Care 93.658	89,949	1.1%	87,732	1.0%	88,343	1.0%
	03580 6901-93.778 - Med Adm 50%	682,854	8.1%	1,025,486	11.1%	943,236	10.2%
	03597 03 Indirect Activity Prog 08	1,407,139	16.7%	1,444,578	15.7%	1,455,395	15.7%
	03598 03 Indirect Activity Prog 09	-	-	308	0.0%	-	-
	03934 Title 19	663,917	7.9%	708,735	7.7%	716,613	7.7%
	03935 Title 18	1,451,465	17.3%	1,514,053	16.5%	1,528,349	16.5%
	03948 T-19 Obra Nurse Aid	28,909	0.3%	22,683	0.2%	22,916	0.2%
	03960 Rural Hospital Flexibility Prog	555,502	6.6%	566,780	6.2%	566,785	6.1%
Grand	Total	\$ 8,402,865	100.0%	\$ 9,200,871	100.0%	\$ 9,261,060	100.0%

The Quality Assurance Division is funded primarily with federal funds (67.3 percent of the 2011 biennium appropriation). General fund supports about 29.9 percent of program costs with the remaining 2.8 percent of budgeted expenditures supported by state special revenues.

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

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

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

Budget Summary by Category

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

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	2,478,359	2,478,359	4,956,718	89.67%	8,402,865	8,402,865	16,805,730	91.03%
Statewide PL Adjustments	331,789	338,650	670,439	12.13%	604,068	621,610	1,225,678	6.64%
Other PL Adjustments	65,671	27,215	92,886	1.68%	92,847	103,324	196,171	1.06%
New Proposals	(103,415)	(89,140)	(192,555)	(3.48%)	101,091	133,261	234,352	1.27%
Total Budget	\$2,772,404	\$2,755,084	\$5,527,488		\$9,200,871	\$9,261,060	\$18,461,931	

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

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

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

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

DP 80007 - PERM Funding - The PERM audits are performed every three years and take approximately 2 years to complete. In the third year of the cycle, staff does not perform PERM related reviews. FY 2010 is the third year of the current PERM cycle. PERM staff will conduct reviews of eligibility for high cost, complex Medicaid cases in FY 2010.

In FY 2011, PERM staff will begin the second PERM review for both the Medicaid and CHIP programs. The bill provides for the changes in funding due to the shifting duties of the staff. The bill includes an increase of \$68,929 in general fund and an offsetting reduction in federal funds over the biennium.

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

New Proposals

New Proposals Program	FTE	-----Fiscal 2010-----				-----Fiscal 2011-----				
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 6013 - 2011 Biennium Pay Plan - HB 13										
08	0.00	17,419	892	21,489	39,800	0.00	51,884	2,663	65,566	120,113
DP 6014 - Pay Plan Lump Sum Payment OTO										
08	0.00	19,906	1,359	14,697	35,962	0.00	0	0	0	0
DP 8101 - Increasing 4% Vacancy Savings to 7%										
08	0.00	(89,297)	(2,730)	(123,593)	(215,620)	0.00	(88,251)	(2,732)	(125,119)	(216,102)
DP 80002 - FTE For Medical Marijuana Program										
08	0.50	0	25,043	0	25,043	0.50	0	25,049	0	25,049
DP 80009 - Lien and Estate Funding										
08	0.00	0	91,500	91,500	183,000	0.00	0	91,500	91,500	183,000
DP 80010 - Data Systems Maintenance										
08	0.00	0	0	0	0	0.00	23,400	0	23,400	46,800
DP 80011 - CHIMES Enhancements										
08	0.00	29,250	0	29,250	58,500	0.00	0	0	0	0
DP 80014 - Present Law Funding Shift										
08	0.00	(67,896)	4,150	63,746	0	0.00	(66,008)	4,132	61,876	0
DP 80045 - FTE reduction										
08	(0.50)	(12,797)	0	(12,797)	(25,594)	(0.50)	(10,165)	0	(15,434)	(25,599)
Total	0.00	(\$103,415)	\$120,214	\$84,292	\$101,091	0.00	(\$89,140)	\$120,612	\$101,789	\$133,261

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. 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.

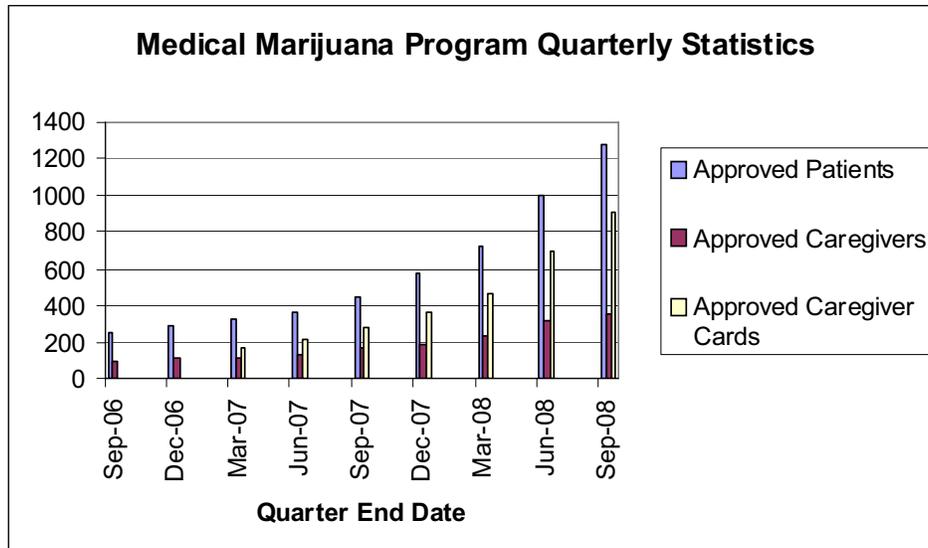
DP 6014 - Pay Plan Lump Sum Payment OTO - This DP funds this program's cost of providing a one-time-only payment of \$450 to each full-time employee making less than \$45,000 annually and \$225 for half-time employees making \$21.635 per hour or less.

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

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

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



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

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

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

Project Outcome(s):

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

Performance Criteria:

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

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

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

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

Funding: The Medical Marijuana Act at MCA 50-46-210 provides that the MMP is self funded from participant fees of approved patients for all operations cost. Therefore, there is no General Fund cost and the MMP does not utilize federal funding. There is no new revenue source as the program will utilize existing balances from participant fees and future participant fees to fund this increased staffing cost for the program. As of October 2008 the balance from existing participant fees is approximately \$40,000 and projected revenue from participant fees for fiscal year 2009 is expected to be approximately \$95,000.

Obstacles:

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

Risk:

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

DP 80009 - Lien and Estate Funding - The 2007 legislature approved \$366,160 for the 2009 biennium in one-time-only funding to finalize 76 lien and estate recovery cases that had been outstanding for many years. In FY 2008, the agency closed 53 cases and collected over \$616,000. As of October 2008, there are 62 cases outstanding. The bill provides support to continue this program and includes \$183,000 in state special revenue and \$183,000 federal funds for the biennium.

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

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

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

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