

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 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	114.24	114.24	117.74	117.74	114.24	117.74	3.50	3.06%
Personal Services	6,224,216	6,416,360	6,679,453	6,677,357	12,640,576	13,356,810	716,234	5.67%
Operating Expenses	1,637,079	1,811,847	1,843,993	1,791,313	3,448,926	3,635,306	186,380	5.40%
Equipment & Intangible Assets	0	7,500	0	0	7,500	0	(7,500)	(100.00%)
Grants	554,578	550,380	554,578	554,578	1,104,958	1,109,156	4,198	0.38%
Total Costs	\$8,415,873	\$8,786,087	\$9,078,024	\$9,023,248	\$17,201,960	\$18,101,272	\$899,312	5.23%
General Fund	2,318,099	2,571,000	2,406,706	2,335,599	4,889,099	4,742,305	(146,794)	(3.00%)
State Special	424,193	251,015	817,893	885,257	675,208	1,703,150	1,027,942	152.24%
Federal Special	5,673,581	5,964,072	5,853,425	5,802,392	11,637,653	11,655,817	18,164	0.16%
Total Funds	\$8,415,873	\$8,786,087	\$9,078,024	\$9,023,248	\$17,201,960	\$18,101,272	\$899,312	5.23%

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 department programs.

The division fulfills its role by:

- Licensing, registering, and certifying health care, day care, and residential services
- Detecting and investigating abusive or fraudulent practices within the Medicaid and Supplemental Nutrition Assistance Program (SNAP, previously food stamps) and initiating recovery efforts
- Reducing Medicaid costs by identifying other insurers or parties responsible for paying a beneficiary's medical expenses
- Providing internal and independent audits for DPHHS programs
- Providing informal dispute resolution conferences for nursing facilities that dispute deficiency citations
- Monitoring and evaluating health maintenance organizations (HMOs) for quality assurance and network adequacy
- Maintaining a registry of certified nurse aides
- Approving and monitoring training programs for nurse aides
- Operating the Certificate of Need program
- Ensuring department compliance with the federal Health Information Portability and Accountability Act
- Operating the medical marijuana registry.

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 Major Budget Highlights
<ul style="list-style-type: none"> ◆ The legislature increased total funding for the division by 5.23% from the 2011 biennium, primarily through increases in statewide and present law adjustments and increases for the medical marijuana program ◆ The legislature also approved: <ul style="list-style-type: none"> • Reductions in general fund of over \$270,000 for the biennium in operating costs and a personal services funding switch • A one-time-only increase of \$300,000 for the biennium in state special revenue for costs anticipated in the medical marijuana program that are included SB 423, which revised medical marijuana laws • Funding for 3.50 permanent FTE to address increases and changes in Medical Marijuana applications • A total fund increase for the biennium of over \$276,000 (\$69,788 general fund) to administer a recovery audit contract program required as part of the Affordable Care Act

Summary of Legislative Action

As shown in the introductory program budget comparison, the legislature approved a budget for the 2013 biennium that is 5.23% higher than the 2011 biennium due to increases in statewide present law and the medical marijuana program.

The increase over the biennium in personal services is primarily due to legislative approval of statewide present law adjustments for an increase of just over \$1.0 million in personal services that is partially offset by vacancy savings of just over \$0.5 million and the addition of 3.50 FTE in the medical marijuana program.

The increase in state special revenue primarily addresses legislative approval of increases in the medical marijuana program that are funded via medical marijuana registry fees, including:

- \$59,240 that supports increased expenses for production and issuance of registry identification cards
- \$160,643 that supports 3.50 FTE to address the increase in medical marijuana applications
- \$300,000 that supports the increased activities anticipated with the passage of SB 423, which further defined the role of QAD and the medical marijuana registry
- \$205,706 from the reassignment of three positions into units paid with 100% state special revenue from units funded with combined funding that included general fund

The legislature also approved a language appropriation related to the federally required Recovery Audit Contract. The legislature appropriated an amount not to exceed \$103,061 of state special revenue and \$204,308 federal special revenue to procure a contractor as required by law to identify and recover Medicaid funds. The contractor is paid on a contingent fee basis at a maximum rate of 12.5% of gross recoveries from collected Medicaid provider overpayments. Payments to the contractor are contingent upon the amount of funds recovered and may not exceed 12.5% of the amount recovered. There is further discussion in the new proposal and language sections at the end of this write-up.

Legislative reductions of \$270,438 general fund over the biennium included a 4% reduction in funding for personal services of \$170,896 general fund that was replaced with an equal amount in state special revenue, and a reduction of \$99,542 general fund (\$111,384 total funds) for operations costs.

There is more detailed discussion in the present law and new proposal sections.

Funding

The following table shows program funding, by source for the base year and for the 2013 biennium as adopted by the legislature.

Program Funding	Base FY 2010	% of Base FY 2010	Budget FY 2012	% of Budget FY 2012	Budget FY 2013	% of Budget FY 2013
01000 Total General Fund	\$ 2,318,099	27.5%	\$ 2,406,706	26.5%	\$ 2,335,599	25.9%
01100 General Fund	2,318,099	27.5%	2,406,706	26.5%	2,335,599	25.9%
02000 Total State Special Funds	424,193	5.0%	817,893	9.0%	885,257	9.8%
02034 Earmarked Alcohol Funds	73,268	0.9%	71,076	0.8%	70,945	0.8%
02380 02 Indirect Activity Prog 08	32,352	0.4%	31,156	0.3%	31,140	0.3%
02497 6901-Lien & Estate - Sltcd	56,725	0.7%	56,686	0.6%	56,686	0.6%
02566 Medical Marijuana	261,848	3.1%	658,975	7.3%	658,248	7.3%
02585 Recovery Audit Contract	-	-	-	-	68,238	0.8%
03000 Total Federal Special Funds	5,673,581	67.4%	5,853,425	64.5%	5,802,392	64.3%
03096 Discretionary Child Care	603,454	7.2%	640,686	7.1%	641,525	7.1%
03251 Child Care Admin	114,370	1.4%	121,425	1.3%	121,585	1.3%
03303 Title 18 Clia	88,610	1.1%	86,424	1.0%	86,277	1.0%
03335 Fda Mammography Inspections	38,430	0.5%	38,430	0.4%	38,430	0.4%
03530 6901-Foster Care 93.658	63,574	0.8%	59,724	0.7%	59,772	0.7%
03580 6901-93.778 - Med Adm 50%	769,194	9.1%	863,373	9.5%	862,090	9.6%
03597 03 Indirect Activity Prog 08	1,240,638	14.7%	1,188,193	13.1%	1,187,315	13.2%
03934 Title 19	498,863	5.9%	586,457	6.5%	586,634	6.5%
03935 Title 18	1,647,706	19.6%	1,663,605	18.3%	1,613,584	17.9%
03948 T-19 Obra Nurse Aid	21,624	0.3%	21,605	0.2%	21,571	0.2%
03960 Rural Hospital Flexibility Prog	587,118	7.0%	583,503	6.4%	583,609	6.5%
Grand Total	<u>\$ 8,415,873</u>	<u>100.0%</u>	<u>\$ 9,078,024</u>	<u>100.0%</u>	<u>\$ 9,023,248</u>	<u>100.0%</u>

The Quality Assurance Division is funded primarily with federal funds. General fund supports program costs with the remaining budgeted expenditures supported by state special revenues.

General fund supports some administrative functions; the state match for eligible costs in Medicaid, Title IV-E (foster care), federal discretionary child care funds, community residential facilities, and program compliance, and the full cost of radiological equipment testing, certificate of need determinations, and state licensure for assisted living or other facilities that receive no federal support as required in MCA, Title 55, Part 5.

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. Recovery Audit Contract funds support the audit process addressing fraud, waste or abuse in Medicaid.

There are 11 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 (SURS); 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. 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.

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 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	2,318,099	2,318,099	4,636,198	97.76%	8,415,873	8,415,873	16,831,746	92.99%
Statewide PL Adjustments	154,038	152,719	306,757	6.47%	263,252	262,174	525,426	2.90%
Other PL Adjustments	(49,771)	(49,771)	(99,542)	(2.10%)	(26,072)	(26,072)	(52,144)	(0.29%)
New Proposals	(15,660)	(85,448)	(101,108)	(2.13%)	424,971	371,273	796,244	4.40%
Total Budget	\$2,406,706	\$2,335,599	\$4,742,305		\$9,078,024	\$9,023,248	\$18,101,272	

Other Legislation

SB- 423 revised the medical marijuana laws. The legislature approved one-time-only state special revenue of \$300,000 over the biennium to support the anticipated increase in the medical marijuana registry. Should the bill become law, it is anticipated that it will have a substantial impact on QAD staff, even before the start of the 2013 biennium, as the division establishes emergency rules and related changes that must be in place by July 1 and will guide about 30,000 participants through the changes. Highlights of the rule changes impacting patients, caregivers (providers), and doctors include:

- Patients' medical marijuana cards expiration and renewal
- Severe chronic pain definitions
- The relationship between patients and caregivers and the possession, growing, and sale of marijuana
- Doctors confirmation that they have assumed primary responsibility for caring for the patient and have reviewed all other medications and supplements and considered their possible interaction with marijuana

There will be a hotline for people to report suspected abuses of the medical marijuana law by anyone and local governments may ban providers and infused products manufacturers from operating within their boundaries.

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the adjusted base budget adopted 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 2012-----				-----Fiscal 2013-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					550,524					548,960
Vacancy Savings					(270,990)					(270,924)
Inflation/Deflation					(17,539)					(17,137)
Fixed Costs					1,257					1,275
Total Statewide Present Law Adjustments		\$154,038	\$30,535	\$78,679	\$263,252		\$152,719	\$30,402	\$79,053	\$262,174
DP 55140 - 17-7-140 Operational Reductions	0.00	(49,771)	0	(5,921)	(55,692)	0.00	(49,771)	0	(5,921)	(55,692)
DP 80005 - Medical Marijuana Program Annualization (Restrict)	0.00	0	29,620	0	29,620	0.00	0	29,620	0	29,620
Total Other Present Law Adjustments	0.00	(\$49,771)	\$29,620	(\$5,921)	(\$26,072)	0.00	(\$49,771)	\$29,620	(\$5,921)	(\$26,072)
Grand Total All Present Law Adjustments	0.00	\$104,267	\$60,155	\$72,758	\$237,180	0.00	\$102,948	\$60,022	\$73,132	\$236,102

DP 55140 - 17-7-140 Operational Reductions - The legislature approved the Governor's request for a \$99,542 general fund reduction over the biennium to continue the operations reduction implemented by the Governor in 2011 biennium

general fund budgets in accordance with 17-7-140, MCA. Reductions are made in the areas of travel, reallocation of office space, and reassignment of leased vehicles.

DP 80005 - Medical Marijuana Program Annualization (Restrict) - The legislature approved restricted funding of \$59,240 in state special revenue authority over the biennium for the Medical Marijuana program to support expenses related to projected increases in participation and in the production and issuance of registry identification cards. The legislature restricted use of the funds to the Medical Marijuana program and the state special revenue from medical marijuana registry fees.

New Proposals

Program	FTE	-----Fiscal 2012-----				-----Fiscal 2013-----				
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 55408 - 4% Personal Svcs GF Reduction										
08	0.00	(85,448)	103,044	(12,701)	4,895	0.00	(85,448)	102,662	(12,558)	4,656
DP 80001 - Nurse Aide Registry Database										
08	0.00	0	0	50,000	50,000	0.00	0	0	0	0
DP 80002 - Medical Marijuana Program Staffing (Restricted)										
08	3.50	0	80,501	0	80,501	3.50	0	80,142	0	80,142
DP 80010 - Recovery Audit Contract										
08	0.00	69,788	0	69,787	139,575	0.00	0	68,238	68,237	136,475
DP 80020 - SB 423 - Medical Marijuana (OTO)										
08	0.00	0	150,000	0	150,000	0.00	0	150,000	0	150,000
Total	3.50	(\$15,660)	\$333,545	\$107,086	\$424,971	3.50	(\$85,448)	\$401,042	\$55,679	\$371,273

DP 55408 - 4% Personal Svcs GF Reduction - The legislature approved the Governor's request to reduce personal services funded with general fund and some state special and federal funds by 4% and replace the funding with state special revenue. The funding adjustment reassigns three positions from a QAD unit that are paid through a combination of general fund, state special revenue and federal funds to units that are paid 100% with state special revenue or federal funds.

DP 80001 - Nurse Aide Registry Database - The legislature approved federal funding in FY 2012 for an electronic database to track the federal requirement for a Nurse's Aide Registry. The database is funded entirely with federal Title 18 (Medicare) funds.

DP 80002 - Medical Marijuana Program Staffing (Restricted) - The legislature approved restricted state special revenue over the biennium to address costs necessary to cover 3.50 permanent FTE in the 2013 biennium to address the increase in Medical Marijuana applications. The legislature restricted the funding for use only by the Medical Marijuana program.

DP 80010 - Recovery Audit Contract - The legislature addressed the recovery audit contract in two parts. It approved \$276,050 total funds over the biennium, including \$69,788 in general fund, to administer the Recovery Audit Contract program required as part of the Affordable Care Act's larger strategy to address waste, fraud and abuse in the health care system. The approved funding includes \$135,200 in operational services for the establishment and management of the program, including one modified FTE to manage the program.

The legislature also approved a language appropriation that allows the division to procure a contractor as required by law to identify and recover Medicaid funds. The contractor is paid on a contingent fee basis at a maximum rate of 12.5% of gross recoveries from collected Medicaid provider overpayments. The Center for Medicare and Medicaid Services (CMS) must be reimbursed the FMAP share of net recoveries after the contingent fee to the contractor has been paid.

The language appropriation is included in the following language section.

DP 80020 - SB 423 - Medical Marijuana (OTO) - The legislature approved \$300,000 one-time-only state special revenue authority over the biennium for a Medical Marijuana registry program as established in SB 423. The registry is part of the Quality Assurance Division services.

Language and Statutory Authority

"Funding for Medical Marijuana Program Annualization may only be used by the Quality Assurance Division to pay annualized expenses for the medical marijuana registry.

Funding for Medical Marijuana Program Staffing may only be used by the Quality Assurance Division to pay staff to administer the medical marijuana registry.

SB 423 Medical Marijuana (OTO) is contingent on passage and approval of Senate Bill No. 423.

Quality Assurance Division does not include present law adjustments for non-Department of Administration rent increases for the Department of Public Health and Human Services for the 2013 biennium. It is the intent of the Legislature that its rejection of the Governor's proposed present law adjustment for rent is a reduction in the funds available for the purpose of the Department of Public Health and Human Services' leases for office space and that the Department of Public Health and Human Services either renegotiate the leases due to the reduction in funds or cancel the leases as provided in 2-17-101 (6)."

"The Quality Assurance Division is appropriated one-time-only funding for the 2013 biennium in an amount not to exceed \$103,061 of the state special revenue fund share and \$204,308 of the federal special revenue share from the recovery audit contract to pay recovery audit costs. Payments to the contractor are contingent upon the amount of funds recovered and may not exceed 12.5% of the amount recovered."