

Agency Budget Comparison

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

Agency 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	2944.93	2944.93	2,933.89	2,929.60	2944.93	2,929.60	(15.33)	-0.52%
Personal Services	\$153,766,363	\$162,901,514	\$160,001,016	\$159,732,190	\$316,667,877	\$319,733,206	\$3,065,329	0.97%
Operating Expenses	98,996,562	103,741,189	100,741,739	102,548,454	202,737,751	203,290,193	552,442	0.27%
Equipment & Intangible Assets	663,318	1,293,488	670,318	670,318	1,956,806	1,340,636	(616,170)	-31.49%
Grants	63,535,583	68,164,823	84,172,519	80,799,185	131,700,406	164,971,704	33,271,298	25.26%
Benefits & Claims	1,147,297,504	1,216,679,067	1,526,845,993	1,568,792,705	2,363,976,571	3,095,638,698	731,662,127	30.95%
Transfers	0	0	386,717	267,629	0	654,346	654,346	100.00%
Debt Service	351,901	516,969	351,901	351,901	868,870	703,802	(165,068)	-19.00%
Total Costs	\$1,464,611,231	\$1,553,297,050	\$1,873,170,203	\$1,913,162,382	\$3,017,908,281	\$3,786,332,585	\$768,424,304	25.46%
General Fund	303,495,348	369,077,195	413,680,940	423,718,355	672,572,543	837,399,295	164,826,752	24.51%
State Special	118,771,216	126,929,068	152,252,185	154,881,443	245,700,284	307,133,628	61,433,344	25.00%
Federal Special	1,042,344,667	1,057,290,787	1,307,237,078	1,334,562,584	2,099,635,454	2,641,799,662	542,164,208	25.82%
Total Funds	\$1,464,611,231	\$1,553,297,050	\$1,873,170,203	\$1,913,162,382	\$3,017,908,281	\$3,786,332,585	\$768,424,304	25.46%

Agency Description

Mission statement: Improving and protecting the health, well-being and self-reliance of all Montanans

The Department of Public Health and Human Services (DPHHS) administers a wide spectrum of programs and projects, including: public assistance, Medicaid, foster care and adoption, nursing home licensing, long-term care, aging services, alcohol and drug abuse programs, mental health services, vocational rehabilitation, disability services, child support enforcement activities, and public health functions (such as communicable disease control and preservation of public health through chronic disease prevention).

The department has three branches, the Public Health and Safety Division, and the Director's Office. The branches and the related divisions are:

- Economic Security Services Branch consisting of the Management and Disability Transition Program, Human and Community Services Division, Child and Family Services Division, and the Child Support Enforcement Division
- Operations Services Branch consisting of the Business and Financial Services Division, Quality Assurance Division, Technology Services Division, and the Management and Fair Hearings Program
- Medicaid and Health Services Branch consisting of the Disability Services Division, Health Resources Division, Medicaid and Health Services Program, Senior and Long-term Care Division, and the Addictive and Mental Disorders Division

The department is also responsible for all state facilities except correctional institutions. DPHHS facilities include: Montana State Hospital, Warm Springs; Montana Mental Health Nursing Care Center, Lewistown; Montana Chemical Dependency Center, Butte; Eastern Montana Veterans' Home, Glendive; Montana Veterans' Home, Columbia Falls; and Montana Developmental Center, Boulder.

Agency Highlights

Department of Public Health and Human Services Major Budget Highlights
<ul style="list-style-type: none"> ◆ The DPHHS 2013 biennium budget is \$768.4 million (\$164.8 million general fund) higher than the 2011 biennium <ul style="list-style-type: none"> • HB 645 appropriated \$513.8 million to DPHHS in the 2011 biennium, which is not included in the 2011 biennium appropriation amount in the main table • Had HB 645 been added to the 2011 biennium appropriation in the main table, the biennial difference would be \$254.7 million ◆ Funding for benefits (direct services to eligible persons) adds \$731.7 million total funds over the biennium, primarily due to: <ul style="list-style-type: none"> • Medicaid service utilization and eligibility increases - \$333.3 million, including \$147.8 million general fund • Supplemental Nutrition Assistance Program (SNAP) - \$215.0 million • Low Income Energy Assistance Programs (LIEAP) - \$20.0 million • Temporary Assistance for Needy Families (TANF) benefits and employment programs - \$12.8 million ◆ Had HB 645 appropriations for the 2011 biennium been shown in the main table, the total biennial increase for services would be lower than \$200.0 million ◆ Part of the appropriation increases for Medicaid and SNAP services continue one-time funding from the 2011 biennium due to the federal stimulus legislation, which is not included in the 2011 biennium HB 2 base budget ◆ Grants, which provide funding for programs that benefit the general public, increase \$33.3 million primarily due to addition of federal authority that may be allocated among programs by the department ◆ Operating costs increase slightly due to inflation in medical costs in state facilities ◆ Personal services appropriations are higher despite funding a lower number of FTE as a result of: <ul style="list-style-type: none"> • Approval of the Governor's 4% FTE reductions eliminated funding for 37.39 FTE agency wide • Removal of federal funding for family planning services, including 4.54 FTE • Approval of funding for 27.00 new FTE to administer the Healthy Montana Kids Program, medical marijuana program administration, and public health program administration

Change Between 2011 and 2013 Biennia

In the 2011 biennium DPHHS received appropriations from two primary spending bills – HB 2 and HB 645. The agency budget table shows HB 2 appropriations for the 2011 biennium. HB 645 appropriated another \$513.8 million over the 2011 for DPHHS programs. None of the appropriations from HB 645 are included in the 2011 biennium in the agency budget table. If the agency table compared total appropriations for the 2011 to the 2013 for DPHHS, including HB 645, the difference would be \$254.7 million.

Summary of Legislative Action

As shown in the agency budget comparison, the legislature approved a 2013 biennial budget that is \$768.4 million higher than the 2011 biennium budget. Had HB 645 appropriations for the 2011 biennium been shown in the main table, the total biennial increase for services would be less than \$200.0 million.

The majority (95%) of the increase is for benefits and claims. About 43% of the increase in benefits and claims supports enrollment and service utilization growth in the Medicaid program. Other increases include:

- Supplemental Nutrition Assistance Program (SNAP) - \$215.0 million
- Low Income Energy Assistance Programs (LIEAP) - \$20.0 million
- Temporary Assistance for Needy Families (TANF) benefits and employment programs - \$12.8 million
- Federal child care and related food program grants - \$9.9 million
- Foster care and subsidized adoption - \$9.1 million
- Weatherization and community assistance - \$6.0 million

The 2013 biennium branch budget supports 2,929.60 FTE, a decrease of 15.33 FTE from the 2011 biennium. A significant number of the FTE are located in field offices throughout the state and in the six state facilities managed by the department. The reduction in FTE is the net of the following:

- Approval of the Governor's 4% FTE reductions eliminated funding for 37.39 FTE agency wide
- Removal of federal funding for family planning services, including 4.54 FTE
- Approval of funding for 20.00 new FTE to administer the Healthy Montana Kids Program
- Approval of funding for 3.50 FTE for medical marijuana program administration
- Approval of federal funding for 3.50 FTE to administer asthma control and colorectal cancer programs

Grants, which provide funding for programs that benefit the general public, increase \$33.3 million primarily due to addition of federal authority that may be allocated by the department among programs. Operating costs increase slightly due to inflation in medical costs in state facilities.

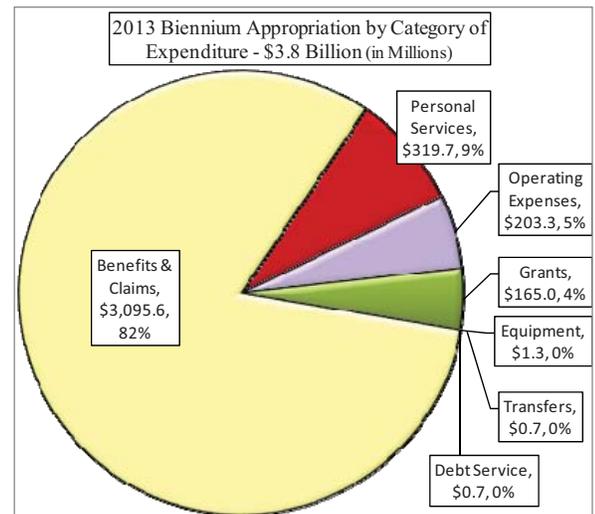
Agency Discussion

Major Appropriations

The majority (over 81%) of the 2013 biennium DPHHS appropriation supports direct services to individuals who meet specific financial eligibility criteria and in some cases disability criteria.

Other major components of the DPHHS appropriation support:

- Six state facilities administered by DPHHS
- Foster care and subsidized adoption programs
- Public health programs
- Federally funded:
 - Supplemental Nutrition Assistance Program (SNAP)
 - Low income energy assistance (LIEAP) benefits
 - Weatherization and community assistance programs
 - Child and Adult Care Food Program funding
 - Women, Infants, and Children's Special Nutrition Program



About 70% of the DPHHS appropriation is supported by federal funds, with Medicaid funds being the most significant source (\$1.4 billion over the biennium). General fund is about one quarter of the appropriation, with the state match requirement for Medicaid services being the primary driver of general fund appropriations.

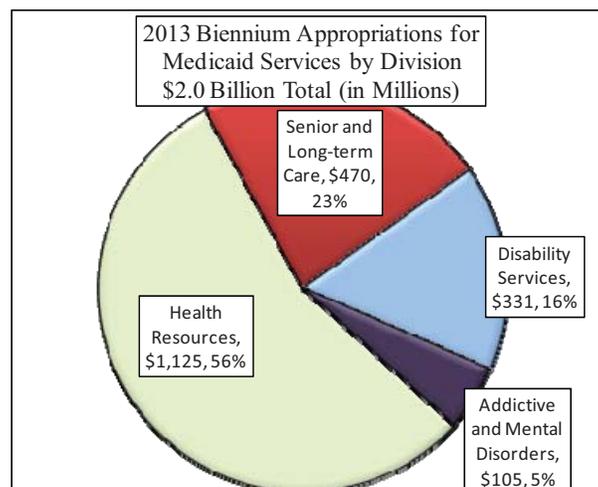
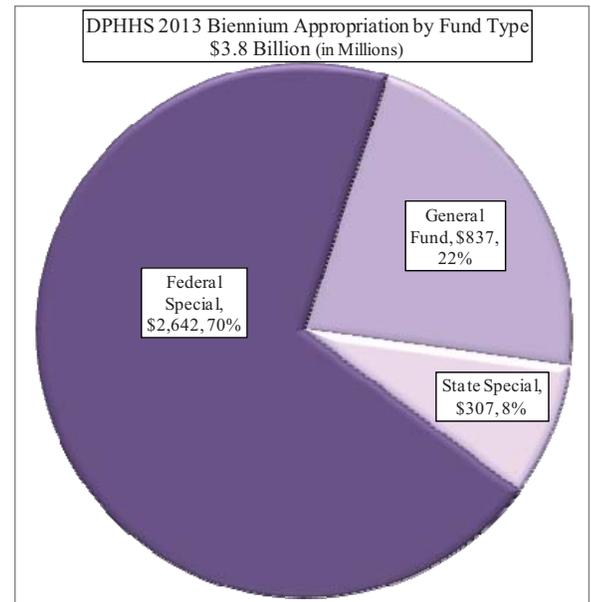
The 2013 biennium DPHHS appropriation supports 2,929.6 FTE. A significant portion of DPHHS employees are located in field offices throughout the state and state facilities managed by the agency.

Appropriations for Medicaid Services

The single largest appropriation supports Medicaid services - \$2.0 billion over the biennium, including \$486.4 million general fund. The figure shows the Medicaid services appropriations by division. Health Resources, which administers services most closely resembling private insurance such as hospital, doctors, and pharmacy, is more than one-half the 2013 biennium budget. Services for physically disabled and elderly persons – administered by Senior and Long-term Care – are nearly one quarter of the 2013 biennial appropriation. Together mental health and developmental disability services are about one-fifth the total. Enrollment in Medicaid as of February 2011 was 104,442 persons, including 68,202 children and 36,240 adults.

February Medicaid Cost Updates

The Health Resources Division (HRD) appropriation for Medicaid services includes \$54.7 million over the 2013 biennium for updated cost estimates provided by DPHHS during the legislative session. This higher case load estimate was recommended by the executive in February and not included in the final executive budget in December. The legislature allocated these funds to HRD, but the funds can be transferred to other Medicaid programs. The figure on the next page shows the additional Medicaid costs in the updated estimate compared to the appropriation.



Updated February Caseload Estimate Compared to Legislative Appropriation									
Division/Benefit	<-----FY 2012----->				<-----FY 2013----->				% of Total
	General Fund	State Special	Federal	Total	General Fund	State Special	Federal	Total	
Health Resources Division									
Physical Health Caseload	\$9,342,045	\$0	\$18,577,036	\$27,919,081	\$9,564,889	\$0	\$18,807,890	\$28,372,779	98.1%
Medicare Buy In	821,651	0	1,608,549	2,430,200	1,292,892	0	2,480,874	3,773,766	13.0%
Indian Health Services	0	0	5,642,015	5,642,015	0	0	7,052,519	7,052,519	24.4%
Clawback	(132,000)	0	0	(132,000)	(337,000)	0	0	(337,000)	-1.2%
SB 241 - Physician Rates at FY10 Level	<u>(4,368,456)</u>	<u>0</u>	<u>(8,552,148)</u>	<u>(12,920,604)</u>	<u>(4,355,984)</u>	<u>0</u>	<u>(8,358,504)</u>	<u>(12,714,488)</u>	<u>-44.0%</u>
Subtotal Health Resources	5,663,240	0	17,275,452	22,938,692	6,164,797	0	19,982,779	26,147,576	90.4%
Disability Services Division									
Children's Mental Health	338,225	0	662,144	1,000,369	347,691	0	667,170	1,014,861	3.5%
Addictive and Mental Disorders Division									
Adult Mental Health	318,974	0	624,457	943,431	325,378	0	624,352	949,730	3.3%
Senior and Long-term Care Division									
Nursing Home Services	312,463	0	611,711	924,174	313,930	0	602,388	916,318	3.2%
Home-based Services	<u>(25,401)</u>	<u>0</u>	<u>(49,726)</u>	<u>(75,127)</u>	<u>(34,172)</u>	<u>0</u>	<u>(65,571)</u>	<u>(99,743)</u>	<u>-0.3%</u>
Subtotal Senior and Long-term Care	<u>287,062</u>	<u>0</u>	<u>561,985</u>	<u>849,047</u>	<u>279,758</u>	<u>0</u>	<u>536,817</u>	<u>816,575</u>	<u>2.8%</u>
Total February Cost Update	\$6,607,501	\$0	\$19,124,038	\$25,731,539	\$7,117,624	\$0	\$21,811,118	\$28,928,742	100.0%
Legislative Appropriation	<u>7,270,118</u>	<u>0</u>	<u>19,874,759</u>	<u>27,144,877</u>	<u>6,973,623</u>	<u>0</u>	<u>20,433,896</u>	<u>27,407,519</u>	94.7%
Appropriation Over (Under) Cost Update	<u>\$662,617</u>	<u>\$0</u>	<u>\$750,721</u>	<u>\$1,413,338</u>	<u>(\$144,001)</u>	<u>\$0</u>	<u>(\$1,377,222)</u>	<u>(\$1,521,223)</u>	
Biennial Difference					<u>\$518,616</u>	<u>\$0</u>	<u>(\$626,501)</u>	<u>(\$107,885)</u>	

The updated caseload projection included \$25.6 million in physician rate increases that are no longer necessary due to the passage of SB 241, which amended statute to require that physician rates remain at the FY 2010 level through the 2013 biennium and then increase based on medical consumer price inflation starting in FY 2014. After adjusting costs for SB 241, the legislative appropriations exceed the estimated costs in FY 2012 by \$1.4 million, but are about \$1.5 million too low in FY 2013. The appropriations include more general fund than is needed by \$0.5 million over the biennium.

One-time-only Funding

The following figure summarizes ongoing services that are funded from one-time appropriations or one-time funding sources during the 2013 biennium. In order to continue these services during the 2015 biennium, the legislature would most likely need to appropriate about \$14.5 million general fund annually or determine other sources of revenue that could support ongoing functions. Otherwise the legislature would need to find ways to reduce spending, which could include service or provider rate reductions.

One-Time Appropriations and Appropriations Supported from One-Time Funding Sources									
Division/Benefit	<-----FY 2012----->				<-----FY 2013----->				% of Total
	General Fund	State Special	Federal	Total	General Fund	State Special	Federal	Total	
Health Resources Division									
Physical Health Medicaid Costs	\$0	\$8,492,261	\$16,625,340	\$25,117,601	\$0	\$8,492,261	\$16,295,424	\$24,787,685	70.0%
Indian Property Exclusion	0	262,543	513,982	776,525	0	266,037	510,488	776,525	2.2%
Re-establish Hospital Services Base	0	307,268	601,540	908,808	0	261,291	501,380	762,671	2.2%
Subtotal Health Resources	0	9,062,072	17,740,862	26,802,934	0	9,019,589	17,307,292	26,326,881	74.3%
Senior and Long-term Care Division									
Direct Care Worker Wage Increases	0	1,638,708	3,208,106	4,846,814	0	1,711,292	3,283,723	4,995,015	14.1%
Aging Community Services - NonMedicaid	1,500,000	0	0	1,500,000	1,500,000	0	0	1,500,000	4.2%
Restore Personal Assistance	0	251,358	492,085	743,443	0	251,358	482,320	733,678	2.1%
Subtotal Senior and Long-term Care	1,500,000	1,890,066	3,700,191	7,090,257	1,500,000	1,962,650	3,766,043	7,228,693	20.4%
Human and Community Services									
Offset General Fund Cost - Child Care	0	0	1,164,364	1,164,364	0	0	1,364,300	1,364,300	3.9%
5.00 FTE for HMK and Other Programs	0	103,985	134,240	238,225	0	103,223	135,002	238,225	0.7%
TANF Education and Support	0	0	100,000	100,000	0	0	100,000	100,000	0.3%
Subtotal Human and Community Services	0	103,985	1,398,604	1,502,589	0	103,223	1,599,302	1,702,525	4.8%
Child and Family Services Division									
Foster Care Stipend	0	0	355,875	355,875	0	0	355,875	355,875	1.0%
Quality Assurance Division									
Medical Marijuana Registry	0	150,000	0	150,000	0	150,000	0	150,000	0.4%
Total One-Time Funding	\$1,500,000	\$11,102,138	\$22,961,292	\$35,563,430	\$1,500,000	\$11,132,239	\$22,793,510	\$35,425,749	100.0%
State Funds to Continue to Continue Services During 2015 Biennium	\$14,222,377				\$14,452,414				

The majority of the one-time appropriations support physical health Medicaid services, direct care worker wage increases for Medicaid services, and community aging services. Together with federal matching funds, these items are 95% of the total. Each one-time appropriation is discussed in more detail in the division budget narratives.

Funding

The following table summarizes funding for the agency, by program and source, as adopted by the legislature. Funding for each program is discussed in detail in the individual program narratives that follow.

Total Agency Funding 2013 Biennium Budget					
Agency Program	General Fund	State Spec.	Fed Spec.	Grand Total	Total %
01 Mangement and Disability Transitions Program	\$10,667,878	\$2,443,322	\$37,202,486	\$50,313,686	1.33%
02 Human and Community Services Division	58,524,850	4,763,556	664,251,904	727,540,310	19.21%
03 Child & Family Services Division	65,334,252	4,926,044	54,670,701	124,930,997	3.30%
04 Director's Office	3,276,797	757,423	3,844,958	7,879,178	0.21%
05 Child Support Enforcement Division	8,172,806	3,584,449	10,093,095	21,850,350	0.58%
06 Business & Financial Services Division	7,134,596	1,329,018	9,488,540	17,952,154	0.47%
07 Public Health & Safety Division	5,453,114	29,611,500	76,493,919	111,558,533	2.95%
08 Quality Assurance Division	4,742,305	1,703,150	11,655,817	18,101,272	0.48%
09 Technology Services Division	17,328,137	2,134,639	24,157,971	43,620,747	1.15%
10 Disability Services Division	150,217,951	11,214,356	260,020,650	421,452,957	11.13%
11 Health Resources Division	248,635,015	146,674,398	1,036,453,169	1,431,762,582	37.81%
12 Medicaid and Health Services Management Program	4,394,969	76,463	11,311,093	15,782,525	0.42%
16 Management and Fair Hearings Program	934,290	70,726	1,346,956	2,351,972	0.06%
22 Senior & Long-term Care Division	126,420,678	69,034,910	341,112,713	536,568,301	14.17%
33 Addictive & Mental Disorders Division	126,161,657	28,809,674	99,695,690	254,667,021	6.73%
Grand Total	\$837,399,295	\$307,133,628	\$2,641,799,662	\$3,786,332,585	100.00%

DPHHS is funded by general fund, state special revenue, and federal funds. General fund is used for:

- State Medicaid match
- State mental health and developmental disability facilities
- Community aging services grants

- A portion of the community mental health services for low-income adults with a serious and disabling mental illness
- Community services for persons with developmental disabilities
- A portion of administrative costs

Major sources of state special revenue (over \$2.0 million annually), the tax or fee funding source, and the programs supported are:

- Cigarette tax revenue
 - Montana veterans' services – operational costs and long-range building projects for the Montana Veterans' Home in Columbia Falls and Eastern Montana Veterans' Home in Glendive
- Tobacco tax health and Medicaid initiatives state special revenue
 - State Medicaid match
 - Big Sky Rx (premium assistance for low-income Medicare beneficiaries to purchase Part D prescription drug coverage)
 - Mental Health Services Plan (state funded prescription drug program for low-income persons with a serious and disabling mental illness)
- Tobacco settlement funds and tobacco settlement trust fund interest state special revenue
 - State match for the federal Children's Health Insurance Program (CHIP) grant
 - State Medicaid match
- Hospital utilization fee and nursing home bed fee state special revenue
 - State Medicaid match to raise reimbursement rates for hospital and nursing home services
- Alcohol tax state special revenue
 - State chemical dependency institution and some program administrative costs
 - Local chemical dependency programs
 - A portion of state Medicaid match for chemical dependency services
- Insurance premium state special revenue
 - State match for Medicaid and CHIP services and administration for the Healthy Montana Kids (HMK) program
- Medicaid reserve account funded from a portion of the enhanced federal Medicaid match in FY 2010
 - One-time offset to general fund Medicaid matching costs in FY 2013
- County nursing home intergovernmental transfers
 - State Medicaid match paid to the state by counties with nursing homes to raise reimbursement rates for nursing home services

Major sources of federal funds include:

- Medicaid matching funds
- Children's Health Insurance (CHIP) block grant
- Aging services block grant
- Chemical dependency block grant
- Social services Title XX block grant
- Mental health services block grant
- Temporary Assistance for Needy Families (TANF) block grant
- Child Care Development Fund
- SNAP entitlement funds
- LIEAP and Weatherization
- Women, Infants, and Children's Special Nutrition block grant

Health and Medicaid Initiatives Account

The health and Medicaid initiatives account was established by voter initiative, which raised cigarette taxes by \$1 per pack and also raised tobacco taxes. Uses for the account are established in statute and fund Medicaid, Healthy Montana Kids, Big Sky Rx, and the Insure Montana program (premium assistance and tax credits for small employers who provide

group health coverage for their employees). The Insure Montana program is administered by the State Auditor's Office. Figure 1 shows the fund balance for the account.

Figure 1

Health and Medicaid Initiatives Fund Balance - 2013 Biennium Budget Tobacco Tax Revenue Dedicated to Health Initiatives					
Fund Balance	Actual	Estimated	Legislative Appropriation		% of
Revenue/Expenditures	FY 2010	FY 2011**	FY 2012	FY 2013	Total
Beginning Fund Balance	\$48,563,315	\$40,494,985	\$31,198,764	\$22,937,822	38.9%
Revenue - Cigarette and Tobacco Tax*	37,625,801	37,306,000	36,831,000	36,052,000	61.1%
Transfer from Older Montanans' Trust (HB 604)	0	0	3,166,502	0	0.0%
Total Revenue	86,189,116	77,800,985	71,196,266	58,989,822	100%
Interest Earnings	190,276	194,502	651,446	1,500,111	
Total Funds Available	86,379,392	77,995,488	71,847,712	60,489,933	
Expenditures					
<i>Medicaid Services</i>					
State Plan Services - Hospitals, Physicians, Prescription Drugs, Dental**	8,521,089	7,031,298	8,095,910	8,058,130	16.3%
Nursing Home Services	5,480,318	5,480,319	6,786,393	6,844,244	13.8%
Developmental Disability Benefits	3,135,587	3,135,587	2,942,130	2,942,130	5.9%
Mental Health and Chemical Dependency	2,230,689	1,883,033	2,045,956	2,055,711	4.1%
Children's Mental Health Services	1,961,725	2,176,518	1,741,003	1,741,003	3.5%
Home-based Services	2,007,209	2,002,207	2,096,298	2,106,888	4.3%
Senior/Physically Disabled Waiver	1,837,192	1,987,212	3,452,183	3,476,576	7.0%
MHSP Medicaid Expansion - HIFA Waiver	0	591,242	1,226,487	1,843,997	3.7%
Adult Mental Health Community Srvs Waiver	483,367	692,648	1,028,489	1,035,744	2.1%
<i>Other Programs</i>					
Insure Montana Premium Assistance	5,746,420	7,429,945	6,337,767	6,298,152	12.7%
Insure Montana Health Insurance Tax Credits	4,245,779	4,250,600	4,159,004	4,159,099	8.4%
Big Sky Rx/PharmAssist	4,030,104	4,703,630	4,003,825	4,003,223	8.1%
Mental Health Services Plan	2,060,256	1,440,000	2,060,256	2,060,256	4.2%
Healthy Montana Kids/CHIP**	3,413,840	3,854,204	3,403,921	3,403,921	6.9%
Insure Montana 95% Restriction/Other Adj.***	646,249	0	(524,839)	(522,863)	-1.1%
Other Services/Administration	84,583	138,281	55,107	55,134	0.1%
Subtotal Expenditures	45,884,407	46,796,724	48,909,890	49,561,345	100.0%
Annual Change		2.0%	4.5%	1.3%	
Ending Fund Balance	\$40,494,985	\$31,198,764	\$22,937,822	\$10,928,587	
*Revenue based on estimates adopted in HJR 2 by the House of Representatives on March 28, 2011.					
**FY 2011 estimated costs taken from Department of Public Health and Human Services April 15, 2011 budget status report. Other FY 2011 expenditure estimates are based on information provided by administering programs as of 3-14-11.					
***Insure Montana 95% Restriction/Other Adjustments account for the 95% statutory spending restriction for Insure Montana appropriations. In the base year, more is transferred to the Insure Montana appropriations than can be expended. In other years, the negative amounts account for the statutorily required reversion from the appropriation.					

The legislature made several changes to appropriations from this account including:

- Medicaid home and community based services for elderly and disabled persons – funded an additional 180 service slots each year of the biennium
- MHSP – Mental health services plan Medicaid waiver expansion – funded Medicaid mental health services and a basic physical health services package for 800 adults with a serious and disabling mental illness
- Adult mental health community based services – funded an additional 30 community services slots above the FY 2010 base spending level

The health and Medicaid initiatives account is not structurally balanced over the long term since annual expenditures (\$49.6 million in FY 2013) exceed annual revenues (\$36.1 million in FY 2013). The projected ending fund balance in the account - \$10.9 million – may be sufficient to support ongoing expenditures from the account through the end of the FY 2014 if reversions in FY 2011 and FY 2012 are greater than projected. However, the legislature may need to find other

sources of revenue to support functions funded from this account or reduce services funded from the account for FY 2015 and beyond.

Use of Tobacco Settlement Proceeds

Tobacco Settlement Revenues

Montana receives revenue as a settling party to a Master Settlement Agreement (MSA) with several tobacco companies. The MSA places no restrictions on how states are to spend the money. The Montana voters approved:

- Constitutional Amendment 35 in November 2000 requiring not less than 40% of tobacco settlement money to go to a permanent tobacco trust fund
- Initiative 146 (17-6-606, MCA) to allocate 32% of the total tobacco settlement funds to tobacco prevention/cessation programs and 17% to CHIP supporting HMK and the Montana Comprehensive Health Association (MCHA), a state funded high risk insurance pool

Money not appropriated within two years is transferred to the trust fund. The remaining 11% of the MSA money is deposited to the general fund. Figure 2 shows revenues, expenditures, appropriations, and fund balances for these two uses of tobacco settlement funds.

Figure 2

Tobacco Settlement Account - Fund Balance					
Master Settlement Agreement Payment Allocations to State Special Revenue Accounts					
Fund Balances, Revenues, Expenditures	FY 2010	FY 2011	FY 2012	FY 2013	Biennial % of Total
32% Allocation to Tobacco Cessation/Prevention					
Beginning Fund Balance	\$3,157,838	\$1,263,211	\$0	\$1,866,893	
Revenues*	<u>10,090,579</u>	<u>10,369,920</u>	<u>10,367,360</u>	<u>10,354,880</u>	
Revenues Available for Appropriation	10,090,579	10,369,920	10,367,360	10,354,880	
Expenditures					
Department of Revenue	295,135	311,720	302,531	303,271	3.6%
Department of Justice	121,793	117,343	123,814	123,972	1.5%
Public Health and Safety Division					
Tobacco Control & Prevention	7,595,274	7,675,649	4,000,000	4,000,000	47.1%
Chronic Disease Programs	2,574,304	2,678,291	2,621,932	2,617,456	30.8%
Home Health Visiting/MIAMI	396,379	366,440	404,545	404,036	4.8%
Tribal Programs	630,000	720,000	700,000	698,910	8.2%
Hospital Discharge	134,388	164,755	132,006	132,151	1.6%
DPHHS Cost Allocated Administration**	<u>229,764</u>	<u>176,278</u>	<u>215,639</u>	<u>219,922</u>	<u>2.6%</u>
Subtotal Expenditures	<u>11,977,037</u>	<u>12,210,476</u>	<u>8,500,467</u>	<u>8,499,718</u>	100.0%
Adjustments	(8,169)	0	0	0	
Percentage Annual Change		1.9%	-30.4%	0.0%	
Ending Fund Balance	<u>\$1,263,211</u>	<u>(\$577,345)</u>	<u>\$1,866,893</u>	<u>\$3,722,055</u>	
Spending Reductions Needed to Balance		(\$577,345)			
17% Allocation to HMK/MT Comprehensive Health Association					
Beginning Fund Balance	(\$34,696)	(\$709,416)	\$0	(\$29,937)	
Revenues*	<u>5,360,600</u>	<u>5,509,020</u>	<u>5,507,660</u>	<u>5,501,030</u>	
Revenues Available for Appropriation	5,360,600	5,509,020	5,507,660	5,501,030	
Expenditures					
Healthy Montana Kids Benefits	4,555,516	5,312,942	3,807,867	3,540,047	66.5%
Healthy Montana Kids Administration	371,578	0	366,201	366,018	6.6%
MCHA	925,563	925,556	925,563	925,563	16.7%
DPHHS Cost Allocated Administration**	<u>177,681</u>	<u>181,044</u>	<u>437,966</u>	<u>687,606</u>	<u>10.2%</u>
Subtotal Expenditures	<u>6,030,338</u>	<u>6,419,542</u>	<u>5,537,597</u>	<u>5,519,234</u>	100.0%
Adjustments	(4,982)				
Percentage Annual Change		6.5%	-13.7%	-0.3%	
Ending Fund Balance	<u>(\$709,416)</u>	<u>(\$1,619,938)</u>	<u>(\$29,937)</u>	<u>(\$48,141)</u>	
Spending Reductions Needed to Balance		(\$1,619,938)			
* Revenues as adopted by the Revenue and Transportation Interim Committee on November 19, 2010					
** Nonbudgeted expenditures					

The legislature reduced support for the Montana Tobacco Use Prevention program by approximately 39%. The reductions were a combination of:

- Legislative policy decisions to reduce overall costs of the program
- Reduced revenues from the Master Settlement Agreement with participating cigarette manufacturers

Funding from the tobacco cessation/prevention account supports additional programs including enforcement activities, chronic disease programs, home health visiting, hospital discharge information, and administrative costs at FY 2010 base budget levels with minor adjustments.

Support for the Healthy Montana Kids benefits were reduced by \$1.8 million over the biennium due to reduced revenues from the Master Settlement Agreement.

The account supports the Montana Comprehensive Health Association (MCHA - state high risk pool). The program is administered by the State Auditor. Funds for MCHA are appropriated to the State Auditor's Office.

Fund balance remaining at the end of FY 2012 may revert to the tobacco settlement trust fund if the legislature does not fully appropriate the funding within two years after its receipt. Payments from the participating manufacturers are generally received in April of each year.

Tobacco Trust Fund Interest

The Montana Constitution stipulates that interest earnings from the tobacco trust fund are to be distributed:

- 90% for appropriation by the legislature for disease prevention programs and state programs providing benefits, services, or coverage related to the health care needs of the people of Montana
- 10% to the tobacco trust

Figure 3 shows the revenues, budgeted appropriations, and fund balance for the tobacco trust fund over the 2013 biennium.

Figure 3

Tobacco Settlement Trust Fund Interest - Fund Balance					
Fund Balances, Revenues, Expenditures	FY 2010	FY 2011	FY 2012	FY 2013	Percent of 2013 Biennium
Beginning Fund Balance	(\$1,806)	\$16,287	\$0	\$368,189	
Revenues*	<u>5,038,781</u>	<u>5,267,700</u>	<u>5,869,800</u>	<u>6,511,500</u>	
Revenues Available for Appropriation	5,036,975	5,283,987	5,869,800	6,879,689	
Expenditures					
Public Health and Safety Division					
DPHHS Cost Allocation**	7,124	427	10,686	16,029	0.2%
Adolescent Vaccinations	400,000	400,000	400,000	400,000	7.3%
Children's Special Health Services	289,239	289,125	284,612	284,708	5.2%
Montana Health Professional Recruitment	75,000	75,000	75,000	75,000	1.4%
WIC Farmer's Market	9,732	30,000	9,729	9,732	0.2%
Emergency Medical Services	122,288	125,000	121,951	122,288	2.2%
HIV Treatment	<u>84,000</u>	<u>84,000</u>	<u>84,000</u>	<u>84,000</u>	<u>1.5%</u>
Public Health and Safety Division Subtotal	987,383	1,003,552	985,978	991,757	18.0%
Disability Services Division					
Children's Mental Health Services	233,552	233,552	233,552	233,552	4.2%
DD Part C, Title XX and MOE	<u>600,000</u>	<u>600,000</u>	<u>600,000</u>	<u>600,000</u>	<u>10.9%</u>
Disability Division Subtotal	833,552	833,552	833,552	833,552	15.1%
Health Resources Division					
Hospital & Clinical Services Bureau	543,647	543,647	543,647	543,647	9.9%
Acute Services Bureau	1,245,757	1,580,175	1,245,757	1,245,757	22.6%
Dental Access	<u>495,759</u>	<u>495,759</u>	<u>495,759</u>	<u>495,759</u>	<u>9.0%</u>
Health Resources Division Subtotal	2,285,163	2,619,581	2,285,163	2,285,163	41.5%
Senior and Long-term Care Division					
Nursing Homes	831,850	831,850	831,850	831,850	15.1%
Traumatic Brain Injury Services	0	0	50,000	50,000	0.9%
Healthcare for Healthcare Workers	<u>0</u>	<u>796,361</u>	<u>0</u>	<u>0</u>	<u>0.0%</u>
Senior and Long-term Care Division Subtotal	831,850	1,628,211	881,850	881,850	16.0%
Addictive and Mental Disorders Division					
Mental Health Medicaid Benefits	27,659	27,659	27,659	27,659	0.5%
Mental Health Other Services	0	18,962	0	0	0.0%
Mental Health Community Support	0	0	429,468	429,468	7.8%
Mental Health Administration	<u>58,065</u>	<u>55,028</u>	<u>57,941</u>	<u>57,923</u>	<u>1.1%</u>
Addictive and Mental Disorders Division Subtotal	<u>85,724</u>	<u>101,649</u>	<u>515,068</u>	<u>515,050</u>	<u>9.4%</u>
Total Expenditures	<u>5,023,672</u>	<u>6,186,545</u>	<u>5,501,611</u>	<u>5,507,372</u>	100.0%
Adjustments	<u>2,984</u>	<u>0</u>	<u>0</u>	<u>0</u>	
Ending Fund Balance	<u>\$16,287</u>	<u>(\$902,558)</u>	<u>\$368,189</u>	<u>\$1,372,317</u>	
Spending Reductions Needed to Balance		(\$902,558)			
*90% of the trust interest may be appropriated and 10% is deposited to the trust corpus. Revenues are based on HJR 2 adopted on March 28, 2011 by the House of Representatives.					
** Nonbudgeted expenditures					

The bill allocates trust fund interest to programs within DPHHS. Most programs are funded at the FY 2010 expenditure level. New uses of interest funds included in HB 2 support traumatic brain injury services. The remaining interest is allocated to support Medicaid benefits, public health services, services for children with serious emotional disturbances, and early intervention services for infants and toddlers.

Other Legislation

SJR 26 - The legislature adopted SJR 26 recommending executive agency interim monitoring activities for the Legislative Finance Committee, the Legislative Council, and the interim committees. The resolution identified the following critical goals and performance measurements for DPHHS:

- Implementation of broad based budget reductions and the effect on DPHHS operations;
- Implementation of Healthy Montana Kids;
- Evaluation of the impacts of the economy and recession on workload and programs;
- Implementation of components of federal health insurance reform including:
 - Integrate Medicaid eligibility determination in the health insurance exchange design
 - Evaluate the potential for a single system to determine Medicaid eligibility
 - Outline components and cost of Medicaid eligibility expansion for consideration by the 2013 Legislature
- Within the Human and Community Services Division:
 - Implementation of the broad-based budget and personal services reductions and related effects on the division
 - Monitoring the caseload growth in SNAP, Medicaid, TANF, LIEAP, and child care and the number of children entering and exiting foster care
- Monitoring the impact of the implementation of the components of federal health insurance reform on the Technology Services Division

The figure on the following page outlines the performance measurements adopted by the legislature as part of the process for the 2013 biennium. In addition, the resolution includes a statement that the legislature consider interim monitoring on DPHHS activities in relation to:

- HB 130, HB 131, and HB 132 from the 2009 Legislative Session
- Children's mental health providers
- Autism waiver

Performance Measure (LFD Book – B-4)	DPHHS Measure	Branch/Division	
I. Implementation of broad based budget reductions and the effect on DPHHS operations; workgroup members discussed the 4% reduction in FTE and personal service costs in relation to this goal	I. DPHHS ability to meet the timeliness and accuracy measures for the Medicaid and SNAP application processes. II. Compliance with the standards for timeliness for investigations and performance as spelled out in the Program Improvement Plan (PIP) for Children and Family Services	Economic Security Branch: Human and Community Services Division (Medicaid and SNAP application process) Child and Family Services Division (Program Improvement Plan)	In conjunction with # III: consider department wide reports on retention, recruitment, and training of staff The PIP reports run 2 years behind. Consider reports by Child and Family Services on the number of children entering and exiting Foster Care
II. Implementation of Healthy Montana Kids	<u>Monthly updated numbers:</u> I. Number of children enrolled in HMK program II. Number of children enrolled HMK program by county and city III. Number of applications received in HMK Central Office IV. Number of applications received in county offices of public assistance V. Total number Medicaid (HMK Plus Kids and Medicaid adults)	Medicaid and Health Services Branch: Health Resources Division – Healthy Montana Kids Program	Consider reporting on federal requirements as adopted by Finance Committee in FY 2010.
III. Evaluation of the impacts of the economy and recession on workload and programs	Caseload growth in SNAP, Medicaid TANF, LIEAP and Child Care. I. Actual caseload growth in each program II. Average of caseload per eligibility worker	Economic Security Branch: Human and Community Services Division	
IV. Implementation of components of federal health insurance reform	Identification and measurement: <ul style="list-style-type: none"> ○ Integrate Medicaid eligibility determination in the health insurance exchange design ○ Evaluate the potential for a single system to determine Medicaid eligibility ○ Outline components and cost of Medicaid eligibility expansion for consideration by the 2013 Legislature 	Director's Office Medicaid and Health Services Branch: Health Resources Division Operations Services Branch: Technology Services Division	Provide timelines and milestones for legislative monitoring and discussion.

Bills that have a fiscal impact on DPHHS are summarized in the following section. Some of these bills are discussed in more detail in the agency or program narrative. Those that implement provisions of HB 2 are discussed first.

Bills Implementing HB 2

HB 604 authorizes transfers to the general fund and to the health and Medicaid initiatives state special revenue account from:

- The telecommunications services and specialized telecommunications equipment account - \$1.85 million to the general fund
- The Older Montanans' Trust fund - \$6.0 million to the general fund and \$3.2 million to the health and Medicaid initiatives account

HB 613 allows the base budget for the Human and Community Services Division for 2015 biennium budget development to include the state general fund equivalent to expenditures in FY 2012 of one-time-only TANF federal special revenue funding appropriated for the purpose of child care. There is further discussion in the division's write-up.

Interim Studies Affecting DPHHS Programs

HB 642 creates a select legislative committee on efficiency in state government and appropriates \$100,000 general fund for a study. The bill specifically directs the committee to attempt to determine areas of efficiency and effectiveness in health care, including identification of core programs within DPHHS and the development of a strategy to address the financial and provider implications posed by the significant increase in Medicaid enrollment that is projected to occur by 2017. The committee is also directed to evaluate options for leveraging seamless interaction among state agencies and stakeholders using large information technology systems to reduce fraud, waste, and abuse.

SB 423 requires interim oversight of the changes to the state's medical marijuana program as DPHHS implements a new registry program and related items required under SB 423. The bill also requires the committee to identify issues likely to require future legislation attention and to develop legislation as needed. SB 423 also revises medical marijuana laws and directs DPHHS to establish and maintain a program to issue registry identification cards. It allows DPHHS or state and local law enforcement agencies to conduct inspections, allows DPHHS and the board of medical examiners to act on issues of physician violations, and requires legislative monitoring. DPHHS must establish application and renewal fees that generate revenue sufficient to offset all expenses of implementing and administering the registry.

HJR 8 requests an interim study of childhood hunger in Montana and ways to improve access to nutritious food for all Montana children and that the study include representatives of DPHHS, the Office of Public Instruction (OPI), the Departments of Agriculture, Labor and Industry, and Commerce, the Indian Health Service (IHS), Montana Indian tribes, and stakeholders involved in efforts to provide food assistance to low-income children. The study has been assigned to the Children, Families, Health and Human Services Interim Committee.

HJR 33 requests an interim study of the implications, options, and repercussions of establishing a state or regional health insurance exchange in Montana. The study ranked third in the interim study poll results and was assigned to the Economic Affairs Interim Committee.

SJR 20 requests an interim study on ways to make the Medicaid program more cost effective and efficient, including privatization of services or activities. The study has been assigned to the Children, Families, Health and Human Services Interim Committee.

SJR 27 requests an interim study of a Medicaid waiver for services provided to children with developmental disabilities. The resolution ranked low in the poll of legislators and the Legislative Council voted to not assign the study to an interim legislative committee. The Legislative Finance Committee will evaluate the need for a white paper on the subject as part of its interim work plan. In addition, the DSD staff has indicated they will study the issue as part of the renewal of the comprehensive waiver for individuals with developmental disabilities.

SJR 30 requires an interim study of promising and evidence-based practices for the prevention of childhood trauma and for mitigating its effects on children, and that the study includes representatives of DPHHS, Office of Public Instruction, IHS, Montana Indian tribes, and stakeholders involved in efforts to prevent childhood trauma. The study was assigned to the State-Tribal Relations Interim Committee.

Other House and Senate Bills

HB 10 continues long-range funding for DPHHS technology projects for TANF, SNAP, Child and Adult Protective Services (CAPS), and Medicaid Disease Codes (ICD) and appropriates funding for the Medicaid Management Information System (MMIS).

HB 296 authorizes the construction of the Southwest Montana Veterans' Home in Butte and appropriates \$4.8 million from the cigarette tax state special revenue account and \$8.9 million in federal Veterans' Administration funds.

HB 377 allows the use of medication aides in long-term care facilities and establishes qualifications, competency examinations, and scope of practice for certain medication aides.

HB 409 revises the membership of the Commission on Provider Rates and Services and allows for nonvoting members from the Legislative Fiscal Division, the Office of Budget Program and Planning, and two DPHHS employees, and up to three technical advisors. The legislature did not anticipate a fiscal impact from the bill as DPHHS employees current duties include working with the commission.

HB 565 provides children with mental health needs in-state service alternative to out-of-state placement and requires DPHHS to establish performance standards for in-state providers qualifying to provide services. DPHHS must also differentiate between therapeutic living settings that provide a moderate level of service and an intensive level of service.

HB 612 clarifies that state funded prescription drug and pharmacy assistance programs are subject to available funding. The bill was vetoed by the Governor and the legislature was being polled to determine whether there were sufficient votes to override the veto. The results of the legislative poll were not available at the time the LFD Fiscal Report was published.

HB 638 establishes a referendum to require proof of citizenship and state residency to receive state services that if passed would become effective January 13, 2012. DPHHS programs potentially impacted would be services provided to physically disabled persons, including telecommunications access, and vocational rehabilitation.

SB 28 clarifies that mental health jail diversion grants awarded to counties are based on admission rather than commitments to the Montana State Hospital.

SB 156 allows Tribal family assistance plans to use a portion of TANF maintenance of effort funds for non-cash benefits.

SB 241 amends 53-6-124 and 53-6-127, MCA and revises calculation of physician reimbursement for Medicaid services. SB 241 removes the automatic rate increases for FY 2012 and FY 2013 and directs DPHHS to maintain physician rates at the FY 2010 level. Beginning in FY 2014, Medicaid physician rates must be increased, at a minimum, by the same percentage increase as the consumer price index for medical care for the previous year, as calculated by the Bureau of Labor Statistics of the United States Department of Labor.

SB 304 revises the state dependency and neglect laws while addressing the federal Indian Child Welfare Act with regard to jurisdiction and venue. It also clarifies mandatory reporting of suspected abuse or neglect regardless of whether the person suspected of causing the abuse or neglect is a parent or other person responsible for the child's welfare and modifies the procedure for obtaining emergency protective services.

SB 351 revises statutes governing Medicaid managed care contracts. It establishes an advisory council and requires the council to hold public hearings on Medicaid managed care proposals, to educate Medicaid recipients and providers about the proposals, and to submit a copy of its findings to the appropriate interim or legislative committee, the Legislative Audit Division, and the department. The council must also review requests for proposals issued by DPHHS and proposed contracts. The bill requires the department to seek public comment on managed care proposals and amends statute to clarify that managed care contracts do not include services that are reimbursed by a fee for service, a Medicaid primary

care case management services or a PACE program (Program of All Inclusive Care for the Elderly). The changes become effective retroactively to February 1, 2010.

SB 366 requires DPHHS to establish rules for a 30-day suspension of TANF benefits when an adult family member voluntarily quits a job without good cause and requiring completion of all work activities for the benefit period before receipt of benefits

SB 385 revises the Montana parents as scholars program to include no more than 25 participants at any one time, allows participants to apply for child-care assistance paid from the TANF block grant funds that are transferred to the discretionary fund for child care, clarifies educational requirements and requires the department to provide annual reports to the Legislative Finance Committee and Children, Families, Health and Human Service interim committee.

Executive Budget Comparison

The following table compares the legislative budget in the 2013 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Executive Budget Comparison								
Budget Item	Base Budget Fiscal 2010	Executive Budget Fiscal 2012	Legislative Budget Fiscal 2012	Leg - Exec. Difference Fiscal 2012	Executive Budget Fiscal 2013	Legislative Budget Fiscal 2013	Leg - Exec. Difference Fiscal 2013	Biennium Difference Fiscal 12-13
FTE	2,944.93	2,943.43	2,933.89	(9.54)	2,939.14	2,929.60	(9.54)	
Personal Services	153,766,363	161,097,304	160,001,016	(1,096,288)	160,825,182	159,732,190	(1,092,992)	(2,189,280)
Operating Expenses	98,996,562	107,251,052	100,741,739	(6,509,313)	108,650,290	102,548,454	(6,101,836)	(12,611,149)
Equipment & Intangible Assets	663,408	670,318	670,318	0	670,318	670,318	0	0
Grants	63,535,583	68,028,868	84,172,519	16,143,651	67,034,569	80,799,185	13,764,616	29,908,267
Benefits & Claims	1,147,297,504	1,477,856,973	1,526,845,993	48,989,020	1,561,837,749	1,568,792,705	6,954,956	55,943,976
Transfers	0	0	386,717	386,717	0	267,629	267,629	654,346
Debt Service	351,901	351,901	351,901	0	351,901	351,901	0	0
Total Costs	\$1,464,611,321	\$1,815,256,416	\$1,873,170,203	\$57,913,787	\$1,899,370,009	\$1,913,162,382	\$13,792,373	\$71,706,160
General Fund	303,495,348	422,731,980	413,680,940	(9,051,040)	416,215,358	423,718,355	7,502,997	(1,548,043)
State/Other Special	118,771,216	142,715,827	152,252,185	9,536,358	162,134,295	154,881,443	(7,252,852)	2,283,506
Federal Special	1,042,344,667	1,249,808,609	1,307,237,078	57,428,469	1,321,020,356	1,334,562,584	13,542,228	70,970,697
Total Funds	\$1,464,611,231	\$1,815,256,416	\$1,873,170,203	\$57,913,787	\$1,899,370,009	\$1,913,162,382	\$13,792,373	\$71,706,160

The legislative appropriation for DPHHS is \$71.7 million total funds higher and 9.54 FTE lower than the executive budget request. The legislature did not fund:

- Enhanced family planning Medicaid services – funding for 5.00 FTE requested, but not approved
- Elimination of the federal family planning grant – 4.54 FTE

The legislative appropriation is \$71.5 million higher than the executive request due to the following additions:

- Additional Medicaid costs projected in cost updates provided during the legislative session - \$54.6 million total funds (\$14.2 million general fund)
- Federal appropriation authority that can be allocated among DPHHS programs - \$51.5 million
- Federal funds for incentive payments to healthcare providers that implement electronic health records - \$35.3 million
- An additional 180 service slots for the home and community-based waiver - \$9.0 million (\$3.1 million state special revenues)
- Direct care worker wages - \$12.7 million (\$3.35 million state special revenues)

Appropriation increases were partially offset by:

- Reducing federal funds for SNAP - \$35.0 million
- Reducing federal funds for LIEAP - \$9.6 million in benefits

- Adopting several proposals in the 5% budget reduction plans developed and submitted by DPHHS in compliance with 17-7-111(3)(g), MCA that were not included in the executive budget request - \$15.4 million (\$7.5 million general fund)
- Reducing support for the Montana Tobacco Use Prevention program - \$7.1 million state special revenue
- Eliminating federal funds and general fund supporting family planning services in the Public Health and Safety Division - \$5.7 million total funds
- Reducing tobacco settlement state special revenue appropriations to match expected revenue to support the Healthy Montana Kids program - \$5.2 million
- Including associated federal funds reductions due to general fund reductions included in the executive budget - \$5.1 million
- Not approving:
 - Pharmacy benefit and cost increases - \$2.7 million state special revenue
 - Contract increases for the MMIS system - \$2.0 million (\$0.5 million general fund)
 - A Medicaid family planning waiver - \$1.2 million and 5.0 FTE

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 2013	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	303,495,348	303,495,348	606,990,696	72.49%	1,464,611,231	1,464,611,231	2,929,222,462	77.36%
Statewide PL Adjustments	74,403,777	74,275,868	148,679,645	17.75%	2,697,761	2,535,500	5,233,261	0.14%
Other PL Adjustments	45,880,565	56,027,524	101,908,089	12.17%	385,368,425	425,715,998	811,084,423	21.42%
New Proposals	(10,098,750)	(10,080,385)	(20,179,135)	-2.41%	20,492,786	20,299,653	40,792,439	1.08%
Total Budget	\$413,680,940	\$423,718,355	\$837,399,295		\$1,873,170,203	\$1,913,162,382	\$3,786,332,585	

Statewide present law adjustments include a funding switch that increases general fund by \$71.0 million and reduces federal funds by a like amount. This change, authorized by HB 645, reflects the discontinuation of the nearly 10% temporary increase in the federal Medicaid match rate in the federal stimulus legislation, which reduced general fund Medicaid costs in the 2011 biennium. Other present law adjustments and new proposals are discussed in detail in the program narratives that follow.

Federal Poverty Level

Financial eligibility is a component of many of the programs administered by DPHHS. The following figure shows the federal poverty level by family size and various levels of poverty for both annual and monthly incomes. It is included so that legislators will have an idea of eligibility income limits for various programs administered by the department.

2009, 2010 2011 Federal Poverty Index												
Levels of Poverty by Family Size												
Family Size	Percent of FPL 2011											
	30%	33%	40%	100%	133%	150%	175%	185%	200%	250%	300%	350%
1	\$3,267	\$3,594	\$4,356	\$10,890	\$14,484	\$16,335	\$19,058	\$20,147	\$21,780	\$27,225	\$32,670	\$38,115
2	\$4,413	\$4,854	\$5,884	\$14,710	\$19,564	\$22,065	\$25,743	\$27,214	\$29,420	\$36,775	\$44,130	\$51,485
3	\$5,559	\$6,115	\$7,412	\$18,530	\$24,645	\$27,795	\$32,428	\$34,281	\$37,060	\$46,325	\$55,590	\$64,855
4	\$6,705	\$7,376	\$8,940	\$22,350	\$29,726	\$33,525	\$39,113	\$41,348	\$44,700	\$55,875	\$67,050	\$78,225
5	\$7,851	\$8,636	\$10,468	\$26,170	\$34,806	\$39,255	\$45,798	\$48,415	\$52,340	\$65,425	\$78,510	\$91,595
6	\$8,997	\$9,897	\$11,996	\$29,990	\$39,887	\$44,985	\$52,483	\$55,482	\$59,980	\$74,975	\$89,970	\$104,965
7	\$10,143	\$11,157	\$13,524	\$33,810	\$44,967	\$50,715	\$59,168	\$62,549	\$67,620	\$84,525	\$101,430	\$118,335
8	\$11,289	\$12,418	\$15,052	\$37,630	\$50,048	\$56,445	\$65,853	\$69,616	\$75,260	\$94,075	\$112,890	\$131,705

Family Size	Monthly Earnings 2011 FPL											
	30%	33%	40%	100%	133%	150%	175%	185%	200%	250%	300%	350%
1	\$272	\$299	\$363	\$908	\$1,207	\$1,361	\$1,588	\$1,679	\$1,815	\$2,269	\$2,723	\$3,176
2	\$368	\$405	\$490	\$1,226	\$1,630	\$1,839	\$2,145	\$2,268	\$2,452	\$3,065	\$3,678	\$4,290
3	\$463	\$510	\$618	\$1,544	\$2,054	\$2,316	\$2,702	\$2,857	\$3,088	\$3,860	\$4,633	\$5,405
4	\$559	\$615	\$745	\$1,863	\$2,477	\$2,794	\$3,259	\$3,446	\$3,725	\$4,656	\$5,588	\$6,519
5	\$654	\$720	\$872	\$2,181	\$2,901	\$3,271	\$3,816	\$4,035	\$4,362	\$5,452	\$6,543	\$7,633
6	\$750	\$825	\$1,000	\$2,499	\$3,324	\$3,749	\$4,374	\$4,623	\$4,998	\$6,248	\$7,498	\$8,747
7	\$845	\$930	\$1,127	\$2,818	\$3,747	\$4,226	\$4,931	\$5,212	\$5,635	\$7,044	\$8,453	\$9,861
8	\$941	\$1,035	\$1,254	\$3,136	\$4,171	\$4,704	\$5,488	\$5,801	\$6,272	\$7,840	\$9,408	\$10,975

Language and Statutory Authority

The legislature included the following language in HB 2.

“Management and Disability Transitions, Human and Community Services Division, Child and Family Services Division, Child Support Enforcement Division, Quality Assurance Division, Disability Services Division, Senior and Long-Term Care Division, and Addictive and Mental Disorders Division do 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 adjustments 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).”

“Health Resources Division includes a reduction in general fund money of \$510,515 in FY 2012 and \$508,369 in FY 2013. The agency may allocate this reduction in funding among programs when developing 2013 biennium operating plans.”

“Federal special revenue appropriated to the department of public health and human services may be allocated among programs when developing 2013 biennial operating plans.”

“If the Addictive and Mental Disorders Division is unable to secure a federal grant to support the suicide prevention coordination position, the division may use other funds available from the appropriations for the Addictive and Mental Disorders Division to fund the position.”