

Program Proposed Budget

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

Program Proposed Budget								
Budget Item	Base Budget Fiscal 2006	PL Base Adjustment Fiscal 2008	New Proposals Fiscal 2008	Total Exec. Budget Fiscal 2008	PL Base Adjustment Fiscal 2009	New Proposals Fiscal 2009	Total Exec. Budget Fiscal 2009	Total Exec. Budget Fiscal 08-09
FTE	572.75	36.60	16.00	625.35	36.60	57.69	667.04	667.04
Personal Services	28,079,552	4,863,712	793,083	33,736,347	5,214,355	3,084,932	36,378,839	70,115,186
Operating Expenses	10,063,759	908,528	1,059,528	12,031,815	1,374,516	2,334,498	13,772,773	25,804,588
Equipment	27,000	0	30,000	57,000	0	0	27,000	84,000
Capital Outlay	0	0	450,000	450,000	0	0	0	450,000
Grants	6,634,137	0	4,151,912	10,786,049	0	4,152,683	10,786,820	21,572,869
Benefits & Claims	46,337,774	10,818,101	3,183,088	60,338,963	12,305,367	3,289,290	61,932,431	122,271,394
Transfers	0	0	0	0	0	0	0	0
Debt Service	106,196	0	2,700	108,896	0	66,000	172,196	281,092
Total Costs	\$91,248,418	\$16,590,341	\$9,670,311	\$117,509,070	\$18,894,238	\$12,927,403	\$123,070,059	\$240,579,129
General Fund	44,871,341	7,595,457	5,560,267	58,027,065	8,764,185	9,058,553	62,694,079	120,721,144
State/Other Special	8,646,414	1,969,789	748,079	11,364,282	2,082,653	434,116	11,163,183	22,527,465
Federal Special	37,730,663	7,025,095	3,361,965	48,117,723	8,047,400	3,434,734	49,212,797	97,330,520
Total Funds	\$91,248,418	\$16,590,341	\$9,670,311	\$117,509,070	\$18,894,238	\$12,927,403	\$123,070,059	\$240,579,129

Program Description

The Addictive and Mental Disorders Division (AMDD) is responsible for providing alcohol and drug prevention services, treatment and aftercare services, and mental health treatment services. Alcohol and drug services are provided through inpatient and outpatient settings. Direct inpatient services are provided at the 76-bed Montana Chemical Dependency Center (MCDC) in Butte. Other inpatient, outpatient, and prevention services are provided through contracts with community-based programs around the state.

Community-based mental health services are delivered to eligible Medicaid and non-Medicaid individuals through a network of providers around the state. Non-Medicaid services are delivered through the Mental Health Services Plan (MHSP) and provide services to individuals earning up to 150 percent of the federal poverty level who have a serious and disabling mental illness. Montana State Hospital (MSH) at Warm Springs (189 licensed beds) and the Montana Mental Health Nursing Care Center (MMHNCC) at Lewistown (165 beds available/75 beds budgeted) provide institutional services to individuals with mental illness. The services at MSH are typically of a short duration while services for residents at the MMHNCC are considered to be long term.

Statutory references: mental health - Title 53, Chapter 21, parts 1 through 7 and part 10, MCA, and P. L. 102-321, CFR; chemical dependency - Title 53, Chapters 1 and 24, MCA; Medicaid services - Title XIX of the Social Security Act.

Program Highlights

Addictive and Mental Disorders Division Major Budget Highlights
<ul style="list-style-type: none"> ◆ The executive budget request grows \$58.1 million, including \$31.0 million general fund, over the biennium compared to base budget expenditures and includes funding for 94.29 new FTE, with all but 6.00 of the new FTE for state institutions ◆ A new proposal to operate a 120 bed facility for forensic patients on the Warm Springs campus, with 60 of the beds for the Department of Corrections, adds \$4.1 million general fund and 41.69 FTE <ul style="list-style-type: none"> ● The long range building proposal includes \$5.8 million general fund to remodel the receiving hospital for the WATCH program (4th DUI

- offense), which is currently housed in the Dr. Xanthopolis (Dr. X) building, and to remodel the Dr. X building for the forensic program
- ◆ Community services for mental health crisis stabilization adds \$8.3 million total funds, including \$5.4 million general fund, over the biennium
 - A new proposal for 72 hour crisis services adds \$4.1million total funds, including \$3.7 million general fund
 - Anticipated utilization growth in Medicaid inpatient hospital services and a 10 bed expansion for non secure Medicaid crisis services adds \$4.3 million total funds, including \$1.5 million general fund
 - ◆ A new proposal to expand community treatment services for methamphetamine and chemical dependency adds \$4.0 million general fund over the biennium
 - ◆ A one time request for \$1.0 million general fund in FY 2009 augments private efforts for education about and prevention of methamphetamine abuse

Major LFD Issues

- ◆ The executive budget general fund request for new and expanded mental health services is primarily related to managing the Montana State Hospital population
- ◆ The new 120 bed Secure Treatment and Examination Program (STEP) is not clearly defined and the total annualized cost that would be requested in FY 2010 to operate the program is not available
- ◆ The lack of public participation over the nearly 11 month process to develop STEP has precluded a robust dialogue about the program, including identification of alternatives that the legislature might consider in addition to or in place of STEP
- ◆ Mental health services designed to serve persons with intensive needs in the community have not developed to funded capacity during the 2007 biennium
 - If the legislature approves the executive request, it may wish to ask AMDD how it will ensure that the new services proposed for community crisis stabilization and to help persons transition from the state hospital are developed to full capacity
- ◆ The executive budget does not anticipate a population change at the state hospital despite the addition of the STEP program and expanded services to limit inappropriate placements in the hospital and assist persons discharged from the hospital
- ◆ The executive budget requests more funding from alcohol state special revenue allocated to DPHHS than is estimated to be available
- ◆ The executive budget requests general fund for chemical dependency provider rate increases and the new methamphetamine and chemical dependency program
 - The legislature could consider raising alcohol taxes to replace general fund if it approves the requests

Program Narrative

The AMDD executive budget request grows from a base budget of \$91.2 million to \$117.5 million in FY 2008 and \$123.1 million in FY 2009. Figure 86 shows the base budget compared to total budget increases requested by fiscal year.

Figure 86
Executive Budget Request - Addictive and Mental Disorders
2009 Biennium Budget Changes Compared to Base Budget

Budget Category	Base Budget	FY 2008 Change	Percent of Total	FY 2009 Change	Percent of Total
Personal Services	\$28,079,552	\$5,656,795	21.5%	\$8,299,287	26.1%
Operating Expenses	10,063,759	1,968,056	7.5%	3,709,014	11.7%
Equipment	27,000	30,000	0.1%	0	0.0%
Capital Outlay	0	450,000	1.7%	0	0.0%
Grants	6,634,137	4,151,912	15.8%	4,152,683	13.0%
Benefits & Claims	46,337,774	14,001,189	53.3%	15,594,657	49.0%
Transfers	0	0	0.0%	0	0.0%
Debt Service	<u>106,196</u>	<u>2,700</u>	<u>0.0%</u>	<u>66,000</u>	<u>0.2%</u>
Total Costs	\$91,248,418	\$26,260,652	100.0%	\$31,821,641	100.0%
General Fund	\$44,871,341	\$13,155,724	50.1%	\$17,822,738	56.0%
State/Other Special	8,646,414	2,717,868	10.3%	2,516,769	7.9%
Federal Special	<u>37,730,663</u>	<u>10,387,060</u>	<u>39.6%</u>	<u>11,482,134</u>	<u>36.1%</u>
Total Funds	\$91,248,418	\$26,260,652	100.0%	\$31,821,641	100.0%
Percent Change		28.8%		34.9%	

The executive budget grows \$26.3 million in FY 2008 (28.8 percent above the base budget) and \$31.8 million (34.9 percent above the base budget). Over half of the increase each year is funded from general fund. Slightly more than a third of the growth is funded from federal funds.

Most of the increase is for present law adjustments for Medicaid service and eligibility increases. Operating and personnel costs at state institutions, including a new proposal to implement a 120 bed forensic program in the Dr. X building on the state hospital campus to serve the Department of Corrections and state hospital populations, add more than a third of the FY 2009 increase. Grant expenditures grow to fund mental health initiatives to help prevent placement of persons in the state hospital and assist persons when they are

discharged and also include new proposals for community treatment of methamphetamine and other drugs.

LFD COMMENT	Due to an oversight, \$3.3 million of general fund costs due to over runs at MSH were left in the FY 2006 base budget. These costs are usually removed from base budget costs. The \$3.3 million is in the personal services category of expenditure and is due to 36.60 modified FTE authorized by the Governor's budget office due to higher than anticipated MSH populations. The executive budget includes a present law adjustment to continue the FTE.
--------------------	--

AMDD Budget by Function

Figure 87 shows the base budget and executive request for the three functions managed by AMDD. Mental health services is the most significant component of the AMDD budget, comprising 83.7 percent of the FY 2009 budget request. Medicaid services account for 40.1 percent of the FY 2009 budget request, while the two state mental health institutions are nearly a third.

Benefits expenditures are largest single cost, accounting for just over half of the FY 2009 budget request. Medicaid mental health services is the single largest benefit, weighing in at 40.1 percent of the FY 2009 budget. Institutions account for 36.4 percent of the total and grants are 8.8 percent.

General fund increases \$30.5 million over the biennium with the majority of the increase (\$26.3 million) to support adult mental health services. Taken in aggregate the budget adjustments for MSH add the most general fund - \$12.2 million, while Medicaid caseload growth adds \$5.4 million. Other significant changes include the new chemical dependency and meth community treatment program, a one time appropriation to supplement private meth education that adds \$5.0 million, and present law adjustments for the nursing care center that add \$1.4 million.

Figure 87

Addictive and Mental Disorders Division FY 2006 Base Budget Expenditures Compared to 2009 Biennium Executive Budget Request

Budget Component Function/Benefit	FY 2006 Base Budget				FY 2008 Executive Request				FY 2009 Executive Request				% of Ttl Division
	General Fund	SSR	Federal	Total	General Fund	SSR	Federal	Total	General Fund	SSR	Federal	Total	
Total Division													
Division Admin.	\$462,178	\$88,702	\$500,764	\$1,051,644	\$477,886	\$169,817	\$512,013	\$1,159,716	\$484,739	\$170,487	\$514,470	\$1,169,696	1.0%
Mental Health*	44,369,309	4,930,486	29,151,029	78,450,824	55,346,987	6,663,326	36,653,409	98,663,722	59,047,002	6,336,901	37,662,435	103,046,338	83.7%
Addiction Services	39,854	3,627,226	8,078,870	11,745,950	2,202,192	4,531,139	10,952,301	17,685,632	3,162,338	4,655,795	11,035,892	18,854,025	15.3%
Total Division	\$44,871,341	\$8,646,414	\$37,730,663	\$91,248,418	\$58,027,065	\$11,364,282	\$48,117,723	\$117,509,070	\$62,694,079	\$11,163,183	\$49,212,797	\$123,070,059	100.0%
Percent of Total	49.2%	9.5%	41.3%	100.0%	49.4%	9.7%	40.9%	100.0%	50.9%	9.1%	40.0%	100.0%	
Compounded Annual Rate of Change from Base					13.7%	14.6%	12.9%	13.5%	11.8%	8.9%	9.3%	10.5%	
State Institution Costs													
State Hospital	\$24,505,773	\$427,063	\$0	\$24,932,836	\$29,007,726	\$435,101	\$0	\$29,442,827	\$32,129,028	\$75,000	\$0	\$32,204,028	26.2%
Nursing Care Center	6,776,312	0	0	6,776,312	8,124,421	0	0	8,124,421	8,283,753	0	0	8,283,753	6.7%
Chemical Dependency Ctr	0	3,014,474	420,000	3,434,474	0	3,678,702	560,929	4,239,631	0	3,738,680	584,127	4,322,807	3.5%
Subtotal Institutions	\$31,282,085	\$3,441,537	\$420,000	\$35,143,622	\$37,132,147	\$4,113,803	\$560,929	\$41,806,879	\$40,412,781	\$3,813,680	\$584,127	\$44,810,588	\$0
% of Total Division Budget	69.7%	39.8%	1.1%	38.5%	64.0%	36.2%	1.2%	35.6%	64.5%	34.2%	1.2%	36.4%	
Compounded Annual Rate of Change from Base					8.9%	9.3%		9.1%	8.9%	3.5%		8.4%	
Grants													
<i>Mental Health Services</i>													
Mental Health Svcs Plan*	\$3,537,204	\$0	\$1,228,490	\$4,765,694	\$3,656,346	\$0	\$1,228,490	\$4,884,836	\$3,657,117	\$0	\$1,228,490	\$4,885,607	4.0%
72 Hr Crisis Care	0	0	0	0	1,861,245	0	171,525	2,032,770	1,860,334	0	172,436	2,032,770	1.7%
PATH/Homeless Svcs	94,148	0	287,008	381,156	94,148	0	287,008	381,156	94,148	0	287,008	381,156	0.3%
HUB Drop In - Billings	50,000	0	0	50,000	50,000	0	0	50,000	50,000	0	0	50,000	0.0%
Service Area Authorities	45,000	0	0	45,000	45,000	0	0	45,000	45,000	0	0	45,000	0.0%
<i>Addiction Services</i>													
Community Services	0	0	1,392,287	1,392,287	162,338	0	3,229,949	3,392,287	162,338	0	3,229,949	3,392,287	2.8%
Subtotal Grants	\$3,726,352	\$0	\$2,907,785	\$6,634,137	\$5,869,077	\$0	\$4,916,972	\$10,786,049	\$5,868,937	\$0	\$4,917,883	\$10,786,820	8.8%
% of Total Division Budget	8.3%	0.0%	7.7%	7.3%	10.1%	0.0%	10.2%	9.2%	9.4%	0.0%	10.0%	8.8%	
Compounded Annual Rate of Change from Base				0	25.5%	n/a	30.0%	27.5%	16.3%	n/a	19.1%	17.6%	
Benefits/Services													
<i>Medicaid</i>													
Mental Health*	\$8,455,857	\$1,350,818	\$26,817,454	\$36,624,129	\$10,903,974	\$3,075,620	\$33,908,294	\$47,887,888	\$11,372,818	\$3,109,296	\$34,915,767	\$49,397,881	40.1%
Chemical Dependency	0	362,211	871,161	1,233,372	0	574,952	1,256,691	1,831,643	0	603,088	1,312,084	1,915,172	1.6%
<i>Other Benefits</i>													
Mental Health Svcs Plan*	173,279	3,152,605	0	3,325,884	173,279	3,152,605	0	3,325,884	173,279	3,152,605	0	3,325,884	2.7%
Peer Support - MH	0	0	0	0	50,000	0	0	50,000	50,000	0	0	50,000	0.0%
Chemical Dependency	0	0	5,154,554	5,154,554	2,089,159	0	5,154,554	7,243,713	2,089,105	0	5,154,554	7,243,659	5.9%
Adjustments	0	0	(165)	(165)	0	0	(165)	(165)	0	0	(165)	(165)	0.0%
Subtotal Benefits	\$8,629,136	\$4,865,634	\$32,843,004	\$46,337,774	\$11,077,253	\$6,803,177	\$35,164,985	\$60,338,963	\$11,546,097	\$6,864,989	\$36,227,851	\$61,932,431	50.3%
% of Total Division Budget	19.2%	56.3%	87.0%	50.8%	19.1%	59.9%	73.1%	51.3%	18.4%	61.5%	73.6%	50.3%	
Compounded Annual Rate of Change from Base					13.3%	18.2%	3.5%	14.1%	10.2%	12.2%	3.3%	10.2%	

*Mental Health Services Plan benefits appropriation would be used as state Medicaid match if the HIFA waiver is approved.

State institution costs comprise 64.5 percent of total general fund expenditures in the FY 2009 budget request, down from their 69.7 percent share in base budget costs, despite implementation of a new 120 bed facility for forensic patients with a mental illness. The STEP program adds \$3.4 million general fund in the last half of FY 2009, including 41.69 FTE.

Grants increase about \$8.2 million annually. Grant expenditures include:

- Mental Health Services Plan (MSHP)
 - Fixed amount contracts with Community Mental Health Centers to provide services to adults with a serious and disabling mental illness who have incomes under 150 percent of the federal poverty level
 - Funded from general fund and the mental health federal block grant
- 72 hour crisis services
 - New proposal to develop community mental health crisis services supported by general fund
- Homeless services for mentally ill persons
 - Contracts funded from federal grant funds
- HUB Drop-in and Service Area Authority (SAA) funding
 - General fund grants to support a mental health drop-in center in Billings and provide operating funds for the three regional SAAs for meetings of members (consumers and other appointees) to provide input to AMDD on development and administration of the mental health system
- Community chemical dependency services
 - Contracts with state approved providers funded from the federal substance abuse block grant

Benefit expenditures include Medicaid services, local chemical dependency services, MHSP drug benefits, and a new proposal to fund peer support. Medicaid services are funded with federal funds, general fund, and state special revenue. Chemical dependency services are funded with federal block grant funds and general fund for new community treatment services. MSHP drug benefits are funded with health and Medicaid initiative state special revenue funds.

The MHSP state special revenue supporting drug benefits will be used as state Medicaid match if the Health Insurance Flexibility and Accountability (HIFA) waiver is approved. MHSP funding is not an allowable statutory use of health and Medicaid initiatives funding, but the Medicaid services expansions in the HIFA waiver are an allowable use. The HIFA waiver is discussed in greater detail the Director’s Office budget narrative. DPHHS has not yet received federal approval to implement the HIFA waiver.

Figure 88
Base Budget Compared to 2009 Biennium Budget Request
Institutions Administered by AMDD

Institution Cost/Funding	Actual FY 2006	Requested FY 2008	Requested FY 2009
Montana State Hospital			
FTE	369.80	406.40	406.40
Personal Services*	\$19,832,681	\$22,942,085	\$23,196,773
All Other	<u>5,100,155</u>	<u>5,668,426</u>	<u>5,626,452</u>
Total	<u>\$24,932,836</u>	<u>\$28,610,511</u>	<u>\$28,823,225</u>
General Fund	\$24,505,773	\$29,007,726	\$28,748,225
State Special Rev.	427,063	435,101	75,000
Population	199	199	199
Costs Per Person	\$125,291	\$143,771	\$144,840
Cost Per Day	\$343	\$394	\$397
Annual Increase		8.8%	0.7%
Mental Health Nursing Care Center			
FTE	122.70	122.70	122.70
Personal Services	\$4,406,410	\$5,544,321	\$5,606,262
All Other*	<u>2,369,902</u>	<u>2,580,100</u>	<u>3,217,491</u>
Total	<u>\$6,776,312</u>	<u>\$8,124,421</u>	<u>\$8,823,753</u>
General Fund	\$6,776,312	\$8,124,421	\$8,823,753
Population	80	81	81
Cost Per Person	\$29,624	\$31,853	\$39,722
Cost Per Day	\$81	\$87	\$109
Annual Increase		9.5%	24.7%
Montana Chemical Dependency Center			
FTE	48.25	54.25	54.25
Personal Services	\$2,225,176	\$2,840,210	\$2,869,490
All Other*	<u>1,209,298</u>	<u>1,399,421</u>	<u>1,453,317</u>
Total	<u>\$3,434,474</u>	<u>\$4,239,631</u>	<u>\$4,322,807</u>
State Special Rev.	\$3,014,174	\$3,678,702	\$3,738,680
Federal Funds	420,000	560,929	584,127
Population	80	81	81
Cost Per Person	\$84,704	\$100,301	\$108,935
Cost Per Day	\$232	\$275	\$298
Annual Increase		9.5%	8.6%
Secure Treatment Evaluation Program (STEP)			
FTE		0.00	41.69
Personal Services		\$0	\$2,287,930
All Other		0	740,810
One Time Start Up		<u>832,316</u>	<u>0</u>
Total		<u>\$832,316</u>	<u>\$3,028,740</u>
General Fund		\$832,316	\$3,380,803
State Special Rev.		0	(352,063)
Population			60
Costs Per Person			\$50,479
Cost Per Day			\$138
Total Division Institution Budget			
FTE	540.75	583.35	625.04
% of Division Total	94.4%	93.3%	93.7%
General Fund**	\$31,282,085	\$37,132,147	\$37,571,978
% of Division Total	69.7%	64.0%	59.9%
Annual Growth Rate		8.9%	1.2%

*STEP program costs represent only partial year costs.

Institution Budgets

A healthy portion of the AMDD budget supports three state institutions. Figure 88 shows each institution, the executive budget request, the anticipated average daily population, and the estimated daily cost.

In aggregate, state institution costs rise from \$31.3 million in the base budget year to \$40.1 million in the FY 2009 budget request, at an annual growth rate of 9.4 percent. State institution FTE rise from 94.4 percent of total division FTE to 94.8 percent over the same time period. As noted previously, \$2.1 million in supplemental costs for 36.60 modified FTE were inadvertently not removed from the state hospital budget.

The average daily cost for state hospital care was \$343 per day in the base budget and grows to \$402 in FY 2009. Cost increases are due to annualization of the cost of the 36.60 FTE and operating cost increases in medical and prescription drug costs, food, and utilities.

The nursing care center average daily cost grows from \$81 in the base budget to \$109 in FY 2009. Cost increases are due to medical, prescription drug, and food and utility costs, including fully funding personal services costs.

One of the most significant changes to institutional spending is the new proposal to develop a 120 bed forensic program on the MSH campus. STEP would come on line during FY 2009 so the costs shown in Figure 88 are for only a partial year of operation.

Another significant budget change is the request to continue funding for 36.60 FTE added to MSH in FY 2006 and for 6.00 new FTE to MCDC. The FTE requests are due in some measure to treating more difficult patients who sometimes exhibit harmful behaviors. MSH population levels have exceeded licensed capacity throughout FY 2006, which is another reason new staff were requested. Additional staff will help MCDC raise the census and lower the per person cost of providing services.

All other cost increases are related to reinstatement of overtime pay, funding vacancies, reclassification, and upgrades for medical staff; and inflation in operating costs.

LFD ISSUE	<p>Budget Request Emphasizes Management of State Hospital Population</p> <p>New spending initiatives in the executive budget emphasize serving the current and potential population at the state hospital. This discussion raises several issues for legislative consideration including:</p> <ul style="list-style-type: none"> ○ Potential understatement of the state hospital FY 2007 supplemental appropriation amount ○ Estimates of the impact of executive budget initiatives on MSH populations and the annualized cost of STEP ○ Development of community services to support those with the most intense service needs ○ Linkages to community services from the new crisis service funding proposed by the executive ○ Development of outcome and performance measures related to system performance <p><i>Background</i></p> <p>DPHHS is statutorily responsible to provide services to persons with a mental illness who are committed to the state hospital, but is not required to provide community services that would prevent placement in the state hospital.</p> <p>MSH population levels rose substantially during FY 2006. Figure 89 shows the MSH average daily population (ADP) from FY 1994 through FY 2006, with the FY 2007 year to date level, and the ADP funded by the executive budget.</p>
----------------------	---

**LFD
ISSUE
CONT.**

During FY 2006, MSH populations were above 200 some days. In an effort to ensure continued hospital licensure and provide adequate treatment levels and patient and staff safety at the higher population, the Governor’s budget office approved the addition of 36.60 modified FTE and pay increases for certain medical staff, contributing to a \$2.1 million general fund cost over run in FY 2006. Continued funding for these FTE is a present law adjustment in the executive request.

The Governor’s budget includes a supplemental appropriation request for \$3.0 million general fund for FY 2007 state hospital costs, \$0.9 million greater than the FY 2006 cost over run. The 36.60 FTE added above funded FTE levels continued into FY 2007 and should add another \$1.7 million to MSH costs, not including overtime, shift differential, or holiday pay. Legislative staff has requested that DPHHS explain why the MSH supplemental will be less than double the FY 2006 shortfall.

There will always be a need for hospital stabilization of acute disease episodes as with any major, chronic health problem. But despite that need, it is difficult to determine and quantify the causes of the growing hospital population. Some explanations include shortages of community inpatient hospital services, lack of community services in general, inability to access community services, inability to pay for services, and better recognition of mental illness and diversion to appropriate treatment.

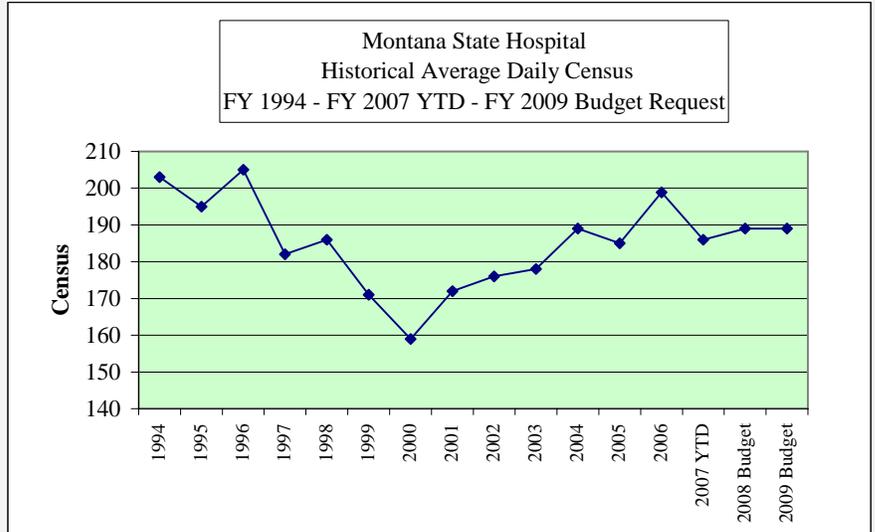
A statistic cited by AMDD that has remained fairly constant over the years is that about half of the admissions to MSH are persons who are “unknown” to the Montana mental health system. Again, determining why admission to the state hospital would be the first point of contact with the state mental health system is difficult. In addition to causes noted previously, some persons with a serious and disabling mental illness are mobile and migrate into the state and could therefore be unknown, or perhaps the first serious episode of the illness would be significant enough for a person to be admitted to MSH, bypassing community services. However, executive budget justification for the 72 hour crisis services states that 40 percent of admissions to MSH would be unnecessary if persons could be stabilized in the appropriate community services.

Regardless of the reason for admission to MSH, it is clear that adequate community services are necessary to help persons manage their illness and minimize hospitalization. Community services are also necessary to facilitate persons’ discharge from MSH.

Community Services Funding

There are two programs to help pay for mental health services for adults with a serious and disabling mental illness – Medicaid and MSHP. Both have income eligibility requirements. Medicaid also has an asset limit and persons must meet federal Social Security disability criteria. Medicaid is jointly funded by the state and federal governments, while MHSP is funded from state general fund, health and Medicaid initiatives account state special revenue, and the federal mental health block grant. MHSP is a program for adults with incomes up to 150 percent of the federal poverty level.

Figure 89



**LFD
ISSUE
CONT.**

Medicaid includes a rich array of services and is an entitlement, meaning that if:

- A person qualifies for service;
- The service is medically necessary and covered by the state Medicaid plan; and
- A provider will accept or admit the person for services; then
- The Medicaid program must pay for services received by that person.

MHSP is not an entitlement and the covered services are more limited than the Medicaid program. Additionally, except for payment for prescription drugs, MHSP services are funded through fixed contracts with community providers. Anecdotal evidence is that the number of and access to some mental health services for MHSP eligible persons are rationed because of the fixed funding levels.

Community Services Expansions

Over the last several biennia, legislatures have approved mental health service expansions at the request of the executive. Some of the initiatives have been proposed as ways to improve community services to help stabilize illness symptoms and to promote recovery and to help transition persons to services once they are ready to be discharged from MSH. In addition to funding customary mental health services (prescription drugs, counseling, and medication management) and some unique services such as foster care and adult group homes, the legislature has funded specific, specialized services requested by the executive. These expansions, all initiated in the 2005 biennium, were:

- Behavior Health Inpatient Facilities (BHIFs)
 - 15 bed hospital facilities for persons with a severe and disabling mental illness who may also have a co-occurring chemical dependency
 - Funding for one facility in the 2005 biennium
- Program for Assertive Community Treatment (PACT)
 - Evidence based model using a team staffed with specific, required expertise to provide 24 hour community support to adults with certain diagnoses of a serious and disabling mental illness, initiated in the 2005 biennium
 - At least 75 percent of services must be provided out side of an office setting
 - Funding for 335 slots in FY 2007
- Intensive Community Based Rehabilitation (ICBR)
 - Services for adults with a serious and disabling mental illness who require a richer level of community support than provided by other mental health services, initiated in the 2005 biennium
 - Funding for 33 slots in FY 2007

These three new services are highlighted because they are specifically designed to support persons who need more intense levels of service in a community setting and could help some persons transition from or avoid placement in MSH. BHIFs were not developed because the level of reimbursement was not perceived to be adequate to cover the services that would have been required. PACT and ICBR have both been implemented, although the utilization of services is below the level funded. The executive budget includes \$2.9 million total funds, including \$0.9 million general fund, to support both PACT and ICBR at the level anticipated during FY 2007.

The legislature may wish to request that AMDD provide information about the barriers and obstacles of bringing PACT and ICBR capacity up to funded levels and how those barriers and obstacles could be overcome. The legislature may wish to request that AMDD develop specific milestones and goals and report to an interim legislative body on progress toward those goals.

**LFD
ISSUE
CONT.**

New Initiative Spending Emphasizes MSH

The majority of new general fund requested in the executive budget for mental health services supports initiatives related to management of the state hospital population, either directly such as the request for STEP or indirectly through implementation of community services designed to provide alternative community services or assistance when persons are discharged from the state hospital. Figure 90 lists all present law adjustments and new proposals in the executive budget that are directly related to MSH operation. Requests for community services expansions where the executive justification notes its relationship to either preventing placement in MSH or helping transition upon discharge from MSH are also included in the table. However, at some level, it should be noted that all mental health community services could be considered to reduce the potential for admission to MSH.

Figure 90
Mental Health Executive Budget Request - Present Law Adjustments and New Proposals
Initiatives to Directly or Indirectly Stabilize MSH Population Levels

Budget Request	FY 2008		FY 2009	
	General Fund	Total	General Fund	Total
STEP	\$832,316	\$832,316	\$3,380,803	\$3,380,803
MSH Overtime/Operating	2,181,198	2,189,236	2,503,880	2,503,880
72 Hour Community Crisis Services	1,861,245	2,032,770	1,860,334	2,032,770
36.60 New MSH FTE	1,668,572	1,668,572	1,683,031	1,683,031
5.00 FTE & Short Term Community Support	535,226	535,226	485,165	485,165
Subtotal MSH Related	\$7,078,557	\$7,258,120	\$9,913,213	\$10,085,649
Total Mental Health Changes Requested	\$10,977,678	\$19,989,130	\$14,677,693	\$24,486,755
MSH Related Change as a % of Total Change	64.5%	36.3%	67.5%	41.2%

The STEP program is the most notable of the requests because it involves implementation of a new 120 bed program and renovation of two state buildings. The renovation costs are not included in Figure 90, but are included in the long range building request at an estimated cost of \$5.8 million general fund. (Other long range building requests add an additional \$4.5 million general fund to improve and renovate MSH support services.) 72 hour community crisis services, proposed in part to help reduce admissions to MSH, add \$3.7 million over the biennium. Other additions to fund peer specialists and funding for short term benefits are proposed to assist persons transitioning from MSH to community services. The Medicaid service growth includes anticipated utilization of such services as non secure community crisis beds and inpatient hospitalization, but those changes are not included in Figure 90.

Despite initiatives aimed at reducing MSH admissions and its population levels, the executive budget does not include any population or funding reductions for MSH. The legislature may wish to ask AMDD whether the initiatives in the executive budget will reduce admissions to and the population of MSH and if so, what the revised population projection would be. The legislature may also wish to ask AMDD what steps it will take to ensure that the new community services to reduce institutional admission are developed at the capacity funded in the executive request.

Linking Persons to Community Services

One of the executive justifications for requesting funds for 72 hour community crisis services is to prevent admissions to MSH. The executive explanation notes that about 40 percent of admissions to MSH do not require high-end care after a brief stabilization period.

While persons may not need high end care after short term stabilization, they may need to access other community mental health services in order to remain stable and not recidivate into hospital level of care. The executive budget has a specific proposal to help persons link to community services once they are discharged from MSH to avoid re-hospitalization, but there is no explanation of what could be done to improve the process to link persons to community services after a brief crisis stabilization service in the community.

LFD staff has requested that AMDD discuss with the legislature specific steps that could be taken to link persons with community services to avoid the “revolving door”. Since half of state hospital admissions are unknown to the mental health system, it seems that some persons receiving crisis stabilization could also be unknown to the system and need the same types of assistance as those being discharged from MSH.

**LFD
ISSUE
CONT.**Option

The legislature could evaluate AMDD suggestions about how to help persons link to community mental health services after short term crisis stabilization. If persons cannot access mental health services, it is more likely they could use additional hospital services, potentially undermining the positive outcomes expected by AMDD.

STEP

Department of Corrections (DOC) and DPHHS began meeting during Governor Martz's administration to "build bridges" between the two departments in order to better serve offenders with a mental illness. In January 2006, department representatives met with the initial goal of increasing beds for DOC because of escalating inmate populations. Executive branch staff continued to meet throughout 2006 while the STEP proposal took shape. As late as August 2006, the proposal had not been fleshed out, but was discussed in summary with mental health advisory groups and at the final meeting of the Interim Children, Families, Health, and Human Services Committee. The proposal was not included in the DPHHS budget request submitted in early September.

LFD staff was able to obtain a two page explanation of the STEP proposal in late October, but was not provided any additional explanation or financial detail until early November. The late introduction of the proposal and lack of public dialogue has precluded a meaningful analysis of the STEP program and a healthy public discussion that could have identified alternatives or improvements to the proposal for legislative consideration. However, LFD staff has the following observations and questions.

Annualized Cost

STEP will be implemented in the last half of FY 2009. Therefore, the costs included in the executive budget are lower than the annualized cost would be for FY 2010 and beyond. LFD staff estimates that the total number of FTE for STEP in 2010 would be 121.40 compared to the 41.69 FTE requested in FY 2009. The difference is due to:

- o Annualization of partial year FTE to 62.40
- o Transfer of 59.00 FTE from MSH

AMDD has estimated the annualized cost to support the 60 DOC slots including the 62.40 new FTE at \$4.6 million or about \$1.6 million higher than the FY 2009 request. However, the funding necessary to support the FTE and operating cost funds transferred from MSH to STEP has not been determined.

The departments have not identified the persons who would be transferred to STEP when it opens. Therefore, it is unknown what impact STEP may have on MSH population levels and the potential impact on future MSH operating costs.

Option

The legislature may wish to request that DPHHS provide the estimated total annualized cost to operate STEP and MSH when STEP comes on line. The legislature may also wish to ask DPHHS what the combined impact on MSH populations and costs would be if the entire executive budget proposal were implemented.

**LFD
ISSUE
CONT.**Alternatives

In its second annual listening tour across the state, AMDD staff prepared guiding principles for mental health services and expansions as well as the service needs identified during the listening tour, which were presented to the Interim Committee on Children, Families, Health and Human Services. The guiding principles are:

- Consumer driven
- Closer to home
- Regional service delivery
- Recovery focused
- Supports consumer choice of provider
- Quick, responsive access
- Build services, not beds
- Holistic care

The alternatives identified to help manage the MSH population were summarized in the presentation, including a comment that input on the alternatives was invited and welcomed. The alternatives listed were:

- Upgrade crisis beds to secure
- Peer support services
- Community sponsor/advocate for an individual being discharged from MSH
- 72-hour presumptive eligibility for crisis services
- Suicidal enrollment: individuals who are at imminent risk of self-harm are automatically eligible for 30 days of services, regardless of income (also pre-1997 state policy).
- Increase MHSP income eligibility level from 50 to 200 percent of the federal poverty level or eliminate MSHP income guidelines, reinstate sliding fee charges, and provide state funds to make up the difference between charges and collections.
- Provide assistance to community hospitals such as providing 24/7 evaluation and assessment services via telemedicine video from MSH staff, providing emergency room personnel with specialized training, paying for aide services, and increasing the reimbursement for crisis services
- Recruit/Retain Professional Staff

Alternatives specific to the hospital were:

- Pre-adjudication evaluations
- Special needs wrap funding
- Discharge medications
- Patient assistance in community setting

Some of these initiatives presented by AMDD in January 2006 are included in the executive budget request. However, creation of new state hospital beds was not included in the list, nor was a program to help DOC manage its population with a severe and disabling mental illness.

LFD ISSUE CONT. Development of a new institution-based service is a major step. The legislature implemented a mental health advisory structure in statute (53-21-702(4)(a), and 53-21-106, MCA), and made some statutory changes at the recommendation of AMDD, to ensure public input about the types and structure of mental health services administered by AMDD. Statutory advisory groups include the Mental Health Oversight Advisory Council, and regional Service Area Authorities (SAAs). Local Advisory Councils (LACs) were established to provide input to SAAs and are referenced in statute as well (53-21-1013, MCA). In addition, the legislature has initiated interim studies of mental health services for the last three biennia, with the most recent study goal to collaborate with the executive branch in developing mental health system improvements. However, there has been limited information provided about deliberations of the executive branch group considering the STEP proposal and the meetings were not announced so that interested persons could attend and understand the public policy decisions being considered. The lack of public discussion has precluded identification of and discussions about alternatives or improvements to the STEP program that might be considered by the legislature as well as DPHHS to address forensic population issues at MSH and the shortage of beds for DOC.

Option
 The legislature could consider the following options to evaluate the STEP program and potentially identify alternatives or improvements to the program and to provide a more thorough, public examination of the STEP program. It could:

- o Convene a select committee on mental health issues as it has in previous sessions
- o Extend public hearing times for the STEP proposal
- o Hire an advisor with expertise in mental health systems and institutions to evaluate the STEP proposal and identify improvements and alternatives
- o Review and evaluate the proposal and alternatives over the next interim

Funding

The following table shows program funding, by source, for the base year and for the 2009 biennium as recommended by the Governor.

Program Funding Table						
Addictive and Mental Disorders Division						
Program Funding	Base FY 2006	% of Base FY 2006	Budget FY 2008	% of Budget FY 2008	Budget FY 2009	% of Budget FY 2009
01000 Total General Fund	\$44,871,341	49.2%	\$58,027,065	49.4%	\$62,694,079	50.9%
01100 General Fund	44,871,341	49.2%	58,027,065	49.4%	62,694,079	50.9%
02000 Total State Special Funds	8,646,414	9.5%	11,364,282	9.7%	11,163,183	9.1%
02034 Earmarked Alcohol Funds	3,702,226	4.1%	4,592,116	3.9%	4,711,834	3.8%
02053 County Intergovernmental Trans.	1,040,539	1.1%	1,040,539	0.9%	1,040,539	0.8%
02217 Amdd/Doc Shared Position	-	-	79,484	0.1%	79,574	0.1%
02384 02 Indirect Activity Prog 33	88,702	0.1%	90,333	0.1%	90,913	0.1%
02691 6901-Msh/Doc Maint Agreement	352,063	0.4%	360,101	0.3%	-	-
02772 Tobacco Hlth & Medicid Initiative	3,435,225	3.8%	5,174,050	4.4%	5,212,664	4.2%
02987 Tobacco Interest	27,659	0.0%	27,659	0.0%	27,659	0.0%
03000 Total Federal Special Funds	37,730,663	41.3%	48,117,723	40.9%	49,212,797	40.0%
03082 Strategic Prevention Grant	-	-	2,332,000	2.0%	2,332,000	1.9%
03171 Data Infrastructure Development	29,995	0.0%	251,877	0.2%	251,877	0.2%
03505 93.150 - Mntal Hlth - Homeless	287,008	0.3%	287,008	0.2%	287,008	0.2%
03507 93.958 - Mntal Hlth - Blk Grt	1,228,490	1.3%	1,228,490	1.0%	1,228,490	1.0%
03508 93.959 - Sub. Abuse - Blk Grt 100%	7,157,681	7.8%	7,298,610	6.2%	7,321,808	5.9%
03580 6901-93.778 - Med Adm 50%	868,105	1.0%	980,892	0.8%	986,534	0.8%
03583 93.778 - Med Ben Fmap	27,688,615	30.3%	35,336,510	30.1%	36,400,287	29.6%
03601 03 Indirect Activity Prog 33	391,087	0.4%	402,336	0.3%	404,793	0.3%
03684 6901-Data Infrastructure93-230	79,682	0.1%	-	-	-	-
Grand Total	\$91,248,418	100.0%	\$117,509,070	100.0%	\$123,070,059	100.0%

AMDD is funded by a combination of general fund, state special revenue, and federal funds. General fund supports just over half of the FY 2009 budget request, while state special revenue comprises 9.1 percent and federal funds provide 40.0 percent of the total. General fund pays:

- o Mental health state institutions costs
- o State Medicaid match for mental health services
- o Mental health grants to support community mental health services for the Mental Health Services Plan (MHSP)

- Community crisis services for persons who are not eligible for Medicaid
- Chemical dependency services, for the first time, including:
 - A methamphetamine program executive proposal
 - Non Medicaid provider rate increases

The most significant state special revenue sources are health and Medicaid initiatives account tobacco tax revenues, alcohol taxes allocated to DPHHS and intergovernmental transfer revenue from counties (inaccurately named as Medicaid nursing home match in the table). Alcohol state special revenue supports the Montana Chemical Dependency Center (MCDC), state matching funds for chemical dependency Medicaid services, and program administration, as well as some services provided by other agencies. Health and Medicaid initiatives funds support Medicaid provider rate increases and the home and community based services Medicaid waiver approved by the 2005 Legislature.

Federal sources of funding include Medicaid matching funds, several federal grants, and indirect cost recovery from federal sources for shared administrative costs. Medicaid matching funds provide almost a third of the FY 2009 budget request. The federal substance abuse grant is 5.9 percent of total funds and supports grants to community providers as well as division administrative costs and a portion of MCDC costs. A new grant for strategic prevention initiatives provides support for development of community chemical dependency and prevention services. Two smaller federal grants support community mental health services.

**LFD
ISSUE**
Alcohol State Revenue Insufficient to Fund Executive Budget Request

Figure 91 shows the alcohol tax fund balance for revenues allocated to DPHHS. Figure 91 shows base budget expenditures, FY 2007 appropriations or estimated expenditures, and the 2009 biennium executive budget request. Revenue amounts are those adopted by the Interim Committee on Revenue and Transportation for liquor taxes and DPHHS estimates are used for cost recovery amounts.

Revenues are anticipated to increase gradually growing about \$1.1 million from the base budget through FY 2009. DPHHS cost recovery for MCDC increased from historic levels of about \$50,000 to about \$87,000 in FY 2006 with anticipated collections growing to nearly \$110,000.

The executive budget allocates the majority of alcohol tax revenue to support MCDC. The next largest expenditures are two statutory appropriations:

- 1) A distribution to counties based on 20 percent of revenue; and
- 2) An allocation of 6.6 percent of revenue to support programs that provide services to persons with a chemical dependency and a mental illness.

Other uses of alcohol tax revenue not previously discussed include allocations to:

- Department of Justice to support crime lab tests for driving under the influence
- Montana State Hospital to support chemical dependency services
- Quality Assurance Division in DPHHS to support licensure and certification activities
- Department of Corrections to support chemical dependency services at Pine Hills

LFD ISSUE CONT. The Professional and Occupational Licensing Board at Department of Labor will not be funded from alcohol taxes in the 2009 biennium and includes an adjustment to remove alcohol tax funds. Figure 91 is constructed in accordance with statute (53-24-206(3)(b), MCA), which requires that all unappropriated liquor tax revenues are to be distributed to counties. That amount is estimated to be \$400,825 in FY 2007 and reduces the FY 2007 ending balance to zero. The alcohol tax fund shows a negative balance in each year of the 2009 biennium.

The executive budget request is in excess of liquor tax proceeds allocated to DPHHS. In addition, service expansions and rate increases for chemical dependency services supported by federal block grants are funded from the general fund. Historically state funds for chemical dependency have come only from alcohol tax funds.

Option

If the legislature approves the executive budget request, it could consider increasing alcohol tax revenues to fund the service expansions. The legislature could also change the allocation of tax collections to direct the entire increase to DPHHS for treatment programs.

Figure 91
Earmarked Alcohol Tax Revenue and Expenditures
FY 2006 Actuals Through FY 2009 Executive Budget Request

Revenue/Expenditures	Executive Budget				% of
Fund Balance	Base Budget	07 Approps.	FY 2008	FY 2009	Total
Beginning Balance	\$397,208	\$238,361	\$117,699	(\$62,923)	
Revenues					
Liquor License	\$4,360,508	\$4,679,000	\$5,001,000	\$5,338,000	73.6%
Beer Tax	899,237	903,000	916,000	929,000	12.8%
Wine Tax	742,495	781,000	824,000	866,600	11.9%
DPHHS Cost Recovery	87,246	106,889	109,940	109,645	1.5%
Other Receipts**	<u>35,501</u>	<u>10,810</u>	<u>10,810</u>	<u>10,810</u>	<u>0.1%</u>
Total Revenue	\$6,124,987	\$6,480,699	\$6,861,750	\$7,254,055	100.0%
Annual Percent Change	13.8%	5.8%	5.9%	5.7%	
Total Funds Available	\$6,522,195	\$6,719,060	\$6,979,449	\$7,191,132	
Disbursements					
Chemical Dependency Cntr (MCDC)	\$3,014,474	\$3,050,294	\$3,678,702	\$3,738,680	51.3%
Distribution to Counties	1,486,053	1,555,726	1,348,200	1,426,720	19.6%
Services for Dually Diagnosed	396,148	419,958	444,906	470,818	6.5%
CD Medicaid Services/Admin.	362,211	542,470	560,929	584,127	8.0%
Justice - Crime Lab DUI Tests	303,204	303,204	303,204	303,204	4.2%
CD Operations	250,023	293,289	276,828	313,355	4.3%
Cost Allocated Admin.	225,729	248,302	273,132	300,445	4.1%
Montana State Hospital	75,000	75,000	75,000	75,000	1.0%
Quality Assurance-Licensure	60,178	52,129	60,292	60,696	0.8%
Department of Corrections-Pine Hills	25,523	25,523	25,523	25,523	0.3%
Department of Labor - POL Board	4,707	35,466	(5,001)	(5,001)	-0.1%
CD Benefits - non Medicaid	<u>518</u>	<u>0</u>	<u>657</u>	<u>672</u>	<u>0.0%</u>
Total Disbursements	\$6,203,768	\$6,601,361	\$7,042,372	\$7,294,239	100.0%
Adjustments***	(\$80,066)	\$0	\$0	\$0	
Ending Fund Balance	<u>\$238,361</u>	<u>\$117,699</u>	<u>(\$62,923)</u>	<u>(\$103,107)</u>	

*Revenue estimates are those adopted by the Revenue and Transportation Committee, except DPHHS cost recovery, which uses DPHHS estimates. FY 2007 costs are based on AMDD allocations an estimate of indirect costs, and legislative appropriations for other agencies and DPHHS divisions.
 **Other receipts includes lab testing and phone/vending machine income. The FY 2006 amount includes one time revenue of \$23,110
 ***Generally accepted accounting principles (GAAP) require certain entries to be made. The adjustments include those entries, with the most significant being capitalization of a lease for \$28,068.

LFD ISSUE CONT. Figure 92 shows the amount of state funding necessary if the legislature were to fund the executive budget request for chemical dependency treatment as it is presented. Figure 92 shows that if the legislature wanted to increase alcohol taxes and use the increased revenue only for DPHHS, it would need to raise all sources by 21.6 to 32.1 percent. The increase would need to be about 44.6 to 66.1 percent if the legislature also wanted to augment general fund revenues. However, these estimates do not include any estimates for consumption decreases due to tax increases or proposed pay plan changes.

Figure 92
Percent Increase in Alcohol Taxes Needed to Offset Executive Budget Request for Other Funds
(Not Accounting for Changes in Demand due to Price Change)

Item	FY 2008	FY 2009
Service Expansion	\$2,000,000	\$2,000,000
One Time Education/Prevention	0	1,000,000
Medicaid Provider Rate Increase *	14,023	18,961
Provider Rate Increase for Federally Funded Providers	162,338	162,338
Administration	39,854	0
Executive Budget Shortfall	62,923	103,107
Total	\$2,279,138	\$3,284,406
Each 1% Tax Increase		
Total Raised	\$143,432	\$143,432
Allocation to DPHHS	67,669	67,669
Less Statutory Appropriations	(18,000)	(18,000)
Net Income - Current Statute	\$49,669	\$49,669
Total Percent Increase Needed	45.9%	66.1%
Percent Increase if Total Allocated to DPHHS and Statutory Appropriations Remained		
	21.6%	31.2%

*This provider rate increase is funded from state special revenue health and Medicaid initiatives account funds; all others are funded from general fund.

AMDD Biennial Budget Comparison

Figure 93 shows the 2007 biennium compared to the 2009 biennium budget request for AMDD. The biennial change is \$57.0 million, with a \$32.5 million increase in general fund. FTE increase by 94.29, largely due to the STEP proposal. Benefits and claims grows \$25.8 million due mostly in anticipated increases in mental health Medicaid benefits, but also for proposed expansions in community mental health crisis stabilization and other services. Grant expenditures increase due to executive proposals to expand methamphetamine and chemical dependency community services and develop community prevention programs.

State special revenue growth is primarily in the health and Medicaid initiatives account to fund the home and community based mental health services Medicaid waiver and Medicaid provider rate increases. Federal funding grows to support increased Medicaid costs and to a much lesser degree, receipt of a federal grant for development of community chemical dependency prevention services.

Evaluation of New Initiatives

The 2005 Legislature requested reports on the outcomes of several appropriations, including two initiatives in AMDD. The following information was provided by AMDD in response to that request.

Figure 93
2007 Biennium Compared to 2009 Biennium
Addictive and Mental Disorders Division

Budget Item/Fund	2007 Biennium	2009 Biennium	Percent of Total	Percent Difference	Percent of Change
FTE	572.75	667.04		94.29	
Personal Services	\$54,253,176	\$70,115,186	29%	\$15,862,010	27.8%
Operating	20,549,749	25,804,588	11%	5,254,839	9.2%
Equipment	68,010	84,000	0%	15,990	0.0%
Capitol Outlay	0	450,000	0%	450,000	0.8%
Grants	12,069,570	21,572,869	9%	9,503,299	16.7%
Benefits/Claims	96,453,480	122,271,394	51%	25,817,914	45.3%
Debt Service	186,289	281,092	0%	94,803	0.2%
Total Costs	\$183,580,274	\$240,579,129	100%	\$56,998,855	100.0%
General Fund	\$88,201,575	\$120,721,144	50%	\$32,519,569	57.1%
State Special	18,410,777	22,527,465	9%	4,116,688	7.2%
Federal Funds	76,967,922	97,330,520	40%	20,362,598	35.7%
Total Funds	\$183,580,274	\$240,579,129	100%	\$56,998,855	100.0%

Evaluation of Psychiatric Rate Increase on Access to Services

The 2005 Legislature approved a 20 percent rate increase for psychiatric services, which was implemented July 1, 2005. AMDD requested the rate increase with the goal of increasing access to services for adults with a serious and disabling mental illness. Figure 94 shows the AMDD documentation as requested in language in HB 2. The division concluded that the rate increase did not help improve access to services.

Evaluation of 5.00 New Regional FTE for Mental Health Services

The 2005 Legislature approved 5.00 new FTE to provide a regional presence for adult mental health services, similar to FTE in other DPHHS service systems. The legislature funded the executive request and added language to HB 2 specifying that 2.00 of the FTE funded in FY 2007 and an additional 1.00 FTE funded in FY 2008 must be used to help develop crisis services in the community, a significant priority identified by AMDD in its listening tour in the fall of 2004. The following information was provided by AMDD to evaluate the performance of the 5.00 new FTE.

Fiscal Year	Number Served*	Percent Change	Payments	Percent Change
2004	3,980		\$1,267,617	
2005	3,961	-0.5%	1,260,060	-0.6%
2006	3,973	0.3%	1,449,049	15.0%

*Number served is an unduplicated count.
Source: Addictive and Mental Disorders Division, electronic message, October 9, 2006.

1. Define the baseline for community plans as the staffs meet with community leaders. Where is each community in the development and implementation of their respective plan?
2. Evaluate the plan for feasibility and function by discussion the Local Advisory Council (LAC) or Service Area Authority (SAA).
3. If necessary, amend the plan according to the community recommendations.
4. Develop positive working relationships with community mental health stakeholders. This could be evaluated through stakeholder feedback.
5. Count the number of contacts made during the year and map locations visited.
6. Determine if there is an increase in the number of LAC meetings or if the composition of the LAC membership includes more community leaders.
7. Hours of technical assistance and training provided to stakeholders, including LAC and SAA.

Present Law Adjustments

The “Present Law Adjustments” table shows the primary changes to the adjusted base budget proposed by the Governor. “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 2008-----					-----Fiscal 2009-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					2,096,078					2,401,789
Vacancy Savings					(1,207,007)					(1,219,252)
Inflation/Deflation					208,133					229,068
Fixed Costs					(113,445)					(91,106)
Total Statewide Present Law Adjustments					\$983,759					\$1,320,499
DP 33101 - AMDD Operations Present Law Adjustments	0.00	23,708	4,631	19,661	48,000	0.00	26,671	5,211	22,118	54,000
DP 33201 - Medicaid FMAP - Chemical Dependency	0.00	0	24,944	(24,944)	0	0.00	0	26,178	(26,178)	0
DP 33202 - CD Medicaid Caseload Adjustment	0.00	0	173,774	379,823	553,597	0.00	0	195,738	425,848	621,586
DP 33301 - MCDC OT/Diff/Holiday Pay & Aggregate FTE Funding	0.00	0	117,959	0	117,959	0.00	0	120,750	0	120,750
DP 33302 - MCDC Present Law Adjustments	0.00	0	81,707	0	81,707	0.00	0	126,670	0	126,670
DP 33401 - Medicaid FMAP - Mental Health	0.00	670,404	0	(670,404)	0	0.00	703,781	0	(703,781)	0
DP 33402 - Medicaid Caseload Adjustment - Mental Health	0.00	1,777,713	87,812	4,183,229	6,048,754	0.00	2,213,180	87,812	5,167,039	7,468,031

	Fiscal 2008					Fiscal 2009				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 33414 - Annualize HCBS Waiver	0.00	0	1,323,324	2,892,426	4,215,750	0.00	0	1,327,540	2,888,210	4,215,750
DP 33501 - MSH OT/Diff/Holiday Pay & Aggregate FTE Funding	0.00	1,684,211	8,038	0	1,692,249	0.00	1,720,533	0	0	1,720,533
DP 33502 - MSH Present Law Adjustments	0.00	496,987	0	0	496,987	0.00	783,347	0	0	783,347
DP 33503 - MSH 36.6 Modified FTE	36.60	1,668,572	0	0	1,668,572	36.60	1,683,031	0	0	1,683,031
DP 33601 - MMHNCC OT/Diff/Holiday Pay & Aggregate FTE Funding	0.00	495,861	0	0	495,861	0.00	507,504	0	0	507,504
DP 33602 - MMHNCC Present Law Adjustments	0.00	187,146	0	0	187,146	0.00	272,537	0	0	272,537
Total Other Present Law Adjustments	36.60	\$7,004,602	\$1,822,189	\$6,779,791	\$15,606,582	36.60	\$7,910,584	\$1,889,899	\$7,773,256	\$17,573,739
Grand Total All Present Law Adjustments					\$16,590,341					\$18,894,238

LFD COMMENT

Present law adjustments add \$35.4 million over the biennium, with \$14.9 million general fund. The most significant adjustments fund increased Medicaid costs, including annualization of the home and community based waiver funded by the 2005 Legislature. However, the most significant general fund increases support personal services costs at the MSH, which add \$8.0 million over the biennium. One of the present law adjustments – funding 36.60 FTE - is listed as a present law adjustment instead of a new proposal as are all other DPHHS requests to make the funding for modified FTE permanent. Each of the present law adjustments is discussed in the subprogram narratives.

The personal services present law adjustment is less than 10.0 percent of total personal services in FY 2006 - \$28.1 million. However, because overtime costs are included in base budget expenditures shown in the budget tables, but not in the adjusted base budget, which is usually augmented for present law adjustments, the statewide present law adjustment for personal services is understated by about \$3.2 million. This understatement is related only to budgets with overtime costs, and is material only in budgets with significant amounts of overtime – usually state institutions or other functions that require round the clock, seven days a week staffing.

Figure 95 shows the components of actual expenditures compared to the adjusted base budget and the present law adjustment for AMDD personal services, including the masking effect of overtime costs.

The biggest increase is in benefits costs, most likely increases in workers' compensation costs - \$2.9 million. Upgrades and reclassifications, driven in part by the difficulty in recruitment and retention of medical workers, adds about \$2.2 million. Health insurance changes add \$1.3 million and fully funding positions adds about \$1.1 million. Longevity increases add about \$0.1 million.

This issue is discussed only as a point of information. There are no options regarding the adjustment.

Increase/Decrease	FY 2008	FY 2009
Benefits Changes/Pay Plan	\$1,309,401	\$1,562,076
Upgrades/Reclassification	1,090,923	1,090,923
Health Insurance	666,390	666,390
Vacancies	581,495	581,495
Longevity Increase	31,292	84,328
Subtotal Increases	\$3,679,501	\$3,985,212
Remove Base Overtime	(\$1,455,317)	(\$1,455,317)
Remove Termination Pay	(128,106)	(128,106)
Subtotal Decreases	(\$1,583,423)	(\$1,583,423)
Net Change	<u>\$2,096,078</u>	<u>\$2,401,789</u>

New Proposals

Program	-----Fiscal 2008-----					-----Fiscal 2009-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
DP 33104 - Behavioral Health Program Facilitator	33	1.00	0	79,484	0	79,484	1.00	0	79,574	0	79,574
DP 33203 - Meth & CD Regional Services Expansion	33	1.00	2,000,000	0	0	2,000,000	1.00	2,000,000	0	0	2,000,000
DP 33204 - Methamphetamine Prevention - OTO	33	0.00	0	0	0	0	0.00	1,000,000	0	0	1,000,000
DP 33206 - Strategic Prevention Framework Incentive Grant	33	2.00	0	0	2,332,000	2,332,000	2.00	0	0	2,332,000	2,332,000
DP 33304 - MCDC Staff (Modified and Other)	33	6.00	0	340,906	0	340,906	6.00	0	344,518	0	344,518
DP 33407 - Fund 72 hr Community Crisis Support	33	0.00	1,861,245	0	171,525	2,032,770	0.00	1,860,334	0	172,436	2,032,770
DP 33410 - Mental Health Community Services Development	33	5.00	585,226	0	0	585,226	5.00	535,165	0	0	535,165
DP 33413 - Federal Data Infrastructure Grant	33	1.00	0	0	142,200	142,200	1.00	0	0	142,200	142,200
DP 33506 - Secure Treatment & Examination Program (STEP) (Requires Legislation)	33	0.00	832,316	0	0	832,316	41.69	3,380,803	(352,063)	0	3,028,740
DP 33701 - Provider Rate Increases	33	0.00	281,480	327,689	716,240	1,325,409	0.00	282,251	362,087	788,098	1,432,436
Total	16.00	\$5,560,267	\$748,079	\$3,361,965	\$9,670,311	\$9,670,311	57.69	\$9,058,553	\$434,116	\$3,434,734	\$12,927,403

New proposals add \$22.6 million total funds, including \$14.6 million general fund. There are several significant policy decisions embodied in the budget proposal for this program:

- o Renovation of a state building to house a 120 bed secure care program (STEP) on the Warm Springs campus for forensic patients in the care of AMDD and prisoners with a serious and disabling mental illness in the care of DOC
- o Expansion of methamphetamine and chemical dependency services expansion to serve an estimated 148 persons annually
- o Implementation of a grant program to fund 72 hour crisis care in the community
- o Addition of 36.60 FTE, which is reflected in the present law adjustments rather than a new proposal because a number of these FTE may be used to staff the STEP program and because other modified institution FTE in this division budget request are listed as a new proposal even though the FTE are related to institution population

Each new proposal will be discussed in the sub program narrative.

Sub-Program Details

MENTAL HEALTH 01

Sub-Program Proposed Budget

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

Sub-Program Proposed Budget								
Budget Item	Base Budget Fiscal 2006	PL Base Adjustment Fiscal 2008	New Proposals Fiscal 2008	Total Exec. Budget Fiscal 2008	PL Base Adjustment Fiscal 2009	New Proposals Fiscal 2009	Total Exec. Budget Fiscal 2009	Total Exec. Budget Fiscal 08-09
FTE	504.50	36.60	6.00	547.10	36.60	47.69	588.79	588.79
Personal Services	24,672,127	4,456,612	333,256	29,461,995	4,774,565	2,622,828	32,069,520	61,531,515
Operating Expenses	8,485,787	780,873	696,486	9,963,146	1,188,409	967,277	10,641,473	20,604,619
Equipment	27,000	0	30,000	57,000	0	0	27,000	84,000
Capital Outlay	0	0	450,000	450,000	0	0	0	450,000
Grants	5,241,850	0	2,151,912	7,393,762	0	2,152,683	7,394,533	14,788,295
Benefits & Claims	39,949,848	10,264,504	1,049,255	51,263,607	11,683,781	1,139,971	52,773,600	104,037,207
Debt Service	74,212	0	0	74,212	0	66,000	140,212	214,424
Total Costs	\$78,450,824	\$15,501,989	\$4,710,909	\$98,663,722	\$17,646,755	\$6,948,759	\$103,046,338	\$201,710,060
General Fund	44,369,309	7,579,749	3,397,929	55,346,987	8,781,478	5,896,215	59,047,002	114,393,989
State/Other Special	4,930,486	1,419,174	313,666	6,663,326	1,415,352	(8,937)	6,336,901	13,000,227
Federal Special	29,151,029	6,503,066	999,314	36,653,409	7,449,925	1,061,481	37,662,435	74,315,844
Total Funds	\$78,450,824	\$15,501,989	\$4,710,909	\$98,663,722	\$17,646,755	\$6,948,759	\$103,046,338	\$201,710,060

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the Governor. "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 2008-----				-----Fiscal 2009-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					1,652,916					1,927,480
Vacancy Savings					(1,052,986)					(1,063,983)
Inflation/Deflation					202,102					222,069
Fixed Costs					(105,362)					(89,544)
Total Statewide Present Law Adjustments					\$696,670					\$996,022
DP 33401 - Medicaid FMAP - Mental Health	0.00	670,404	0	(670,404)	0	0.00	703,781	0	(703,781)	0
DP 33402 - Medicaid Caseload Adjustment - Mental Health	0.00	1,777,713	87,812	4,183,229	6,048,754	0.00	2,213,180	87,812	5,167,039	7,468,031
DP 33414 - Annualize HCBS Waiver	0.00	0	1,323,324	2,892,426	4,215,750	0.00	0	1,327,540	2,888,210	4,215,750
DP 33501 - MSH OT/Diff/Holiday Pay & Aggregate FTE Funding	0.00	1,684,211	8,038	0	1,692,249	0.00	1,720,533	0	0	1,720,533
DP 33502 - MSH Present Law Adjustments	0.00	496,987	0	0	496,987	0.00	783,347	0	0	783,347
DP 33503 - MSH 36.6 Modified FTE	36.60	1,668,572	0	0	1,668,572	36.60	1,683,031	0	0	1,683,031
DP 33601 - MMHNCC OT/Diff/Holiday Pay & Aggregate FTE Funding	0.00	495,861	0	0	495,861	0.00	507,504	0	0	507,504
DP 33602 - MMHNCC Present Law Adjustments	0.00	187,146	0	0	187,146	0.00	272,537	0	0	272,537
Total Other Present Law Adjustments	36.60	\$6,980,894	\$1,419,174	\$6,405,251	\$14,805,319	36.60	\$7,883,913	\$1,415,352	\$7,351,468	\$16,650,733
Grand Total All Present Law Adjustments					\$15,501,989					\$17,646,755

DP 33401 - Medicaid FMAP - Mental Health - This proposal adds \$1,374,185 general fund over the biennium and reduces federal funds by a like amount. This funding switch accounts for the reduction in the federal match rate and is the amount necessary to fund base Medicaid expenditures over the 2009 biennium. Funding changes for caseload growth are included in the following request.

DP 33402 - Medicaid Caseload Adjustment - Mental Health - This proposal requests \$13.5 million total funds over the biennium, which includes \$4.0 million general fund and \$0.2 million state special revenue from the health and Medicaid initiatives account.

This proposal includes:

- o Regular Medicaid cost growth based on a 3.5 percent annual change from estimated FY 2007 costs
- o Medicaid Program for Assertive Community Treatment (PACT) and Intensive Community-Based Rehabilitation (ICBR) services, which were underutilized in the 2007 biennium
- o Inpatient hospitalization increase
- o Non-secure crisis stabilization bed funding

LFD COMMENT Figure 96 shows each component of the Medicaid caseload adjustment starting with base budget expenditures. Budget requests for increased services comprise 16.7 percent of the FY 2009 total. Taking into consideration the utilization adjustments for higher cost community services, total Medicaid costs rise at a 6.4 percent annual increase compared to base budget expenditures.

Figure 96
Mental Health Medicaid Caseload Components - DP 33402 - and Calculation of Provider Rate Increase

Item	Fiscal Year 2008				Fiscal Year 2009				Percent of Total
	General Fd.	SSR	Federal	Total	General Fd.	SSR	Federal	Total	
Base Year Costs	\$8,455,857	\$1,350,818	\$26,817,454	\$36,624,129	\$8,455,857	\$1,350,818	\$26,817,454	\$36,624,129	83.1%
Eligibility/Service Growth	658,418	87,812	1,631,056	2,377,286	1,076,998	87,812	2,463,881	3,628,690	8.2%
Unsecure Crisis Stabilization Beds	349,449	0	763,801	1,113,250	350,562	0	762,688	1,113,250	2.5%
Inpatient Hospitalization Utilization Increase (\$1,397/Day)	315,609	0	681,891	997,500	329,936	0	717,814	1,047,750	2.4%
PACT	286,319	0	625,817	912,136	287,232	0	624,904	912,136	2.1%
ICBR	167,917	0	367,020	534,937	168,452	0	366,485	534,937	1.2%
Federal Reimbursement	0	0	113,645	113,645	0	0	231,268	231,268	0.5%
Subtotal Increase	\$1,777,712	\$87,812	\$4,183,230	\$6,048,754	\$2,213,180	\$87,812	\$5,167,039	\$7,468,031	16.9%
Total Cost of Medicaid - Mental Hlth	\$10,233,569	\$1,438,630	\$31,000,684	\$42,672,883	\$10,669,037	\$1,438,630	\$31,984,493	\$44,092,160	100.0%
Annual Rate of Growth from Base	10.0%	n/a	7.5%	7.9%	8.1%	n/a	6.0%	6.4%	
HCBS Waiver	\$0	\$1,323,324	\$2,892,426	\$4,215,750	\$0	\$1,327,540	\$2,888,210	\$4,215,750	
Federal Match Rate Change	670,404	0	(670,404)	0	703,781	0	(703,781)	0	
Total Subject to Rate Increase*	\$10,903,973	\$2,761,954	\$33,109,061	\$46,774,988	\$11,372,818	\$2,766,170	\$33,937,655	\$48,076,642	
Total Cost of a 2.5% Rate Increase	\$0	\$367,067	\$802,308	\$1,169,375	\$0	\$378,483	\$823,433	\$1,201,916	
Executive Request	0	313,666	685,589	999,255	0	343,232	746,739	1,089,971	
LFD Over (Under) Executive	\$0	\$53,401	\$116,719	\$1,169,375	\$0	\$35,251	\$76,694	\$111,945	

The most significant component - increase in eligible persons and growth in service utilization - is just under half of the FY 2009 total. Anticipated utilization increases in specific services add almost as much as the growth in all other Medicaid services. The executive budget uses the incorrect state match rate for caseload components. The oversight can be corrected when the legislature considers the appropriation for mental health services.

The legislature authorized expansions for PACT and ICBR. One of the goals was to provide enhanced community services and help reduce or preclude placement in state mental health institutions. A specific goal of the ICBR when it was originally funded by the 2003 Legislature was to provide a richer community service to support between 20 to 25 persons who had several unsuccessful community placements and most of whom were residing at MMHNCC.

**LFD
ISSUE**

PACT and ICBR Underutilized

ICBR services were under utilized because AMDD cannot guarantee placement in services. ICBR services are typically established around a group home concept. Mental health clients have a choice as to where they locate and if they become stable enough to move to a lower level of service, they can do so. This combination of choice and improvement has resulted in discontinuation of some ICBR service slots.

ICBR reimbursement is \$225 per day compared to regular group home services that run about \$90 per day. Despite its higher cost, if a person can successfully transition to community living from full time institutional care, there are cost savings irrespective of other advantages or disadvantages.

PACT services were anticipated to expand from 140 service slots in FY 2004 to 335 by FY 2006, with a slight increase to 350 by FY 2007. Figure 97 shows the actual service capacity in September 2006 compared to the FY 2007 level anticipated during the 2005 Legislature when the appropriation was made.

The number of slots in the first three months of FY 2007 was 292, or 58 slots (16.6 percent) lower than the appropriation would support. The Medicaid request also anticipates utilization increases in hospital and community crisis stabilization services. LFD staff is evaluating when the non secure community crisis services were developed and how many days of care were funded in the base budget. This information will be available for legislative consideration.

Figure 97
PACT Service Slots Developed Compared to
2005 Legislative Expectations

Location	Budgeted	Sept 06	Difference
	Slots	Slots	
Helena	70	70	0
Billings	70	66	4
Kalispell	70	56	14
Great Falls	70	54	16
Missoula	70	46	24
Total	350	292	58
% Different			16.6%

Option

The legislature may wish to ask AMDD to identify the obstacles that prevented full utilization of ICBR and PACT and how those obstacles could be over come. It may wish consider whether to fund an expansion in the ICBR and PACT program since the services were under utilized in FY 2006 with the pattern continuing in early FY 2007. If the legislature does fund an expansion, it may wish to restrict the appropriation and request that AMDD report on service capacity in the interim.

The following information is provided so that the legislature can consider various performance management principles when examining this proposal. It is as submitted by the agency, with editing by LFD staff as necessary for brevity and/or clarity.

Justification: Adult mental health Medicaid services are an entitlement to Montanans who meet program eligibility criteria, including income, age and illness standards. An individual must be at least 18 years old and be diagnosed with a severe and disabling mental illness. This proposal to increase the services appropriation is based on an analysis of past growth trends in this program and certain additions.

Goal: Continue to provide high quality services to approximately 14,000 Medicaid eligible Montanans who require the level of services provided by this program. To the extent possible, the department would control the growth of these Medicaid entitlements so they don't consume unnecessary resources by aggressively managing the program and investing in program areas that promote cost avoidance.

Performance Criteria: Eligible individuals would continue to receive appropriate care as authorized by the program's rules. Staff would monitor program budgets monthly to insure that the program is operating within funding levels as appropriated and utilization is consistent with expected program growth rates.

Milestones: The program would monitor budget activity monthly and annually to operate program expenditures within appropriated funding levels over the course of the biennium.

FTE: No additional FTE would be required for this increase in caseload for these services.

Funding: The funding for this proposal is at the Medicaid services matching rate of approximately 31 percent state funds to approximately 69 percent federal. There is not a reasonable alternative for the state matching funds.

Obstacles: Shortages of providers willing to provide these services are always an issue.

Risk: If increases in funding are not approved it is expected that expenditures would exceed the budgeted authority as this program continues to grow as demand increases for more services and as more eligible individuals access these services. If resources are not available to meet the increased demand, modifications or reductions to the services package that can be offered would result. Cutting services is not a recommended option, since services have been limited to those which are required and necessary to provide the current level.

**LFD
COMMENT**

DPHHS used the same expenditure evaluation information for all Medicaid benefits. The language is general, with budget monitoring being the most significant performance criteria and activity listed. It is difficult to tell what other outcomes the legislature could expect based on the DPHHS write up.

Some issues related to Medicaid mental health services have already been discussed, including admission to MSH, underutilization of community services for persons with more intense service needs, lack of access to psychiatric care, and lack of community crisis services in local hospitals and other venues. The legislature may wish to ask DPHHS to identify meaningful outcome measures if these are not helpful or to provide measures as part of the appropriation for mental health benefits.

DP 33414 - Annualize HCBS Waiver - This proposal includes \$8,431,500 total funds over the biennium including \$2,650,864 in health and Medicaid initiatives state special revenue funds to annualize the home and community-based Medicaid waiver for adults with a severe and disabling mental illness that was approved by the 2005 Legislature. The AMDD waiver is similar to waivers already administered for elderly, physically disabled, and developmentally disabled adults. This funding would serve about 105 persons in FY 2008 and FY 2009 at a daily rate of \$110/day. Depending on the required service intensity, additional eligible persons could be served. The waiver was anticipated to start in January 2007, but DPHHS received federal approval in late November, which could delay start up in FY 2007.

**LFD
COMMENT**

This proposal anticipates three waiver teams each serving about 35 individuals in the first year of the waiver. Although the executive budget proposal indicated that there would be 105 persons served in the waiver, the application submitted for federal approval requested authority to serve 125 persons the second and third years of the waiver.

The waiver teams would be located in Billings, Missoula, and Great Falls, with the Billings site opening first. The AMDD waiver anticipates using the same contractors as the physically disabled and elderly waivers to manage services with one change. The AMDD waiver teams would include a social worker with a background in mental health services.

**LFD
ISSUE**

AMDD Waiver Could Accept Persons Receiving Services from Senior and Long Term Care Division

The department received federal approval of the waiver November 27, 2006. Persons served in the waiver must meet nursing home level of care standards. DPHHS personnel anticipate that a number of persons served in the AMDD waiver would transfer from nursing home and waiver services administered by Senior and Long Term Care Division (SLTC).

The legislature may wish to request that DPHHS address how it would manage the populations that are eligible for services in two divisions. Since the waiver is a capped service, the legislature may wish to know whether persons who do not have a service placement would be given priority over those already receiving services. The legislature may also wish to know whether funding would “follow” a person transferred from SLTC services to the AMDD waiver. If the funding doesn’t follow the person, then AMDD waiver funds would need to support the cost of waiver services for persons transferring from SLTC. Depending on how the funding is managed internal to DPHHS, there could be a lower overall net gain in placements for persons who cannot currently access services.

The following information is provided so that the legislature can consider various performance management principles when examining this proposal. It is as submitted by the agency, with editing by LFD staff as necessary for brevity and/or clarity.

Justification: Medicaid eligible individuals with severe and disabling mental illness (who meet nursing facility level of care and reside in one of the three geographic areas in the state where the HCBS waiver program is authorized) have the opportunity to choose to receive their care in the HCBS waiver program or a nursing facility. This proposal provides the funding for HCBS waiver services.

Goal: Provide a choice of receiving long term care services in a community setting as an alternative to receiving long term care services in a nursing facility. The objective of the HCBS waiver program is rehabilitation and recovery, while encouraging the consumer to accept personal responsibility for services and desired outcomes.

Performance Criteria: There would be a quality management process to collect and review data gathered from providers and the consumers enrolled in the waiver to ensure that quality assurances are met. Recovery markers have been established as performance/outcome indicators and include the domains of employment, level of symptom interferences, housing, and substance abuse (stages of change and level of use). Each domain contains items that would be scored and submitted quarterly through a secure web based application by case managers. All reports would contain only summarized data to ensure consumer confidentiality.

Milestones: Major milestones would include:

- Enroll Medicaid eligible individuals with severe disabling mental illness into the
- HCBS waiver program beginning in January, 2007
- Complete surveys of those individuals enrolled in the first year of the waiver to
- monitor and gauge success by December 2007
- Begin the evaluation process to determine if there are other geographic areas in the
- state where the HCBS waiver program may be implemented

FTE: No FTE are requested with this decision package.

Funding: Tobacco tax from the health and Medicaid initiatives account and federal Medicaid matching funds

Obstacles: The following obstacles may be encountered:

- There may be more individuals with severe disabling mental illness (who meet
- nursing facility level of care and reside in one of the three geographical locations where
- the waiver is authorized) who want to choose waiver services, but the program may be at
- capacity
- The HCBS waiver for adults with severe disabling mental illness is not available
- statewide

Risk: This proposal offers an alternative to nursing facility placement and focuses on rehabilitation and recovery for individuals enrolled in the waiver program. Without the HCBS waiver, individuals with severe disabling mental illness who meet nursing facility level of care would enter or remain in nursing facilities.

**LFD
COMMENT**

The goals, outcomes, and performance criteria are related to the federal waiver requirements. The legislature may wish to request that AMDD develop measures that would be more meaningful to a person with less understanding of the medical and recovery nuances listed. LFD staff noted that some persons may be admitted to the AMDD waiver who are already receiving services from the Senior and Long Term Care Division. The legislature may wish to know how many persons transfer between service systems and the overall increase in the number of persons receiving waiver services who come from within the mental health service system.

DP 33501 - MSH OT/Diff/Holiday Pay & Aggregate FTE Funding - This request adds \$3.4 million general fund and a small amount of state special revenue for personal services costs, including holidays worked, overtime, differential and physician on-call. These costs are removed from the base budget and must be reauthorized by the legislature each biennium. These costs are paid to maintain staffing requirements at a facility that operates 24 hours a day, 7 days a week.

**LFD
COMMENT**

These amounts were calculated assuming the proposal for 36.60 FTE would be approved. If these additional FTE are not approved, AMDD believes that overtime costs and funding for aggregate position would need to be increased.

DP 33502 - MSH Present Law Adjustments - The present law adjustment adds \$1.3 million general fund over the biennium for pharmacy, outside medical, food contract with Montana State Prison, and replacement equipment.

Pharmacy costs for administration, dispensing fees, and drugs add \$361,330 in FY 2008 and \$569,525 in FY 2009, based on a 10.0 percent growth rate from the base budget amount of \$1,720,618.

MSH pays for all medical costs for residents who do not have Medicare, Medicaid, or personal funds to pay the expenses. Expenses include services outside the facility such as lab, hospital, x-rays, dental, and optometry. FY 2006 expenditures were \$422,137. The 2009 biennium requests an additional \$88,649 in FY 2008 and \$139,727 in FY 2009, based on 10.0 percent inflation for FY 2007, FY 2008, and FY 2009.

The food services contract was \$223,845 in FY 2006. Inflation of 10.0 percent per year for FY 2007, FY 2008 and FY 2009 results in a request of \$47,008 in FY 2008 and \$74,094 in FY 2009.

**LFD
ISSUE**
State Hospital Populations are Unchanged Despite Budget Initiative

The legislature may wish to evaluate this request based on changes in hospital population projections if the STEP program and community services designed to limit inappropriate placements at the state hospital are approved. LFD staff has requested information about the changes anticipated to the FY 2009 MSH budget if the STEP program is approved and persons are moved from MSH to STEP.

DP 33503 - MSH 36.6 Modified FTE - This request adds \$3.4 million general fund to continue 36.60 FTE added during state FY 2006 to address MSH populations in excess of licensed capacity. From FY 2004 to FY 2005 admissions increased by 9 percent. While discharges from the hospital also increased over that time period, the population remained above licensed capacity. Federal hospital regulations and oversight increased staff workload. The additional staff would be used to enhance oversight, meet federal hospital regulations and increase treatment and therapeutic activities for the patients.

**LFD
ISSUE**
Some of 36.60 New FTE May Support STEP

MSH would transfer 59.00 FTE to the STEP program October 2008. While these FTE are justified as necessary for state hospital operation, a number of the 36.60 FTE and existing staff are necessary to implement the new proposal. The legislature may wish to include the 36.60 new FTE as a new proposal instead of a present law adjustment and ask how many of the 36.60 FTE will be moved to the STEP program.

The following information is provided so that the legislature can consider various performance management principles when examining this proposal. It is as submitted by the agency, with editing by LFD staff as necessary for brevity and/or clarity.

Justification: This proposal increases staffing levels at MSH to meet patient needs and comply with state and federal regulatory requirements. MSH must meet stringent healthcare regulations for licensure and certification that require sufficient numbers of qualified staff to provide a comprehensive program of active treatment and to carry out other required hospital functions. 36.60 modified FTE were authorized in October 2005 to provide services to a heightened patient population. This action has allowed the hospital to take steps to alleviate overcrowding and reorganize treatment programs to better meet patient needs. The modified FTE are needed to adequately meet the needs of serving 190 patients. Sufficient staff results in improved treatment outcomes and shorter lengths of stay.

Goals:

- To provide necessary staffing to effectively and efficiently administer an inpatient psychiatric hospital that serves people from communities across Montana as part of a continuum of comprehensive public mental health services.
- To comply with healthcare facility and program standards necessary to meet licensure and certification requirements.
- To maintain public safety by ensuring the provision of proper care, treatment, and custody of the population served which includes people on forensic commitments (30 percent) resulting from criminal prosecutions.

Performance Criteria:

- Continued compliance with standards for licensure and certification.
- Reductions in mean and median length of stay.
- Decrease in the use of seclusion and restraint
- Increase in active treatment opportunities
- Reduction in the use of staff overtime

Milestones: The Governor's budget office authorized the additional 36.6 FTE in October 2005 on an interim basis. Positions included professional positions such as a psychiatrist, a psychologist, and other hard to recruit positions. This decision package would provide for continuation of these staff on a permanent basis to serve the needs of roughly 190 patients at the hospital.

FTE:

The makeup of the 36.60 FTE is as follows:

- 1.00 Psychiatrist
- 5.00 Licensed nurses (RN and LPN)
- 1.00 Social worker or case worker
- 1.00 Psychologist or licensed prevention counselor
- 1.00 Rehabilitation therapist
- 1.00 Rehabilitation therapist aide
- 19.0 Psychiatric technicians
- 1.00 Unit clerk
- 1.00 Food service worker
- 1.00 Health information clerk
- 1.00 Maintenance worker
- 1.00 Security/safety officer
- 1.00 Peer support specialist
- 1.60 Housekeepers

Most positions are responsible for the direct treatment of patients. Other positions provide patient or facility support through food preparation, security, or maintenance.

Funding: General fund is requested. No other alternative revenue sources provide the stability of funding to maintain continuity of care for patients. Any insurance, Medicare, Medicaid, or private proceeds collected from patients admitted to the hospital are pledged to pay the debt service for the hospital. Any excess proceeds are returned to the general fund since the hospital is funded with general fund monies.

If the hospital census declines to a point at which staffing levels can be reduced, every effort would be made to do this through attrition. Over 25 percent of the facility's workforce is retirement eligible. Any savings achieved would be used to meet other needs within the public mental health system with the priority being community services.

Obstacles: Recruitment and retention of qualified healthcare professionals is a challenge, but the hospital has been very successful in attracting an excellent team of professionals. Most, if not all positions are currently filled. It is imperative that the hospital be able to offer competitive pay and benefits to recruit quality staff.

Risk: The risk of not funding this proposal is that without sufficient numbers of qualified staff, the hospital would not meet licensure or certification requirements or carry out other functions mandated by statute. Loss of licensure would greatly increase risk and liability and would result in the loss of Medicare, Medicaid, and other sources of reimbursement that are deposited in the state general fund or dedicated to debt service. A failure to provide sufficient numbers of staff also places patients, staff, and the public at risk of harm due to the behaviors that include self-harm and harm to others.

**LFD
COMMENT**

The performance criteria lack specific, measurable outcomes.

DP 33601 - MMHNCC OT/Diff/Holiday Pay & Aggregate FTE Funding - This request adds \$1,003,365 to pay the following personal services costs: holidays worked, overtime, differential, and physician on-call. These personal services costs are removed from the base budget and must be reauthorized by the legislature each biennium. These payments maintain minimum staffing requirements at an institution that operates 24 hour a day, 7 days a week.

DP 33602 - MMHNCC Present Law Adjustments - This request adds \$459,683 general fund for anticipated cost increases in pharmacy, outside medical, replacement equipment, and nursing facility bed tax, which are essential costs related to operating the facility. All cost increases were estimated at 10 percent per year from base budget expenditures.

Pharmacy costs rise \$141,110 in FY 2008 and \$222,417 in FY 2009 compared to base budget expenditures of \$671,954.

MMHNCC pays for all medical costs for residents who do not have Medicare, Medicaid, or personal funds to pay the expenses. Expenses include services outside the facility such as lab, hospital, x-rays, dental, and optometry. FY 2006 expenditures were \$33,763 and this proposal would add \$7,090 in FY 2008 and \$11,176 in FY 2009.

MMHNCC is a licensed nursing facility and pays the nursing home bed tax. In FY 2006 the tax rate was \$7.05 per day. The FY 2006 bed days were estimated to be 29,565 for an average daily population of 81 for the year. In FY 2007 the tax rate increases to \$8.30 per day, which would add another \$38,945 compared to base budget costs of \$245,390.

New Proposals

Sub Program	-----Fiscal 2008-----					-----Fiscal 2009-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 33407 - Fund 72 hr Community Crisis Support 01	0.00	1,861,245	0	171,525	2,032,770	0.00	1,860,334	0	172,436	2,032,770
DP 33410 - Mental Health Community Services Development 01	5.00	585,226	0	0	585,226	5.00	535,165	0	0	535,165
DP 33413 - Federal Data Infrastructure Grant 01	1.00	0	0	142,200	142,200	1.00	0	0	142,200	142,200
DP 33506 - Secure Treatment & Examination Program (STEP) (Requires Legislation) 01	0.00	832,316	0	0	832,316	41.69	3,380,803	(352,063)	0	3,028,740
DP 33701 - Provider Rate Increases 01	0.00	119,142	313,666	685,589	1,118,397	0.00	119,913	343,126	746,845	1,209,884
Total	6.00	\$3,397,929	\$313,666	\$999,314	\$4,710,909	47.69	\$5,896,215	(\$8,937)	\$1,061,481	\$6,948,759

DP 33407 - Fund 72 hr Community Crisis Support - AMDD is requesting \$3.7 million general fund and \$0.3 million federal funds for the biennium to provide up to 72 hours of crisis stabilization care for adults with severe disabling mental illness, who are uninsured. Care could be provided in a community and/or hospital setting based upon the individual’s needs. Determination of appropriate crisis stabilization care would be made by a licensed mental health professional.

This proposal includes funding to develop and implement a contractual tele-medicine network to provide psychiatric consultation services across the state in areas where psychiatrists are not available. Services may be delivered through a contracted psychiatric assistance hotline and may include specific emergency department training.

LFD COMMENT

The lack of community crisis services has been identified as a significant problem in the state mental health system in two listening tours conducted by AMDD staff in visits across Montana. Last session the legislature funded the executive request for 5.00 new FTE and conditioned the appropriation with specific direction that some of the new positions were to specifically work on development of community crisis services. The AMDD evaluation of these FTE is discussed in the division overview.

Access to psychiatric services has been a challenge in the mental health system for a number of years, not only for hospitals but also for community providers. Access to psychiatric support would be critical to the success of this proposal, particularly if grant funds are available to smaller, more rural hospitals.

Telemedicine has helped other states address health care shortages and is being used in parts of eastern Montana. AMDD is still considering several ways to implement this proposal, such as:

- Hiring an out of state contractor for psychiatric access
- Hiring additional psychiatrists at MSH to staff a call-in center
- Allocating grants to certain areas of the state to pay for crisis stabilization
- Determining when or how a secure care service would be provided in the community and if so, would statute need to be amended

The division is considering several alternatives in managing this proposal. Tentative budget allocations would set aside \$1.0 million per year for provision of telemedicine services, including the cost of psychiatric consultation, video conferencing, training for hospital staff about treating and care for persons with a mental health crisis, and, potentially, video teleconferencing equipment. Provision of psychiatric services could be provided through a contract with a national firm or local providers or through addition of psychiatrists to MSH to provide consultations.

**LFD
COMMENT
CONT.**

The balance of the funds would be used for crisis services, with an estimated cost of \$700 per 72 hour visit, with the first 24 hours reimbursed at a higher rate than the last 24 hours. AMDD staff developed reimbursement in consultation with providers, who indicated they would provide services under the arrangement.

Some crisis stabilization episodes may not require the full 72 hour span. However, if all crisis stays are 72 hours and cost the full \$700, funding would be sufficient to pay for 1,462 visits per year or 4 persons per day in crisis services using the balance of the request (\$1,023,770 annually).

AMDD staff has not decided whether to operate this proposal as a pilot program in areas with the most admissions to MSH or to offer the funding statewide. AMDD does have concerns that it could use the full amount prior to the end of the year, leaving providers and consumers in a difficult situation.

Option

The legislature may wish to ask AMDD what steps it will take to ensure that the services are developed and if it has more definitive plans on how the service would be administered. LFD staff has asked whether a statutory change would be necessary to require people to stay in a community hospital for the full 72 hours.

The following information is provided so that the legislature can consider various performance management principles when examining this proposal. It is as submitted by the agency, with editing by LFD staff as necessary for brevity and/or clarity.

Justification: Individuals in a psychiatric crisis are often transferred to MSH when community facilities lack the skills and expertise to provide stabilization services. A review of admission data from MSH indicates that approximately 40 percent of the individuals admitted under an emergency or court-ordered detention do not require high-end care after a brief stabilization period. This proposal provides funding for brief stabilization services to be provided in the community with clinical support provided by contractor(s).

Goal: The goal of this proposal is to provide short-term stabilization close to the individual's home, family, and community supports. This service is intended as an alternative to transportation and stabilization at the MSH.

Performance Criteria: Effectiveness would be measured by a comparison of historical practices (admissions) with actual admissions during FY 2008 and FY 2009.

Milestones: Major milestones would be:

- Establish baseline data by county for admissions to MSH for previous 24 month period – August 2007
- Develop and award RFP for contracted psychiatric consultation by October 2007
- Allocate available funding for 72-hour presumptive eligibility for uninsured. Allocation would be by Service Area Authority regions to ensure that limited funding is distributed equitably across the state – October 2007

FTE: No FTE are requested.

Funding: Since the target population to be served would include mostly uninsured individuals, alternative funding sources to general fund do not exist. Medicaid would be used where possible.

Obstacles: The following obstacles may be encountered:

- Funding expended prior to the end of the fiscal year due to demand
- Difficulty in contracting for psychiatric consultation services due to availability of contractor, cost of consultation, or unanticipated requirements

Risk: This proposal offers an alternative response to individuals in crisis. Without the ability to provide community crisis stabilization, communities across the state would continue to divert individuals to more expensive services, either to facilities with psychiatric units or to MSH.

DP 33410 - Mental Health Community Services Development - AMDD is requesting \$1.1 million general fund for the biennium for community services development to improve opportunities for adults with serious mental illness to live and work in the community. The request includes the following components:

- o Mental health community liaison officers
- o Limited funding support short term payment for services for patients discharged from MSH
- o Development of a peer support implementation plan
- o Contracting for a workforce development and retention study

LFD COMMENT

Figure 98 shows each component and the budget request for each component of DP 33410.

The majority of the funds, including the funds to purchase short term services, are targeted to persons being discharged from MSH. The single largest portion would support liaison officers to ensure persons being discharged from MSH get referred to services and to provide assistance in accessing needed community services. It is anticipated that these ten half-time positions would be filled with primary consumers who can provide a unique perspective on recovery and community reintegration.

The second largest expenditure would fund transition services for persons leaving MSH. Funds would support time limited assistance for appropriate housing, medication, or other community resources.

Development of a peer support plan includes funds for training in the Wellness Recovery Action Plan (WRAP) and other types of support. The final component would fund a workforce study. AMDD would contract with organizations with specific expertise in the mental health area.

LFD Issues and Options

Milestones indicate that the FTE would not be hired until January 2008. The proposal funds the positions as if they were filled July 1, 2007. The legislature could consider prorating the appropriation if it approves the proposal.

Additionally, the legislature may wish to ask AMDD how persons can remain stable in the community after short term assistance is exhausted. Since the assistance may be used to purchase prescription medication and housing, continuation of these services may be integral to a person remaining healthy.

Figure 98
Items Funded by DP 33410

Components	FY 2008	Percent of Total	FY 2009	Percent of Total
MH Community Liaison Officers	\$335,499	57.5%	\$335,499	62.7%
MSH Discharge Support	120,000	20.6%	120,000	22.4%
Develop Peer Support Plan	77,040	13.2%	28,979	5.4%
Workforce Development/Retention Study	<u>50,687</u>	<u>8.7%</u>	<u>50,687</u>	<u>9.5%</u>
Total	\$583,226	100.0%	\$535,165	100.0%

The following information is provided so that the legislature can consider various performance management principles when examining this proposal. It is as submitted by the agency, with editing by LFD staff as necessary for brevity and/or clarity.

Justification: Discharge support funding for patients discharged from Montana State Hospital – Timely discharge from the Montana State Hospital can be delayed when a patient does not have the personal financial assets to access appropriate housing, medication, or other community resources. This time-limited funding can be used to bridge the gap between discharge and initiation of benefits. Continuation of medications following discharge from Montana State Hospital is a key component of successful community reintegration. Providing a limited supply of medications along with prescriptions benefits patients, families, and aftercare service providers.

- o Mental health community liaison officers – There is a need for focused re-entry support services for individuals discharged from Montana State Hospital to support a successful community placement. Liaison officers would provide support to

assure that consumers are able to get to referred services and provide assistance in accessing needed community services. It is anticipated that these ten half-time positions would be filled with primary consumers who can provide a unique perspective on recovery and community reintegration. It is unclear, at this point in time, whether CMS would allow these positions to be cost allocated to Medicaid administration at the (50percent/50percent) matching rate.

- Development of peer support implementation plan – Changing the mental health system to be more responsive to consumer needs requires the participation of consumers at all levels of planning and program development. In order to strategically plan for the development and implementation of peer services, an organized consumer base must be formed. This proposal would provide funding for appropriate training and skill development for consumers and family members.
- Contracting for a workforce development and retention study – The ongoing challenges of recruitment and retention of trained personnel to work in the behavioral health field is evident across the state at all levels of skill and expertise. This proposal would provide an opportunity for representatives from across the state to meet to collaborate on quantifiable goals for workforce development in Montana.

Goals:

- Discharge support funding for patients discharged from MSH
 - Provide patients at MSH with financial resources necessary to assure timely and clinically appropriate discharge
 - Provide patients at MSH with a limited supply of prescription medications at time of discharge
- Mental health community liaison officers:
 - Provide community support for patients discharged from MSH in meeting the recommendations of the hospital discharge plan and reintegrating into the community
- Development of peer support implementation plan
 - Create an organized consumer base with the skills and abilities for meaningful participation in program planning.
- Contracting for a workforce development and retention study
 - Creation of a plan for development of a stable behavioral health workforce

Performance Criteria:

- The number of patients who have accessed funding to ensure timely and clinically appropriate discharge
- Reduction in the number of days required to discharge a patient following determination of readiness for discharge
- Reduction in re-admission rates
- The number of patients who have been provided medications at discharge
- Number of patients who have received assistance in community reintegration activities
- The number of consumers who have participated in WRAP training
- Increased consumer satisfaction with community reintegration as measured by survey
- Workforce development and retention study contract established

Milestones:

- Discharge support funding for patients discharged from MSH - implemented as soon as funding is available – July 1, 2007
- Medications for patients at discharge from MSH - implemented as soon as funding is available – July 1, 2007
- Mental health community liaison officers
- Position descriptions developed, classified, and advertised by January 2008
- Development of peer services implementation plan
- Leadership Academy for 30 consumers each fiscal year
- WRAP training (six sessions each year – 60 consumers each year)
- Contracting for a workforce development and retention study
- Contract with executed January 2008, with milestones for targeted activities
- Completion of contract June 30, 2009

FTE: The proposal funds 5.00 grade 13 FTE. The community liaison officers would be tasked with the responsibility to mentor current and recently discharged consumers, ensure these consumers are able to get to referred services and help consumers access needed community services. It is envisioned these positions may be filled by individuals with mental illness that can act in the capacity of peer specialists.

Funding: This proposal is funded with general fund. There is not a known alternative to general fund.

Obstacles:

- Increase in cost of pharmaceuticals resulting in appropriated funding expended prior to end of fiscal year
- Ability to recruit 10 half-time mental health community liaison officers
- Unforeseen contracting problems for either peer support or for workforce development and retention study

Risk: The four components, either individually or as an aggregate, have been developed to enhance the potential for an individual with serious mental illness to successfully live within a community setting. Failure to provide these supportive services would result in patients remaining at MSH longer than is clinically indicated and, for some, readmissions to high-end care.

**LFD
COMMENT**

The legislature may wish to ask AMDD to specify bench marks it might consider in evaluating whether admissions to MSH have been reduced and how that reduction is specifically related to this individual proposal.

DP 33413 - Federal Data Infrastructure Grant - The department received a federal data infrastructure grant to continue to develop data capacity within the Mental Health Bureau. This request adds \$284,400 of federal appropriation authority over the biennium including 1.00 FTE and related operating and equipment. The FTE would develop and generate routine and ad hoc reports for state planning and dissemination to the bureau, division, legislature, mental health services consumers, and other stakeholders. As new evidence based practices are implemented the analyst would process and report fidelity data. The position would be responsible for the collection and analysis of data, including determining what would be assessed, how it would be collected, and evaluating the outcomes. The position would design and complete focused statistical analysis on data to identify and explicate the consequences and effects of programs and policies.

DP 33506 - Secure Treatment & Examination Program (STEP) (Requires Legislation) - The executive budget includes \$4,213,119 general fund for the biennium to implement STEP, a 120 bed program to serve forensic population with a severe and disabling mental illness. The request includes funding for 41.69 FTE in FY 2009 to be hired November 2008.

STEP would provide mental health and addiction treatment services for offenders who have been charged and/or convicted of criminal acts and are, by court order in a criminal proceeding, placed into the custody of either the Department of Corrections (DOC) or DPHHS for examination, treatment, incarceration, or custody. The program would include establishment of connections with family, the community, and other forces that motivate positive social behavior and provide support when people's resources are inadequate.

The Dr. Xanthopolis (Dr. X) building would be renovated to meet the security and treatment needs of the target population for the STEP program. In addition, the Receiving Hospital on the Warm Springs Campus would be renovated to accommodate the WATCH program, currently housed in the Dr. X building. Facility improvements would be completed through the Long Range Building process and it is estimated that participants may begin moving into the STEP facility in December 2008. Cost estimates have been adjusted to reflect the staggered implementation timeline for the program.

The Long Range Building Program includes a request for \$5.8 million to complete the building renovations for STEP based on recommendations of a safety and security audit of the facility to ensure that the Dr. X building met the applicable safety and protection standards adopted by the American Correctional Association and DOC.

**LFD
COMMENT**

The executive budget narrative includes a December 1, 2008 target date for persons to be admitted

**LFD
ISSUE**

Summary of Issues Related to STEP

The legislature may wish to consider several issues related to STEP discussed in the division overview. In summary those issues are:

- The full annualized cost of STEP is not available.
- The annualized number of FTE for the program is 121.50, which includes 59.00 FTE that would be transferred from MSH and the annualized number of new FTE of 62.50
- The lack of public participation in the development of STEP has precluded a robust dialogue about other alternatives that could be considered either in addition to or in place of STEP

The following information is provided so that the legislature can consider various performance management principles when examining this proposal. It is as submitted by the agency, with editing by LFD staff as necessary for brevity and/or clarity.

Justification: Mentally ill offenders have unique treatment needs. This proposal seeks to create a program that would enhance the state's ability to deliver targeted mental health and addiction treatment within a secure facility that has been designed to address the safety and wellbeing of the general public, the offenders, and the staff who would administer the program.

The STEP program would coordinate with community service providers and the Community Corrections Division of DOC to enable successful transitions to community, and would coordinate with the mental health treatment Services at Montana State Prison (MSP) and Montana Women's Prison (MWP) to enable the successful stabilization and re-entry of offenders into a less restrictive setting within the general prison population.

Goal: The goal of this proposal is to develop a program of mental health and other services tailored to the special needs of persons who have been charged and/or convicted of criminal acts and are, by court order in a criminal proceeding, placed into the custody of either the DOC or DPHHS for examination, treatment, incarceration, or custody.

- The program would mesh the treatment offenders receive at STEP with the treatment they get in prison, other corrections facilities, and the community to offer them a seamless transition as they strive to heal and improve themselves and earn opportunities to return to the community.
- The program would provide the skills necessary for some offenders, as sentencing allows, to move into the least-restrictive environment, including community corrections programs such as prerelease centers, parole, group homes or intensive supervision.
- The program would provide an opportunity for reduced lengths of stay in secure facilities for some individuals due to stabilization of health care issues and improved linkages with community services
- The program would provide a secure setting for crisis management that is difficult to offer at MSP/MWP.
- The program would provide heightened security for those patients who have been criminally charged and/or convicted, sentenced to the DPHHS, and currently placed on the Forensic Unit at MSH.

Performance Criteria: The performance of the program would be measured by the collection and analysis of the following information:

- Medical records including assessment, medications prescribed, treatment provided, etc.
- Past placement in other treatment programs
- Discharge planning & follow up
- Criminal file inclusive of type of offense
- General demographic
- Comparison of historical practices of joint training, staffing patterns and data collection capabilities with actual practices in FY 2009

Milestones

- Establish baseline data for number of offenders served by both departments who meet the eligibility criteria for the STEP program
- Complete renovations of Receiving Hospital and Dr. Xanthopolis building to facilitate the move of the WATCH program and the opening of the STEP program by December 1, 2008.
- Establish referral policies to the STEP program, shared by both departments.

- Establish appropriate due process and disciplinary action policies for the STEP program that protect individual rights while providing treatment and security personnel with clear guidelines for addressing difficult behaviors in a challenging population of offenders.
- Establish baseline data for cross training of personnel from DOC and DPHHS

FTE: STEP would be staffed through a combination of new and existing staff at MSH. 62.50 new FTE are requested, while 59.00 existing FTE would be transferred from the hospital to STEP.

Funding: General fund is requested.

Obstacles:

- Lengthy construction and renovation timelines delay the placement of these offenders within the program for up to two years
- Philosophical differences between corrections and mental health.
- Categorical funding streams; when funding gets threatened, collaboration decreases.
- Nationally, there is a growing public policy emphasizing incarceration. The STEP program has been designed to facilitate the transition of mentally ill offenders to the least restrictive setting possible; which may conflict with public sentiment.

Risk:

- The program would offer a higher level of security for forensic patients, who are some of the most dangerous and unpredictable patients at MSH. Without this program, there is increased risk of patient elopements and potential for increased safety risks to both patients and staff.
- The program would reduce the potential for a crisis at MSP/MWP due to an inability to move inmates to appropriate housing, and staff usage would improve.
- The program would help to ease overcrowding at MSH by moving forensic patients – those judged guilty but mentally ill – to the STEP program, utilizing an existing building on the Warm Springs campus, and without this program, there is potential need to build more beds at MSH to serve a burgeoning group of forensics patients in addition to those patients who are civilly committed.
- The program would help to ease overcrowding at MSP/MWP by transferring mentally ill inmates to STEP, allowing improved management of the remaining inmates in the prison's mental health treatment unit. Dozens of inmates housed in the high-security side of the prison, who are currently eligible to move to the low-security side due to good behavior, would have space to move. Without this program, inmates would be held in high-security unnecessarily.

LFD COMMENT The majority of reasons cited to support development of this proposal relate to DOC. However, because the departments have not determined the program referral criteria, the number of persons needing this level of treatment, and alternative ways to serve this population, the legislature cannot evaluate whether this proposal would alleviate the risks identified or be the best expenditure of funds to meet MSH needs.

It is also difficult to tell whether this proposal would be responsible for preventing the risks identified or if the risks would continue, but in a different environment. The legislature may wish to ask DPHHS and DOC to identify measurable baseline data to evaluate whether outcomes with STEP are different than outcomes related to current programs and structures. It could be difficult to separate good outcomes due to STEP from outcomes due to expansions in community services designed to reduce MSH admissions and help persons transition from STEP to the community.

DP 33701 - Provider Rate Increases -. This request adds \$2.8 million, including \$0.6 million general fund and \$0.7 million from the health and Medicaid initiatives state special revenue tobacco funds, for provider rates increases.

LFD ISSUE Executive Budget Insufficient to Fund 2.5 Percent Provider Rate Increase
The executive budget narrative says that the provider rate increase is 2.5 percent. The funding requested is sufficient to raise rates by 2.3 to 2.4 percent. Figure 96 shows the LFD calculation of the cost of a 2.5 percent provider rate compared to the executive request. The legislature would need to appropriate about \$120,000 more, including \$40,000 more in state funding, to support a 2.5 percent rate increase.

Sub-Program Details**ADDICTION TREATMENT & PREVENTION 02****Sub-Program Proposed Budget**

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

Sub-Program Proposed Budget								
Budget Item	Base Budget Fiscal 2006	PL Base Adjustment Fiscal 2008	New Proposals Fiscal 2008	Total Exec. Budget Fiscal 2008	PL Base Adjustment Fiscal 2009	New Proposals Fiscal 2009	Total Exec. Budget Fiscal 2009	Total Exec. Budget Fiscal 08-09
FTE	55.25	0.00	9.00	64.25	0.00	9.00	64.25	64.25
Personal Services	2,590,400	420,273	393,043	3,403,716	449,129	395,230	3,434,759	6,838,475
Operating Expenses	1,350,903	85,894	350,342	1,787,139	138,290	1,354,521	2,843,714	4,630,853
Grants	1,392,287	0	2,000,000	3,392,287	0	2,000,000	3,392,287	6,784,574
Benefits & Claims	6,387,926	553,597	2,133,833	9,075,356	621,586	2,149,319	9,158,831	18,234,187
Debt Service	24,434	0	2,700	27,134	0	0	24,434	51,568
Total Costs	\$11,745,950	\$1,059,764	\$4,879,918	\$17,685,632	\$1,209,005	\$5,899,070	\$18,854,025	\$36,539,657
General Fund	39,854	0	2,162,338	2,202,192	(39,854)	3,162,338	3,162,338	5,364,530
State/Other Special	3,627,226	548,984	354,929	4,531,139	665,090	363,479	4,655,795	9,186,934
Federal Special	8,078,870	510,780	2,362,651	10,952,301	583,769	2,373,253	11,035,892	21,988,193
Total Funds	\$11,745,950	\$1,059,764	\$4,879,918	\$17,685,632	\$1,209,005	\$5,899,070	\$18,854,025	\$36,539,657

The addiction treatment and prevention 2009 biennium budget request grows \$13.0 million compared to base budget expenditures. General fund grows substantially, from under \$40,000 in base budget funding to \$5.3 million general fund over the biennium. The executive budget includes \$4.0 million general fund to expand community treatment for methamphetamine and chemical dependency, \$1.0 million general fund for a one-time-only appropriation to support private methamphetamine prevention and education efforts, and \$0.3 million for rate increases for services funded from federal block grant funds. As noted in the division funding section, historically alcohol tax has been used almost exclusively as the state funding source for chemical dependency services and the executive budget requests more alcohol tax funds than will be available to spend.

The executive request also includes funding for 9.00 new FTE for:

- MCDC staff increases – 6.00 FTE
- Federal grant funding to develop community prevention programs – 2.00 FTE
- Administer new chemical dependency and methamphetamine treatment – 1.00 FTE

Present Law Adjustments

The “Present Law Adjustments” table shows the primary changes to the adjusted base budget proposed by the Governor. “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 2008-----					-----Fiscal 2009-----					
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
Personal Services				422,841						449,995
Vacancy Savings				(120,527)						(121,616)
Inflation/Deflation				4,613						5,525
Fixed Costs				(426)						6,095
Total Statewide Present Law Adjustments				\$306,501						\$339,999
DP 33201 - Medicaid FMAP - Chemical Dependency	0.00	0	24,944	(24,944)	0	0.00	0	26,178	(26,178)	0
DP 33202 - CD Medicaid Caseload Adjustment	0.00	0	173,774	379,823	553,597	0.00	0	195,738	425,848	621,586
DP 33301 - MCDC OT/Diff/Holiday Pay & Aggregate FTE Funding	0.00	0	117,959	0	117,959	0.00	0	120,750	0	120,750
DP 33302 - MCDC Present Law Adjustments	0.00	0	81,707	0	81,707	0.00	0	126,670	0	126,670
Total Other Present Law Adjustments				\$753,263	0.00	\$0	\$469,336	\$399,670	\$869,006	
Grand Total All Present Law Adjustments				\$1,059,764						\$1,209,005

LFD COMMENT Present law adjustments add \$2.3 million over the biennium. The major increase supports growth in Medicaid services and adds \$1.2 million. Statewide present law adjustments, almost exclusively in adjustments to personal services, add \$0.6 million. Other increases support overtime pay for MCDC, which is removed from base budget expenditures, and other operating cost increases for MCDC.

DP 33201 - Medicaid FMAP - Chemical Dependency - A reduction in the federal Medicaid match rate increases the amount of state special revenue necessary to maintain the chemical dependency Medicaid program. \$51,122 of state special revenue appropriation authority is requested over the biennium to cover the corresponding decrease in federal Medicaid funding.

DP 33202 - CD Medicaid Caseload Adjustment - Chemical dependency Medicaid services are estimated to increase by 5 percent each year (\$126,421 and \$194,410, respectively in FY 2008 and FY 2009). Medicaid youth residential services are also expected to increase each year by \$427,176 for new providers that were not providing these services previously. This request adds \$1,175,183 total funds over the biennium including \$369,512 in state special revenue (alcohol tax) and \$805,671 in federal funds.

DP 33301 - MCDC OT/Diff/Holiday Pay & Aggregate FTE Funding - This request adds \$238,709 over the biennium from alcohol tax state special revenue for personal services costs that have been removed from the base budget and must be reauthorized by the legislature each biennium. These services include holidays worked, overtime, differential, and physician on-call necessary to maintain minimum staffing requirements at a 24 hour a day, 7 days a week, 365 days a year facility.

DP 33302 - MCDC Present Law Adjustments - This present law adjustment requests funds for inflationary increases for pharmacy, outside medical, and facility rent and food services.

**LFD
ISSUE**

MCDC Cost Increases

Figure 99 shows operating cost increases of this present law request as well as the new proposal to increase MCDC staff. Figure 99 shows FY 2006 base year costs, and the historic growth rate in costs from FY 2004 to FY 2006 compared to the changes requested in the executive budget.

Figure 99
Total Operating Cost Increases Requested for MCDC in PL 33302 - MCDC PL Adjustments and NP 33304 - MCDC Staff

Base/Increases	Rent		Food Service		Drugs		Dispensing Fee		Laboratory		General Medical		Dental	
	FY 08	FY 09	FY 08	FY 09	FY 08	FY 09	FY 08	FY 09	FY 08	FY 09	FY 08	FY 09	FY 08	FY 09
FY 2006 Base	\$378,727	\$378,727	\$361,519	\$361,519	\$107,547	\$107,547	\$74,054	\$74,054	\$21,201	\$21,201	\$8,456	\$8,456	\$118	\$118
Annual Rate of Change from FY 2004	10.5%		1.8%		6.9%		45.3%		11.1%		-55.7%		-32.6%	
PL33302-MCDC PL Adj	15,301	23,181	22,017	33,523	22,585	35,598	15,551	24,512	4,452	7,018	1,776	2,799	25	39
NP33304-MCDC Staff	0	0	63,761	65,674	23,351	25,719	0	0	3,800	3,800	2,000	2,000	0	0
Total*	\$394,028	\$401,908	\$447,297	\$460,716	\$153,483	\$168,864	\$89,605	\$98,566	\$29,453	\$32,019	\$12,231	\$13,255	\$143	\$157
Annual Rate of Change from Base Budget	2.0%		11.2%		8.4%		19.5%		16.2%		10.0%		10.0%	

*Total does not include long distance telephone, laundry, or office supplies cost increases of \$7,800 per year included in NP 33304 - MCDC Staff

Rent costs appear to be understated in the executive request, as do drug dispensing fees. The new proposal for staff anticipates an increase in population at MCDC with the new staff. It would seem logical that additional space and drug dispensing fees would be necessary. On the other hand, requested increases in dental and medical costs and food costs appear to be overstated compared to historic trends.

Option

The legislature could establish appropriation levels according to historic trends if it decides to fund this proposal.

New Proposals

Sub Program	FTE	-----Fiscal 2008-----				-----Fiscal 2009-----				
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 33203 - Meth & CD Regional Services Expansion 02	1.00	2,000,000	0	0	2,000,000	1.00	2,000,000	0	0	2,000,000
DP 33204 - Methamphetamine Prevention - OTO 02	0.00	0	0	0	0	0.00	1,000,000	0	0	1,000,000
DP 33206 - Strategic Prevention Framework Incentive Grant 02	2.00	0	0	2,332,000	2,332,000	2.00	0	0	2,332,000	2,332,000
DP 33304 - MCDC Staff (Modified and Other) 02	6.00	0	340,906	0	340,906	6.00	0	344,518	0	344,518
DP 33701 - Provider Rate Increases 02	0.00	162,338	14,023	30,651	207,012	0.00	162,338	18,961	41,253	222,552
Total	9.00	\$2,162,338	\$354,929	\$2,362,651	\$4,879,918	9.00	\$3,162,338	\$363,479	\$2,373,253	\$5,899,070

DP 33203 - Meth & CD Regional Services Expansion – This proposal adds \$4.0 million in general fund over the biennium to implement a residential treatment service to address the longer-term support needed for the recovery from methamphetamine, other drugs, and alcohol abuse. Evidence-based, patient-centered, and outcome-oriented chemical dependency interventions would be used for treatment. The population served is often individuals with a co-occurring illness, who may be in the correctional system.

LFD COMMENT Figure 100 shows the documentation provided by AMDD for this proposal, which allocates funds among service expansions included in this proposal. The proposal would support seven treatment homes, including two for reservations, at an annual cost of \$200,000 each. The homes would serve about 84 persons per year at an annual cost of \$16,677 per person.

The proposal allocates \$500,000 per year to purchase residential services and provide services to about 64 persons per year at an average annual cost of \$7,813.

As noted in the funding section, the legislature could opt to raise alcohol taxes to fund all or part of this proposal.

Component	Cost	Number Served	Average Cost
<u>Treatment Homes</u>			
Five General Population	\$1,000,000		
Two Reservations	<u>400,000</u>		
Total Treatment Homes	<u>\$1,400,000</u>	<u>84</u>	<u>\$16,667</u>
<u>Residential Bed Days</u>			
	<u>\$500,000</u>	<u>64</u>	\$7,813
Total	<u>\$1,900,000</u>	<u>148</u>	

The following information is provided so that the legislature can consider various performance management principles when examining this proposal. It is as submitted by the agency, with editing by LFD staff as necessary for brevity and/or clarity.

Justification: Montana lacks the intermediate, longer-term level of care that would enable a safe living environment for individuals needing treatment to move to both directions in the continuum. Often, individuals needing continued treatment are returned to the very environments that enabled their addictions and recovery ceases. In order to ensure individuals have a successful treatment episode, it is imperative that evidence-based treatment services are available throughout the continuum of care to address individual needs.

Goal: Provide Montanans who have been identified with a methamphetamine or other substance abuse problem with needed supportive living and community-based residential treatment services. Through a request for proposals (RFP), implement five community and two reservation residential treatment programs that would each provide intensive outpatient treatment services and daily living skills training to eight individuals. An average of nine months of treatment would be necessary for this service which would enable the treatment of approximately 84 individuals per year. It is estimated that the cost of operating each treatment home would be about \$200,000 per year.

Additionally, the proposal seeks funding for an eight bed treatment facility that would serve the most difficult patients transitioning to one of the seven residential treatment homes. These individuals, generally, would require more intensive medical monitoring than would be available in one of the seven residential facilities, but do not need more intensive inpatient services, such as those provided by the MCDC or other private inpatient treatment programs. The request assumes that each of these beds would be used an average of 45 days and would, therefore, serve approximately 64 people per year. It is estimated that it would cost approximately \$500,000 per year to operate this facility due to the more increased medical model required for this level of care.

- Performance Criteria:** Program outcomes would be closely monitored and would include such items as:
- Increase in the length of time of non-use
 - Decrease in the number of encounters with law enforcement
 - Decrease in the admissions to inpatient treatment
 - Increase in the length of gainful employment

Milestones:

- January 2007 – establish a workgroup to develop residential evidence-based care standards and performance/outcome criteria.
- April 2007 – An RFP developed and released for both supportive living and community-based residential treatment services
- May 2007 – Award proposals
- July 2007 – Implement programs

FTE: 1.00 grade 15 FTE would be required to monitor and assist with the management of this program.

Funding: Funding of this program would require general fund as other funding alternatives do not exist.

Obstacles:

- Availability and expertise of qualified treatment workforce
- Availability of homes or physical locations to support such service

Risk: Current treatment dollars cannot provide additional long-term treatment needed to address the individual needs of methamphetamine and other drug users, individuals with co-occurring disorders and the correctional population. This group would continue to be without necessary services or would be on waiting lists for services.

LFD COMMENT	The performance criteria are measurable, but not do provide a way for the legislature to know if the program has met its goals. The legislature may wish to ask whether the AMDD anticipates a certain level of change or would measure the level of change for this proposal against treatment outcomes of a different type of service.
------------------------	--

DP 33204 - Methamphetamine Prevention - OTO - This proposal adds \$1.0 million to continue the goal of preventing meth use by use of a media campaign such as the Montana Meth Project. This project is focused on advertising in Montana -- involving television, newspapers, radio, billboards and movie screens – to focus attention of the negative impact to people, families, and communities through the use of methamphetamine. This funding would assist in sustaining the private on going effort to call attention to this issue through concentrated media exposure. The request is for one-time-only funding in the second year of the biennium.

LFD COMMENT	The legislature may wish to ask AMDD what types of outcomes it could expect from this proposal and how the expenditure of \$1.0 million general fund would be evaluated.
------------------------	--

DP 33206 - Strategic Prevention Framework Incentive Grant - This proposal requests \$4.6 million in federal funding for the biennium to implement the State Prevention Framework-State Incentive Grant. This grant focuses on infrastructure and capacity building at state and community levels to deliver and sustain effective substance abuse prevention services. Two FTE would be required to monitor and assist with the management of this grant. The FTE would be responsible for the implementation of the grant, day to day activities, performance monitoring, and training for providers. The funding would also provide for data collection and analysis, personnel training, and the development of state certification criteria for prevention specialists, among other activities. The division would allocate funding to individual communities to implement evidence-based prevention programs.

The following information is provided so that the legislature can consider various performance management principles when examining this proposal. It is as submitted by the agency, with editing by LFD staff as necessary for brevity and/or clarity.

Justification: Montana youth have the second highest rate of illicit drug use, the sixth highest rate of tobacco use and the fourth highest rate of alcohol use in all 50 states (2002 Prevention Needs Assessment & 2003 Youth Risk Behavioral Survey). The state needs enhanced infrastructure for substance abuse prevention services to avoid collecting the same data sets, unite state and local prevention efforts, and address cultural differences.

Goals: The long-term goals of the grant are to:

- Build prevention capacity and infrastructure at the state and community levels
- Reduce substance abuse-related problems in communities
- Prevent the onset and reduce the progression of substance abuse including childhood and underage drinking

Performance Criteria: Program outcomes would be closely monitored and would include such items as:

- Increase in the number of evidence based prevention programs
- Decrease in the number of incidences of alcohol, tobacco and other drugs activities as identified by the Epidemiological Work Group
- Increase in the number of trained people to implement prevention
- Increase in number/content of memorandums of agreements with state agencies to ensure prevention efforts are implemented to support each agency's efforts.

Milestones: Major milestones include:

- Epidemiological workgroup first meeting: October 2006
- Advisory Task Force first meeting: January 2007
- Publication of "State of Kids", youth substance abuse epidemiological report: June 2007
- Training of community trainers by June 2007
- The implementation of an identification and referral procedure/system by June 2008
- Development of "data training" curriculum that teaches community specialists how to use the
- "State of Kids" report in their communities: June 2007

FTE: The proposal funds 2.00 FTE who would be responsible for the implementation of the grant, day to day activities, performance monitoring and training for providers

Funding: The proposal is fully funded from a federal grant. There is no matching requirement or future commitment of general fund.

Obstacles:

- Territorial barriers exist between prevention programs—both at the state and community level.
- Geographical barriers because the distribution of population across the state usually drives prevention funding but many of our small communities still need to have prevention services available.

Risk: Without implementation of the grant, the state could fail to create a unified statewide substance abuse prevention program that partners state agencies with local communities, providing effective and sustainable interventions for youth substance abuse. Without this effort, Montana would continue to experience unreasonably high rates of drug use.

**LFD
COMMENT**

This federal grant will not provide funds to continue projects initiated under this proposal. The legislature may wish to ask AMDD how it believes projects initiated under this grant will continue.

The performance criteria are not measurable and it is unclear how this proposal ties into the previous proposal for \$1.0 million general fund to provide education about and help prevent meth use.

DP 33304 - MCDC Staff (Modified and Other) - This new proposal requests continuation of 6.00 modified FTE added in FY 2007 due to patient and staff safety issues. Operating costs and equipment are also requested. The proposal adds \$685,424 of liquor tax state special revenue over the biennium.

The following information is provided so that the legislature can consider various performance management principles when examining this proposal. It is as submitted by the agency, with editing by LFD staff as necessary for brevity and/or clarity.

Justification: MCDC is a sub-acute care facility with a 76-bed capacity providing treatment to individuals who are significantly compromised by virtue of interrelated physical, mental and addictive disorders and dysfunction. This complex treatment has been accomplished with 48.25 FTE on a 24-7-365 schedule, serving between 700-800 patients per year. This is extremely inadequate to address the myriad of issues arising daily and to provide safety for both patients and staff. Over 80 percent of our patients have some level of legal involvement from the relatively benign to serious and violent, 100 percent are withdrawing from substances, 70 percent have identifiable psychiatric disorders, and approximately 75 percent have medical disorders ranging from the routine to life-threatening. Treatment is complex and requires skilled professional intervention coupled with paraprofessional milieu and therapeutic management.

Without adequate staffing, treatment and recovery are compromised, patient access to treatment is reduced, retention in treatment is at risk and patient/staff safety risks are increased. This proposal includes approval of 6.00 modified FTE added in FY 2007.

Goal(s):

- Increase patient access to treatment;
- Increase patient retention in treatment ; and
- Increase staff-to-patient ratio and the hours of active staff to patient interactions.

Performance Criteria: MCDC would use the Totally Integrated Electronic Record (TIER) database to track goals. A graphic format would be utilized to evidence trends of data to reflect the impact of increased staffing patterns.

- MCDC would achieve a 5.0 percent increase, in the first year following implementation, of the number of patients admitted to treatment;
- Patient retention in treatment would achieve an annual 5 percent reduction in patients leaving treatment early by the categories of Against Medical Advice (AMA) or At Staff Request (ASR) in the first year following implementation; and
- The staff-to-patient ratio would be evidenced immediately upon hire of new staff, and increased proportionately to the amount of staff hired, with more staff being assigned to the lighter staffed shifts; i.e. afternoons, nights and weekends. The amount of time treatment professionals can spend with clients would increase by 10 percent.

Milestones:

- Retain the 6.00 FTE hired in FY 2007

FTE:

- 6.0 FTE – 1.00 FTE licensed addiction counselor – responsible for providing addiction counseling services; 5.00 FTE treatment specialists – responsible for milieu management of patients and providing defined therapeutic services.

Funding: State special revenue alcohol tax.

Obstacles: Recruitment and retention of staff have historically been difficult in a labor market area that is very wage competitive.

Risk: Safety to staff and patients and effective clinical treatment interventions would be, and have been, compromised by not having adequate staffing for the very complex patients being served at MCDC. As the single state inpatient treatment facility for this particular population of Montana citizens, it is imperative that MCDC reduce risk and be effective in its treatment to minimize cost shifting to other government and private entities such as prisons and hospitals.

**LFD
COMMENT**

The legislature may wish to discuss with AMMD how the milestones could be strengthened to address the performance criteria.

DP 33701 - Provider Rate Increases - The executive budget includes \$0.4 million, with \$0.3 million general fund, for a provider rate increase. The state funding portion is paid from general fund for providers funded with the federal Substance Abuse, Prevention, and Treatment block grant. State matching funds for Medicaid provider rate increases are from the health and Medicaid initiatives account.

**LFD
COMMENT**

The legislature could consider raising alcohol taxes to fund provider rate increases from the alcohol tax funds instead of the general fund or health and Medicaid initiatives account. This option is discussed more thoroughly in the division funding section.

Sub-Program Details

AMDD DIVISION ADMIN 03

Sub-Program Proposed Budget

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

Sub-Program Proposed Budget								
Budget Item	Base Budget Fiscal 2006	PL Base Adjustment Fiscal 2008	New Proposals Fiscal 2008	Total Exec. Budget Fiscal 2008	PL Base Adjustment Fiscal 2009	New Proposals Fiscal 2009	Total Exec. Budget Fiscal 2009	Total Exec. Budget Fiscal 08-09
FTE	13.00	0.00	1.00	14.00	0.00	1.00	14.00	14.00
Personal Services	817,025	(13,173)	66,784	870,636	(9,339)	66,874	874,560	1,745,196
Operating Expenses	227,069	41,761	12,700	281,530	47,817	12,700	287,586	569,116
Debt Service	7,550	0	0	7,550	0	0	7,550	15,100
Total Costs	\$1,051,644	\$28,588	\$79,484	\$1,159,716	\$38,478	\$79,574	\$1,169,696	\$2,329,412
General Fund	462,178	15,708	0	477,886	22,561	0	484,739	962,625
State/Other Special	88,702	1,631	79,484	169,817	2,211	79,574	170,487	340,304
Federal Special	500,764	11,249	0	512,013	13,706	0	514,470	1,026,483
Total Funds	\$1,051,644	\$28,588	\$79,484	\$1,159,716	\$38,478	\$79,574	\$1,169,696	\$2,329,412

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the Governor. "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.

Division administration costs grow about \$109,000 per year, including about \$38,000 general fund over the biennium. The most significant increase is a request for about \$160,000 state special revenue funds to continue 1.00 FTE who coordinates mental health treatment modalities between DOC and AMDD and other joint projects. Other operating cost increases are allocated among all funding sources.

	-----Fiscal 2008-----				-----Fiscal 2009-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					20,321					24,314
Vacancy Savings					(33,494)					(33,653)
Inflation/Deflation					1,418					1,474
Fixed Costs					(7,657)					(7,657)
Total Statewide Present Law Adjustments					(\$19,412)					(\$15,522)
DP 33101 - AMDD Operations Present Law Adjustments	0.00	23,708	4,631	19,661	48,000	0.00	26,671	5,211	22,118	54,000
Total Other Present Law Adjustments	0.00	\$23,708	\$4,631	\$19,661	\$48,000	0.00	\$26,671	\$5,211	\$22,118	\$54,000
Grand Total All Present Law Adjustments					\$28,588					\$38,478

DP 33101 - AMDD Operations Present Law Adjustments - This request includes a number of operating cost increases to maintain electronic records for facilities, travel, office supplies, dues, photocopying, minor office equipment, video conferencing and printing. The most significant increases funded in this request are:

- o Rent for the Helena office building - \$11,000 for FY 2008 and \$15,000 for FY 2009, compared to base budget expenditures of \$114,686
- o Consulting and professional services to maintain electronic records for facilities - \$15,000 in FY 2008 and \$16,000 in FY 2009

- Minor equipment, including computer equipment - \$6,000 per year
- Office supplies, printing, and photocopying services - \$6,000 per year
- Travel - \$4,000 per year
- Dues, meeting and conference costs - \$3,000 per year
- Two way video and postage - \$2,000 per year

New Proposals

Sub Program	-----Fiscal 2008-----					-----Fiscal 2009-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 33104 - Behavioral Health Program Facilitator 03	1.00	0	79,484	0	79,484	1.00	0	79,574	0	79,574
Total	1.00	\$0	\$79,484	\$0	\$79,484	1.00	\$0	\$79,574	\$0	\$79,574

DP 33104 - Behavioral Health Program Facilitator - This proposal requests continuation of a shared position between AMDD and Department of Corrections (DOC). AMDD provides 1.00 FTE to coordinate treatment modality between agencies, while DOC provides funding of position and related operational costs, such as travel and supplies. The departments have a signed memorandum of understanding and DOC is charged for actual expenditures incurred. This request is for state special revenue authority for \$159,058 over the biennium.

The following information is provided so that the legislature can consider various performance management principles when examining this proposal. It is as submitted by the agency, with editing by LFD staff as necessary for brevity and/or clarity.

Justification: This proposal would continue development of a consistent, evidence based treatment strategy and modality across the DOC and DPHHS. This position continues a process that was begun in July 2006 through a cooperative agreement between the departments. The previous failure of these systems to connect had the potential of effectively endangering lives, wasting money, and threatening public safety – frustrating crime victims, consumers, family members and communities in general.

Goals:

- Coordinate services by acting as a liaison among different systems
- Promote and facilitate partnerships between the criminal justice and mental healthcare systems through effective policy development
- Promote regular communication among participating agencies through the convening of periodic meetings and other coordinating activities
- Gather system wide data on the designated target population and build information sharing networks across departments
- Identify and cultivate opportunities for sharing of resources among partners, eliminating the duplication of services where possible

The goals fit both departments’ missions by developing programs for adult and juvenile offenders who also have a serious mental illness and/or a co-occurring substance use disorder.

Performance Criteria:

- The first draft of a strategic plan to implement a mental healthcare system seamlessly between the departments would be submitted for review by January 1, 2007. It would be developed with input from each department.
- A needs analysis of department information sharing would be coordinated and an initial draft recommending a plan on how to improve the flow of information between the departments would be submitted by December 1, 2007.
- Clinical and other data requirements would be defined and developed to track the treatment provided to the corrections population. The treatment would involve the integration of evidence based evaluation, assessment and treatment protocols that are consistent across the two departments. This would facilitate the transition across systems as an offender moves along.

Milestones: The final strategic plan would be completed and signed and approved by the directors of each department by July 1, 2008. Data would be analyzed and compiled in a report to the directors by August 2008.

FTE: The incumbent in the position was hired on July 17, 2006.

Funding: If approved, this budget request would make the position a permanent position and provide the authority to receive funding from the Department of Corrections for the cost the position and related operating expenses.

Obstacles: Organizations are often at times reluctant to change. The departments sometimes face competing goals. The behavioral health facilitator would determine the best way to overcome challenges.

Risk: Without the position there would continue to be a duplication of services resulting in overall higher costs by both departments, less successful treatment outcomes for offenders without utilization of evidence based practices across systems, lack of coordination means offenders are not able to transition to community based services effectively, thereby increasing risk for recidivism and return to secure care.

**LFD
COMMENT**

The performance criteria do not enable the legislature to evaluate whether evidence based mental health services and treatment modalities are implemented or whether the risks are offset even if the position is funded.