

**Program Legislative Budget**

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding. Also included in the table is HB 447 pay plan allocation.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2004	PL Base Adjustment Fiscal 2006	New Proposals Fiscal 2006	Total Leg. Budget Fiscal 2006	PL Base Adjustment Fiscal 2007	New Proposals Fiscal 2007	Total Leg. Budget Fiscal 2007	Total Leg. Budget Fiscal 06-07
FTE	193.44	0.00	0.00	193.44	0.00	0.00	193.44	193.44
Personal Services	6,878,677	938,994	249,113	8,066,784	952,592	653,999	8,485,268	16,552,052
Operating Expenses	5,100,488	350,126	398,112	5,848,726	339,097	354,571	5,794,156	11,642,882
Equipment	69,036	0	85,000	154,036	0	0	69,036	223,072
Grants	7,226,930	137,721	1,167,000	8,531,651	137,721	567,000	7,931,651	16,463,302
Benefits & Claims	175,529,268	10,304,152	24,815,402	210,648,822	13,130,367	12,375,736	201,035,371	411,684,193
Transfers	0	0	0	0	0	0	0	0
Debt Service	15,912	0	0	15,912	0	0	15,912	31,824
<b>Total Costs</b>	<b>\$194,820,311</b>	<b>\$11,730,993</b>	<b>\$26,714,627</b>	<b>\$233,265,931</b>	<b>\$14,559,777</b>	<b>\$13,951,306</b>	<b>\$223,331,394</b>	<b>\$456,597,325</b>
General Fund	37,464,018	8,309,004	4,363,158	50,136,180	9,092,928	1,442,436	47,999,382	98,135,562
State/Other Special	14,355,230	3,612,457	4,852,245	22,819,932	4,748,598	3,742,719	22,846,547	45,666,479
Federal Special	143,001,063	(190,468)	17,499,224	160,309,819	718,251	8,766,151	152,485,465	312,795,284
<b>Total Funds</b>	<b>\$194,820,311</b>	<b>\$11,730,993</b>	<b>\$26,714,627</b>	<b>\$233,265,931</b>	<b>\$14,559,777</b>	<b>\$13,951,306</b>	<b>\$223,331,394</b>	<b>\$456,597,325</b>

**Program Description**

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

- 1) Office on Aging provides meals, transportation, public education, information and assistance, long-term care ombudsman, and other services;
- 2) Medicaid Community Services Program pays for in-home, assisted living, and other community-based services to Medicaid-eligible individuals as an alternative to nursing home care;
- 3) Medicaid Nursing Facility Program pays for care to Medicaid-eligible individuals in 94 Montana nursing homes;
- 4) Adult protective services, including the investigation of abuse, neglect, and exploitation, are provided by protective services social workers;
- 5) Skilled nursing care is provided to veterans at the 105-bed Montana Veterans' Home (MVH) in Columbia Falls and the 80-bed Eastern Montana Veterans' Home in Glendive; and
- 6) State Supplemental Payments Program pays for a portion of the room and board costs for SSI eligible individuals residing in designated residential care facilities.

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

## Program Highlights

<b>Senior and Long Term Care Division</b> <b>Major Budget Highlights</b>	
◆	The biennial division appropriation grows about \$67 million total funds (\$23 million general fund) compared to FY 2004 base budget expenditures <ul style="list-style-type: none"> <li>• About 80 percent of the total increase is for provider rate increases with the largest share of the appropriation supporting nursing home rate increases</li> </ul>
◆	The major biennial increases support Medicaid services, add \$60 million total funds in HB 2 (including \$21 million general fund) and support: <ul style="list-style-type: none"> <li>• 2007 biennium Medicaid provider and direct care worker wage increases - \$27 million</li> <li>• Annualization of FY 2005 nursing home bed tax increases to raise nursing home rates – \$8 million</li> <li>• Increases in intergovernmental transfers for county administered nursing homes – \$14 million</li> <li>• Expansion of community services for elderly and physically disabled – \$4 million</li> <li>• Annualization of FY 2005 community services expansions and continuation of funding for hospice and home health - \$4 million</li> </ul>
◆	Some increases are partially offset by legislative adoption of lower nursing home caseload estimates - \$6 million
◆	Funding for veterans' services adds \$3 million primarily for state institution overtime and operating cost increases
◆	The legislature added \$50,000 for a study of veterans' long term care needs
◆	General fund appropriations increase \$14.5 million over the biennium and federal appropriations decline by a like amount due to increases in the state Medicaid match rate during the 2007 biennium
◆	Nursing home bed tax increases authorized and appropriated in HB 749 add \$32 million over the 2007 biennium and are not included in the above table

## Program Narrative

The 2007 biennium appropriation for SLTC grows about \$67 million total funds (\$23 million general fund) compared to base budget expenditures. Over 90 percent (\$60 million) of the increase supports benefits or direct services to individuals. Personal services costs rise about 4 percent and operating costs grow 2 percent. Most of the personal services and operating cost increases are related to operation of the two veterans' homes, which account for nearly two thirds of the division FTE.

### *Appropriations for Provider Rate Increases*

The majority of the appropriation increase in this division supports provider rate increases and direct care worker wage increases. Of the total \$51 million increase for Medicaid services, \$13 million goes to service expansions and funding to continue hospice, home health, and a very small portion of personal assistance services, while \$48 million supports rate increases, primarily for nursing homes.

Figure 33 shows the biennial base budgets for major Medicaid service categories, the amounts added for provider rate and direct care worker wage increases for each service, and the total amounts appropriated for all Medicaid services for

changes in the state Medicaid match rate, caseload and service utilization growth, and services expansions. The final item in the appropriation breakout is the total biennial appropriation for all other functions administered by SLTC (aging, adult protective, and the two veterans' homes). Excluding funding for Medicaid services to individuals, the balance of the 2007 biennium appropriation for SLTC services is only 13 percent. Provider rate and direct care worker wage increases that will be

initiated at the beginning of the 2007 biennium constitute 10 percent of the entire division budget. That amount does not include the annualization of provider rate increases granted in FY 2005. Medicaid service expansion accounts for 2 percent of the biennial division appropriation and caseload and service utilization receive 1 percent.

The program table and Figure 33 includes only HB 2 and pay plan funding (HB 447). An additional \$32 million is appropriated in HB 749, which raises the daily nursing home bed fee for state matching funds to draw down added federal Medicaid reimbursement for nursing homes. Figure 40 in the Medicaid services appropriation section includes a more detailed view of appropriation increases authorized by the legislature, including the impact of HB 447.

### *Overview of Appropriations*

The relationship between SLTC appropriations for provider rate increases and caseload growth is somewhat unique for Medicaid entitlement services. Usually, the relationship is reversed and caseload growth outstrips the amounts appropriated for provider reimbursement. For instance, in the Health Resources Division, the relationship is:

- Caseload and service utilization changes - 71 percent of the total change
- Provider rate increases – 26 percent of the total change

General fund support increases from 19 percent of base budget expenditures to 21 percent in FY 2007. About \$14.5 million of the general fund expansion is due to increases in state Medicaid match rate because of:

- Loss of the temporary enhancement in the federal match rate (2.95 percent) in FY 2004, which causes an offsetting increase in state match rates each year of the 2007 biennium
- Annual adjustments in state Medicaid match rates determined by changes in state per capita income compared to national per capital income

The rest of the general fund growth is due to appropriations to fund increases in Medicaid provider and direct care worker wage increases and expansion of community services, as well as legislative initiatives that add \$1.2 million general fund over the biennium to continue and increase Meals on Wheels and grants for non Medicaid community services for inhome care-giver services. During the 2005 biennium Meals on Wheels was funded from annual one-time appropriations of \$267,000 in federal relief funds.

State special revenue increases about \$17 million over the 2007 biennium compared to base budget funding. The largest changes are in:

- Tobacco state special revenue (I-149) - \$8 million
- County revenues that fund a nursing home Medicaid intergovernmental transfer (IGT) - \$5 million
- Nursing home bed tax revenues that are used as state match to increase Medicaid nursing home rates - \$2 million in HB 2 and an additional \$9.5 million in HB 749
- Cigarette tax revenue, which supports the two veterans' homes - \$1 million

Federal funds grow about \$27 million over the biennium compared to base budget funding. The major increases are:

Purpose	General Fund	SSR	Federal	Total	Percent of Total
Nursing Home Services - Base	\$47,798,470	\$9,954,776	\$175,381,678	\$233,134,924	51%
Rate Increase	535,614	7,708,899	16,980,914	25,225,427	6%
Direct Care Worker	973,294	1,531,057	9,678,276	12,182,627	3%
Medicaid Community Services - Base	27,087,920	4,036,342	73,114,235	104,238,497	23%
Rate Increase	92,530	692,062	1,865,347	2,649,939	1%
Direct Care Worker	142,470	449,540	1,429,192	2,021,202	0%
State Match Increase	15,795,912	1,410,304	(17,206,216)	0	0%
Medicaid Service Expansion	1,845,212	1,410,759	6,758,955	10,014,926	2%
Medicaid Caseload/Service Growth	2,122,161	0	3,830,857	5,953,018	1%
All Other Appropriations - Including Base Budgets for Veterans' Homes	<u>1,741,979</u>	<u>18,472,740</u>	<u>40,962,046</u>	<u>61,176,765</u>	<u>13%</u>
Total	<u>\$98,135,562</u>	<u>\$45,666,479</u>	<u>\$312,795,284</u>	<u>\$456,597,325</u>	100%

- Changes in Medicaid caseload and service utilization, including provider rate increases and service expansions - \$25 million
- Growth in federal reimbursement for Montana veterans' homes - \$1 million

In general, the legislature accepted the executive budget request for the Senior and Long Term Care Division with a few notable differences:

- A reduction of \$6 million total funds, including \$2 million general fund, due to approval of the legislative estimates for nursing home utilization
- An increase in the home and community based waiver that is estimated to serve an additional 112 persons in FY 2007 – a biennial increase of \$4 million total funds, including \$1 million general fund
- An increase for direct care worker wages and provider rates of \$13 million total funds, including \$3 million general fund and \$1 million tobacco tax state special revenue (I-149)
- One-time increases of \$1.2 million general fund to expand Meals on Wheels and in-home caregiver services
- A one-time appropriation of \$50,000 in cigarette tax state special revenue to support a study of long term care needs for veterans

### **Appropriation by Function**

Figure 34 shows the appropriation for each major division function, benefit, grant, and veterans' home. The Medicaid services function is 90 percent of the division appropriation and shows the largest increase growing from \$177 million in the base budget to \$202 million in the FY 2007 appropriation, or an increase of \$25 million. Comparatively, veterans' services grow from \$7 to \$9 million over the same time period and aging services increase about \$1 million annually from the \$9 million base expenditure level. The change in the division administration function budget is about \$1 million over the biennium, due almost solely to allocation of the division pay plan funding, which will be distributed to all functions.

Figure 34

## Senior and Long-Term Care Division 2004 Base Budget Expenditures and 2007 Biennium Appropriation by Major Function and Service

Function and Benefits and Grants	FY 2004 Base Budget				FY 2006 Legislative Appropriation				FY 2007 Legislative Appropriation				% of Total
	General Fund	State Special	Federal	Total	General Fund	State Special	Federal	Total	General Fund	State Special	Federal	Total	
Division Administration	\$158,492	\$55,583	\$147,171	\$361,246	\$224,722	\$212,629	\$223,848	\$661,199	\$327,644	\$339,091	\$348,935	\$1,015,670	0%
Medicaid Services	34,012,784	9,639,499	132,800,356	176,452,639	45,296,202	17,090,848	149,316,059	211,703,109	43,656,746	17,149,268	141,284,589	202,090,603	90%
Aging Services	1,992,967	24,771	6,786,359	8,804,097	3,192,623	24,771	6,916,469	10,133,863	2,592,415	24,771	6,916,975	9,534,161	4%
Veterans' Program	0	4,413,478	2,904,987	7,318,465	0	5,247,440	3,484,898	8,732,338	0	5,088,542	3,566,338	8,654,880	4%
Adult Protective Svcs	<u>1,299,775</u>	<u>221,899</u>	<u>362,190</u>	<u>1,883,864</u>	<u>1,422,633</u>	<u>244,244</u>	<u>368,545</u>	<u>2,035,422</u>	<u>1,422,577</u>	<u>244,875</u>	<u>368,628</u>	<u>2,036,080</u>	<u>1%</u>
Total Division Approp.	<u>\$37,464,018</u>	<u>\$14,355,230</u>	<u>\$143,001,063</u>	<u>\$194,820,311</u>	<u>\$50,136,180</u>	<u>\$22,819,932</u>	<u>\$160,309,819</u>	<u>\$233,265,931</u>	<u>\$47,999,382</u>	<u>\$22,846,547</u>	<u>\$152,485,465</u>	<u>\$223,331,394</u>	100%
Percent of Total	19.2%	7.4%	73.4%	100.0%	21.5%	9.8%	68.7%	100.0%	21.5%	10.2%	68.3%	100.0%	
Compounded Annual Rate of Change from FY 2004 Base					15.7%	26.1%	5.9%	9.4%	8.6%	16.8%	2.2%	4.7%	
<b>Benefits</b>													
<i>Medicaid</i>													
Nursing Homes	\$23,899,235	\$ 4,977,388	\$ 87,690,839	\$116,567,462	\$30,389,985	\$9,150,155	\$94,928,074	\$134,468,214	\$29,160,554	\$7,635,230	\$85,668,731	\$122,464,515	55%
Intergovt. Transfer	0	3,639,594	11,468,724	15,108,318	0	5,653,133	14,074,936	19,728,069	0	6,830,412	16,436,088	23,266,500	10%
Home Based Services	4,386,083	999,999	17,168,128	22,554,210	7,278,839	2,170,829	22,251,108	31,700,776	7,180,171	1,737,226	20,392,386	29,309,783	13%
Waiver Services	4,871,238	0	15,021,851	19,893,089	6,711,826	86,096	16,515,204	23,313,126	6,400,053	915,765	17,240,118	24,555,936	11%
Nurse Aide Testing	139,087	0	139,087	278,174	139,087	0	139,087	278,174	139,087	0	139,087	278,174	0%
State Supplement	864,900	0	0	864,900	897,348	0	0	897,348	897,348	0	0	897,348	0%
Aging Services	59,661	0	0	59,661	59,661	0	0	59,661	59,661	0	0	59,661	0%
Institutional - MVH	<u>0</u>	<u>0</u>	<u>203,454</u>	<u>203,454</u>	<u>0</u>	<u>0</u>	<u>203,454</u>	<u>203,454</u>	<u>0</u>	<u>0</u>	<u>203,454</u>	<u>203,454</u>	<u>0%</u>
Subtotal Benefits	<u>\$34,220,204</u>	<u>\$9,616,981</u>	<u>\$131,692,083</u>	<u>\$175,529,268</u>	<u>\$45,476,746</u>	<u>\$17,060,213</u>	<u>\$148,111,863</u>	<u>\$210,648,822</u>	<u>\$43,836,874</u>	<u>\$17,118,633</u>	<u>\$140,079,864</u>	<u>\$201,035,371</u>	90%
Percent of Total	19%	5%	75%	100%	22%	8%	70%	100%	22%	9%	70%	100%	
Compounded Annual Rate of Change from FY 2004 Base					15%	33%	6%	10%	9%	21%	2%	5%	
<b>Grants</b>													
Aging Grants	\$936,111	\$0	\$6,290,819	\$7,226,930	\$936,111	\$0	\$6,428,540	\$7,364,651	\$936,111	\$0	\$6,428,540	\$7,364,651	3%
Meals on Wheels*	0	0	257,000	257,000	567,000	0	0	567,000	567,000	0	0	567,000	
Inhome Care-Giver Services**	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>300,000</u>	<u>0</u>	<u>0</u>	<u>300,000</u>	<u>300,000</u>	<u>0</u>	<u>0</u>	<u>300,000</u>	
Subtotal Grants	<u>\$936,111</u>	<u>\$0</u>	<u>\$6,547,819</u>	<u>\$7,483,930</u>	<u>\$1,803,111</u>	<u>\$0</u>	<u>\$6,428,540</u>	<u>\$8,231,651</u>	<u>\$1,803,111</u>	<u>\$0</u>	<u>\$6,428,540</u>	<u>\$8,231,651</u>	
Percent of Total Div.	13%	0%	87%	100%	13%	0%	87%	100%	13%	0%	87%	100%	
Compounded Annual Rate of Change from FY 2004 Base					0%	n/a	1%	1%	0%	n/a	1%	1%	
<b>Veterans' Homes</b>													
Montana Vets' Home	\$0	\$4,216,170	\$1,765,442	\$5,981,612	\$0	\$4,951,987	\$2,197,475	\$7,149,462	\$0	\$4,881,735	\$2,254,897	\$7,136,632	3%
Eastern Vets' Home	<u>0</u>	<u>197,308</u>	<u>1,139,545</u>	<u>1,336,853</u>	<u>0</u>	<u>295,453</u>	<u>1,287,423</u>	<u>1,582,876</u>	<u>0</u>	<u>206,807</u>	<u>1,311,441</u>	<u>1,518,248</u>	<u>1%</u>
Subtotal Vets' Homes	<u>\$0</u>	<u>\$4,413,478</u>	<u>\$2,904,987</u>	<u>\$7,318,465</u>	<u>\$0</u>	<u>\$5,247,440</u>	<u>\$3,484,898</u>	<u>\$8,732,338</u>	<u>\$0</u>	<u>\$5,088,542</u>	<u>\$3,566,338</u>	<u>\$8,654,880</u>	4%
Percent of Total	0%	60%	40%	100%	0%	60%	40%	100%	0%	59%	41%	100%	
Compounded Annual Rate of Change from FY 2004 Base					n/a	9%	10%	9%	n/a	5%	7%	6%	

\*Meals on Wheels was funded from a one-time appropriation of federal funds during the 2007 biennium, but included in this table for illustrative purposes.

\*\*Inhome care-giver services is a biennial appropriation in FY 2006, but shown as an equal amount in each year of the biennium for the C33 purposes of this table.

Medicaid services are the most significant function from a budget standpoint and use \$44 million of the \$48 million general fund appropriation in FY 2007. The remaining \$4 million general fund is allocated to:

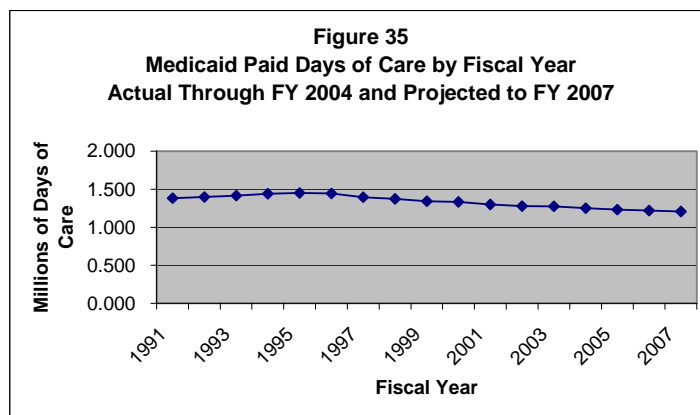
- Grants to local agencies for aging services – about \$2.6 million
- Adult protective services – \$1.4 million
- General division administration – about \$0.4 million

### *Nursing Home Services*

Nursing home services are the largest Medicaid function and the single largest budget component of the division, with 55 percent of the total FY 2007 appropriation. If intergovernmental transfer (IGT) payments for nursing homes are added, the Medicaid nursing home component grows to 65 percent of the FY 2007 total.

### Nursing Home Caseload/Cost Estimate

The legislature appropriated \$44.5 million total funds less than requested by the executive to fund nursing home services over the 2007 biennium because the number of nursing home bed days reimbursed by Medicaid has steadily declined since 1995 (see Figure 35). The legislative appropriation is based on an estimated 1,219,185 days of care in FY 2006 and 1,207,785 in FY 2007, which represents a 1 percent annual decline from 1,232,208, the number of days of care estimated for FY 2005.



### Major Policy Issue – Nursing Home Reimbursement

The major issues considered by the legislature with respect to the Senior and Long Term Care Division dealt with provider reimbursement. Not only did the legislature fund a significant increase above the executive request for direct care worker wages for Medicaid nursing home and community service providers, it passed HB 749, which raised nursing home bed day fees for the 2007 biennium. Figure 36 shows the nursing home bed fee daily rate, which is all used to pay state matching funds to raise the Medicaid nursing home rate above the level paid in FY 2003. The daily fee was raised to by \$3.00 to \$8.30 during the 2007 biennium.

Figure 36  
HB 749 Changes to Daily  
Nursing Home Bed Fee  
in FY 2006 and FY 2007

Year	Increment	Total
2003		\$2.80
2004	\$1.70	4.50
2005	0.80	5.30
2006*	1.75	7.05
2007*	<u>1.25</u>	8.30
Total	\$5.50	

\*Rate changes due to HB 749.

The legislative initiatives to fund direct care worker wage increases, provider rate increases, and community aging services are explained in greater detail in the agency overview.

Figure 36 shows the estimated daily rate for nursing home services, not including patient contributions, that the legislative appropriation will support. The rates shown in Figure 36 are derived by dividing the total appropriations for rate increases by the legislative estimate of days of care for each fiscal year of the 2007 biennium. Legislative appropriations, not including patient contributions, direct care worker increases, or IGT rate add ons, would raise daily nursing home rates by about 12 percent per year above the estimated FY 2005 level.

Figure 37

Daily Nursing Home Rate that HB 2 and HB 447

Would Support Based on Legislative Estimates

Base Rate/Bill/IGT Amount	FY 2006	FY 2007
FY 2005 Base	\$97.38	\$97.38
HB 2 Increase	2.98	2.95
HB 749	9.79	16.60
Subtotal	\$110.15	\$126.76
IGT Payments	\$16.17	\$19.26
Total Daily Rate (not ( Including Patient Contribution)	\$126.32	\$146.02

The intergovernmental transfer (IGT) portion of the rate shown in Figure 37 is an average amount computed in the same way as other rate amounts. However, IGT payments are not distributed equally among all nursing homes. County administered homes receive a disproportionately larger share of IGT add on to their rates than do privately run homes. Additionally, the legislature has indicated that IGT payments are not considered a permanent part of the nursing home rate and that if the federal government ever disapproves IGT payments, the legislature would not backfill the IGT portion of nursing home payments.

#### Intergovernmental Transfers (IGTs)

An IGT is an allowable federal Medicaid reimbursement for non-state, publicly administered Medicaid services. In this case, county administered and managed nursing homes are allowed to recoup additional reimbursement for Medicaid services subject to several restrictions. Counties must make a payment to the state (an intergovernmental transfer). The state uses the county funds as matching funds to draw down additional federal Medicaid funds. The state then adds an additional amount of reimbursement for each day of Medicaid nursing home care that is provided.

The total paid under Medicaid, including an IGT, is subject to an upper payment limit. A state may pay no more for Medicaid services than what Medicare would pay or what would be paid using a Medicare payment methodology. The legislature approved such payments beginning in the 2001 session and provided direction to DPHHS that the majority of the IGT payment is used to boost county nursing home rates while a portion of the IGT is distributed to all nursing homes, including those that are privately operated.

#### *Legislative Oversight of IGT Program*

Nationally, states' use of IGT funding mechanisms has come under increasing scrutiny by the federal Medicaid oversight agency – the Centers for Medicare and Medicaid Services (CMS). The legislature reviewed Montana's IGT program and considered recent federal guidance on such programs. The legislature has structured the appropriation for the Montana IGT program and payments using the most recent federal guidance, changing its IGT program as federal interpretation of IGT rules has evolved. Montana was one of several states noted as administering a legal, qualified IGT program by CMS in April 2005.

#### Home Based and Waiver Services

SLTC administers community and home based services for the elderly and physically disabled as well as nursing facility services. Home based services include personal assistance, hospice, and home therapy services and are an entitlement. Personal assistance services are the major service provided, accounting for 99 percent of the total appropriation for home based services.

Community based waiver services are provided to persons who meet nursing home level of care, but who can and desire to be served in the community. Waiver services are not an entitlement and there are sometimes waiting lists for persons who would prefer to receive such services. Waiver services are also not part of the services considered regular state Medicaid plan services, so states must receive a waiver of federal rules to reimburse such services, which can include assisted living, home health, and homemaker services. The legislature approved the executive request to fund an expansion of waiver slots and added funds for additional slots. Figure 38 shows the number of persons receiving waiver services in FY 2005 and the number that can be served in the 2007 biennium.

The legislature approved the executive request to provide services to an additional 60 persons in FY 2006 rising to a total of 100 in FY 2007. The legislature added at its own initiative funding to support another 22 and 34 persons respectively, increasing the expansion by about 33 percent.

The legislature used some of the general fund reduction in nursing home costs to fund its increase for community-based Medicaid waiver services. The legislature applied \$385,142 general fund and matching federal funds over the biennium.

#### *Other Benefit Appropriations*

The remaining appropriations for benefits constitute less than 1 percent of the total division appropriation. Nurse aide testing is provided to ensure that nurse aides in nursing homes have necessary qualifications. The state supplement is a general fund payment made to supplement Supplemental Security Income payments for certain Medicaid eligible individuals living in the community, typically in group home settings. Aging services benefits fund emergency services for adults at risk of abuse, neglect, or exploitation. Institutional Montana Veterans' Home payments are reimbursements from Medicaid for eligible services.

#### *Grant Appropriations*

Grant appropriations support aging services such as feeding, caregiver, and ombudsman services. The majority of funds that support aging services are from federal categorical grants.

The funds are distributed to local Area Agencies on Aging, which are under contract with DPHHS to deliver services. These benefits are provided to the general elderly and disabled population, without regard to Medicaid eligibility. The legislature added \$630,000 above the executive request for Meals on Wheels and added a new appropriation of \$600,000 general fund inhome care-giver services.

#### **Biennial Comparison**

Figure 39 compares the 2005 biennium expenditures and appropriation to the 2007 biennium appropriation. The 2007 biennium appropriation is 11 percent greater than the 2005 biennium. The largest increase is in state special revenue appropriated for direct care worker wage and provider rate increases as well as Medicaid community service expansions. Pay plan allocations for veterans' homes also contributes to the increase.

While general fund supports 17 percent of the total growth between biennia, it has the single largest fund increase with \$17.5 million. General fund support rises due to federal Medicaid match rate reductions, provider and direct care worker wage increases, and to a lesser extent, pay plan allocations.

Federal funds increase most significantly due to Medicaid cost increases and, to some extent, from 2007 biennium pay plan increases.

Figure 38 Number of Persons that Can be Served in Community Waiver with HB 2 Appropriations		
Base and Expansions	FY 2006	FY 2007
FY 2005 Persons Served	2,066	2,066
Executive Proposal	60	100
Legislative Initiative	<u>22</u>	<u>34</u>
Total Number Appropriation	2,148	2,200
Will Support		
Percent Change	4%	6%

Figure 39 2005 Biennium Compared to 2007 Biennium Senior and Long Term Care Division					
Budget Item/Fund	2005 Biennium	2007 Biennium	Percent of Total	Difference	Percent Change
FTE	193.44	192.79		(0.65)	
Personal Services	\$14,591,839	\$16,552,052	4%	\$1,960,213	13%
Operating	10,137,142	11,642,882	3%	1,505,740	15%
Equipment	147,230	223,072	0%	75,842	52%
Grants	14,376,499	16,463,302	4%	2,086,803	15%
Benefits/Claims	371,926,336	411,684,193	90%	39,757,857	11%
Debt Service	<u>33,638</u>	<u>31,824</u>	<u>0%</u>	<u>(1,814)</u>	<u>-5%</u>
Total Costs	<u>\$411,212,684</u>	<u>\$456,597,325</u>	<u>100%</u>	<u>\$45,384,641</u>	<u>11%</u>
			0%		
General Fund	\$80,632,162	\$98,135,562	21%	\$17,503,400	22%
State Special	33,790,229	45,666,479	10%	11,876,250	35%
Federal Funds	<u>296,790,293</u>	<u>312,795,284</u>	<u>69%</u>	<u>16,004,991</u>	<u>5%</u>
Total Funds	<u>\$411,212,684</u>	<u>\$456,597,325</u>	<u>100%</u>	<u>\$45,384,641</u>	<u>11%</u>



## Funding

The following table shows program funding, by source, for the base year and for the 2007 biennium as adopted by the legislature.

		Program Funding Table Senior & Long-Term Care					
Program Funding		Base FY 2004	% of Base FY 2004	Budget FY 2006	% of Budget FY 2006	Budget FY 2007	% of Budget FY 2007
01000	Total General Fund	\$ 37,464,018	19.2%	\$ 50,136,180	21.5%	\$ 47,999,382	21.5%
	01100 General Fund	37,464,018	19.2%	50,136,180	21.5%	47,999,382	21.5%
02000	Total State Special Funds	14,355,230	7.4%	22,819,932	9.8%	22,846,547	10.2%
	02023 Private Ins. Medicaid Reim.-Ve	2,385,912	1.2%	2,785,350	1.2%	2,886,651	1.3%
	02032 Vets-I&I Lease	5,000	0.0%	5,000	0.0%	5,000	0.0%
	02053 Medicaid Nursing Home Match	5,250,731	2.7%	7,264,270	3.1%	8,441,549	3.8%
	02260 Cigarette Tax Revenue	2,078,149	1.1%	2,669,719	1.1%	2,535,982	1.1%
	02497 6901-Lien & Estate - Sltd	384,887	0.2%	407,232	0.2%	407,863	0.2%
	02772 Tobacco Hlth & Medico Initiative	-	-	4,281,974	1.8%	3,138,428	1.4%
	02782 69010-Csb Conference	22,518	0.0%	22,518	0.0%	22,518	0.0%
	02783 6901-Traumatic Brain Injury Dn	-	-	8,117	0.0%	8,117	0.0%
	02796 69010-Governor'S Conf On Aging	24,771	0.0%	24,771	0.0%	24,771	0.0%
	02987 Tobacco Interest	703,779	0.4%	703,779	0.3%	703,779	0.3%
	02990 69010-Nursing Home Utilization	3,499,483	1.8%	4,647,202	2.0%	4,671,889	2.1%
03000	Total Federal Special Funds	143,001,063	73.4%	160,309,819	68.7%	152,485,465	68.3%
	03005 Emvh V-A Nursing Reimbursement	1,139,545	0.6%	1,287,423	0.6%	1,311,441	0.6%
	03073 Aging - Farmers Market	36,786	0.0%	36,786	0.0%	36,786	0.0%
	03112 Vets-V.A. Reimb	1,706,361	0.9%	2,153,606	0.9%	2,289,524	1.0%
	03501 64.014 - Vets St. Domic Care 1	59,081	0.0%	92,472	0.0%	94,322	0.0%
	03514 10.570 - Elderly Feeding 100%	649,304	0.3%	649,304	0.3%	649,304	0.3%
	03515 93.041 - Elder Abuse Prev 100%	26,288	0.0%	26,288	0.0%	26,288	0.0%
	03516 93.042 - Ombudsman Activity 10	66,141	0.0%	66,141	0.0%	66,141	0.0%
	03517 93.043 - Preventive Hlth 100%	108,496	0.1%	108,496	0.0%	108,496	0.0%
	03518 93.044 - Aging Sup S & Train 1	1,821,802	0.9%	1,818,966	0.8%	1,827,035	0.8%
	03519 93.045 - Aging Meals 100%	2,665,181	1.4%	2,667,972	1.1%	2,672,447	1.2%
	03537 93.779 - Hlth Info Counseling	166,064	0.1%	167,462	0.1%	169,695	0.1%
	03579 93.667 - Ssb - Benefits	297,975	0.2%	297,975	0.1%	297,975	0.1%
	03580 6901-93.778 - Med Adm 50%	1,287,295	0.7%	1,407,637	0.6%	1,437,043	0.6%
	03583 93.778 - Med Ben Fmap	131,692,083	67.6%	148,111,863	63.5%	140,079,864	62.7%
	03666 Aging - Caregiver Iii-E	724,873	0.4%	863,208	0.4%	864,203	0.4%
	03799 6901-Older Worker Program	553,788	0.3%	554,220	0.2%	554,901	0.2%
Grand Total		<u>\$ 194,820,311</u>	<u>100.0%</u>	<u>\$ 233,265,931</u>	<u>100.0%</u>	<u>\$ 223,331,394</u>	<u>100.0%</u>

Long-term care and aging services are funded by a combination of general fund, state special revenue, and federal funds. General fund supports the state share of Medicaid costs, and some adult protective services and aging services functions. Biennial general fund amounts for these functions are:

- State match for long-term Medicaid services, including administrative costs - \$44 million
- Aging services, including one-time expansions for Meals on Wheels and in-home caregiver services - \$6 million
- Adult protective services staff and some emergency services - \$3 million

Major sources of state special revenue, the biennial appropriation and what each pays for are:

- County funds for state match for the nursing home Medicaid intergovernmental transfer (IGT) – about \$16 million
- Nursing home bed tax revenues for state match to support additions to nursing home rates above the FY 2003 level – about \$9 million (not including \$9.5 million appropriated in HB 749)
- Tobacco tax revenues (I-149) used for state Medicaid match to support direct care worker wage increases, an expansion in the community based waiver, and state match for Medicaid hospice and home health therapy services – about \$7 million
- Cigarette taxes for veterans' services, predominantly the cost of operating the two Montana veterans' homes – about \$5 million
- Payments by veterans for their care in veterans' nursing homes – about \$5 million
- Interest income from the tobacco settlement funds constitutional trust for state match for Medicaid – about \$1 million
- Recoveries for a portion of long-term care costs from liens and estates used for adult protective services – about \$1 million

- Conference fees to pay part of aging conferences and donations for traumatic brain injury services – all together about \$0.1 million

Federal funds support 69 percent of the 2007 biennium appropriation. Federal Medicaid matching funds for services and administration are the single largest funding source for SLTC supporting 63 percent (\$288 million) of the total biennial appropriation. Other federal funding sources, what each pays for, and the biennial appropriations are:

- Aging grants for other services including funds for care giver, ombudsman, older worker, preventive health, health counseling, training, abuse prevention, administration of community services agencies, and farmers' market services – about \$8 million
- Grants for meals and feeding services for elderly – about \$7 million
- Veterans' administration payments for veterans' home services – about \$7 million

### **Present Law Adjustments**

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Each present law adjustment and new proposal will be discussed in the subprogram or function budget for this division.

Present Law Adjustments										
-----Fiscal 2006-----					-----Fiscal 2007-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					1,059,103					1,073,502
Vacancy Savings					(317,510)					(318,087)
Inflation/Deflation					5,862					3,894
Fixed Costs					126,450					93,371
Total Statewide Present Law Adjustments					\$873,905					\$852,680
DP 16 - Medicaid Caseload - Home Based Services	0.00	1,126,672	0	2,104,065	3,230,737	0.00	1,380,631	0	2,626,745	4,007,376
DP 21 - Medicaid Caseload - Nursing Homes	0.00	(438,545)	0	(1,058,707)	(1,497,252)	0.00	(893,443)	0	(2,092,664)	(2,986,107)
DP 22 - State Supplement Caseload Increase	0.00	32,448	0	0	32,448	0.00	32,448	0	0	32,448
DP 24 - FMAP Enhancement Adjustment - Nursing Homes	0.00	2,972,470	0	(2,972,470)	0	0.00	2,972,470	0	(2,972,470)	0
DP 27 - FMAP Enhancement Adjustment - Home Based Services	0.00	569,730	0	(569,730)	0	0.00	569,730	0	(569,730)	0
DP 28 - FMAP Enhancement Adjustment - Waiver Services	0.00	507,274	0	(507,274)	0	0.00	507,274	0	(507,274)	0
DP 30 - FMAP Adjustment - Nursing Homes	0.00	2,447,917	0	(2,447,917)	0	0.00	3,182,292	0	(3,182,292)	0
DP 33 - FMAP Adjustment - Home Based Services	0.00	490,189	0	(490,189)	0	0.00	615,730	0	(615,730)	0
DP 34 - FMAP Adjustment - Waiver Services	0.00	417,755	0	(417,755)	0	0.00	543,081	0	(543,081)	0
DP 88 - Annualize HB 705 Nursing Home Fee	0.00	0	1,147,719	2,770,749	3,918,468	0.00	0	1,172,406	2,746,062	3,918,468
DP 89 - County Nursing Home IGT Increase	0.00	0	1,353,125	3,266,626	4,619,751	0.00	0	2,440,928	5,717,254	8,158,182
DP 91 - FMAP Enhancement Adjustment - Nursing Home IGTs	0.00	0	362,163	(362,163)	0	0.00	0	362,163	(362,163)	0
DP 93 - Montana Veterans' Home Adjustments	0.00	0	295,821	0	295,821	0.00	0	295,821	0	295,821
DP 94 - FMAP Adjustment - County Nursing Home IGTs	0.00	0	298,251	(298,251)	0	0.00	0	387,727	(387,727)	0
DP 106 - Annualize Traumatic Brain Injury Funds	0.00	0	8,117	0	8,117	0.00	0	8,117	0	8,117
DP 173 - Increased Funding For Caregiver Program	0.00	0	0	137,721	137,721	0.00	0	0	137,721	137,721
DP 175 - Additional Funding-Eastern Montana Veterans' Home	0.00	0	0	148,236	148,236	0.00	0	0	172,254	172,254
DP 9999 - Statewide FTE Reduction	0.00	(36,959)	0	0	(36,959)	0.00	(37,183)	0	0	(37,183)
Total Other Present Law Adjustments						0.00	\$8,873,030	\$4,667,162	\$166,905	\$13,707,097
Grand Total All Present Law Adjustments					\$11,730,993					\$14,559,777

## New Proposals

New Proposals										
Program	FTE	Fiscal 2006				Fiscal 2007				
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 81 - Expand Community Based Services Waiver										
22	0.00	447,173	28,248	1,147,728	1,623,149	0.00	0	797,581	1,868,134	2,665,715
DP 95 - Montana Veterans' Home Contingency Fund Line Item										
22	0.00	0	250,000	0	250,000	0.00	0	250,000	0	250,000
DP 114 - Personal Assistance Base Restoration										
22	0.00	223,196	0	538,825	762,021	0.00	227,997	0	534,024	762,021
DP 116 - Montana Veterans' Home Replacement Vehicles										
22	0.00	0	85,000	0	85,000	0.00	0	0	0	0
DP 118 - Eastern Montana Veterans' Home Flooring										
22	0.00	0	37,112	0	37,112	0.00	0	0	0	0
DP 3004 - Hospice and Home Therapy										
22	0.00	0	204,000	0	204,000	0.00	0	204,000	0	204,000
DP 3203 - Annualize the Cost of FY 2005 Waiver Expansion										
22	0.00	468,386	0	1,130,746	1,599,132	0.00	478,460	0	1,120,672	1,599,132
DP 3607 - Meals On Wheels (Restricted/OTO)										
22	0.00	567,000	0	0	567,000	0.00	567,000	0	0	567,000
DP 3608 - In-home Caregiver Services (Biennial/Restricted/O										
22	0.00	600,000	0	0	600,000	0.00	0	0	0	0
DP 3609 - Direct Care Worker Wage Increase										
22	0.00	1,000,000	3,000,000	9,656,538	13,656,538	0.00	0	0	0	0
DP 3620 - Veterans' Long-Term Health Care Needs Study										
22	0.00	0	50,000	0	50,000	0.00	0	0	0	0
DP 3705 - Provider Rate Increase-Nursing Home/Comm Srvs										
22	0.00	991,877	991,878	4,789,051	6,772,806	0.00	0	2,018,663	4,728,205	6,746,868
DP 3706 - Community Services HCBS Expansion										
22	0.00	0	57,848	139,908	197,756	0.00	0	118,184	279,816	398,000
DP 3749 - Montana Veterans' Home - Nursing Bed Fee										
22	0.00	0	41,159	19,841	61,000	0.00	0	70,861	33,710	104,571
DP 6010 - 2007 Biennium Pay Plan										
22	0.00	65,526	107,000	76,587	249,113	0.00	168,979	283,430	201,590	653,999
<b>Total</b>	<b>0.00</b>	<b>\$4,363,158</b>	<b>\$4,852,245</b>	<b>\$17,499,224</b>	<b>\$26,714,627</b>	<b>0.00</b>	<b>\$1,442,436</b>	<b>\$3,742,719</b>	<b>\$8,766,151</b>	<b>\$13,951,306</b>

## Language

The legislature approved the following language for inclusion in HB 2. The Governor has indicated his intent to line-item veto the language illustrated in *italic*. However, his authority to do so is questioned and may be challenged through legal action.

“Senior and Long Term Care Division includes funds to address the difficulty in recruitment and retention of direct care staff at the Montana Veterans’ Home. The legislature directs the department to aggressively pursue options to resolve the problem of recruitment and retention of staff for the Montana Veterans’ Home, including consideration of such options as moving to pay plan 20, innovative education plans to promote advancement of staff, and partnership with the university system to provide local education opportunities for direct care staff. *The department shall present its plan to resolve this issue to the Legislative Finance Committee by September 1, 2005, with a follow-up report on progress toward resolution of the problem of recruitment and retention of direct care staff for the Montana Veterans’ Home by September 1, 2006.*

The appropriation in Montana Veterans' Home Contingency may be established subject to a determination by the Office of Budget and Program Planning that federal and private revenue available from federal special revenue and private payment state special revenue appropriations in fiscal year 2006 or fiscal year 2007 are insufficient to operate the homes at capacity to maximize collection of federal and private payments. The office of budget and program planning shall notify the legislative finance committee if it determines that the conditions are met and when the appropriation becomes effective.

County Nursing Home IGT may be used only to make one-time payments to nursing homes based on the number of Medicaid services provided. State special revenue in County Nursing Home IGT may be expended only after the office

of budget and program planning has certified that the department has received at least \$1.6 million each year from counties participating in the intergovernmental transfer program for nursing homes.

Children's Mental Health Increase (Biennial/Restricted) and Direct Care Worker Wage Increase (Biennial/Restricted) must be used for direct-care worker wage increases. The department shall provide documentation showing that these funds are used solely for direct-care worker wage increases. The documentation must include initial wage rates, wage rates after the rate increases have been applied, and wage rates every 6 months after the rate increases have been granted. The legislature intends that direct-care salaries be raised 75 cents an hour and that benefits be raised 26 cents an hour. If the appropriation is insufficient to cover the full amount of intended increases, the lowest paid direct-care worker wage rates must be increased first. The department may also apply funds approved by the legislature to provide a 6% rate increase for children's mental health providers in fiscal year 2006 if funds in item [children's mental health rate increase] are insufficient to raise direct-care worker wage rates by the intended amount. The department shall prepare a report summarizing initial direct-care wages paid by July 1, 2005, for the members of the 2005 legislative joint appropriations subcommittee on health and human services, and shall report again by July 1, 2006, and January 1, 2007, showing direct-care wages paid at those points in time.

Funds in In-home Caregiver Services (Biennial/Restricted/OTO) may be used only to contract with local agencies for assistance to in-home caregivers. Funds in item In-home Caregiver Services (Biennial/Restricted/OTO) may not be used for state matching funds for medicaid-funded services.

Funding in Study of Veterans' Long-Term Health Care Needs (Biennial/Restricted/OTO) may be used by the department only to perform an analysis related to veterans' long-term care needs. The funds must be used to determine demographics of the Montana veterans' population, including the number and age of veterans in each county and the type of long-term care needs of the population. The long-term care assessment for veterans must include evaluation of the need for nursing home, domiciliary, and Alzheimer services as well as various types of community and in-home care that are needed. The study must also evaluate existing veterans' home services and configuration of those services with respect to the needs identified. *The department shall provide the results of the study to the legislative finance committee by September 1, 2006.*

**Medicaid Services Legislative Budget**

The following table summarizes the legislative budget proposal for this subprogram by year, type of expenditure, and source of funding.

Sub-Program Legislative Budget								
Budget Item	Base Budget Fiscal 2004	PL Base Adjustment Fiscal 2006	New Proposals Fiscal 2006	Total Leg. Budget Fiscal 2006	PL Base Adjustment Fiscal 2007	New Proposals Fiscal 2007	Total Leg. Budget Fiscal 2007	Total Leg. Budget Fiscal 06-07
FTE	18.00	0.00	0.00	18.00	0.00	0.00	18.00	18.00
Personal Services	755,642	155,577	0	911,219	156,511	0	912,153	1,823,372
Operating Expenses	1,080,064	7,787	0	1,087,851	7,798	0	1,087,862	2,175,713
Equipment	7,100	0	0	7,100	0	0	7,100	14,200
Benefits & Claims	174,604,707	10,271,704	24,815,402	209,691,813	13,097,919	12,375,736	200,078,362	409,770,175
Debt Service	5,126	0	0	5,126	0	0	5,126	10,252
<b>Total Costs</b>	<b>\$176,452,639</b>	<b>\$10,435,068</b>	<b>\$24,815,402</b>	<b>\$211,703,109</b>	<b>\$13,262,228</b>	<b>\$12,375,736</b>	<b>\$202,090,603</b>	<b>\$413,793,712</b>
General Fund	34,012,784	8,152,786	3,130,632	45,296,202	8,937,505	706,457	43,656,746	88,952,948
State/Other Special	9,639,499	3,169,375	4,281,974	17,090,848	4,371,341	3,138,428	17,149,268	34,240,116
Federal Special	132,800,356	(887,093)	17,402,796	149,316,059	(46,618)	8,530,851	141,284,589	290,600,648
<b>Total Funds</b>	<b>\$176,452,639</b>	<b>\$10,435,068</b>	<b>\$24,815,402</b>	<b>\$211,703,109</b>	<b>\$13,262,228</b>	<b>\$12,375,736</b>	<b>\$202,090,603</b>	<b>\$413,793,712</b>

**Medicaid Services**

The Medicaid services function includes appropriations for nursing home, community, and home based services as well as administrative functions. Appropriations for Medicaid services received by individuals are 89 percent of the total division appropriation \$456.6 million, while direct administrative costs for these services is about 1 percent of the appropriation.

Legislative appropriation increases predominantly supported provider rate increases, with some expansion in community based waiver services. General fund appropriations increased about \$14.5 million and federal funds supporting Medicaid services declined by the same amount due to increases in the state Medicaid match rate. The impact of the matching rate change funding switch and low caseload growth are reflected in the amount shown for present law changes in federal funds, which show a negative adjustment in each year of the 2007 biennium.

Figure 40 shows the total Medicaid appropriation by individual service, and each appropriation change approved by the legislature. Figure 40 also includes appropriations made in HB 749, which raised the nursing home daily fee during the 2007 biennium, so the totals in Figure 40 will not tie to the main table for Medicaid services. Nursing home services received 72 percent of the FY 2007 appropriation increases for Medicaid services, while home based services received 16 percent and community waiver services got 12 percent.

Figure 40

Senior and Long Term Care Division 2007 Biennium Medicaid HB 2 and HB 749 Appropriation by Component, Purpose, and Total									
Medicaid Services	FY 2006				FY 2007				% of
Present Law and New Proposals	General Fund	SSR	Federal	Total	General Fund	SSR	Federal	Total	Change
<b>Nursing Home Services</b>									
<b>FY 2004 Base Budget</b>	\$23,899,235	\$4,977,388	\$87,690,839	\$116,567,462	\$23,899,235	\$4,977,388	\$87,690,839	\$116,567,462	
DP 21 - Caseload Change	(\$438,545)	\$0	(\$1,058,707)	(\$1,497,252)	(\$893,443)	\$0	(\$2,092,664)	(\$2,986,107)	-6%
DP 24 - Enhanced Federal Match Rate	2,972,470	0	(2,972,470)	0	2,972,470	0	(2,972,470)	0	0%
DP 30 - FMAP Adj. - 2007 Biennium	2,447,917	0	(2,447,917)	0	3,182,292	0	(3,182,292)	0	0%
DP 88 - HB705 - Annualize NH Fee	0	1,147,719	2,770,749	3,918,468	0	1,172,406	2,746,062	3,918,468	8%
DP 89 - County Nursing Home IGT	0	1,353,125	3,266,626	4,619,751	0	2,440,928	5,171,254	7,612,182	16%
DP 91 - Enhanced Federal Match Rate - IGT	0	362,163	(362,163)	0	0	362,163	(362,163)	0	0%
DP 94 - FMAP Adj. - 2007 Biennium - IGT	0	298,251	(298,251)	0	0	387,727	(387,727)	0	0%
DP 3609 - Direct Care Worker Wages	765,000	910,294	4,044,386	5,719,680	0	0	0	0	0%
DP 3705 - Direct Care Worker Wage Incr.	208,294	201,824	990,080	1,400,198	0	418,939	981,258	1,400,197	3%
DP 3705 - Provider Rate Increase	535,614	528,224	528,224	1,592,062	0	1,066,497	2,497,998	3,564,495	8%
HB 749 - Bed Tax Increase	0	3,500,000	8,469,312	11,969,312	0	6,000,000	14,087,186	20,087,186	43%
<b>Subtotal Appropriation Changes</b>	<b>\$6,490,750</b>	<b>\$8,301,601</b>	<b>\$12,929,869</b>	<b>\$27,722,219</b>	<b>\$5,261,319</b>	<b>\$11,848,660</b>	<b>\$16,486,443</b>	<b>\$33,596,422</b>	<b>72%</b>
<b>Total Nursing Home Appropriation</b>	<b>\$30,389,985</b>	<b>\$13,278,989</b>	<b>\$100,620,708</b>	<b>\$144,289,681</b>	<b>\$29,160,554</b>	<b>\$16,826,048</b>	<b>\$104,177,282</b>	<b>\$150,163,884</b>	
Percent Increase Over Base Budget	27%	167%	15%	24%	22%	238%	19%	29%	
<b>Home Based Services - Entitlement</b>									
<b>FY 2004 Base Budget</b>	\$4,386,083	\$999,999	\$17,168,128	\$22,554,210	\$4,386,083	\$999,999	\$17,168,128	\$22,554,210	
DP 16 - Caseload Change	\$1,126,672	\$0	\$2,104,065	\$3,230,737	\$1,380,631	\$0	\$2,626,745	\$4,007,376	9%
DP 27 - Enhanced Federal Match Rate	569,730	0	(569,730)	0	569,730	0	(569,730)	0	0%
DP 33 - FMAP Adj. - 2007 Biennium	490,189	0	(490,189)	0	615,730	0	(615,730)	0	0%
DP 114 - Personal Assistance Base	223,196	0	538,825	762,021	227,997	0	534,024	762,021	2%
DP 3004 - PSA - Hospice/Home Therapy	0	204,000	0	204,000	0	204,000	0	204,000	0%
DP 3609 - Direct Care Worker Wages	92,591	292,155	928,828	1,313,574	0	408,742	957,375	1,366,117	3%
DP 3705 - Direct Care Worker Wage Incr.	25,030	78,977	251,085	355,091	0	110,493	258,803	369,296	1%
DP 3705 - Provider Rate Increase	50,463	159,226	506,218	715,907	0	218,055	510,740	728,795	2%
<b>Subtotal Appropriation Changes</b>	<b>\$2,577,871</b>	<b>\$734,357</b>	<b>\$3,269,102</b>	<b>\$6,581,330</b>	<b>\$2,794,088</b>	<b>\$941,291</b>	<b>\$3,702,226</b>	<b>\$7,437,605</b>	<b>16%</b>
<b>Total Home Based Appropriation</b>	<b>\$6,963,954</b>	<b>\$1,734,356</b>	<b>\$20,437,230</b>	<b>\$29,135,540</b>	<b>\$7,180,171</b>	<b>\$1,941,290</b>	<b>\$20,870,354</b>	<b>\$29,991,815</b>	
Percent Increase Over Base Budget	59%	73%	19%	29%	64%	94%	22%	33%	
<b>Community Services Waiver - Nonentitlement</b>									
<b>FY 2004 Base Budget</b>	\$4,871,238	\$0	\$15,021,851	\$19,893,089	\$4,871,238	\$0	\$15,021,851	\$19,893,089	
DP 24 - Enhanced Federal Match Rate	\$507,274	\$0	(\$507,274)	\$0	\$507,274	\$0	(\$507,274)	\$0	0%
DP 34 - FMAP Adj. - 2007 Biennium	417,755	0	(417,755)	0	543,081	0	(543,081)	0	0%
DP 81 - Additional Clients - Waiver	447,173	28,248	1,147,728	1,623,149	0	797,581	1,868,134	2,665,715	6%
DP 3203 - Annualize FY 2005 Waiver Exp.	468,386	0	1,130,746	1,599,132	478,460	0	1,120,672	1,599,132	3%
DP 3609 - Direct Care Worker Wages	19,723	62,232	197,852	279,807	0	83,718	196,089	279,807	1%
DP 3705 - Direct Care Worker Wages	5,127	16,176	51,427	72,730	0	22,631	53,009	75,640	0%
DP 3705 - Provider Rate Increase	42,067	132,734	421,992	596,793	0	182,046	426,398	608,444	1%
DP 3706 - Waiver Expansion - I-149	0	57,848	139,908	197,756	0	119,082	278,918	398,000	1%
<b>Subtotal Appropriation Changes</b>	<b>\$1,907,504</b>	<b>\$297,238</b>	<b>\$2,164,624</b>	<b>\$4,369,367</b>	<b>\$1,528,815</b>	<b>\$1,205,059</b>	<b>\$2,892,864</b>	<b>\$5,626,738</b>	<b>12%</b>
<b>Total Waiver Appropriation</b>	<b>\$6,778,742</b>	<b>\$297,238</b>	<b>\$17,186,475</b>	<b>\$24,262,456</b>	<b>\$6,400,053</b>	<b>\$1,205,059</b>	<b>\$17,914,715</b>	<b>\$25,519,827</b>	
Percent Increase Over Base Budget	39%	0%	14%	22%	31%	0%	19%	28%	
<b>Total Medicaid Services - Senior and Long Term Care</b>									
<b>Base Budget</b>	<b>\$33,156,556</b>	<b>\$5,977,387</b>	<b>\$119,880,818</b>	<b>\$159,014,761</b>	<b>\$33,156,556</b>	<b>\$5,977,387</b>	<b>\$119,880,818</b>	<b>\$159,014,761</b>	
Present Law Adjustments - Caseload	\$1,156,513	\$0	\$2,176,104	\$3,332,617	\$965,648	\$0	\$1,654,753	\$2,620,401	6%
Present Law Due to Fed Match Change	7,405,335	660,414	(8,065,749)	0	8,390,577	749,890	(9,140,467)	0	0%
PL and New Proposals for Provider Rates	1,743,908	8,382,686	22,426,779	32,553,373	0	12,124,457	27,886,170	40,010,628	86%
Other New Proposals	670,369	290,096	1,826,461	2,786,926	227,997	1,120,663	2,681,076	4,029,736	9%
<b>Subtotal Appropriation Changes</b>	<b>\$10,976,125</b>	<b>\$9,333,196</b>	<b>\$18,363,595</b>	<b>\$38,672,916</b>	<b>\$9,584,222</b>	<b>\$13,995,010</b>	<b>\$23,081,533</b>	<b>\$46,660,765</b>	<b>100%</b>
<b>Grand Total Annual Appropriation</b>	<b>\$44,132,681</b>	<b>\$15,310,583</b>	<b>\$138,244,413</b>	<b>\$197,687,677</b>	<b>\$42,740,778</b>	<b>\$19,972,397</b>	<b>\$142,962,351</b>	<b>\$205,675,526</b>	
Percent Increase Over Base Budget	33%	156%	15%	24%	29%	234%	19%	29%	
<b>Grand Total Biennial Increase</b>	<b>\$20,560,347</b>	<b>\$23,328,206</b>	<b>\$41,445,128</b>	<b>\$85,333,681</b>					

Nursing home services also received the lion's share of provider rate and direct care worker wage increase appropriations. Excluding funding switches to account for the federal Medicaid match reduction, the funding increases appropriated for nursing home services exclusively support rate increases. Nursing home caseload adjustments were reductions to the base level appropriation, since the total Medicaid days of care are projected to continue to gradually decline.

Nursing home appropriations for direct care worker wage increases account for 3 percent of the FY 2007 appropriation increase. Direct care worker and provider rate increases for community services received 5 percent of the funds appropriated for 2007 biennium rate increases.

Caseload changes received 6 percent of the FY 2007 appropriation increase. Service expansions for the community based waiver receive 9 percent.

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative 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 2006					Fiscal 2007					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					226,338					227,432
Vacancy Savings					(39,279)					(39,325)
Inflation/Deflation					(330)					(319)
<b>Total Statewide Present Law Adjustments</b>					<b>\$186,729</b>					<b>\$187,788</b>
DP 16 - Medicaid Caseload - Home Based Services	0.00	1,126,672	0	2,104,065	3,230,737	0.00	1,380,631	0	2,626,745	4,007,376
DP 21 - Medicaid Caseload - Nursing Homes	0.00	(438,545)	0	(1,058,707)	(1,497,252)	0.00	(893,443)	0	(2,092,664)	(2,986,107)
DP 24 - FMAP Enhancement Adjustment - Nursing Homes	0.00	2,972,470	0	(2,972,470)	0	0.00	2,972,470	0	(2,972,470)	0
DP 27 - FMAP Enhancement Adjustment - Home Based Services	0.00	569,730	0	(569,730)	0	0.00	569,730	0	(569,730)	0
DP 28 - FMAP Enhancement Adjustment - Waiver Services	0.00	507,274	0	(507,274)	0	0.00	507,274	0	(507,274)	0
DP 30 - FMAP Adjustment - Nursing Homes	0.00	2,447,917	0	(2,447,917)	0	0.00	3,182,292	0	(3,182,292)	0
DP 33 - FMAP Adjustment - Home Based Services	0.00	490,189	0	(490,189)	0	0.00	615,730	0	(615,730)	0
DP 34 - FMAP Adjustment - Waiver Services	0.00	417,755	0	(417,755)	0	0.00	543,081	0	(543,081)	0
DP 88 - Annualize HB 705 Nursing Home Fee	0.00	0	1,147,719	2,770,749	3,918,468	0.00	0	1,172,406	2,746,062	3,918,468
DP 89 - County Nursing Home IGT Increase	0.00	0	1,353,125	3,266,626	4,619,751	0.00	0	2,440,928	5,717,254	8,158,182
DP 91 - FMAP Enhancement Adjustment - Nursing Home IGTs	0.00	0	362,163	(362,163)	0	0.00	0	362,163	(362,163)	0
DP 94 - FMAP Adjustment - County Nursing Home IGTs	0.00	0	298,251	(298,251)	0	0.00	0	387,727	(387,727)	0
DP 106 - Annualize Traumatic Brain Injury Funds	0.00	0	8,117	0	8,117	0.00	0	8,117	0	8,117
DP 9999 - Statewide FTE Reduction	0.00	(31,482)	0	0	(31,482)	0.00	(31,596)	0	0	(31,596)
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$8,061,980</b>	<b>\$3,169,375</b>	<b>(\$983,016)</b>	<b>\$10,248,339</b>	<b>0.00</b>	<b>\$8,846,169</b>	<b>\$4,371,341</b>	<b>(\$143,070)</b>	<b>\$13,074,440</b>
<b>Grand Total All Present Law Adjustments</b>					<b>\$10,435,068</b>					<b>\$13,262,228</b>

DP 16 - Medicaid Caseload - Home Based Services - The legislature approved the executive request for \$7.2 million total funds, including \$2.5 million general fund, over the biennium for Medicaid caseload growth in the home based services program. This service array includes the hospice, home health, and personal assistance benefits. Caseload estimates grow about 3 percent annually due to demographic trends and increased utilization of these services.



DP 21 - Medicaid Caseload - Nursing Homes - The legislature accepted legislative staff estimates of nursing home costs, reducing the executive request \$1.3 million general fund (\$4.5 million total funds) over the biennium. The legislative staff estimates are based on a 1 percent annual decline in the number of days of care each year of the 2007 biennium, starting from the FY 2005 estimate. Both the executive and legislative estimates were based on the same federal and state share of the nursing home rate - \$97.38. The other two components of the total Medicaid payment for nursing home services includes the patient contribution and an add on from the county IGT. Currently the program provides services to about 5,250 people each year (unduplicated count). The legislature applied the general fund savings that resulted from adoption of the legislative estimates to the home and community based waiver program to provide additional services (see DP 81).

DP 24 - FMAP Enhancement Adjustment - Nursing Homes - The federal Jobs and Growth Tax Relief Reconciliation Act authorized a temporary increase of about 3 percent in the federal Medicaid match rate during FY 2004 and therefore a like state match decrease. The legislature added nearly \$5.9 million general fund over the biennium for nursing home services, with an offsetting decrease in federal funds, to reflect the removal of the enhanced federal match rate in FY 2006 and FY 2007. DP 27, DP 28, and DP 91 also adjust for one-time federal match rate changes to fund Medicaid home based and community waiver services.

DP 27 - FMAP Enhancement Adjustment - Home Based Services - The legislature added \$1 million general fund over the biennium, with an offsetting decrease in federal funds, to reflect the termination of the enhanced federal Medicaid match rate in FY 2006 and FY 2007 for home based services. DP 24, DP 28, and DP 91 make similar adjustments for the other Medicaid services administered by this division.

DP 28 - FMAP Enhancement Adjustment - Waiver Services - The legislature added about \$1.1 million general fund over the biennium for community based waiver services, with an offsetting decrease in federal funds, to reflect the removal of the enhanced federal match rate in FY 2006 and FY 2007. DP 24, DP 27, and DP 91 are similar and show match rate changes for each Medicaid service administered by the division.

DP 30 - FMAP Adjustment - Nursing Homes - The legislature added \$5.6 million general fund over the biennium for nursing home services, with an offsetting decrease in federal funds, due to projected changes in the federal Medicaid match rates for FY 2006 and FY 2007. Federal match rates are adjusted annually based on changes in a state's per capita income compared changes in national per capita income. DP 33, 34, and 94 are similar, in that each one requests an increase in general fund and a reduction in federal funds for the annual change in the federal Medicaid match rate for the three Medicaid services administered by SLTC.

DP 33 - FMAP Adjustment - Home Based Services - The legislature added about \$1.0 million general fund over the biennium for home based services, with an offsetting decrease in federal funds, due to change in the federal Medicaid match rate for FY 2006 and FY 2007. DP 30, 34, and 94 are similar, in that each one requests an increase in general fund and a reduction in federal funds for the change in the federal Medicaid match rate for the three Medicaid services administered by SLTC.

DP 34 - FMAP Adjustment - Waiver Services - The legislature approved about \$1.0 million general fund over the biennium for waiver services, with an offsetting decrease in federal funds, due to annual changes in the federal Medicaid match rate for FY 2006 and FY 2007. DP 30, 33, and 94 are similar, in that each one requests an increase in general fund and a reduction in federal funds for the change in the federal Medicaid match rate for the three Medicaid services administered by SLTC.

DP 88 - Annualize HB 705 Nursing Home Fee - The legislature approved the executive request for \$7.8 million, including \$2.3 million state special revenue, over the biennium for the FY 2005 increase in the daily nursing home rate due to the increase in the nursing home bed tax. The fee, authorized by 15-60-102(1)(b) and (c), MCA (HB 705 in the 2003 session), may only be used to pay nursing home rates in excess of the rate paid in FY 2003 (15-60-211(2), MCA), which was \$83.65 for the state/federal share. The anticipated revenue in FY 2005 is estimated to provide an additional \$4 per day above the rate paid in FY 2004. The Medicaid nursing home base rate, as revised in February 2005, was \$94.26 in FY 2004 and is expected to rise to \$97.38 in FY 2006, not including patient contribution or Intergovernmental Transfer (IGT) revenue. Bed tax rates and deposit of revenue authorized in statute are as follows:

- \$2.80 per day – deposited to the general fund
- Effective FY 2004 an additional \$1.70 - deposited to the state special revenue account for a total daily rate of \$4.50
- Effective FY 2005 an additional \$0.80 - deposited to the state special revenue account for a total daily rate of \$5.30

DP 89 - County Nursing Home IGT Increase - The legislature approved the executive request for \$13 million over the biennium for the increase between FY 2004 and FY 2005 in Intergovernmental Transfer (IGT) revenue for nursing homes. The IGT program was originally authorized by the 2001 Legislature. \$4 million of the total is derived from state special revenue from local governments that support county nursing homes and participate in the IGT program, with the remainder from federal funding. The legislature restricted the appropriation for use only for a county nursing home IGT.

DP 91 - FMAP Enhancement Adjustment - Nursing Home IGTs - The federal Jobs and Growth Tax Relief Reconciliation Act temporarily increased the federal Medicaid match rate about 3 percent in FY 2004. The legislature added \$724,326 county state special revenue over the biennium for the county nursing IGT, with an offsetting decrease in federal funds, to reflect the removal of the enhanced federal match rates in FY 2006 and FY 2007. DP 24, DP 27, and DP 28 are similar.

DP 94 - FMAP Adjustment - County Nursing Home IGTs - The legislature added \$0.7 million state special over the biennium for the nursing home IGT, with an offsetting decrease in federal funds, due to projected reductions in the federal Medicaid match rates in FY 2006 and FY 2007. DP 30, DP 34, and DP 33 are similar.

DP 106 - Annualize Traumatic Brain Injury Funds - The legislature added \$16,000 state special revenue over the biennium to annualize revenue and expenditures from HB 698, which was passed in the 2003 legislative session and became effective on January 1, 2004. Revenue is received from a check off on license plate renewals (61-3-303(1)(f), MCA) and is used to support an advisory council on traumatic brain injury.

DP 9999 - Statewide FTE Reduction - The legislature accepted the executive proposal to reduce funding equivalent to the reductions taken in the 2003 legislative session, but did not accept the reduction in FTE slots as proposed.

## New Proposals

New Proposals										
Sub Program	-----Fiscal 2006-----					-----Fiscal 2007-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 81 - Expand Community Based Services Waiver										
01	0.00	447,173	28,248	1,147,728	1,623,149	0.00	0	797,581	1,868,134	2,665,715
DP 114 - Personal Assistance Base Restoration										
01	0.00	223,196	0	538,825	762,021	0.00	227,997	0	534,024	762,021
DP 3004 - Hospice and Home Therapy										
01	0.00	0	204,000	0	204,000	0.00	0	204,000	0	204,000
DP 3203 - Annualize the Cost of FY 2005 Waiver Expansion										
01	0.00	468,386	0	1,130,746	1,599,132	0.00	478,460	0	1,120,672	1,599,132
DP 3609 - Direct Care Worker Wage Increase										
01	0.00	1,000,000	3,000,000	9,656,538	13,656,538	0.00	0	0	0	0
DP 3705 - Provider Rate Increase-Nursing Home/Comm Svcs										
01	0.00	991,877	991,878	4,789,051	6,772,806	0.00	0	2,018,663	4,728,205	6,746,868
DP 3706 - Community Services HCBS Expansion										
01	0.00	0	57,848	139,908	197,756	0.00	0	118,184	279,816	398,000
<b>Total</b>	<b>0.00</b>	<b>\$3,130,632</b>	<b>\$4,281,974</b>	<b>\$17,402,796</b>	<b>\$24,815,402</b>	<b>0.00</b>	<b>\$706,457</b>	<b>\$3,138,428</b>	<b>\$8,530,851</b>	<b>\$12,375,736</b>

DP 81 - Expand Community Based Services Waiver - The legislature accepted and increased the executive proposal to expand the home and community based waiver, which allows the division to provide Medicaid funded community services to persons who meet nursing home level of care standards. The original executive proposal provided services for about 50 persons in FY 2006 and 30 more persons in FY 2007. Additional funds added by the legislature will serve 22 more persons in FY 2006 (a total of 72) and 12 more persons in FY 2007 (a total of 112).

The legislature appropriated about \$4.3 million over the biennium, including \$0.8 million in state special revenue from I-149 funds, and \$0.5 million general fund to support growth in community services. The legislature accepted the legislative estimate of nursing home costs, which was lower than the revised executive estimate. The difference between the estimates was applied to expand the home and community based waiver.

DP 114 - Personal Assistance Base Restoration - The legislature approved the executive request for \$1.5 million over the biennium, including about \$0.5 million general fund, to support personal care providers and, to a lesser extent, direct care wages for caregivers at the FY 2005 funding level. The 2003 Legislature used a one-time diversion from changes made to state special revenue corporation tax (water's edge corporation tax) through HB 721 to provide such services and payments during the 2005 biennium. After June 30, 2005, this source of revenue will be deposited to the general fund.

DP 3004 - Hospice and Home Therapy - The legislature accepted the executive request to add \$408,000 in I-149 tobacco tax state special revenue funds over the biennium to continue Medicaid hospice and home therapy at the level of the 2005 biennium. During the 2005 biennium, these services were funded through a one-time diversion of tobacco settlement funds authorized in 17-6-606, MCA (SB 485).

DP 3203 - Annualize the Cost of FY 2005 Waiver Expansion - The legislature accepted the executive proposal to annualize the waiver expansion implemented in December 2004, when the division moved 76 persons from nursing homes into community services. The cost of this proposal totals about \$3.2 million over the biennium, including \$0.9 million general fund. The executive budget did not originally include a separate decision point for the waiver expansion because it was implemented in December 2004 after the executive budget was final. The legislature wanted to ensure that appropriations for the 2007 biennium were structured to reflect community services levels funded by the legislature.

DP 3609 - Direct Care Worker Wage Increase - The legislature added \$4.0 million state matching funds and nearly \$10 million in federal Medicaid funds over the biennium for direct care worker wage increases, which includes \$2.6 million general fund and \$1.4 million in cigarette tax revenue generated by I-149. The funds are to be used to raise the wages of direct care workers by 75 cents an hour in salary and 26 cents an hour in benefits. If the funds are insufficient to raise wages and benefits by that amount, the lowest paid workers are to receive the largest wage increases. The legislature also required the department to document the initial wage rates compared to wage rates after the increase is implemented

and to report its documentation and findings to the Legislative Finance Committee. The Senior and Long Term Care Division appropriation is contingent on implementation of this increase by July 15, 2005.

This appropriation is in addition to the amount included in DP 3705, which includes a 3 percent provider rate increase for nursing homes and community services providers and a direct care worker wage increase of 16 cents an hour with an increase of 5 cents an hour for benefits.

During legislative consideration of HB 2, the legislature removed language from HB 2 that made the main division appropriation for Senior and Long Term Care, as well as two other divisions, contingent upon implementation and expenditure of the appropriation for this provider rate increase within specified time frames. The legislature did so based on written assurances from the Office of Budget and Program Planning that it would fund provider rate increases as a first priority when estimating the I-149 revenue and determining expenditure changes, if necessary, among various appropriations.

DP 3705 - Provider Rate Increase-Nursing Home/Community Services - The legislature accepted the executive proposal for nursing home and community services provider rate increases for senior and long term care services and approved \$3 million in I-149 state special revenue and \$9.5 million federal funds Medicaid matching funds over the biennium. In order to implement the executive policy to develop a reserve of \$25 million in I-149 funds prior to expenditure of the majority of appropriations from those funds, the legislature also added about \$1 million in general fund to start the provider rate increases July 1, 2005.

This appropriation is anticipated to be sufficient to fund:

- A 3 percent rate increase for nursing homes and community services providers
- A 16 cent an hour raise, plus benefits for direct care worker staff employed by these providers

DP 3706 - Community Services HCBS Expansion - The legislature accepted the executive proposal to fund an increase in home and community based services for senior and long term care. The legislature delayed implementation of the proposal until January 1, 2006. The expansion will add 20 service slots, equivalent to provide services to about 26 additional persons. The legislature added about \$180,000 in state special I-149 funds and \$420,000 in federal Medicaid funds over the biennium.

**Veterans' Legislative Budget**

The following table summarizes the legislative budget proposal for this subprogram by year, type of expenditure, and source of funding.

Sub-Program Legislative Budget								
Budget Item	Base Budget Fiscal 2004	PL Base Adjustment Fiscal 2006	New Proposals Fiscal 2006	Total Leg. Budget Fiscal 2006	PL Base Adjustment Fiscal 2007	New Proposals Fiscal 2007	Total Leg. Budget Fiscal 2007	Total Leg. Budget Fiscal 06-07
FTE	123.69	0.00	0.00	123.69	0.00	0.00	123.69	123.69
Personal Services	3,911,221	639,024	0	4,550,245	651,676	0	4,562,897	9,113,142
Operating Expenses	3,369,274	341,737	348,112	4,059,123	330,168	354,571	4,054,013	8,113,136
Equipment	31,936	0	85,000	116,936	0	0	31,936	148,872
Debt Service	6,034	0	0	6,034	0	0	6,034	12,068
<b>Total Costs</b>	<b>\$7,318,465</b>	<b>\$980,761</b>	<b>\$433,112</b>	<b>\$8,732,338</b>	<b>\$981,844</b>	<b>\$354,571</b>	<b>\$8,654,880</b>	<b>\$17,387,218</b>
State/Other Special	4,413,478	420,691	413,271	5,247,440	354,203	320,861	5,088,542	10,335,982
Federal Special	2,904,987	560,070	19,841	3,484,898	627,641	33,710	3,566,338	7,051,236
<b>Total Funds</b>	<b>\$7,318,465</b>	<b>\$980,761</b>	<b>\$433,112</b>	<b>\$8,732,338</b>	<b>\$981,844</b>	<b>\$354,571</b>	<b>\$8,654,880</b>	<b>\$17,387,218</b>

**Veterans' Services**

Veterans' services comprise 4 percent of the FY 2007 division appropriation. The program administers the two veterans' homes. The Montana Veterans' Home (MVH) is staffed by state employees and operation of the Eastern Montana Veterans' Home is contracted. The most significant change is in personal services, due to statewide present law adjustments that fully fund FTE and due to adjustments for overtime pay. Fixed cost increases for utilities is also a significant component of state wide present law adjustments. There are two present law appropriations that add about \$450,000 each year to fund increases in medical and other facility costs. Funding in two new proposals supports equipment purchases and continues a one-time restricted appropriation for recruitment and retention of staff and MVH, both funded out of the cigarette tax state special revenue.

**Present Law Adjustments**

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative 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 2006-----					-----Fiscal 2007-----				
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services				584,491					597,665
Vacancy Savings				(179,827)					(180,349)
Inflation/Deflation				9,490					7,385
Fixed Costs				122,550					89,068
<b>Total Statewide Present Law Adjustments</b>				<b>\$536,704</b>					<b>\$513,769</b>
DP 93 - Montana Veterans' Home Adjustments									
0.00	0	295,821	0	295,821	0.00	0	295,821	0	295,821
DP 175 - Additional Funding-Eastern Montana Veterans' Home									
0.00	0	0	148,236	148,236	0.00	0	0	172,254	172,254
<b>Total Other Present Law Adjustments</b>									
<b>0.00</b>	<b>\$0</b>	<b>\$295,821</b>	<b>\$148,236</b>	<b>\$444,057</b>	<b>0.00</b>	<b>\$0</b>	<b>\$295,821</b>	<b>\$172,254</b>	<b>\$468,075</b>
<b>Grand Total All Present Law Adjustments</b>				<b>\$980,761</b>					<b>\$981,844</b>

DP 93 - Montana Veterans' Home Adjustments - The legislature approved the executive request for \$591,642 in cigarette tax state special revenue over the biennium for current level services at the Montana Veterans' Home (MVH). These services include holiday worked, overtime, and differential pay to staff a 24-hour a day, 7 day a week facility. These items are zero based and must be requested each biennium. The request also includes increases for drugs, medical services, food, janitorial services and other costs as well as payment of the increased nursing home bed fee.

The legislature added language to HB 2 directing the division to formulate a plan to help recruit and retain direct care staff at the home and to report on the plan and outcomes to the Legislative Finance Committee (LFC). While the Governor vetoed the language requiring the report to be given to the LFC, his veto may be subject to legal challenge.

DP 175 - Additional Funding-Eastern Montana Veterans' Home - The legislature added \$320,490 in federal reimbursement over the biennium due to anticipated increases in the reimbursement received for nursing services from the Veterans' Administration for services at the Eastern Montana Veterans' Home.

### New Proposals

New Proposals										
Sub Program	Fiscal 2006					Fiscal 2007				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 95 - Montana Veterans' Home Contingency Fund Line Item										
02	0.00	0	250,000	0	250,000	0.00	0	250,000	0	250,000
DP 116 - Montana Veterans' Home Replacement Vehicles										
02	0.00	0	85,000	0	85,000	0.00	0	0	0	0
DP 118 - Eastern Montana Veterans' Home Flooring										
02	0.00	0	37,112	0	37,112	0.00	0	0	0	0
DP 3749 - Montana Veterans' Home - Nursing Bed Fee										
02	0.00	0	41,159	19,841	61,000	0.00	0	70,861	33,710	104,571
<b>Total</b>	<b>0.00</b>	<b>\$0</b>	<b>\$413,271</b>	<b>\$19,841</b>	<b>\$433,112</b>	<b>0.00</b>	<b>\$0</b>	<b>\$320,861</b>	<b>\$33,710</b>	<b>\$354,571</b>

DP 95 - Montana Veterans' Home Contingency Fund Line Item - The legislature approved the executive request to continue a restricted line item appropriation in HB 2 of \$250,000 state special revenue each year. This appropriation was authorized by the 2003 Legislature to allow for operation of the Montana Veterans' Home at a capacity to maximize the collection of federal revenue and private payments. The funds were fully expended in FY 2004.

The legislature added language to HB 2 that allows the Office of Budget and Program Planning to establish the appropriation if funds are necessary to operate the Montana Veterans' Home at the capacity required to maximize federal and private revenue.

DP 116 - Montana Veterans' Home Replacement Vehicles - The legislature approved \$85,000 of cigarette tax state special revenue in FY 2006 to provide funding for the Montana Veterans' Home in Columbia Falls to replace 4 vehicles: 2 vans that provide transportation for staff and clients, and 2 trucks used on the facility grounds.

DP 118 - Eastern Montana Veterans' Home Flooring - The legislature approved the executive request for \$37,112 from cigarette tax state special revenue to fund replacement of several areas of flooring at the Eastern Montana Veterans' Home in Glendive.

DP 3749 - Montana Veterans' Home - Nursing Bed Fee - The legislature added funds for the Montana Veterans' Home to pay the increase in the bed fee authorized by HB 749. The legislature appropriated \$112,020 in state special revenue and \$53,551 in federal funds over the biennium. State special revenue includes cigarette tax revenue and insurance and private payments.

### Aging Services Legislative Budget

The following table summarizes the legislative budget proposal for this subprogram by year, type of expenditure, and source of funding.

Sub-Program Legislative Budget								
Budget Item	Base Budget Fiscal 2004	PL Base Adjustment Fiscal 2006	New Proposals Fiscal 2006	Total Leg. Budget Fiscal 2006	PL Base Adjustment Fiscal 2007	New Proposals Fiscal 2007	Total Leg. Budget Fiscal 2007	Total Leg. Budget Fiscal 06-07
FTE	8.00	0.00	0.00	8.00	0.00	0.00	8.00	8.00
Personal Services	393,415	(7,022)	0	386,393	(6,739)	0	386,676	773,069
Operating Expenses	318,852	(381)	0	318,471	(366)	0	318,486	636,957
Grants	7,226,930	137,721	1,167,000	8,531,651	137,721	567,000	7,931,651	16,463,302
Benefits & Claims	864,900	32,448	0	897,348	32,448	0	897,348	1,794,696
<b>Total Costs</b>	<b>\$8,804,097</b>	<b>\$162,766</b>	<b>\$1,167,000</b>	<b>\$10,133,863</b>	<b>\$163,064</b>	<b>\$567,000</b>	<b>\$9,534,161</b>	<b>\$19,668,024</b>
General Fund	1,992,967	32,656	1,167,000	3,192,623	32,448	567,000	2,592,415	5,785,038
State/Other Special	24,771	0	0	24,771	0	0	24,771	49,542
Federal Special	6,786,359	130,110	0	6,916,469	130,616	0	6,916,975	13,833,444
<b>Total Funds</b>	<b>\$8,804,097</b>	<b>\$162,766</b>	<b>\$1,167,000</b>	<b>\$10,133,863</b>	<b>\$163,064</b>	<b>\$567,000</b>	<b>\$9,534,161</b>	<b>\$19,668,024</b>

### Aging Services

The aging function administers grants for community services managed by local agencies and the state supplement payment for persons eligible for Social Security Insurance (SSI) payments due to their disability and low income. Aging services receive about 4 percent of the division appropriation. The 2007 biennium appropriation increases about \$2 million above the FY 2004 base budget request. The largest biennial increases are:

- \$1.3 million general fund for Meals on Wheels cut to the Meals on Wheels program
- \$0.9 million for grants to community services providers for non-Medicaid in-home caregiver services

Both adjustments are one-time-only appropriations.

The legislature added an additional \$310,000 per year to the executive request of \$257,000 general fund for Meals on Wheels. The legislature also added by its own initiative \$0.6 million general fund to supplement federal funding for in-home care giver services.

The legislature also added about \$65,000 general fund for increases in state supplement payments for 45 persons transitioning from Montana Developmental Center to community services and the cost to process those payments. The legislature indicated that if additional persons are moved into the community from institutions and are eligible for SSI payments that the cost to fund additional SSI payments should come from the division that would fund the community services.

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative 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 2006-----						-----Fiscal 2007-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					9,076					9,373
Vacancy Savings					(16,098)					(16,112)
Inflation/Deflation					(381)					(366)
Total Statewide Present Law Adjustments					(\$7,403)					(\$7,105)
DP 22 - State Supplement Caseload Increase										
	0.00	32,448	0	0	32,448	0.00	32,448	0	0	32,448
DP 173 - Increased Funding For Caregiver Program										
	0.00	0	0	137,721	137,721	0.00	0	0	137,721	137,721
Total Other Present Law Adjustments										
	0.00	\$32,448	\$0	\$137,721	\$170,169	0.00	\$32,448	\$0	\$137,721	\$170,169
Grand Total All Present Law Adjustments					\$162,766					\$163,064

DP 22 - State Supplement Caseload Increase - The legislature added about \$65,000 general fund over the biennium to pay the state Social Security supplemental payment for Medicaid eligible persons residing in the community. The request is based on the Travis D. lawsuit that was settled in February 2004. The terms of the mediation settlement agreement between the executive branch and the plaintiffs requires the department to move at least 45 individuals from the Montana Developmental Center (MDC) into community services by December 2007. The first group of 26 are scheduled to be placed in community services by the end of FY 2005, then the final 19 persons would transition starting July 2007 through Dec 2007.

The legislature stated its intent that if community services are expanded during the 2007 biennium beyond the anticipated levels in HB 2, that the division expanding the community services will transfer funds to support state supplement payments above the level appropriated to the Senior and Long Term Care Division in HB 2.

DP 173 - Increased Funding For Caregiver Program - The legislature added \$275,442 in federal spending authority over the biennium for increased funding of the Caregiver Program. This program provides information, assistance, education, and support for family caregivers, which includes grandparents raising grandchildren. It also provides for respite care and some limited short-term support services.

### New Proposals

New Proposals										
	-----Fiscal 2006-----					-----Fiscal 2007-----				
Sub Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 3607 - Meals On Wheels (Restricted/OTO)										
03	0.00	567,000	0	0	567,000	0.00	567,000	0	0	567,000
DP 3608 - In-home Caregiver Services (Biennial/Restricted/O										
03	0.00	600,000	0	0	600,000	0.00	0	0	0	0
<b>Total</b>	<b>0.00</b>	<b>\$1,167,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,167,000</b>	<b>0.00</b>	<b>\$567,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$567,000</b>

DP 3607 - Meals On Wheels (Restricted/OTO) - The legislature approved the executive request for \$257,000 general fund each year of the biennium and added another \$620,000 general fund over the biennium above the executive request for the Meals on Wheels program. The appropriation is restricted, and designated as one-time-only.

This action restores and increases funding that was removed by the 2003 Legislature and was later temporarily restored by the Governor during FY 2004 with federal funds from Jobs and Growth Tax Relief Reconciliation Act. These funds will be used to support programs administered by locally based Area Agencies on Aging such as Meals on Wheels.



DP 3608 - In-home Caregiver Services (Biennial/Restricted/O - The legislature added \$600,000 general fund over the biennium to support in-home caregiver services. The appropriation is restricted, biennial, and designated as one-time-only. The legislature added language to HB 2 that appropriation be used to contract with local providers and not expended as Medicaid matching funds. The appropriation is contingent on the expenditure limitation in 17-8-106, MCA being met or modified.

**Division Administration Legislative Budget**

The following table summarizes the legislative budget proposal for this subprogram by year, type of expenditure, and source of funding.

Sub-Program Legislative Budget								
Budget Item	Base Budget Fiscal 2004	PL Base Adjustment Fiscal 2006	New Proposals Fiscal 2006	Total Leg. Budget Fiscal 2006	PL Base Adjustment Fiscal 2007	New Proposals Fiscal 2007	Total Leg. Budget Fiscal 2007	Total Leg. Budget Fiscal 06-07
FTE	5.00	0.00	0.00	5.00	0.00	0.00	5.00	5.00
Personal Services	287,153	(2,996)	249,113	533,270	(3,817)	653,999	937,335	1,470,605
Operating Expenses	74,093	3,836	50,000	127,929	4,242	0	78,335	206,264
<b>Total Costs</b>	<b>\$361,246</b>	<b>\$840</b>	<b>\$299,113</b>	<b>\$661,199</b>	<b>\$425</b>	<b>\$653,999</b>	<b>\$1,015,670</b>	<b>\$1,676,869</b>
General Fund	158,492	704	65,526	224,722	173	168,979	327,644	552,366
State/Other Special	55,583	46	157,000	212,629	78	283,430	339,091	551,720
Federal Special	147,171	90	76,587	223,848	174	201,590	348,935	572,783
<b>Total Funds</b>	<b>\$361,246</b>	<b>\$840</b>	<b>\$299,113</b>	<b>\$661,199</b>	<b>\$425</b>	<b>\$653,999</b>	<b>\$1,015,670</b>	<b>\$1,676,869</b>

**Division Administration**

The division administration 2007 biennium budget includes two changes other than statewide present law adjustments. The division pay plan allocation (\$0.9 million over the biennium) is included in the division administration function, but most of the funding will be distributed among other functions, primarily the Montana Veterans' Home, which includes 64 percent of the division FTE. Additionally, the legislature added \$50,000 cigarette state special revenue in FY 2006 for a study of long-term care needs for veterans.

**Present Law Adjustments**

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative 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 2006-----					-----Fiscal 2007-----				
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services				8,845					7,988
Vacancy Savings				(11,841)					(11,805)
Inflation/Deflation				(64)					(61)
Fixed Costs				3,900					4,303
<b>Total Statewide Present Law Adjustments</b>				<b>\$840</b>					<b>\$425</b>
<b>Grand Total All Present Law Adjustments</b>				<b>\$840</b>					<b>\$425</b>

Statewide present law adjustments total about \$1,200 over the biennium. General fund supports about \$900 of the total amount.

**New Proposals**

New Proposals										
Sub Program	-----Fiscal 2006-----					-----Fiscal 2007-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 3620 - Veterans' Long-Term Health Care Needs Study										
04	0.00	0	50,000	0	50,000	0.00	0	0	0	0
DP 6010 - 2007 Biennium Pay Plan										
04	0.00	65,526	107,000	76,587	249,113	0.00	168,979	283,430	201,590	653,999
Total	0.00	\$65,526	\$157,000	\$76,587	\$299,113	0.00	\$168,979	\$283,430	\$201,590	\$653,999

DP 3620 - Veterans' Long-Term Health Care Needs Study - The legislature appropriated \$50,000 cigarette tax state special revenue over the biennium for a study of long-term health care needs of veterans. The funds must be used for a study to evaluate the number of veterans by county and the types of services that are needed. In addition, the study must evaluate the current configurations of the veterans' homes. Results of the study must be presented to the Legislative Finance Committee by September 1, 2006. The legislature restricted the use of the appropriation to the study and made it a one-time appropriation.

DP 6010 - 2007 Biennium Pay Plan - The legislature passed a pay plan in HB 447 that provides an additional 3.5 percent (or \$1,005, whichever is greater) in FY 2006 and an additional 4.0 percent (or \$1,188, whichever is greater) in FY 2007, as well as \$46 per month in insurance contributions in calendar 2006 and an additional \$51 per month in calendar 2007. These amounts represent the allocation of costs to this program to fund the pay plan.

**Adult Protective Services Legislative Budget**

The following table summarizes the legislative budget proposal for adult protective services by year, type of expenditure, and source of funding.

Sub-Program Legislative Budget								
Budget Item	Base Budget Fiscal 2004	PL Base Adjustment Fiscal 2006	New Proposals Fiscal 2006	Total Leg. Budget Fiscal 2006	PL Base Adjustment Fiscal 2007	New Proposals Fiscal 2007	Total Leg. Budget Fiscal 2007	Total Leg. Budget Fiscal 06-07
FTE	38.75	0.00	0.00	38.75	0.00	0.00	38.75	38.75
Personal Services	1,531,246	154,411	0	1,685,657	154,961	0	1,686,207	3,371,864
Operating Expenses	258,205	(2,853)	0	255,352	(2,745)	0	255,460	510,812
Equipment	30,000	0	0	30,000	0	0	30,000	60,000
Benefits & Claims	59,661	0	0	59,661	0	0	59,661	119,322
Debt Service	4,752	0	0	4,752	0	0	4,752	9,504
<b>Total Costs</b>	<b>\$1,883,864</b>	<b>\$151,558</b>	<b>\$0</b>	<b>\$2,035,422</b>	<b>\$152,216</b>	<b>\$0</b>	<b>\$2,036,080</b>	<b>\$4,071,502</b>
General Fund	1,299,775	122,858	0	1,422,633	122,802	0	1,422,577	2,845,210
State/Other Special	221,899	22,345	0	244,244	22,976	0	244,875	489,119
Federal Special	362,190	6,355	0	368,545	6,438	0	368,628	737,173
<b>Total Funds</b>	<b>\$1,883,864</b>	<b>\$151,558</b>	<b>\$0</b>	<b>\$2,035,422</b>	<b>\$152,216</b>	<b>\$0</b>	<b>\$2,036,080</b>	<b>\$4,071,502</b>

**Adult Protective Services**

The adult protective services (APS) program is responsible for the investigation of abuse, neglect, and exploitation of adults. The program has about \$60,000 general fund annually to help provide emergency services such as temporary lodging, and cleaning. The majority of FTE in the program are adult protective services social workers. The program receives about 1 percent of the division appropriation.

The 2007 biennium appropriation increases about \$123,000 general fund each year (\$152,000 total funds) due to statewide present law adjustments, with a slight offset for continuation personal services funding reductions made by the 2003 legislature.

**Present Law Adjustments**

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative 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 2006-----					-----Fiscal 2007-----				
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services				230,353					231,044
Vacancy Savings				(70,465)					(70,496)
Inflation/Deflation				(2,853)					(2,745)
<b>Total Statewide Present Law Adjustments</b>				<b>\$157,035</b>					<b>\$157,803</b>
DP 9999 - Statewide FTE Reduction									
0.00	(5,477)	0	0	(5,477)	0.00	(5,587)	0	0	(5,587)
<b>Total Other Present Law Adjustments</b>									
0.00	<b>(\$5,477)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$5,477)</b>	<b>0.00</b>	<b>(\$5,587)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$5,587)</b>
<b>Grand Total All Present Law Adjustments</b>				<b>\$151,558</b>					<b>\$152,216</b>

DP 9999 - Statewide FTE Reduction - The legislature accepted the executive proposal to reduce funding equivalent to the reductions taken in the 2003 legislative session, but did not accept the reduction in FTE slots as proposed.