

**Program Legislative Budget**

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

| Program Legislative Budget |                         |                                |                           |                               |                                |                           |                               |                                |
|----------------------------|-------------------------|--------------------------------|---------------------------|-------------------------------|--------------------------------|---------------------------|-------------------------------|--------------------------------|
| Budget Item                | Base Budget Fiscal 2006 | PL Base Adjustment Fiscal 2008 | New Proposals Fiscal 2008 | Total Leg. Budget Fiscal 2008 | PL Base Adjustment Fiscal 2009 | New Proposals Fiscal 2009 | Total Leg. Budget Fiscal 2009 | Total Leg. Budget Fiscal 08-09 |
| FTE                        | 572.75                  | 36.60                          | 17.50                     | 626.85                        | 36.60                          | 17.50                     | 626.85                        | 626.85                         |
| Personal Services          | 28,079,552              | 4,863,712                      | 1,920,038                 | 34,863,302                    | 5,214,355                      | 3,330,957                 | 36,624,864                    | 71,488,166                     |
| Operating Expenses         | 10,063,759              | 902,853                        | 584,132                   | 11,550,744                    | 1,368,870                      | 603,498                   | 12,036,127                    | 23,586,871                     |
| Equipment                  | 27,000                  | 0                              | 0                         | 27,000                        | 0                              | 0                         | 27,000                        | 54,000                         |
| Capital Outlay             | 0                       | 0                              | 0                         | 0                             | 0                              | 0                         | 0                             | 0                              |
| Grants                     | 6,634,137               | 0                              | 4,532,770                 | 11,166,907                    | 0                              | 4,532,770                 | 11,166,907                    | 22,333,814                     |
| Benefits & Claims          | 46,337,774              | 12,285,453                     | 9,169,061                 | 67,792,288                    | 8,438,314                      | 15,845,037                | 70,621,125                    | 138,413,413                    |
| Transfers                  | 0                       | 0                              | 0                         | 0                             | 0                              | 0                         | 0                             | 0                              |
| Debt Service               | 106,196                 | 0                              | 2,700                     | 108,896                       | 0                              | 0                         | 106,196                       | 215,092                        |
| <b>Total Costs</b>         | <b>\$91,248,418</b>     | <b>\$18,052,018</b>            | <b>\$16,208,701</b>       | <b>\$125,509,137</b>          | <b>\$15,021,539</b>            | <b>\$24,312,262</b>       | <b>\$130,582,219</b>          | <b>\$256,091,356</b>           |
| General Fund               | 44,871,341              | 7,088,421                      | 9,997,596                 | 61,957,358                    | 8,592,477                      | 13,800,426                | 67,264,244                    | 129,221,602                    |
| State/Other Special        | 8,646,414               | 5,128,585                      | 1,769,419                 | 15,544,418                    | (1,077,532)                    | 1,970,802                 | 9,539,684                     | 25,084,102                     |
| Federal Special            | 37,730,663              | 5,835,012                      | 4,441,686                 | 48,007,361                    | 7,506,594                      | 8,541,034                 | 53,778,291                    | 101,785,652                    |
| <b>Total Funds</b>         | <b>\$91,248,418</b>     | <b>\$18,052,018</b>            | <b>\$16,208,701</b>       | <b>\$125,509,137</b>          | <b>\$15,021,539</b>            | <b>\$24,312,262</b>       | <b>\$130,582,219</b>          | <b>\$256,091,356</b>           |

**Program Description**

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

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

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

**Program Highlights**

| <b>Addictive and Mental Disorders Division<br/>Major Budget Highlights</b> |   |
|--|---|
| ◆  | The 2009 biennium budget is \$68.1 million total funds, including \$36.6 million general fund, higher than the 2007 biennium budget |
| ◆  | The 2009 biennium appropriation supports 54.10 new FTE, with 42.20 of the new FTE for state institutions                            |
| ◆  | Most of the budget change between the 2 biennia is in services costs, which total \$41.9 million or 61.6 percent of the difference  |
| ◆  | Compared to base budget expenditures, legislative initiatives add \$18.8  |

million over the biennium, including \$12.1 million general fund and support for 3.00 new FTE to administer programs, primarily for mental health services expansions including:

- \$6.7 million total (\$3.0 million general fund) for behavioral health services
  - \$5.2 million general fund for expanded MHSP services
  - \$2.3 million total (\$0.6 million general fund) for provider rate and direct care worker wage increases
  - \$2.8 million (\$1.8 million general fund) for mental health services for mentally ill offenders
  - \$1.6 million general fund for mental health drop in centers and suicide prevention
- ◆ The legislature also approved the executive budget proposals for:
  - 72 hour crisis services - \$4.1million total (\$4.0 million general fund)
  - Anticipated utilization growth in Medicaid services including a 10 bed expansion for non secure Medicaid crisis services and annualization of the home and community based waiver and a 20 slot expansion adds \$27.4 million total funds, including \$4.8 million general fund
  - Expanded community treatment services for methamphetamine and chemical dependency - \$4.0 million

**Program Narrative**

The AMDD appropriation rises from a base budget of \$91.2 million to \$125.5 million in FY 2008 and \$130.6 million in FY 2009. Most of the increase supports expansions of mental health services with some expansion of chemical dependency services - \$45.7 million total funds increase, including \$19.8 million general fund. Institutional costs grow \$12.5 million total funds, including \$10.8 million general fund.

Part of the increase supports legislative initiatives that were not included in the executive budget. Figure 57 shows each initiative and the amount appropriated. Legislative initiatives for AMDD totaled \$18.8 million over the biennium, including \$12.1 million general fund.

**Figure 57**  
Legislative Appropriation Initiatives - Addictive and Mental Disorders Division

| Purpose                               | FY 2008            |                    | FY 2009             |                     | % of Ttl      |
|---------------------------------------|--------------------|--------------------|---------------------|---------------------|---------------|
|                                       | General Fund       | Total Funds        | General Fund        | Total Funds         |               |
| Behavioral Health Inpatient Services  | \$0                | \$0                | \$3,000,000         | \$6,263,417         | 48.1%         |
| Mental Health Services Plan Expansion | 2,601,531          | 2,601,531          | 2,601,531           | 2,601,531           | 20.0%         |
| Provider Rate Increase*               | (220,955)          | (106,809)          | 398,236             | 1,793,915           | 13.8%         |
| Mentally Ill Offender Services        |                    |                    |                     |                     |               |
| Prescription Drugs                    | 950,000            | 1,450,000          | 0                   | 500,000             | 3.8%          |
| Community Services                    | 371,647            | 371,647            | 371,647             | 371,647             | 2.9%          |
| Direct Care Worker Wage Increase      | 224,964            | 716,675            | 225,681             | 716,675             | 5.5%          |
| Suicide Prevention                    | 400,000            | 400,000            | 400,000             | 400,000             | 3.1%          |
| Mental Health Drop In Centers         | <u>371,647</u>     | <u>371,647</u>     | <u>371,647</u>      | <u>371,647</u>      | <u>2.9%</u>   |
| Total Legislative Initiatives         | <u>\$4,698,834</u> | <u>\$5,804,691</u> | <u>\$7,368,742</u>  | <u>\$13,018,832</u> | <u>100.0%</u> |
| 2009 Biennial Total                   |                    |                    | <u>\$12,067,576</u> | <u>\$18,823,523</u> |               |

\*This amount is the net change from the original executive recommendation. Provider rate differences are negative in FY 2008 because the executive budget submitted to the May special session of the legislature delayed implementation of provider rate increases. The legislature accepted the delay.

In summary, legislative initiatives for AMDD are:

- Behavioral health inpatient facility services - \$6.2 million in a one-time-only appropriation in FY 2009
- MHSP expansion - \$5.2 million general fund increase over the biennium, with the understanding that the program would move to a fee for service delivery system (base budget of \$8.1 million)
- Provider rate increases higher than the executive recommendation - \$1.8 million over the biennium

- Community services and prescription drugs for mentally ill offenders - \$2.7 million, including \$1.7 million general fund, over the biennium, with the \$1.0 million in prescription drug appropriation being a one-time-only appropriation
- Direct care worker wage increases - \$1.4 million over the biennium
- Suicide prevention - \$800,000 general fund over the biennium
- Mental health drop in centers - \$743,294 general fund over the biennium (base budget of \$45,000)

The difference in provider rate increases in FY 2008 shown in Figure 56 results from a delay in implementation of rate increases until October 1, 2007. The revised executive budget submitted to the May 2007 Special Session recommended the delay, which was adopted by the legislature.

The legislature also approved the following executive proposals:

- Institution operating and staffing increases - \$12.5 million over the biennium (base budget of \$35.1 million)
- Medicaid caseload growth - \$12.3 million over the biennium (base budget of \$31.3 million)
- Federal Strategic Prevention Framework Grant to foster development of chemical dependency services – (\$4.7 million federal funds)
- 72 hour crisis community services - \$4.1 million over the biennium
- Expansion of community methamphetamine and chemical dependency services - \$4.0 million over the general fund
- 20 additional slots for the home and community based Medicaid waiver - \$1.6 million over the biennium (base budget of \$4.2 million supporting 105 service slots)
- 2.50 new FTE for peer support services - \$275,000 over the biennium

The legislature did not approve two executive budget proposals for this division. The legislature did not fund:

- (1) a 120 bed mental health forensic treatment program (\$4.2 million general fund); nor
- (2) methamphetamine prevention (\$1.0 million in general fund).

The legislature diverted the \$5.2 million general fund that would have supported the Secure Treatment and Examination Program (STEP) and meth prevention to community services initiatives, including the appropriations for services and prescription drugs for mentally ill offenders. The agency summary has a more detailed explanation of the difference between the executive budget request and the legislative appropriation.

### **AMDD Budget by Function**

Figure 58 shows the base budget and legislative appropriation for the three functions managed by AMDD. Mental health services is the most significant component of the AMDD budget, comprising 83.4 percent of the FY 2009 appropriation. Addiction services is 13.7 percent of the total. The division administration function appropriation increases due to 2009 biennium pay plan allocations (\$3.8 million total funds, including \$3.3 million general fund), which will be distributed across all division functions.

Benefits appropriations are single largest component of the division appropriation, accounting for 54.1 percent of the FY 2009 division appropriation. Medicaid mental health services is the single largest benefit, weighing in at 28.9 percent. Appropriations for the three institutions managed by this division account for 32.0 percent of the total and grants are 8.6 percent. The Mental Health Services Plan (MHSP) is about 5.9 percent of the FY 2009 appropriation when both grant and benefit appropriations are combined.

General fund increases \$39.5 million over the biennium compared to the base budget doubled, with the majority of the increase (\$31.8 million) to support adult mental health services. Taken in aggregate the budget adjustments for community mental health services add the most general fund, with \$15.9 million, while appropriation increases for MSH add \$7.9 million and the new chemical dependency and meth community treatment program adds \$4 million.

Figure 58

Addictive and Mental Disorders Division FY 2006 Base Budget Expenditures Compared to 2009 Biennium Legislative Appropriation

| Budget Component<br>Function/Benefit       | FY 2006 Base Budget |                    |                     |                     | FY 2008 Legislative Appropriation |                     |                     |                      | FY 2009 Legislative Appropriation |                    |                     |                      | % of Total<br>Division |
|--|---------------------|--------------------|---------------------|---------------------|-----------------------------------|---------------------|---------------------|----------------------|-----------------------------------|--------------------|---------------------|----------------------|------------------------|
|  | General Fund        | SSR                | Federal             | Total               | General Fund                      | SSR                 | Federal             | Total                | General Fund                      | SSR                | Federal             | Total                |                        |
| <b>Total Division</b>                      |                     |                    |                     |                     |                                   |                     |                     |                      |                                   |                    |                     |                      |                        |
| Division Admin.                            | \$462,178           | \$88,702           | \$500,764           | \$1,051,644         | \$1,533,923                       | \$309,573           | \$534,939           | \$2,378,435          | \$2,773,838                       | \$457,245          | \$564,883           | \$3,795,966          | 2.9%                   |
| Mental Health*                             | 44,369,309          | 4,930,486          | 29,151,029          | 78,450,824          | 58,292,987                        | 10,696,878          | 36,504,825          | 105,494,690          | 62,238,579                        | 4,433,590          | 42,170,733          | 108,842,902          | 83.4%                  |
| Addiction Services                         | 39,854              | 3,627,226          | 8,078,870           | 11,745,950          | 2,130,448                         | 4,537,967           | 10,967,597          | 17,636,012           | 2,251,827                         | 4,648,849          | 11,042,675          | 17,943,351           | 13.7%                  |
| <b>Total Division</b>                      | <b>\$44,871,341</b> | <b>\$8,646,414</b> | <b>\$37,730,663</b> | <b>\$91,248,418</b> | <b>\$61,957,358</b>               | <b>\$15,544,418</b> | <b>\$48,007,361</b> | <b>\$125,509,137</b> | <b>\$67,264,244</b>               | <b>\$9,539,684</b> | <b>\$53,778,291</b> | <b>\$130,582,219</b> | <b>100.0%</b>          |
| Percent of Total                           | 49.2%               | 9.5%               | 41.3%               | 100.0%              | 49.4%                             | 12.4%               | 38.3%               | 100.0%               | 51.5%                             | 7.3%               | 41.2%               | 100.0%               |                        |
| Compounded Annual Rate of Change from Base |                     |                    |                     |                     | 17.5%                             | 34.1%               | 12.8%               | 17.3%                | 14.4%                             | 3.3%               | 12.5%               | 12.7%                |                        |
| <b>State Institution Costs</b>             |                     |                    |                     |                     |                                   |                     |                     |                      |                                   |                    |                     |                      |                        |
| State Hospital                             | \$24,505,773        | \$427,063          | \$0                 | \$24,932,836        | \$28,175,410                      | \$435,101           | \$0                 | \$28,610,511         | \$28,748,225                      | \$427,063          | \$0                 | \$29,175,288         | 22.3%                  |
| Nursing Care Center                        | 6,776,312           | 0                  | 0                   | 6,776,312           | 8,124,421                         | 0                   | 0                   | 8,124,421            | 8,283,753                         | 0                  | 0                   | 8,283,753            | 6.3%                   |
| Chemical Dependency Cnt                    | 0                   | 3,014,474          | 420,000             | 3,434,474           | 0                                 | 3,678,702           | 560,929             | 4,239,631            | 0                                 | 3,738,680          | 584,127             | 4,322,807            | 3.3%                   |
| <b>Subtotal Institutions</b>               | <b>\$31,282,085</b> | <b>\$3,441,537</b> | <b>\$420,000</b>    | <b>\$35,143,622</b> | <b>\$36,299,831</b>               | <b>\$4,113,803</b>  | <b>\$560,929</b>    | <b>\$40,974,563</b>  | <b>\$37,031,978</b>               | <b>\$4,165,743</b> | <b>\$584,127</b>    | <b>\$41,781,848</b>  | <b>32.0%</b>           |
| % of Total Division Budget                 | 69.7%               | 39.8%              | 1.1%                | 38.5%               | 58.6%                             | 26.5%               | 1.2%                | 32.6%                | 55.1%                             | 43.7%              | 1.1%                | 32.0%                |                        |
| Compounded Annual Rate of Change from Base |                     |                    |                     |                     | 7.7%                              | 9.3%                |                     | 8.0%                 | 5.8%                              | 6.6%               |                     | 5.9%                 |                        |
| <b>Grants</b>                              |                     |                    |                     |                     |                                   |                     |                     |                      |                                   |                    |                     |                      |                        |
| <i>Mental Health Services</i>              |                     |                    |                     |                     |                                   |                     |                     |                      |                                   |                    |                     |                      |                        |
| Mental Health Svcs Plan*                   | \$3,537,204         | \$0                | \$1,228,490         | \$4,765,694         | \$3,537,204                       | \$0                 | \$1,228,490         | \$4,765,694          | \$3,537,204                       | \$0                | \$1,228,490         | \$4,765,694          | 3.6%                   |
| 72 Hr Crisis Care                          | 0                   | 0                  | 0                   | 0                   | 1,861,245                         | 0                   | 171,525             | 2,032,770            | 1,860,334                         | 0                  | 172,436             | 2,032,770            | 1.6%                   |
| Drop In Centers                            | 50,000              | 0                  | 0                   | 50,000              | 550,000                           | 0                   | 0                   | 550,000              | 550,000                           | 0                  | 0                   | 550,000              | 0.4%                   |
| PATH/Homeless Svcs                         | 94,148              | 0                  | 287,008             | 381,156             | 94,148                            | 0                   | 287,008             | 381,156              | 94,148                            | 0                  | 287,008             | 381,156              | 0.3%                   |
| Service Area Authority**                   | 45,000              | 0                  | 0                   | 45,000              | 115,000                           | 0                   | 0                   | 115,000              | 115,000                           | 0                  | 0                   | 115,000              | 0.1%                   |
| <i>Addiction Services</i>                  |                     |                    |                     |                     |                                   |                     |                     |                      |                                   |                    |                     |                      |                        |
| Community Services                         | 0                   | 0                  | 1,392,287           | 1,392,287           | 162,338                           | 0                   | 3,229,949           | 3,392,287            | 162,338                           | 0                  | 3,229,949           | 3,392,287            | 2.6%                   |
| <b>Subtotal Grants</b>                     | <b>\$3,726,352</b>  | <b>\$0</b>         | <b>\$2,907,785</b>  | <b>\$6,634,137</b>  | <b>\$6,319,935</b>                | <b>\$0</b>          | <b>\$4,916,972</b>  | <b>\$11,236,907</b>  | <b>\$6,319,024</b>                | <b>\$0</b>         | <b>\$4,917,883</b>  | <b>\$11,236,907</b>  | <b>8.6%</b>            |
| % of Total Division Budget                 | 8.3%                | 0.0%               | 7.7%                | 7.3%                | 10.2%                             | 0.0%                | 10.2%               | 9.0%                 | 9.4%                              | 0.0%               | 9.1%                | 8.6%                 |                        |
| Compounded Annual Rate of Change from Base |                     |                    |                     | -                   | 30.2%                             | n/a                 | 30.0%               | 30.1%                | 19.2%                             | n/a                | 19.1%               | 19.2%                |                        |
| <b>Benefits/Services</b>                   |                     |                    |                     |                     |                                   |                     |                     |                      |                                   |                    |                     |                      |                        |
| <i>Medicaid</i>                            |                     |                    |                     |                     |                                   |                     |                     |                      |                                   |                    |                     |                      |                        |
| Mental Health*                             | \$7,039,042         | \$1,350,818        | \$22,943,013        | \$31,332,873        | \$8,061,206                       | \$1,719,213         | \$24,624,342        | \$34,404,761         | \$9,072,353                       | \$1,748,673        | \$26,950,484        | \$37,771,510         | 28.9%                  |
| Community Waiver Srv                       | 0                   | 0                  | 0                   | 0                   | 228,477                           | 1,608,469           | 4,021,159           | 5,858,105            | 260,560                           | 1,613,488          | 4,103,405           | 5,977,453            | 4.6%                   |
| PACT                                       | 907,847             | 0                  | 2,482,609           | 3,390,456           | 1,540,968                         | 0                   | 3,368,136           | 4,909,104            | 1,545,877                         | 0                  | 3,363,227           | 4,909,104            | 3.8%                   |
| ICBR                                       | 508,968             | 0                  | 1,391,832           | 1,900,800           | 799,150                           | 0                   | 1,746,725           | 2,545,875            | 801,696                           | 0                  | 1,744,179           | 2,545,875            | 1.9%                   |
| BHIF Services                              | 0                   | 0                  | 0                   | 0                   | 0                                 | 0                   | 0                   | 0                    | 1,500,000                         | 0                  | 3,263,417           | 4,763,417            | 3.6%                   |
| Chemical Dependency                        | 0                   | 362,211            | 871,161             | 1,233,372           | 95                                | 581,780             | 1,271,987           | 1,853,862            | 7,481                             | 596,142            | 1,318,867           | 1,922,490            | 1.5%                   |
| <i>Other Benefits</i>                      |                     |                    |                     |                     |                                   |                     |                     |                      |                                   |                    |                     |                      |                        |
| Mental Health Svcs Plan*                   | 0                   | 3,152,605          | 0                   | 3,152,605           | 2,626,454                         | 6,305,210           | 0                   | 8,931,664            | 2,739,366                         | 0                  | 0                   | 2,739,366            | 2.1%                   |
| PACT - MHSP Slots                          | 173,279             | 0                  | 0                   | 173,279             | 214,774                           | 0                   | 0                   | 214,774              | 214,774                           | 0                  | 0                   | 214,774              | 0.2%                   |
| <i>Mental Health Other Services</i>        |                     |                    |                     |                     |                                   |                     |                     |                      |                                   |                    |                     |                      |                        |
| BHIF Services                              | 0                   | 0                  | 0                   | 0                   | 0                                 | 0                   | 0                   | 0                    | 1,500,000                         | 0                  | 0                   | 1,500,000            | 1.1%                   |
| Suicide Prevention                         | 0                   | 0                  | 0                   | 0                   | 200,000                           | 0                   | 0                   | 200,000              | 200,000                           | 0                  | 0                   | 200,000              | 0.2%                   |
| Peer Support - MH                          | 0                   | 0                  | 0                   | 0                   | 0                                 | 9,140               | 0                   | 9,140                | 0                                 | 8,340              | 0                   | 8,340                | 0.0%                   |
| <i>Mentally Ill Offenders</i>              |                     |                    |                     |                     |                                   |                     |                     |                      |                                   |                    |                     |                      |                        |
| Prescription Drugs                         | 0                   | 0                  | 0                   | 0                   | 950,000                           | 500,000             | 0                   | 1,450,000            | 0                                 | 500,000            | 0                   | 500,000              | 0.4%                   |
| Community Services                         | 0                   | 0                  | 0                   | 0                   | 371,647                           | 0                   | 0                   | 371,647              | 371,647                           | 0                  | 0                   | 371,647              | 0.3%                   |
| Chemical Dependency                        | 0                   | 0                  | 5,154,554           | 5,154,554           | 2,017,320                         | 0                   | 5,154,554           | 7,171,874            | 2,171,113                         | 0                  | 5,154,554           | 7,325,667            | 5.6%                   |
| Adjustments                                | 0                   | 0                  | (165)               | (165)               | (128,353)                         | 0                   | (165)               | (128,518)            | (128,353)                         | 0                  | (165)               | (128,518)            | -0.1%                  |
| <b>Subtotal Benefits</b>                   | <b>\$8,629,136</b>  | <b>\$4,865,634</b> | <b>\$32,843,004</b> | <b>\$46,337,774</b> | <b>\$16,881,738</b>               | <b>\$10,723,812</b> | <b>\$40,186,738</b> | <b>\$67,792,288</b>  | <b>\$20,256,514</b>               | <b>\$4,466,643</b> | <b>\$45,897,968</b> | <b>\$70,621,125</b>  | <b>54.1%</b>           |
| % of Total Division Budget                 | 19.2%               | 56.3%              | 87.0%               | 50.8%               | 27.2%                             | 69.0%               | 83.7%               | 54.0%                | 30.1%                             | 46.8%              | 85.3%               | 54.1%                |                        |
| Compounded Annual Rate of Change from Base |                     |                    |                     |                     | 39.9%                             | 48.5%               | 10.6%               | 21.0%                | 32.9%                             | -2.8%              | 11.8%               | 15.1%                |                        |

\*Mental Health Services Plan benefits appropriation would be used as state Medicaid match if the HIFA waiver is approved.  
 \*\*\$70,000 of the line item appropriation for Service Area Authority grants is included in administrative appropriations, but shown as a grant expenditure in this table.

State institution costs comprise 55.1 percent of total general fund appropriations in the FY 2009, down from the 69.7 percent share in base budget costs. General fund appropriations for benefits and grants comprise a bigger share of the FY 2009 budget than the base budget expenditures, due in part to legislative initiatives that expanded community mental health services.

Grants increase \$4.6 million annually. Grant expenditures include:

- Mental Health Services Plan (MSHP)
  - Fixed amount contracts with Community Mental Health Centers to provide services to adults with a serious and disabling mental illness who have incomes under 150 percent of the federal poverty level through FY 2008, when MHSP will move to a fee for service reimbursement system
  - Funded from general fund and the mental health federal block grant
- 72 hour crisis services
  - New proposal to develop community mental health crisis services supported by general fund
- Community mental health drop in centers
  - General fund grants to provide support for the operation of drop in centers, with priority funding given to centers that have staff who can provide medication management
- Homeless services for mentally ill persons
  - Contracts funded from federal grant funds
- Service Area Authority (SAA) funding
  - General fund grants to provide operating funds for the three regional SAAs for meetings of members (consumers and other appointees) to provide input to AMDD on development and administration of the mental health system
- Community chemical dependency services
  - Contracts with state approved providers funded from the federal substance abuse block grant

Benefit expenditures grow from a base of \$46.3 million to \$70.6 million in FY 2009. Benefit appropriations fund Medicaid services, local chemical dependency services, MHSP benefits, and several new programs:

- BHIF services - \$6.8 million
- Suicide prevention - \$0.8 million
- Community services and prescription drugs for mentally ill offenders - \$2.0 million
- Peer support - \$17,000

Medicaid services are funded with federal funds, general fund, and state special revenue. Chemical dependency services are funded with federal block grant funds and general fund for new community treatment services.

Medicaid services include such services as medication management, counseling, psychiatric services, and day treatment. The home and community based waiver (HCBS) provides a variety of in-home and community services to maintain Medicaid eligible adults with a mental illness in the community. Persons in the HCBS waiver must meet nursing home level of care standards. The HCBS waiver was implemented in FY 2007 and is funded for 124 slots in the 2009 biennium. Health and Medicaid initiatives funds provide the state match for HCBS services.

Behavioral health inpatient facility (BHIF) services are provided to adults with a serious and disabling mental illness that need acute care. BHIFs are facilities with 16 or fewer beds that provide acute care for up to 45 days. BHIFs are a Medicaid eligible service and intended to reduce MSH admissions. The BHIF appropriation is a one-time appropriation in FY 2009 and must be used for services and not facility construction. Currently there are no BHIFs in Montana.

Medicaid mental health services include appropriations for the Program for Assertive Community Treatment (PACT) and intensive community based rehabilitation (ICBR). These two services provide stable living and treatment environments for persons who are at high risk of placement in MSH or who transitioned from MSH to the community. There are 31 ICBR slots, at an average cost of \$82,125 annually.

There are 314 PACT slots budgeted in FY 2008 and 334 in FY 2009 at an annual average cost of \$15,341. PACT slots are a Medicaid and MHSP service. There are 14 slots allocated to MHSP. Figure 58 shows the number of PACT slots funded in the 2009 biennium, the areas of the state with PACT programs, and potential allocation of slots. Actual program capacity may vary from Figure 58.

MHSP services are funded from the general fund and health and MSHP drug benefits are funded with health and Medicaid initiative state special revenue funds. The legislature appropriated an additional \$5.2 million general fund over the biennium to expand MHSP services. The legislature also intended that the MHSP program transition from a grant funded to fee for service reimbursement system by FY 2009.

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

**Figure 59**  
PACT Service Slots Compared to 2009 Biennium Estimate\*

| Location     | Sept 06 Slots | Estimated Slots - FY09 |
|--------------|---------------|------------------------|
| Helena       | 70            | 70                     |
| Billings     | 66            | 70                     |
| Kalispell    | 56            | 56                     |
| Great Falls  | 54            | 54                     |
| Missoula     | 46            | 46                     |
| Butte        | 0             | 38                     |
| <b>Total</b> | <b>292</b>    | <b>334</b>             |

\*320 are Medicaid slots and there are 14 MHSP slots in FY 2009.

**Figure 60**  
Base Budget Compared to 2009 Biennium Budget  
Institutions Administered by AMDD

| Institution<br>Cost/Funding               | Actual<br>FY 2006   | Appropriation<br>FY 2008 | Appropriation<br>FY 2009 |
|---|---------------------|--------------------------|--------------------------|
| <b>Montana State Hospital</b>             |                     |                          |                          |
| FTE                                       | 369.80              | 406.40                   | 406.40                   |
| Personal Services*                        | \$19,832,681        | \$22,942,085             | \$23,196,773             |
| All Other                                 | 5,100,155           | 5,668,426                | 5,978,515                |
| <b>Total</b>                              | <b>\$24,932,836</b> | <b>\$28,610,511</b>      | <b>\$29,175,288</b>      |
| General Fund                              | \$24,505,773        | \$28,175,410             | \$28,748,225             |
| State Special Rev.                        | 427,063             | 435,101                  | 427,063                  |
| Population                                | 199                 | 199                      | 199                      |
| Costs Per Person                          | \$125,291           | \$143,771                | \$146,609                |
| Cost Per Day                              | \$343               | \$394                    | \$402                    |
| Annual Increase                           |                     | 7.2%                     | 2.0%                     |
| <b>Mental Health Nursing Care Center</b>  |                     |                          |                          |
| FTE                                       | 122.70              | 122.70                   | 122.70                   |
| Personal Services*                        | \$4,406,410         | \$5,544,321              | \$5,606,262              |
| All Other                                 | 2,369,902           | 2,580,100                | 2,677,491                |
| <b>Total</b>                              | <b>\$6,776,312</b>  | <b>\$8,124,421</b>       | <b>\$8,283,753</b>       |
| General Fund                              | \$6,776,312         | \$8,124,421              | \$8,283,753              |
| Population                                | 80                  | 81                       | 81                       |
| Cost Per Person                           | \$84,704            | \$100,301                | \$102,269                |
| Cost Per Day                              | \$232               | \$275                    | \$280                    |
| Annual Increase                           |                     | 9.5%                     | 2.0%                     |
| <b>Montana Chemical Dependency Center</b> |                     |                          |                          |
| FTE                                       | 48.25               | 54.25                    | 54.25                    |
| Personal Services*                        | \$2,225,176         | \$2,840,210              | \$2,869,490              |
| All Other                                 | 1,209,298           | 1,399,421                | 1,453,317                |
| <b>Total</b>                              | <b>\$3,434,474</b>  | <b>\$4,239,631</b>       | <b>\$4,322,807</b>       |
| State Special Rev.                        | \$3,014,174         | \$3,678,702              | \$3,738,680              |
| Federal Funds                             | 420,000             | 560,929                  | 584,127                  |
| Population                                | 50                  | 72                       | 72                       |
| Cost Per Person                           | \$68,689            | \$58,884                 | \$60,039                 |
| Cost Per Day                              | \$188               | \$161                    | \$164                    |
| Annual Increase                           |                     | 10.5%                    | 2.0%                     |
| <b>Total Division Institution Budget</b>  |                     |                          |                          |
| FTE                                       | 540.75              | 583.35                   | 583.35                   |
| % of Division Total                       | 94.4%               | 93.3%                    | 87.5%                    |
| General Fund                              | \$31,282,085        | \$36,299,831             | \$37,031,978             |
| % of Division Total                       | 69.7%               | 62.6%                    | 59.1%                    |
| Annual Growth Rate                        |                     | 7.7%                     | 2.0%                     |

\*Personal services costs do not include the 2009 biennium pay plan, so 2009 biennium costs are understated.

The legislature also added funds for community services and prescription drugs for mentally ill offenders, making \$1.0 million of the general fund for prescription drugs a one-time appropriation. The prescription drug appropriation also includes \$1.0 million in state special revenue so that the Department of Corrections can pay DPHHS for prescription drug costs beyond the \$1.0 million general fund appropriation.

A small appropriation was made to provide community services for peer support.

The appropriation for chemical dependency services increases by \$4.0 million general fund in the 2009 biennium to support expansion of community services for methamphetamine and chemical dependency services. The appropriation supports seven new treatment homes, with two sited on reservations, to treat 843 persons and additional residential treatment days for 64 persons.

**Institution Budgets**

AMDD manages three state institutions. Figure 60 shows each institution, the 2009 appropriation, the anticipated average daily population, and the estimated daily cost. The daily cost is understated because it does not include the 2009 biennium pay plan.

In aggregate, state institution costs rise from \$31.3 million in the base budget year to \$41.8 million in the FY 2009 budget request, at an annual growth rate of 9.4 percent. State institution FTE are nearly 95 percent of total division FTE. As noted previously, \$2.1 million in supplemental costs for 36.60 modified FTE were inadvertently not removed from the state hospital base budget.

The average daily cost for state hospital care was \$343 per day in the base budget and grows to \$402 in FY 2009. Cost increases are due to

annualization of the cost of the 36.60 FTE and operating cost increases in medical and prescription drug costs, food, and utilities.

The nursing care center average daily cost grows from \$232 in the base budget to \$280 in FY 2009. Cost increases are due to medical, prescription drug, and food and utility costs, including fully funding personal services costs.

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

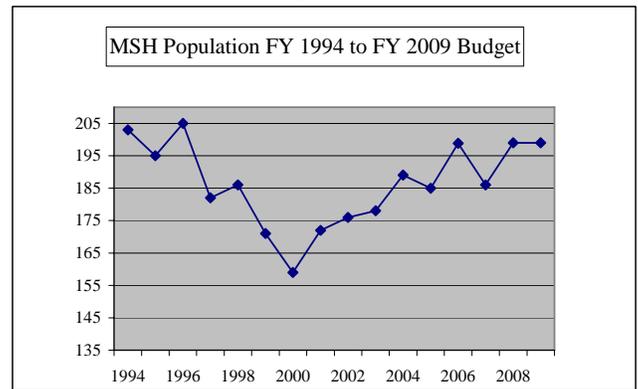
All other cost increases are related to reinstatement of overtime pay, funding vacancies, reclassification, and upgrades for medical staff; and inflation in operating costs.

Figure 61 shows the historic and budgeted population for MSH. The legislature approved the executive budget request for MSH without significant changes, providing funds to support a population of 199 per day.

**Funding**

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

Figure 61



| Program Funding Table<br>Addictive & Mental Disor |                      |                      |                       |                        |                       |                        |
|---|----------------------|----------------------|-----------------------|------------------------|-----------------------|------------------------|
| Program Funding                                   | Base<br>FY 2006      | % of Base<br>FY 2006 | Budget<br>FY 2008     | % of Budget<br>FY 2008 | Budget<br>FY 2009     | % of Budget<br>FY 2009 |
| <b>01000 Total General Fund</b>                   | <b>\$ 44,871,341</b> | <b>49.2%</b>         | <b>\$ 61,957,358</b>  | <b>49.4%</b>           | <b>\$ 67,264,244</b>  | <b>51.5%</b>           |
| 01100 General Fund                                | 44,871,341           | 49.2%                | 61,957,358            | 49.4%                  | 67,264,244            | 51.5%                  |
| <b>02000 Total State Special Funds</b>            | <b>8,646,414</b>     | <b>9.5%</b>          | <b>15,544,418</b>     | <b>12.4%</b>           | <b>9,539,684</b>      | <b>7.3%</b>            |
| 02034 Earmarked Alcohol Funds                     | 3,702,226            | 4.1%                 | 4,555,062             | 3.6%                   | 4,797,160             | 3.7%                   |
| 02053 Medicaid Nursing Home Match                 | 1,040,539            | 1.1%                 | 1,040,539             | 0.8%                   | 1,040,539             | 0.8%                   |
| 02129 Amdd/Doc Agr 05-021-Ysd                     | -                    | -                    | 500,000               | 0.4%                   | 500,000               | 0.4%                   |
| 02217 Amdd/Doc Shared Position                    | -                    | -                    | 79,484                | 0.1%                   | 79,574                | 0.1%                   |
| 02384 02 Indirect Activity Prog 33                | 88,702               | 0.1%                 | 92,732                | 0.1%                   | 95,973                | 0.1%                   |
| 02691 6901-Msh/Doc Maint Agreement                | 352,063              | 0.4%                 | 360,101               | 0.3%                   | 352,063               | 0.3%                   |
| 02772 Tobacco Hlth & Medicd Initiative            | 3,435,225            | 3.8%                 | 8,759,319             | 7.0%                   | 2,501,716             | 1.9%                   |
| 02987 Tobacco Interest                            | 27,659               | 0.0%                 | 157,181               | 0.1%                   | 172,659               | 0.1%                   |
| <b>03000 Total Federal Special Funds</b>          | <b>37,730,663</b>    | <b>41.3%</b>         | <b>48,007,361</b>     | <b>38.3%</b>           | <b>53,778,291</b>     | <b>41.2%</b>           |
| 03082 Spfsig Cfda 93.243                          | -                    | -                    | 2,335,126             | 1.9%                   | 2,339,482             | 1.8%                   |
| 03171 Data Infrastructure Development             | 29,995               | 0.0%                 | 251,877               | 0.2%                   | 251,877               | 0.2%                   |
| 03505 93.150 - Mntal Hlth - Homeless              | 287,008              | 0.3%                 | 287,008               | 0.2%                   | 287,008               | 0.2%                   |
| 03507 93.958 - Mntal Hlth - Blk Grt               | 1,228,490            | 1.3%                 | 1,228,490             | 1.0%                   | 1,228,490             | 0.9%                   |
| 03508 93.959 - Adad - Blk Grt 100%                | 7,157,681            | 7.8%                 | 7,298,610             | 5.8%                   | 7,321,808             | 5.6%                   |
| 03580 6901-93.778 - Med Adm 50%                   | 868,105              | 1.0%                 | 987,374               | 0.8%                   | 1,002,083             | 0.8%                   |
| 03583 93.778 - Med Ben Fmap                       | 27,688,615           | 30.3%                | 35,203,874            | 28.0%                  | 40,916,015            | 31.3%                  |
| 03601 03 Indirect Activity Prog 33                | 391,087              | 0.4%                 | 414,319               | 0.3%                   | 430,088               | 0.3%                   |
| 03684 6901-Data Infrastructure93-230              | 79,682               | 0.1%                 | 683                   | 0.0%                   | 1,440                 | 0.0%                   |
| <b>Grand Total</b>                                | <b>\$ 91,248,418</b> | <b>100.0%</b>        | <b>\$ 125,509,137</b> | <b>100.0%</b>          | <b>\$ 130,582,219</b> | <b>100.0%</b>          |

The Addictive and Mental Disorders Division (AMDD) is funded by a combination of general fund, state special revenue, and federal funds. General fund supports just over half of the FY 2009 appropriation, while state special revenue comprises 7.3 percent and federal funds provide the balance. General fund pays:

- Mental health state institutions costs
- State Medicaid match for mental health services
- Mental health grants to support community mental health services for the Mental Health Services Plan (MHSP)
- Community crisis services for persons who are not eligible for Medicaid
- Provider rate increases for chemical dependency services

The most significant state special revenue sources are alcohol taxes allocated to DPHHS, health and Medicaid initiatives account tobacco tax revenues, and intergovernmental transfer revenue from counties. Alcohol state special revenue supports the Montana Chemical Dependency Center (MCDC), state matching funds for chemical dependency Medicaid services, and program administration, as well as some services provided by other agencies. Health and Medicaid initiatives funds support Medicaid provider rate increases, a portion of the direct care worker wage increase, and the home and community based services Medicaid waiver approved by the 2005 Legislature as well as a 20 slot waiver expansion approved by the 2007 Legislature.

**Figure 62**  
Earmarked Alcohol Tax Revenue and Expenditures  
FY 2006 Actual Through FY 2009 Biennium Appropriation

| Revenue/Expenditures                 | 2007 Biennium      |                    | Legislative Appropriation |                    | % of Total    |
|--------------------------------------|--------------------|--------------------|---------------------------|--------------------|---------------|
|                                      | Base Budget        | 07 Approps.        | FY 2008                   | FY 2009            |               |
| Beginning Balance                    | \$397,208          | \$238,361          | \$114,392                 | (\$31,932)         |               |
| <b>Revenues</b>                      |                    |                    |                           |                    |               |
| Liquor License                       | \$4,360,508        | \$4,679,000        | \$5,001,000               | \$5,338,000        | 73.6%         |
| Beer Tax                             | 899,237            | 903,000            | 916,000                   | 929,000            | 12.8%         |
| Wine Tax                             | 742,495            | 781,000            | 824,000                   | 866,600            | 11.9%         |
| DPHHS Cost Recovery                  | 87,246             | 106,889            | 109,940                   | 109,645            | 1.5%          |
| Other Receipts**                     | <u>35,501</u>      | <u>10,810</u>      | <u>10,810</u>             | <u>10,810</u>      | <u>0.1%</u>   |
| Total Revenue                        | <u>\$6,124,987</u> | <u>\$6,480,699</u> | <u>\$6,861,750</u>        | <u>\$7,254,055</u> | <u>100.0%</u> |
| Annual Percent Change                | 13.8%              | 5.8%               | 5.9%                      | 5.7%               |               |
| Total Funds Available                | <u>\$6,522,195</u> | <u>\$6,719,060</u> | <u>\$6,976,142</u>        | <u>\$7,222,123</u> |               |
| <b>Disbursements</b>                 |                    |                    |                           |                    |               |
| Chemical Dependency Cntr (MCDC)      | \$3,014,474        | \$3,050,294        | \$3,678,702               | \$3,738,680        | 50.6%         |
| Distribution to Counties             | 1,486,053          | 1,555,726          | 1,348,200                 | 1,426,720          | 19.3%         |
| Services for Dually Diagnosed        | 396,148            | 419,958            | 444,906                   | 470,818            | 6.4%          |
| CD Medicaid Services/Admin.          | 362,211            | 542,470            | 387,155                   | 388,389            | 5.3%          |
| Justice - Crime Lab DUI Tests        | 303,204            | 303,204            | 303,204                   | 303,204            | 4.1%          |
| CD Operations                        | 250,023            | 293,289            | 276,828                   | 313,355            | 4.2%          |
| Cost Allocated Admin.                | 225,729            | 248,302            | 273,132                   | 300,445            | 4.1%          |
| Pay Plan and Retirement              | 0                  | 0                  | 137,357                   | 281,698            | 3.8%          |
| Montana State Hospital               | 75,000             | 75,000             | 75,000                    | 75,000             | 1.0%          |
| Quality Assurance-Licensure          | 60,178             | 55,436             | 62,411                    | 65,106             | 0.9%          |
| Department of Corrections-Pine Hills | 25,523             | 25,523             | 25,523                    | 25,523             | 0.3%          |
| Department of Labor - POL Board      | 4,707              | 35,466             | (5,001)                   | (5,001)            | -0.1%         |
| CD Benefits - nonMedicaid            | <u>518</u>         | <u>0</u>           | <u>657</u>                | <u>672</u>         | <u>0.0%</u>   |
| Total Disbursements                  | <u>\$6,203,768</u> | <u>\$6,604,668</u> | <u>\$7,008,074</u>        | <u>\$7,384,609</u> | <u>100.0%</u> |
| Adjustments***                       | (\$80,066)         | \$0                | \$0                       | \$0                |               |
| Ending Fund Balance                  | <u>\$238,361</u>   | <u>\$114,392</u>   | <u>(\$31,932)</u>         | <u>(\$162,486)</u> |               |

\*Revenue estimates are those adopted by the Revenue Oversight and Transportation Committee, except DPHHS cost recovery, which uses DPHHS estimates. FY 2007 costs are based on AMDD allocations, the LFD estimate of indirect costs, and legislative appropriations for other agencies and DPHHS divisions.

\*\*Other receipts includes lab testing and phone/vending machine income. The FY 2006 amount includes one time revenue of \$23,110

\*\*\*Generally accepted accounting principles (GAAP) require certain entries to be made. The adjustments include those entries, with the most significant being capitalization of a lease for \$28,068.

Federal sources of funding include Medicaid matching funds, several federal grants, and indirect cost recovery from federal sources for shared administrative costs. Medicaid matching funds provide almost a third of the FY 2009 budget. The federal substance abuse grant is 5.6 percent of total funds and supports grants to community providers as well as division administrative costs and a portion of MCDC costs. A new grant for strategic prevention initiatives provides support for development of community chemical dependency and prevention services. Two smaller federal grants support community mental health services.

Figure 62 shows the fund balance of the alcohol state special revenue allocated to DPHHS. The fund balance is projected to be about \$32,000 negative at the end of FY 2008 with a deficit of about \$162,500 in FY 2009. If cash is insufficient to fund all appropriations, the department will need to reduce expenditures funded from alcohol tax funds or transfer general fund to cover costs. Since the transfer of alcohol tax to the counties is statutorily appropriated based on the amount of revenue transferred into the fund, the statutory appropriations cannot be reduced to cover the short fall.

**Biennial Budget Comparison**

Figure 63 shows the 2007 biennium budget compared to the 2009 biennium appropriation. The 2007 biennium amount includes an increase of \$4.4 million general fund in personal services to account for the supplemental appropriation in HB 3 of the 2007 regular session for higher than budgeted population at MSH. The legislature continued the staff added to address population issues and operating costs in the 2009 biennium.

The 2009 biennium appropriation is \$68.1 million greater than the 2007 biennium budget, including \$36.6 million general fund and \$6.7 million state special revenue. Benefits and services grow the most at \$42.0 million followed by personal services with \$12.8 and grants with \$10.3 million.

Benefit increases are due to Medicaid caseload and service utilization increases, provider rate and direct care worker wage increases, and mental health service expansions. Personal services growth is due to 2009 biennium pay plan changes, funding for 42.6 new FTE for state institutions, 7.50 new FTE for mental health services expansions, and 4.00 new FTE for chemical dependency grant activities and to coordinate mental health services between DPHHS and the Department of Corrections. Grants increase due to expansions in community addiction and mental health services.

General fund increases are due to state institution cost increases, Medicaid caseload growth, the federal Medicaid match rate change, and the community services expansion. State special revenue rises due to funding for MCDC from alcohol taxes and for Medicaid provider rate increases and direct care worker appropriations, as well as annualization of the HCBS wavier, supported by health and Medicaid initiatives funds. Federal funds increase due to Medicaid caseload growth and service expansion as well as increases in categorical grants to support development of community chemical dependency programs and to develop better mental health data.

**Language**

The legislature approved the following language.

“Funds in Direct Care Worker Wage Increase may be used only to raise direct care worker wages and related benefits through an increase in provider rates. Funds in Direct Care Worker Wage Increase may not be used to offset any other wage increase mandated by any other laws, contracts, or written agreements, which will go into effect at the same time as or after implementation of the appropriation included in Direct Care Worker Wage Increase. Funds in Direct Care Worker Wage Increase must be used first to raise the lowest paid direct care workers to \$8.50 an hour and related benefits, and the remaining balance may be used only to raise wages of all direct care workers. The department shall provide documentation that these funds are used solely for direct care worker wage and related benefits 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.

Funds in Mental Health Drop In Centers may be used only to support community drop-in centers for persons with a mental illness and to provide training for up to 60 consumers each fiscal year to perform peer specialist duties. Drop-in centers with staff who can assist persons with medication management must receive priority in consideration for funding.

Funds in Suicide Prevention may be used only to implement a comprehensive suicide prevention program, which at a minimum includes a suicide prevention officer, a comprehensive suicide reduction plan, and a 24-hour suicide prevention hotline.

| Budget Item/Fund  | 2007 Biennium        | 2009 Biennium        | Percent of Total | Difference          | Percent of Change |
|---|----------------------|----------------------|------------------|---------------------|-------------------|
| FTE   | 572.75               | 626.85               |                  | 54.10               |                   |
| Personal Services*  | \$58,695,041         | \$71,488,166         | 27.9%            | \$12,793,125        | 18.8%             |
| Operating   | 20,549,749           | 23,586,871           | 9.2%             | 3,037,122           | 4.5%              |
| Equipment   | 68,010               | 54,000               | 0.0%             | (14,010)            | 0.0%              |
| Capitol Outlay  | 0                    | 0                    | 0.0%             | 0                   | 0.0%              |
| Grants  | 12,069,570           | 22,333,814           | 8.7%             | 10,264,244          | 15.1%             |
| Benefits/Claims   | 96,453,480           | 138,413,413          | 54.0%            | 41,959,933          | 61.6%             |
| Debt Service  | 186,289              | 215,092              | 0.1%             | 28,803              | 0.0%              |
| <b>Total Costs</b>  | <b>\$188,022,139</b> | <b>\$256,091,356</b> | <b>100.0%</b>    | <b>\$68,069,217</b> | <b>76.8%</b>      |
| General Fund*   | \$92,643,440         | \$129,221,602        | 50.5%            | \$36,578,162        | 53.7%             |
| State Special   | 18,410,777           | 25,084,102           | 9.8%             | 6,673,325           | 9.8%              |
| Federal Funds   | 76,967,922           | 101,785,652          | 39.7%            | 24,817,730          | 36.5%             |
| <b>Total Funds</b>  | <b>\$188,022,139</b> | <b>\$256,091,356</b> | <b>100.0%</b>    | <b>\$68,069,217</b> | <b>100.0%</b>     |
| Percent Increase  |                      |                      |                  | 36.2%               |                   |
| *2007 biennium general fund and personal services costs include a supplemental appropriation of \$4,441,865 authorized by HB 3. |                      |                      |                  |                     |                   |

Funding in Services for Mentally Ill Offenders may be used for two purposes only:

(1) services for adults under the supervision of the community corrections division in the department of corrections; and

(2) training for community probation and parole officers.

The services may include case management, treatment, transition support, and medication monitoring. Funding may be used to provide training to community probation and parole officers about mental illness and chemical dependency and about how to assist offenders to enroll in public benefit programs, if appropriate.

Funds in Expand Mental Health Services Plan may be used only to implement 53-21-702(2).

Funds in Provider Rate Increase may be used only to raise provider rates.

Funding in Mentally Ill Offender Drugs may be used only to provide a prescription benefit for offenders leaving secure care who meet the criteria for serious mental illness and who have not been enrolled in public benefit programs. Benefits may include a 60-day supply of medications and other short-term medication purchases for offenders who become unstable and need medications and who are not eligible for other public prescription drug programs.

Funding in Community Liaison Officers may be used only for five half-time staff in the addictive and mental disorders division to provide focused reentry support services, including assistance in accessing community services, to persons who are discharged from Montana state hospital. The legislature intends that the positions be filled by individuals who have a primary diagnosis of mental illness and are certified peer specialists. The goal of this service is to reduce readmissions to Montana state hospital at 30- and 60-day intervals, as a result of assisted reintegration to community settings.

Behavioral Health Inpatient Facility may be used only to develop one or more behavioral health inpatient facilities as defined in 53-21-102(2). Behavioral Health Inpatient Facility may be used to pay for services and may not be used for construction of buildings. Behavioral Health Inpatient Facility is contingent upon passage and approval of Senate Bill No. 45.

72-Hour Crisis Services may be used only to develop community mental health crisis services and for provision of psychiatric consulting services for community providers who manage and administer community mental health crisis services.

Methamphetamine Treatment may be used only to develop community treatment. Parents with children must be given priority consideration when selecting candidates to participate in the treatment funded by Methamphetamine Treatment.

Service Area Authority Grants may be used only to provide grants to service area authorities established in 53-21-1006."

The Governor vetoed the italicized language.

*"Included in Addictive/Mental Disorders Administration/Reporting is \$200 in general fund money each year for a semiannual report to the legislative finance committee and the children, families, health, and human services interim committee for the following:*

*(1) progress toward the goals presented to the joint appropriations subcommittee on health and human services in the division's final template; and*

*(2) attainment of measurable objectives as outlined in the division final template presented to the joint appropriations subcommittee on health and human services.*

*If the reports are not received by the legislative finance committee by December 31, 2007, and June 30, 2008, the fiscal year 2009 general fund appropriation is reduced by \$200.*

*Addictive/Mental Disorders Administration/Reporting includes funding for a semiannual report for the legislative finance committee and the children, families, health, and human services interim committee summarizing direct care wage rates."*

**Present Law Adjustments**

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

| Present Law Adjustments                                       | -----Fiscal 2008----- |                    |                    |                    |                     | -----Fiscal 2009----- |                    |                      |                    |                     |
|---|-----------------------|--------------------|--------------------|--------------------|---------------------|-----------------------|--------------------|----------------------|--------------------|---------------------|
|   | FTE                   | General Fund       | State Special      | Federal Special    | Total Funds         | FTE                   | General Fund       | State Special        | Federal Special    | Total Funds         |
| Personal Services   |                       |                    |                    |                    | 2,096,078           |                       |                    |                      |                    | 2,401,789           |
| Vacancy Savings   |                       |                    |                    |                    | (1,207,007)         |                       |                    |                      |                    | (1,219,252)         |
| Inflation/Deflation   |                       |                    |                    |                    | 208,133             |                       |                    |                      |                    | 229,068             |
| Fixed Costs   |                       |                    |                    |                    | (113,445)           |                       |                    |                      |                    | (91,106)            |
| <b>Total Statewide Present Law Adjustments</b>                |                       |                    |                    |                    | <b>\$983,759</b>    |                       |                    |                      |                    | <b>\$1,320,499</b>  |
| DP 6015 - State Motor Pool Change                             | 0.00                  | (4,386)            | (637)              | (652)              | (5,675)             | 0.00                  | (4,365)            | (634)                | (647)              | (5,646)             |
| DP 33101 - AMDD Operations Present Law Adjustments            | 0.00                  | 23,708             | 4,631              | 19,661             | 48,000              | 0.00                  | 26,671             | 5,211                | 22,118             | 54,000              |
| DP 33201 - Medicaid FMAP - Chemical Dependency                | 0.00                  | 0                  | 24,944             | (24,944)           | 0                   | 0.00                  | 0                  | 26,178               | (26,178)           | 0                   |
| DP 33202 - CD Medicaid Caseload Adjustment                    | 0.00                  | 0                  | 180,602            | 394,746            | 575,348             | 0.00                  | 0                  | 188,792              | 410,738            | 599,530             |
| DP 33301 - MCDC OT/Diff/Holiday Pay & Aggregate FTE Funding   | 0.00                  | 0                  | 117,959            | 0                  | 117,959             | 0.00                  | 0                  | 120,750              | 0                  | 120,750             |
| DP 33302 - MCDC Present Law Adjustments                       | 0.00                  | 0                  | 81,707             | 0                  | 81,707              | 0.00                  | 0                  | 126,670              | 0                  | 126,670             |
| DP 33401 - Medicaid FMAP - Mental Health                      | 0.00                  | 670,404            | 0                  | (670,404)          | 0                   | 0.00                  | 703,781            | 0                    | (703,781)          | 0                   |
| DP 33402 - Medicaid Caseload Adjustment - Mental Health       | 0.00                  | 1,275,063          | 87,812             | 2,978,875          | 4,341,750           | 0.00                  | 2,045,837          | 87,812               | 4,641,990          | 6,775,639           |
| DP 33414 - Annualize HCBS Waiver                              | 0.00                  | 0                  | 1,323,324          | 2,892,426          | 4,215,750           | 0.00                  | 0                  | 1,327,540            | 2,888,210          | 4,215,750           |
| DP 33501 - MSH OT/Diff/Holiday Pay & Aggregate FTE Funding    | 0.00                  | 1,684,211          | 8,038              | 0                  | 1,692,249           | 0.00                  | 1,720,533          | 0                    | 0                  | 1,720,533           |
| DP 33502 - MSH Present Law Adjustments                        | 0.00                  | 496,987            | 0                  | 0                  | 496,987             | 0.00                  | 783,347            | 0                    | 0                  | 783,347             |
| DP 33503 - MSH 36.6 Modified FTE                              | 36.60                 | 1,668,572          | 0                  | 0                  | 1,668,572           | 36.60                 | 1,683,031          | 0                    | 0                  | 1,683,031           |
| DP 33601 - MMHNCC OT/Diff/Holiday Pay & Aggregate FTE Funding | 0.00                  | 495,861            | 0                  | 0                  | 495,861             | 0.00                  | 507,504            | 0                    | 0                  | 507,504             |
| DP 33602 - MMHNCC Present Law Adjustments                     | 0.00                  | 187,146            | 0                  | 0                  | 187,146             | 0.00                  | 272,537            | 0                    | 0                  | 272,537             |
| DP 33809 - Mental Health Drugs - Biennial                     | 0.00                  | 0                  | 3,152,605          | 0                  | 3,152,605           | 0.00                  | 0                  | (3,152,605)          | 0                  | (3,152,605)         |
| <b>Total Other Present Law Adjustments</b>                    | <b>36.60</b>          | <b>\$6,497,566</b> | <b>\$4,980,985</b> | <b>\$5,589,708</b> | <b>\$17,068,259</b> | <b>36.60</b>          | <b>\$7,738,876</b> | <b>(\$1,270,286)</b> | <b>\$7,232,450</b> | <b>\$13,701,040</b> |
| Grand Total All Present Law Adjustments                       |                       |                    |                    |                    | \$18,052,018        |                       |                    |                      |                    | \$15,021,539        |

New Proposals

| New Proposals  | -----Fiscal 2008----- |                    |                    |                    |                     | -----Fiscal 2009----- |              |                     |                    |                    |                     |
|--|-----------------------|--------------------|--------------------|--------------------|---------------------|-----------------------|--------------|---------------------|--------------------|--------------------|---------------------|
|  | Program               | FTE                | General Fund       | State Special      | Federal Special     | Total Funds           | FTE          | General Fund        | State Special      | Federal Special    | Total Funds         |
| DP 6013 - 2009 Biennium Pay Plan - HB 13                     | 33                    | 0.00               | 1,027,717          | 136,832            | 22,402              | 1,186,951             | 0.00         | 2,259,119           | 283,720            | 49,865             | 2,592,704           |
| DP 6014 - Retirement Employer Contributions-HB 63 and HB 131 | 33                    | 0.00               | 28,320             | 2,924              | 524                 | 31,768                | 0.00         | 29,980              | 3,038              | 548                | 33,566              |
| DP 33104 - Behavioral Health Program Facilitator             | 33                    | 1.00               | 0                  | 79,484             | 0                   | 79,484                | 1.00         | 0                   | 79,574             | 0                  | 79,574              |
| DP 33203 - Meth & CD Regional Services Expansion             | 33                    | 1.00               | 2,000,000          | 0                  | 0                   | 2,000,000             | 1.00         | 2,000,000           | 0                  | 0                  | 2,000,000           |
| DP 33206 - Strategic Prevention Framework Incentive Grant    | 33                    | 2.00               | 0                  | 0                  | 2,332,000           | 2,332,000             | 2.00         | 0                   | 0                  | 2,332,000          | 2,332,000           |
| DP 33304 - MCDC Staff (Modified and Other)                   | 33                    | 6.00               | 0                  | 340,906            | 0                   | 340,906               | 6.00         | 0                   | 344,518            | 0                  | 344,518             |
| DP 33407 - Fund 72 hr Community Crisis Support               | 33                    | 0.00               | 1,861,245          | 0                  | 171,525             | 2,032,770             | 0.00         | 1,860,334           | 0                  | 172,436            | 2,032,770           |
| DP 33410 - Mental Health Community Services Development      | 33                    | 2.50               | 0                  | 129,522            | 0                   | 129,522               | 2.50         | 0                   | 145,000            | 0                  | 145,000             |
| DP 33413 - Federal Data Infrastructure Grant                 | 33                    | 1.00               | 0                  | 0                  | 142,200             | 142,200               | 1.00         | 0                   | 0                  | 142,200            | 142,200             |
| DP 33415 - Additional HCBS Waiver Slots                      | 33                    | 0.00               | 0                  | 252,062            | 550,938             | 803,000               | 0.00         | 0                   | 252,865            | 550,135            | 803,000             |
| DP 33701 - Provider Rate Increases                           | 33                    | 0.00               | 160,525            | 327,689            | 730,386             | 1,218,600             | 0.00         | 680,487             | 362,087            | 1,539,439          | 2,582,013           |
| DP 33801 - Direct Care Worker Wage Increase - Restricted     | 33                    | 0.00               | 224,964            | 0                  | 491,711             | 716,675               | 0.00         | 225,681             | 0                  | 490,994            | 716,675             |
| DP 33802 - Behavioral Inpatient Health Facility - Restricted | 33                    | 0.00               | 0                  | 0                  | 0                   | 0                     | 0.00         | 3,000,000           | 0                  | 3,263,417          | 6,263,417           |
| DP 33803 - Mental Health Drop In Centers - Restricted        | 33                    | 0.00               | 371,647            | 0                  | 0                   | 371,647               | 0.00         | 371,647             | 0                  | 0                  | 371,647             |
| DP 33804 - Suicide Prevention - Restricted                   | 33                    | 1.00               | 400,000            | 0                  | 0                   | 400,000               | 1.00         | 400,000             | 0                  | 0                  | 400,000             |
| DP 33805 - Mentally Ill Offender Assistance - Restricted     | 33                    | 0.00               | 371,647            | 0                  | 0                   | 371,647               | 0.00         | 371,647             | 0                  | 0                  | 371,647             |
| DP 33808 - Mentally Ill Offender Drugs - Biennial/Restr./OTO | 33                    | 0.00               | 950,000            | 500,000            | 0                   | 1,450,000             | 0.00         | 0                   | 500,000            | 0                  | 500,000             |
| DP 88306 - Mental Health Services Plan - Restricted          | 33                    | 3.00               | 2,601,531          | 0                  | 0                   | 2,601,531             | 3.00         | 2,601,531           | 0                  | 0                  | 2,601,531           |
| <b>Total</b>   | <b>17.50</b>          | <b>\$9,997,596</b> | <b>\$1,769,419</b> | <b>\$4,441,686</b> | <b>\$16,208,701</b> | <b>\$16,208,701</b>   | <b>17.50</b> | <b>\$13,800,426</b> | <b>\$1,970,802</b> | <b>\$8,541,034</b> | <b>\$24,312,262</b> |

## Sub-Program Details

## MENTAL HEALTH 01

## Sub-Program Legislative Budget

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

| Sub-Program Legislative Budget |                            |                                      |                                 |                                     |                                      |                                 |                                     |                                      |
|--------------------------------|----------------------------|--------------------------------------|---------------------------------|-------------------------------------|--------------------------------------|---------------------------------|-------------------------------------|--------------------------------------|
| Budget Item                    | Base Budget<br>Fiscal 2006 | PL Base<br>Adjustment<br>Fiscal 2008 | New<br>Proposals<br>Fiscal 2008 | Total<br>Leg. Budget<br>Fiscal 2008 | PL Base<br>Adjustment<br>Fiscal 2009 | New<br>Proposals<br>Fiscal 2009 | Total<br>Leg. Budget<br>Fiscal 2009 | Total<br>Leg. Budget<br>Fiscal 08-09 |
| FTE                            | 504.50                     | 36.60                                | 7.50                            | 548.60                              | 36.60                                | 7.50                            | 548.60                              | 548.60                               |
| Personal Services              | 24,672,127                 | 4,456,612                            | 241,492                         | 29,370,231                          | 4,774,565                            | 242,583                         | 29,689,275                          | 59,059,506                           |
| Operating Expenses             | 8,485,787                  | 775,198                              | 221,090                         | 9,482,075                           | 1,182,763                            | 236,277                         | 9,904,827                           | 19,386,902                           |
| Equipment                      | 27,000                     | 0                                    | 0                               | 27,000                              | 0                                    | 0                               | 27,000                              | 54,000                               |
| Grants                         | 5,241,850                  | 0                                    | 2,532,770                       | 7,774,620                           | 0                                    | 2,532,770                       | 7,774,620                           | 15,549,240                           |
| Benefits & Claims              | 39,949,848                 | 11,710,105                           | 7,106,599                       | 58,766,552                          | 7,838,784                            | 13,584,336                      | 61,372,968                          | 120,139,520                          |
| Debt Service                   | 74,212                     | 0                                    | 0                               | 74,212                              | 0                                    | 0                               | 74,212                              | 148,424                              |
| <b>Total Costs</b>             | <b>\$78,450,824</b>        | <b>\$16,941,915</b>                  | <b>\$10,101,951</b>             | <b>\$105,494,690</b>                | <b>\$13,796,112</b>                  | <b>\$16,595,966</b>             | <b>\$108,842,902</b>                | <b>\$214,337,592</b>                 |
| General Fund                   | 44,369,309                 | 7,072,713                            | 6,850,965                       | 58,292,987                          | 8,609,770                            | 9,259,500                       | 62,238,579                          | 120,531,566                          |
| State/Other Special            | 4,930,486                  | 4,571,142                            | 1,195,250                       | 10,696,878                          | (1,737,887)                          | 1,240,991                       | 4,433,590                           | 15,130,468                           |
| Federal Special                | 29,151,029                 | 5,298,060                            | 2,055,736                       | 36,504,825                          | 6,924,229                            | 6,095,475                       | 42,170,733                          | 78,675,558                           |
| <b>Total Funds</b>             | <b>\$78,450,824</b>        | <b>\$16,941,915</b>                  | <b>\$10,101,951</b>             | <b>\$105,494,690</b>                | <b>\$13,796,112</b>                  | <b>\$16,595,966</b>             | <b>\$108,842,902</b>                | <b>\$214,337,592</b>                 |

The appropriation for the mental health function grows \$57.4 million total funds, including \$31.8 million general fund, compared to base expenditures doubled. Most of the increase is in services, which includes approval of the following executive proposals:

- o Medicaid mental health services - \$11.2 million total, including \$3.3 million general fund
- o Annualization of the HCBS waiver started in FY 2007 - \$8.4 million total funds, including \$2.7 million health and Medicaid initiatives state special revenue
- o 72 hour crisis stabilization funding - \$4.1 million total funds, including \$3.7 million general fund

Other mental health services expansions were added by legislative initiative, including:

- o \$6.3 million for behavioral health inpatient facility services in FY 2009, including \$3.0 million general fund
- o \$5.2 million general fund for expansion of MHSP and conversion from a grant program to fee for service
- o \$2.7 million total funds, including \$1.7 million general fund, for community services and prescription drugs for mentally ill offenders
- o \$0.8 million general fund for a suicide prevention program
- o \$0.7 million general fund for mental health drop in centers
- o \$3.6 million, including \$0.09 million general fund and \$0.3 million in health and Medicaid initiatives state special revenue, for direct care worker wage increases and provider rate increases above the executive recommendation

The legislature appropriated \$10.8 million more general fund for the two mental health state institutions, for:

- o 36.60 new FTE for MSH population growth - \$3.3 million
- o Overtime, holiday, and shift differential pay - \$4.4 million
- o Operating cost increases - \$1.8 million

The appropriation increase for state institutions does not include the 2009 biennium pay plan. Over 90 percent of the \$3.8 million pay plan amount for AMDD will be used by the state institutions.

**Present Law Adjustments**

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

| Present Law Adjustments                                       | -----Fiscal 2008----- |                    |                    |                    |                     | -----Fiscal 2009----- |                    |                      |                    |                     |
|---|-----------------------|--------------------|--------------------|--------------------|---------------------|-----------------------|--------------------|----------------------|--------------------|---------------------|
|   | FTE                   | General Fund       | State Special      | Federal Special    | Total Funds         | FTE                   | General Fund       | State Special        | Federal Special    | Total Funds         |
| Personal Services   |                       |                    |                    |                    | 1,652,916           |                       |                    |                      |                    | 1,927,480           |
| Vacancy Savings   |                       |                    |                    |                    | (1,052,986)         |                       |                    |                      |                    | (1,063,983)         |
| Inflation/Deflation   |                       |                    |                    |                    | 202,102             |                       |                    |                      |                    | 222,069             |
| Fixed Costs   |                       |                    |                    |                    | (105,362)           |                       |                    |                      |                    | (89,544)            |
| <b>Total Statewide Present Law Adjustments</b>                |                       |                    |                    |                    | <b>\$696,670</b>    |                       |                    |                      |                    | <b>\$996,022</b>    |
| DP 6015 - State Motor Pool Change                             | 0.00                  | (4,386)            | (637)              | (652)              | (5,675)             | 0.00                  | (4,365)            | (634)                | (647)              | (5,646)             |
| DP 33401 - Medicaid FMAP - Mental Health                      | 0.00                  | 670,404            | 0                  | (670,404)          | 0                   | 0.00                  | 703,781            | 0                    | (703,781)          | 0                   |
| DP 33402 - Medicaid Caseload Adjustment - Mental Health       | 0.00                  | 1,275,063          | 87,812             | 2,978,875          | 4,341,750           | 0.00                  | 2,045,837          | 87,812               | 4,641,990          | 6,775,639           |
| DP 33414 - Annualize HCBS Waiver                              | 0.00                  | 0                  | 1,323,324          | 2,892,426          | 4,215,750           | 0.00                  | 0                  | 1,327,540            | 2,888,210          | 4,215,750           |
| DP 33501 - MSH OT/Diff/Holiday Pay & Aggregate FTE Funding    | 0.00                  | 1,684,211          | 8,038              | 0                  | 1,692,249           | 0.00                  | 1,720,533          | 0                    | 0                  | 1,720,533           |
| DP 33502 - MSH Present Law Adjustments                        | 0.00                  | 496,987            | 0                  | 0                  | 496,987             | 0.00                  | 783,347            | 0                    | 0                  | 783,347             |
| DP 33503 - MSH 36.6 Modified FTE                              | 36.60                 | 1,668,572          | 0                  | 0                  | 1,668,572           | 36.60                 | 1,683,031          | 0                    | 0                  | 1,683,031           |
| DP 33601 - MMHNCC OT/Diff/Holiday Pay & Aggregate FTE Funding | 0.00                  | 495,861            | 0                  | 0                  | 495,861             | 0.00                  | 507,504            | 0                    | 0                  | 507,504             |
| DP 33602 - MMHNCC Present Law Adjustments                     | 0.00                  | 187,146            | 0                  | 0                  | 187,146             | 0.00                  | 272,537            | 0                    | 0                  | 272,537             |
| DP 33809 - Mental Health Drugs - Biennial                     | 0.00                  | 0                  | 3,152,605          | 0                  | 3,152,605           | 0.00                  | 0                  | (3,152,605)          | 0                  | (3,152,605)         |
| <b>Total Other Present Law Adjustments</b>                    | <b>36.60</b>          | <b>\$6,473,858</b> | <b>\$4,571,142</b> | <b>\$5,200,245</b> | <b>\$16,245,245</b> | <b>36.60</b>          | <b>\$7,712,205</b> | <b>(\$1,737,887)</b> | <b>\$6,825,772</b> | <b>\$12,800,090</b> |
| <b>Grand Total All Present Law Adjustments</b>                |                       |                    |                    |                    | <b>\$16,941,915</b> |                       |                    |                      |                    | <b>\$13,796,112</b> |

DP 6015 - State Motor Pool Change - The funding for vehicle rentals and leases from the State Motor Pool was reduced from the level requested by the Governor.

DP 33401 - Medicaid FMAP - Mental Health - The legislature added \$1.4 million general fund over the biennium that offsets a like amount of federal Medicaid funds. This funding switch accounts for the reduction in the federal match rate and is the amount necessary to fund base Medicaid expenditures over the 2009 biennium. Funding changes for eligibility and service utilization growth are included in the following appropriation.

DP 33402 - Medicaid Caseload Adjustment - Mental Health - The legislature appropriated \$11.1 million total funds over the biennium, which includes \$3.3 million general fund and \$0.2 million state special revenue from the health and Medicaid initiatives account. This appropriation supports:

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

DP 33414 - Annualize HCBS Waiver - The legislature appropriated \$8.4 million total funds over the biennium, including \$2.7 million in health and Medicaid initiatives state special revenue funds to annualize the home and community-based (HCBS) Medicaid waiver for adults with a severe and disabling mental illness that was approved by the 2005

Legislature. The AMDD waiver is similar to waivers already administered for elderly, physically disabled, and developmentally disabled adults. This funding will serve about 105 persons in FY 2008 and FY 2009 at a daily rate of \$110. Depending on the required service intensity, additional eligible persons could be served. The waiver was anticipated to start in January 2007, but DPHHS did not receive federal approval until late November, which delayed the start up. This waiver is only the second of its kind in the nation.

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

DP 33502 - MSH Present Law Adjustments - The legislature funded the executive request for \$1.3 million general fund over the biennium for pharmacy, outside medical, food contract with Montana State Prison, and replacement equipment for MSH. Pharmacy costs for administration, dispensing fees, and drugs add \$361,330 in FY 2008 and \$569,525 in FY 2009, based on a 10.0 percent growth rate from the base budget amount of \$1,720,618.

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

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

DP 33503 - MSH 36.6 Modified FTE - The legislature approved the executive request for \$3.4 million general fund to continue support for 36.60 FTE added during FY 2006 to address MSH populations in excess of licensed capacity. From FY 2004 to FY 2005 admissions increased by 9.0 percent. While discharges from the hospital also increased over that time period, the population remained above licensed capacity. Federal hospital regulations and oversight increased staff workload. The additional staff will be used to enhance oversight, meet federal hospital regulations, and increase treatment and therapeutic activities for the patients. The executive budget request anticipated that some of these positions would have transferred to staff the proposed STEP program, which was not approved by the legislature.

DP 33601 - MMHNCC OT/Diff/Holiday Pay & Aggregate FTE Funding - The legislature appropriated \$1.0 million general fund to pay the following personal services costs: holidays worked, overtime, differential, and physician on-call for the nursing care center. These personal services costs are removed from the base budget and must be reauthorized by the legislature each biennium. These payments maintain minimum staffing requirements at an institution that operates 24 hour a day, 7 days a week.

DP 33602 - MMHNCC Present Law Adjustments - The legislature funded the executive request for \$459,683 general fund for anticipated cost increases in pharmacy, outside medical, replacement equipment, and nursing facility bed tax for the nursing care center. All cost increases were estimated at 10.0 percent per year from base budget expenditures. Pharmacy costs rise \$141,110 in FY 2008 and \$222,417 in FY 2009 compared to base budget expenditures of \$671,954.

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

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

DP 33809 - Mental Health Drugs - Biennial - The legislature continued the appropriation from health and Medicaid initiative account made in the 2007 biennium to fund MHSP drug costs. It also shifted \$3.2 million in health and Medicaid initiatives account state special revenue from FY 2009 to FY 2008 to create a biennial appropriation. These expenditures are part of the base budget and this action does not increase overall funding. Persons must have incomes below 150 percent of the federal poverty level, have a serious and disabling mental illness, and cannot be eligible for Medicaid. The legislature anticipates that this appropriation will be used as the state Medicaid match for the Health Insurance Flexibility and Accountability (HIFA) waiver, which is discussed in more detail in the agency narrative.

**New Proposals**

| Sub Program  | -----Fiscal 2008----- |                    |                    |                    |                     | -----Fiscal 2009----- |                    |                    |                    |                     |
|--|-----------------------|--------------------|--------------------|--------------------|---------------------|-----------------------|--------------------|--------------------|--------------------|---------------------|
|  | FTE                   | General Fund       | State Special      | Federal Special    | Total Funds         | FTE                   | General Fund       | State Special      | Federal Special    | Total Funds         |
| DP 33407 - Fund 72 hr Community Crisis Support<br>01               | 0.00                  | 1,861,245          | 0                  | 171,525            | 2,032,770           | 0.00                  | 1,860,334          | 0                  | 172,436            | 2,032,770           |
| DP 33410 - Mental Health Community Services Development<br>01      | 2.50                  | 0                  | 129,522            | 0                  | 129,522             | 2.50                  | 0                  | 145,000            | 0                  | 145,000             |
| DP 33413 - Federal Data Infrastructure Grant<br>01                 | 1.00                  | 0                  | 0                  | 142,200            | 142,200             | 1.00                  | 0                  | 0                  | 142,200            | 142,200             |
| DP 33415 - Additional HCBS Waiver Slots<br>01                      | 0.00                  | 0                  | 252,062            | 550,938            | 803,000             | 0.00                  | 0                  | 252,865            | 550,135            | 803,000             |
| DP 33701 - Provider Rate Increases<br>01                           | 0.00                  | 69,931             | 313,666            | 699,362            | 1,082,959           | 0.00                  | 428,660            | 343,126            | 1,476,293          | 2,248,079           |
| DP 33801 - Direct Care Worker Wage Increase - Restricted<br>01     | 0.00                  | 224,964            | 0                  | 491,711            | 716,675             | 0.00                  | 225,681            | 0                  | 490,994            | 716,675             |
| DP 33802 - Behavioral Inpatient Health Facility - Restricted<br>01 | 0.00                  | 0                  | 0                  | 0                  | 0                   | 0.00                  | 3,000,000          | 0                  | 3,263,417          | 6,263,417           |
| DP 33803 - Mental Health Drop In Centers - Restricted<br>01        | 0.00                  | 371,647            | 0                  | 0                  | 371,647             | 0.00                  | 371,647            | 0                  | 0                  | 371,647             |
| DP 33804 - Suicide Prevention - Restricted<br>01                   | 1.00                  | 400,000            | 0                  | 0                  | 400,000             | 1.00                  | 400,000            | 0                  | 0                  | 400,000             |
| DP 33805 - Mentally Ill Offender Assistance - Restricted<br>01     | 0.00                  | 371,647            | 0                  | 0                  | 371,647             | 0.00                  | 371,647            | 0                  | 0                  | 371,647             |
| DP 33808 - Mentally Ill Offender Drugs - Biennial/Restr./OTO<br>01 | 0.00                  | 950,000            | 500,000            | 0                  | 1,450,000           | 0.00                  | 0                  | 500,000            | 0                  | 500,000             |
| DP 88306 - Mental Health Services Plan - Restricted<br>01          | 3.00                  | 2,601,531          | 0                  | 0                  | 2,601,531           | 3.00                  | 2,601,531          | 0                  | 0                  | 2,601,531           |
| <b>Total</b>   | <b>7.50</b>           | <b>\$6,850,965</b> | <b>\$1,195,250</b> | <b>\$2,055,736</b> | <b>\$10,101,951</b> | <b>7.50</b>           | <b>\$9,259,500</b> | <b>\$1,240,991</b> | <b>\$6,095,475</b> | <b>\$16,595,966</b> |

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

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

*The following information was utilized as part of the legislative decision making process, and will be used for ongoing program evaluation. It was submitted by the agency, edited by LFD staff for brevity and to include any legislative changes.*

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

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

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

Milestones: Major milestones would be:

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

FTE: No FTE are requested.

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

Obstacles: The following obstacles may be encountered:

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

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

DP 33410 - Mental Health Community Services Development - The legislature provided \$274,522 in tobacco settlement trust fund interest for 2.50 FTE. The positions will be filled by individuals who have a primary diagnosis of mental illness and are certified peer specialists. The five half-time staff will provide focused re-entry support services, including assistance in accessing community services, to persons who are discharged from MSH. The goal of this service is to reduce readmissions to the state hospital at 30- and 60-day intervals, as a result of assisted re-integration to community settings.

The executive reduced this request by about \$846,00 because of the legislative initiatives to fund expansion of mental health services, including the \$2.6 million annual general fund increase for MHSP. Also, originally the request was fully funded from the general fund.

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

DP 33415 - Additional HCBS Waiver Slots - The legislature approved the executive request for 20 additional slots for the HCBS waiver administered by AMDD. The slots were added partially in response to an LFD issue that identified the potential for persons already receiving services in the HCBS waiver administered by the Senior and Long Term Care Division to transfer to the new AMDD waiver, resulting in a lower overall expansion of services than anticipated by the 2005 Legislature. Addition of the slots should result in an overall increase in service levels originally anticipated by the legislature. The legislature appropriated \$1.6 million total funds, including \$0.5 million from the health and Medicaid initiatives state special revenue account for this expansion.

DP 33701 - Provider Rate Increases - The legislature approved \$3.8 million, including \$0.8 million general fund, over the biennium for provider rate increases. Rate increases for chemical dependency are about \$0.5 million, including \$0.4 million of general fund. The balance (\$3.3 million and \$0.3 million general fund) is allocated to mental health services.

When the legislature adjourned the regular session, HB 820 included a 2.5 percent annual rate increase each year of the biennium. The Governor's revised proposal to the May 2007 Special Session used the HB 820 amount as a starting point and reduced the general fund appropriation amounts for all provider rate increases by about 26 percent. Other funding sources were not changed. Therefore, rate increases fully or partially funded from the general fund were lowered more than rate increases funded from state special revenue and federal funds. The impact of this disparity is most pronounced in AMDD where funding is adequate to support the following provider rate increases:

- Medicaid providers - 2.45 percent in FY 2008 and an additional 2.32 percent in FY 2009
- NonMedicaid providers - 1.39 percent in FY 2008 and an additional 2.34 percent in FY 2009

A table in the agency narrative shows provider rate increases by service.

DP 33801 - Direct Care Worker Wage Increase - Restricted - The legislature appropriated \$1.4 million total funds, including \$0.4 million general fund, to increase direct care worker wages to \$8.50 per hour, including related benefits, for certain classes of workers and increase wages of all direct care workers by up to \$0.70 per hour, including benefits such as federal and state income taxes and workers' compensation costs. The funds may not be used for any other purpose. This appropriation is a legislative initiative and was not included in the executive budget request.

Providers accepting the rate increase from this appropriation agree to increase wages and related benefits to \$8.50 and then use the balance of funds to provide wage increases to all direct care workers. The legislature included language in HB 2 to restrict these funds from being used to supplant wage increases negotiated or specified in other written agreements. The department is required to track amounts distributed as wage increases and report the data to the Legislative Finance Committee and the Interim Committee on Children, Families, Health, and Human Services. Implementation is anticipated October, 2007. A table showing the amount appropriated for direct care worker wage increases by program is included in the agency narrative.

DP 33802 - Behavioral Inpatient Health Facility – Restricted/OTO - The legislature appropriated \$3.0 million general fund and \$3.2 million federal matching funds in FY 2009 to pay for services provided by behavioral inpatient health facilities (BHIFs), which offer secure crisis stabilization, assessment, and treatment for a defined time, for not more than 45 days. BHIFs are smaller than hospitals, with no more than 16 beds, and are a Medicaid payable service. Language restricts the appropriation to be used for services. It may not be used for development of a facility and it is a one-time-only appropriation.

DP 33803 - Mental Health Drop In Centers - Restricted - The legislature at its own initiative appropriated \$0.7 million general fund over the biennium to support community drop in centers for persons with a mental illness. Drop in centers with staff who can assist persons with medication management must receive priority in consideration for funding. The legislature included language in HB 2 to restrict the use of the appropriation.

DP 33804 - Suicide Prevention - Restricted - The legislature appropriated \$0.8 million general fund that may be used only to implement a comprehensive suicide prevention program. At a minimum the program must include a suicide prevention officer, a comprehensive suicide reduction plan, and a 24-hour suicide prevention hotline.

DP 33805 - Mentally Ill Offender Assistance - Restricted - The legislature at its own initiative appropriated \$0.7 million general fund over the biennium to be used only to fund mental health services for persons under supervision of the Community Corrections Division of the Department of Corrections. The services may include case management, treatment, transition support, and medication monitoring. In addition, training will be provided to community probation and parole officers about mental illness and chemical dependency, and ways to help offenders become enrolled in public benefit programs if appropriate.

DP 33808 - Mentally Ill Offender Drugs - Biennial/Restricted/OTO - The legislature at its own initiative appropriated \$0.95 million general fund and \$1.0 million in state special revenue, which may be used only to provide a prescription benefit for adult and juvenile offenders leaving secure care, who meet the criteria for serious mental illness, and who have not yet been enrolled in public benefit programs. Benefits may include a 60-day supply of medications and other short-term medication purchases for offenders who become unstable and need medications, are waiting for other sources of public assistance, or who lose employment or suffer some other traumatic event. AMDD will administer this benefit through the existing MHSP infrastructure. The legislature appropriated state special revenue so that AMDD can bill the Department of Corrections for services provided. The appropriation is a one-time-only appropriation.

DP 88306 - Mental Health Services Plan - Restricted - The legislature appropriated \$5.2 million general fund over the biennium to expand MHSP, which serves individuals who have a severe disabling mental illness and income no greater than 150 percent of the federal poverty level, and who are not eligible for Medicaid. This funding is a legislative initiative and above the level requested in the executive budget.

Current services include case management, psychiatric medication management, pharmacy, lab, day treatment, psychiatry, and limited outpatient visits and community based psychosocial rehabilitation. This funding supports service expansion and 3.00 FTE to perform benefits management. The enhanced funding for this program will:

- Serve individuals not currently receiving services and provide additional services to persons who are currently underserved;
- Be provided on a fee-for-service basis;
- Allow participants to choose any willing and enrolled provider;
- Serve individuals who are released from the Montana State Hospital or are referred on the basis of suicide ideation as a priority population; and
- Provide data collection and analysis by the department to determine number of new enrollees, per person costs, number of individuals served who are discharged from the Montana prison system and percent of increased service delivery over FY 2007 data.

DPHHS staff made a commitment to the legislature that AMDD would transition MHSP from a grant funded service system to a fee for service system beginning no later than FY 2009. The appropriation included funds for and language directing preparation and presentation of reports to the Legislative Finance Committee and the Interim Committee on Children, Families, Health, and Human Services, which are required semi annually. The language requiring a report was vetoed by the Governor.

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

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

| Sub-Program Legislative Budget |                            |                                   |                              |                                  |                                   |                              |                                  |                                   |
|--------------------------------|----------------------------|-----------------------------------|------------------------------|----------------------------------|-----------------------------------|------------------------------|----------------------------------|-----------------------------------|
| Budget Item                    | Base Budget<br>Fiscal 2006 | PL Base Adjustment<br>Fiscal 2008 | New Proposals<br>Fiscal 2008 | Total Leg. Budget<br>Fiscal 2008 | PL Base Adjustment<br>Fiscal 2009 | New Proposals<br>Fiscal 2009 | Total Leg. Budget<br>Fiscal 2009 | Total Leg. Budget<br>Fiscal 08-09 |
| FTE                            | 55.25                      | 0.00                              | 9.00                         | 64.25                            | 0.00                              | 9.00                         | 64.25                            | 64.25                             |
| Personal Services              | 2,590,400                  | 420,273                           | 393,043                      | 3,403,716                        | 449,129                           | 395,230                      | 3,434,759                        | 6,838,475                         |
| Operating Expenses             | 1,350,903                  | 85,894                            | 350,342                      | 1,787,139                        | 138,290                           | 354,521                      | 1,843,714                        | 3,630,853                         |
| Grants                         | 1,392,287                  | 0                                 | 2,000,000                    | 3,392,287                        | 0                                 | 2,000,000                    | 3,392,287                        | 6,784,574                         |
| Benefits & Claims              | 6,387,926                  | 575,348                           | 2,062,462                    | 9,025,736                        | 599,530                           | 2,260,701                    | 9,248,157                        | 18,273,893                        |
| Debt Service                   | 24,434                     | 0                                 | 2,700                        | 27,134                           | 0                                 | 0                            | 24,434                           | 51,568                            |
| <b>Total Costs</b>             | <b>\$11,745,950</b>        | <b>\$1,081,515</b>                | <b>\$4,808,547</b>           | <b>\$17,636,012</b>              | <b>\$1,186,949</b>                | <b>\$5,010,452</b>           | <b>\$17,943,351</b>              | <b>\$35,579,363</b>               |
| General Fund                   | 39,854                     | 0                                 | 2,090,594                    | 2,130,448                        | (39,854)                          | 2,251,827                    | 2,251,827                        | 4,382,275                         |
| State/Other Special            | 3,627,226                  | 555,812                           | 354,929                      | 4,537,967                        | 658,144                           | 363,479                      | 4,648,849                        | 9,186,816                         |
| Federal Special                | 8,078,870                  | 525,703                           | 2,363,024                    | 10,967,597                       | 568,659                           | 2,395,146                    | 11,042,675                       | 22,010,272                        |
| <b>Total Funds</b>             | <b>\$11,745,950</b>        | <b>\$1,081,515</b>                | <b>\$4,808,547</b>           | <b>\$17,636,012</b>              | <b>\$1,186,949</b>                | <b>\$5,010,452</b>           | <b>\$17,943,351</b>              | <b>\$35,579,363</b>               |

The addiction treatment and prevention 2009 biennium appropriation is \$12.1 million higher compared to base expenditures doubled. General fund grows substantially, from under \$40,000 in base budget funding to \$4.3 million general fund in the 2009 biennium. The legislature approved the executive request for \$4.0 million general fund to expand community treatment for methamphetamine and chemical dependency and \$0.3 million for provider rate increases, including services funded from federal block grant funds. As noted in the division funding section, historically alcohol tax has been used almost exclusively as the state funding source for chemical dependency services.

Other increases for the addiction and prevention function include:

- Federal grant funds to develop community prevention programs - \$4.7 million
- Medicaid service and eligibility increases - \$1.2 million
- MCDC staff - \$0.7 million

The legislature also approved funding for 9.00 new FTE for:

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

**Present Law Adjustments**

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

| Present Law Adjustments                                     |                       |              |                  |                  |                    |                       |              |                  |                  |                    |
|---|-----------------------|--------------|------------------|------------------|--------------------|-----------------------|--------------|------------------|------------------|--------------------|
|   | -----Fiscal 2008----- |              |                  |                  |                    | -----Fiscal 2009----- |              |                  |                  |                    |
|   | FTE                   | General Fund | State Special    | Federal Special  | Total Funds        | FTE                   | General Fund | State Special    | Federal Special  | Total Funds        |
| Personal Services   |                       |              |                  |                  | 422,841            |                       |              |                  |                  | 449,995            |
| Vacancy Savings   |                       |              |                  |                  | (120,527)          |                       |              |                  |                  | (121,616)          |
| Inflation/Deflation   |                       |              |                  |                  | 4,613              |                       |              |                  |                  | 5,525              |
| Fixed Costs   |                       |              |                  |                  | (426)              |                       |              |                  |                  | 6,095              |
| <b>Total Statewide Present Law Adjustments</b>              |                       |              |                  |                  | <b>\$306,501</b>   |                       |              |                  |                  | <b>\$339,999</b>   |
| DP 33201 - Medicaid FMAP - Chemical Dependency              | 0.00                  | 0            | 24,944           | (24,944)         | 0                  | 0.00                  | 0            | 26,178           | (26,178)         | 0                  |
| DP 33202 - CD Medicaid Caseload Adjustment                  | 0.00                  | 0            | 180,602          | 394,746          | 575,348            | 0.00                  | 0            | 188,792          | 410,738          | 599,530            |
| DP 33301 - MCDC OT/Diff/Holiday Pay & Aggregate FTE Funding | 0.00                  | 0            | 117,959          | 0                | 117,959            | 0.00                  | 0            | 120,750          | 0                | 120,750            |
| DP 33302 - MCDC Present Law Adjustments                     | 0.00                  | 0            | 81,707           | 0                | 81,707             | 0.00                  | 0            | 126,670          | 0                | 126,670            |
| <b>Total Other Present Law Adjustments</b>                  | <b>0.00</b>           | <b>\$0</b>   | <b>\$405,212</b> | <b>\$369,802</b> | <b>\$775,014</b>   | <b>0.00</b>           | <b>\$0</b>   | <b>\$462,390</b> | <b>\$384,560</b> | <b>\$846,950</b>   |
| <b>Grand Total All Present Law Adjustments</b>              |                       |              |                  |                  | <b>\$1,081,515</b> |                       |              |                  |                  | <b>\$1,186,949</b> |

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

DP 33202 - CD Medicaid Caseload Adjustment - The legislature added \$1.2 million total funds for increases in chemical dependency Medicaid services, with state matching funds of about \$0.4 million from alcohol state special revenue. Medicaid youth residential services are also expected to increase each year by \$427,176 for new providers that were not providing these services previously and are a significant component of the expected growth.

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

DP 33302 - MCDC Present Law Adjustments - The legislature appropriated \$208,377 alcohol tax state special revenue over the biennium for inflationary increases for pharmacy, outside medical, and facility rent and food services for MCDC.

**New Proposals**

| New Proposals   |                       |                    |                  |                    |                    |                       |                    |                  |                    |                    |
|---|-----------------------|--------------------|------------------|--------------------|--------------------|-----------------------|--------------------|------------------|--------------------|--------------------|
|   | -----Fiscal 2008----- |                    |                  |                    |                    | -----Fiscal 2009----- |                    |                  |                    |                    |
| Sub Program   | FTE                   | General Fund       | State Special    | Federal Special    | Total Funds        | FTE                   | General Fund       | State Special    | Federal Special    | Total Funds        |
| DP 33203 - Meth & CD Regional Services Expansion          |                       |                    |                  |                    |                    |                       |                    |                  |                    |                    |
| 02  | 1.00                  | 2,000,000          | 0                | 0                  | 2,000,000          | 1.00                  | 2,000,000          | 0                | 0                  | 2,000,000          |
| DP 33206 - Strategic Prevention Framework Incentive Grant |                       |                    |                  |                    |                    |                       |                    |                  |                    |                    |
| 02  | 2.00                  | 0                  | 0                | 2,332,000          | 2,332,000          | 2.00                  | 0                  | 0                | 2,332,000          | 2,332,000          |
| DP 33304 - MCDC Staff (Modified and Other)                |                       |                    |                  |                    |                    |                       |                    |                  |                    |                    |
| 02  | 6.00                  | 0                  | 340,906          | 0                  | 340,906            | 6.00                  | 0                  | 344,518          | 0                  | 344,518            |
| DP 33701 - Provider Rate Increases                        |                       |                    |                  |                    |                    |                       |                    |                  |                    |                    |
| 02  | 0.00                  | 90,594             | 14,023           | 31,024             | 135,641            | 0.00                  | 251,827            | 18,961           | 63,146             | 333,934            |
| <b>Total</b>  | <b>9.00</b>           | <b>\$2,090,594</b> | <b>\$354,929</b> | <b>\$2,363,024</b> | <b>\$4,808,547</b> | <b>9.00</b>           | <b>\$2,251,827</b> | <b>\$363,479</b> | <b>\$2,395,146</b> | <b>\$5,010,452</b> |

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

This appropriation will fund five group homes and anticipates that two of the homes will be sited on reservations. The group homes will serve about 84 persons a year. The appropriation will also provides funding to serve an additional 64 individuals through existing providers.

*The following information was utilized as part of the legislative decision making process, and will be used for ongoing program evaluation. It was submitted by the agency, edited by LFD staff for brevity and to include any legislative changes.*

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

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

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

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

- Increase in the length of time of non-use
- Decrease in the number of encounters with law enforcement
- Decrease in the admissions to inpatient treatment
- Increase in the length of gainful employment

Milestones:

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

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

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

**Obstacles:**

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

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

DP 33206 - Strategic Prevention Framework Incentive Grant - The legislature funded the executive request for \$4.7 million in federal funds for the biennium to implement the State Prevention Framework-State Incentive Grant. This grant focuses on infrastructure and capacity building at state and community levels to deliver and sustain effective substance abuse prevention services. Two FTE are funded to monitor and assist with management and implementation of the grant, day to day activities, performance monitoring, and training for providers. The funding will also provide for data collection and analysis, personnel training, and the development of state certification criteria for prevention specialists, among other activities. The division will allocate funding to individual communities to implement evidence-based prevention programs.

*The following information was utilized as part of the legislative decision making process, and will be used for ongoing program evaluation. It was submitted by the agency, edited by LFD staff for brevity and to include any legislative changes.*

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

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

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

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

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

**Milestones:** Major milestones include:

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

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

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

Obstacles:

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

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

DP 33304 - MCDC Staff (Modified and Other) - The legislature funded the executive request to continue 6.00 modified FTE added in FY 2007 due to patient and staff safety issues. Operating costs and equipment are also funded. In total the legislature added \$685,424 of alcohol state special revenue over the biennium for these costs.

*The following information was utilized as part of the legislative decision making process, and will be used for ongoing program evaluation. It was submitted by the agency, edited by LFD staff for brevity and to include any legislative changes.*

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

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

Goal(s):

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

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

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

## Milestones:

- Retain the 6.00 FTE hired in FY 2007

## FTE:

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

Funding: State special revenue alcohol tax.

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

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

DP 33701 - Provider Rate Increase - The legislature approved \$3.8 million, including \$0.8 million general fund, over the biennium for provider rate increases. Rate increases for chemical dependency are about \$0.5 million, including \$0.4 million of general fund. The balance (\$3.3 million and \$0.3 million general fund) is allocated to mental health services.

When the legislature adjourned the regular session, HB 820 included a 2.5 percent annual rate increase each year of the biennium. The Governor's revised proposal to the May special session used the HB 820 amount as a starting point and reduced the general fund appropriation amounts for all provider rate increases by about 26 percent. Other funding sources were not changed. Therefore, rate increases fully or partially funded from the general fund were lowered more than rate increases funded from state special revenue and federal funds. The impact of this disparity is most pronounced in AMDD where funding is adequate to support the following provider rate increases:

- Medicaid providers - 2.45 percent in FY 2008 and an additional 2.32 percent in FY 2009
- NonMedicaid providers - 1.39 percent in FY 2008 and an additional 2.34 percent in FY 2009

A table in the agency narrative shows provider rate increases by service.

**Sub-Program Details**

**AMDD DIVISION ADMIN 03**

**Sub-Program Legislative Budget**

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

| Sub-Program Legislative Budget |                            |                                   |                              |                                  |                                   |                              |                                  |                                   |
|--------------------------------|----------------------------|-----------------------------------|------------------------------|----------------------------------|-----------------------------------|------------------------------|----------------------------------|-----------------------------------|
| Budget Item                    | Base Budget<br>Fiscal 2006 | PL Base Adjustment<br>Fiscal 2008 | New Proposals<br>Fiscal 2008 | Total Leg. Budget<br>Fiscal 2008 | PL Base Adjustment<br>Fiscal 2009 | New Proposals<br>Fiscal 2009 | Total Leg. Budget<br>Fiscal 2009 | Total Leg. Budget<br>Fiscal 08-09 |
| FTE                            | 13.00                      | 0.00                              | 1.00                         | 14.00                            | 0.00                              | 1.00                         | 14.00                            | 14.00                             |
| Personal Services              | 817,025                    | (13,173)                          | 1,285,503                    | 2,089,355                        | (9,339)                           | 2,693,144                    | 3,500,830                        | 5,590,185                         |
| Operating Expenses             | 227,069                    | 41,761                            | 12,700                       | 281,530                          | 47,817                            | 12,700                       | 287,586                          | 569,116                           |
| Debt Service                   | 7,550                      | 0                                 | 0                            | 7,550                            | 0                                 | 0                            | 7,550                            | 15,100                            |
| <b>Total Costs</b>             | <b>\$1,051,644</b>         | <b>\$28,588</b>                   | <b>\$1,298,203</b>           | <b>\$2,378,435</b>               | <b>\$38,478</b>                   | <b>\$2,705,844</b>           | <b>\$3,795,966</b>               | <b>\$6,174,401</b>                |
| General Fund                   | 462,178                    | 15,708                            | 1,056,037                    | 1,533,923                        | 22,561                            | 2,289,099                    | 2,773,838                        | 4,307,761                         |
| State/Other Special            | 88,702                     | 1,631                             | 219,240                      | 309,573                          | 2,211                             | 366,332                      | 457,245                          | 766,818                           |
| Federal Special                | 500,764                    | 11,249                            | 22,926                       | 534,939                          | 13,706                            | 50,413                       | 564,883                          | 1,099,822                         |
| <b>Total Funds</b>             | <b>\$1,051,644</b>         | <b>\$28,588</b>                   | <b>\$1,298,203</b>           | <b>\$2,378,435</b>               | <b>\$38,478</b>                   | <b>\$2,705,844</b>           | <b>\$3,795,966</b>               | <b>\$6,174,401</b>                |

The division administration appropriation rises \$4.1 million over the biennium. The most significant increase is the division pay plan appropriation for \$3.8 million total funds, including \$3.3 million general fund. The pay plan will be allocated across all division programs, most notably the state institutions where the bulk of division personnel work. A much smaller allocation to fund retirement costs is also appropriated to the division administration function and will also be allocated among division functions.

Ongoing appropriations related specifically to the division administration function include about \$160,000 state special revenue to continue 1.00 FTE who coordinates mental health treatment modalities between DOC and AMDD and other joint projects. DOC reimburses AMDD for the cost of the FTE. Other operating cost adjustments add slightly more than \$100,000 total funds over the biennium.

**Present Law Adjustments**

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

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

DP 33101 - AMDD Operations Present Law Adjustments - The legislature funded the executive request for a number of operating cost increases including rent, travel, office supplies, dues, photocopying, minor office equipment, video conferencing and printing, and maintenance electronic records for facilities. The most significant increases funded are:

- o Rent for the Helena office building - \$11,000 for FY 2008 and \$15,000 for FY 2009, compared to base budget expenditures of \$114,686
- o Consulting and professional services to maintain electronic records for facilities - \$15,000 in FY 2008 and \$16,000 in FY 2009
- o Minor equipment, including computer equipment - \$6,000 per year
- o Office supplies, printing, and photocopying services - \$6,000 per year
- o Travel - \$4,000 per year
- o Dues, meeting and conference costs - \$3,000 per year
- o Two way video and postage - \$2,000 per year

**New Proposals**

| Sub Program  | FTE         | Fiscal 2008        |                  |                 |                    | Fiscal 2009 |                    |                  |                 |                    |
|--|-------------|--------------------|------------------|-----------------|--------------------|-------------|--------------------|------------------|-----------------|--------------------|
|  |             | General Fund       | State Special    | Federal Special | Total Funds        | FTE         | General Fund       | State Special    | Federal Special | Total Funds        |
| DP 6013 - 2009 Biennium Pay Plan - HB 13                     |             |                    |                  |                 |                    |             |                    |                  |                 |                    |
| 03   | 0.00        | 1,027,717          | 136,832          | 22,402          | 1,186,951          | 0.00        | 2,259,119          | 283,720          | 49,865          | 2,592,704          |
| DP 6014 - Retirement Employer Contributions-HB 63 and HB 131 |             |                    |                  |                 |                    |             |                    |                  |                 |                    |
| 03   | 0.00        | 28,320             | 2,924            | 524             | 31,768             | 0.00        | 29,980             | 3,038            | 548             | 33,566             |
| DP 33104 - Behavioral Health Program Facilitator             |             |                    |                  |                 |                    |             |                    |                  |                 |                    |
| 03   | 1.00        | 0                  | 79,484           | 0               | 79,484             | 1.00        | 0                  | 79,574           | 0               | 79,574             |
| <b>Total</b>   | <b>1.00</b> | <b>\$1,056,037</b> | <b>\$219,240</b> | <b>\$22,926</b> | <b>\$1,298,203</b> | <b>1.00</b> | <b>\$2,289,099</b> | <b>\$366,332</b> | <b>\$50,413</b> | <b>\$2,705,844</b> |

DP 6013 - 2009 Biennium Pay Plan - HB 13 - The legislature passed a pay plan (HB 13 of the 2007 regular session) that provides an additional 3.0 percent pay increase in FY 2008 and FY 2009, a 0.5 percent increase in the 10-year longevity increment, an additional 0.6 percent discretionary allocation, as well as an additional \$33 per month in health insurance contribution in FY 2008 and an additional \$36 per month in FY 2009. These amounts represent this program's allocation of funds for pay plan costs.

The pay plan allocation will be distributed among all programs administered by AMDD. The majority of the pay plan appropriation in this division supports pay increases for state institution employees.

DP 6014 - Retirement Employer Contributions-HB 63 and HB 131 - The legislature adopted HB 63 and HB 131, which increase the employer contribution to retirement systems. The amounts shown represent this program's allocation of costs to fund this increased contribution.

The retirement allocation will be distributed among all programs administered by AMDD. The majority of the retirement appropriation in this division supports allocations for state institution employees.

DP 33104 - Behavioral Health Program Facilitator - The legislature funded the executive request to continue a shared position between AMDD and DOC. AMDD provides 1.00 FTE to coordinate treatment modality between agencies, while DOC provides funding of position and related operational costs, such as travel and supplies. The departments have a signed memorandum of understanding and DOC is charged for actual expenditures incurred. The appropriation includes \$159,058 state special revenue over the biennium.

*The following information was utilized as part of the legislative decision making process, and will be used for ongoing program evaluation. It was submitted by the agency, edited by LFD staff for brevity and to include any legislative changes.*

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

Goals:

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

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

Performance Criteria:

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

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

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

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

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

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