

Program Legislative Budget

The following table summarizes the proposed budget for this program 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	492.92	0.00	1.00	493.92	0.00	1.00	493.92	493.92
Personal Services	22,208,155	553,531	40,779	22,802,465	717,688	40,820	22,966,663	45,769,128
Operating Expenses	8,376,219	139,292	1,129,504	9,645,015	235,404	61,064	8,672,687	18,317,702
Equipment	68,120	(53,120)	0	15,000	(53,120)	0	15,000	30,000
Benefits & Claims	96,915,222	2,598,760	13,987,859	113,501,841	2,659,299	15,817,660	115,392,181	228,894,022
Debt Service	0	0	0	0	0	0	0	0
Total Costs	\$127,567,716	\$3,238,463	\$15,158,142	\$145,964,321	\$3,559,271	\$15,919,544	\$147,046,531	\$293,010,852
General Fund	46,584,972	1,519,762	3,741,961	51,846,695	1,816,622	4,144,251	52,545,845	104,392,540
State/Other Special	1,458,428	512,336	2,782,826	4,753,590	513,502	2,185,587	4,157,517	8,911,107
Federal Special	79,524,316	1,206,365	8,633,355	89,364,036	1,229,147	9,589,706	90,343,169	179,707,205
Total Funds	\$127,567,716	\$3,238,463	\$15,158,142	\$145,964,321	\$3,559,271	\$15,919,544	\$147,046,531	\$293,010,852

Page Reference

Legislative Budget Analysis, B-121

Funding

Disability Services Division (DSD) is funded with a combination of 36 percent general fund, 3 percent state special revenue, and 61 percent federal funds. Most general fund support is used to draw down federal matching funds. The matching ratio for federal programs administered by the division varies. However, the most common ratios are:

- o Medicaid services are funded at the federal medical assistance participation rate (FMAP), which is generally about 32 percent state funds and 68 percent federal funds
- o Medicaid administrative costs are funded on a 50/50 ratio of state and federal funds
- o Vocational Rehabilitation services are funded on a 21/79 ratio of state and federal funds
- o Disability determination services are funded entirely with federal funds
- o The Montana Developmental Center (MDC) is funded entirely with general fund. Medicaid reimbursements for services provided at MDC are first used to repay bond debt and the remaining balance is deposited in the general fund

Program Narrative

Biennial funding in this bill is \$2.4 million less than the executive biennial budget primarily due to: 1) a reduction of \$8.3 million to the \$11.4 million request to place individuals presently on the waiting list into developmentally disabled community services, of which \$3.0 million is general fund and \$5.3 is federal revenue; and 2) an offsetting increase of \$5.9 million (\$2.6 general fund and \$3.3 federal revenue) for direct care worker wages that would raise the lowest paid direct care workers to \$8.50 and hour and raise related benefits.

This bill supports the division's presentation of its goals and measurable objectives and addresses:

- o The support of individuals served by the Vocational Rehabilitation Program (VR), the Montana Telecommunications Access Program (MTAP), and the Montana Developmental Center as well as developmentally disabled clients served by providers in Montana communities
- o Legislative initiatives that provide \$2.5 million general fund and \$3.3 million federal special revenue for direct care worker wage increases in the Disability Services Division and an additional \$70,000 increase to the 2.5 percent provider rate increase over the biennium in the Vocational Rehabilitation Program
- o Components in the division goals and objectives for the division's developmentally disabled (DD) provider rate rebasing project, reduction of the DD waiting list for community services, and health services savings accounts for individuals with disabilities, the acquisition of communication equipment for clients with hearing loss, a

speech disability, or a mobility disability, and the processing system growth and continued efficiency of Disability Determination Services

The bill includes language requesting that the division report its progress toward the goals and objectives throughout the interim.

Present Law Adjustments

The “Present Law Adjustments” table shows the primary changes to the proposed adjusted base budget. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies, unless otherwise noted. 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				1,013,428						1,184,453
Vacancy Savings				(928,857)						(935,725)
Inflation/Deflation				95,656						104,163
Fixed Costs				(152,703)						(167,622)
Total Statewide Present Law Adjustments				\$27,524						\$185,269
DP 6015 - State Motor Pool Rate Change	0.00	(513)	(422)	(78)	(1,013)	0.00	(528)	(436)	(81)	(1,045)
DP 10001 - Adjust I-149 Funding	0.00	(475,001)	475,001	0	0	0.00	(475,001)	475,001	0	0
DP 10002 - FMAP Adjustment	0.00	1,398,752	0	(1,398,752)	0	0.00	1,540,649	0	(1,540,649)	0
DP 10003 - Annualization of Community Services Cost Plans	0.00	695,174	0	1,671,368	2,366,542	0.00	701,609	0	1,664,933	2,366,542
DP 10004 - MDC Base Adjustments (Biennial)	0.00	439,448	0	0	439,448	0.00	449,601	0	0	449,601
DP 10005 - DSD Rent for non-state facilities	0.00	5,587	2,510	16,088	24,185	0.00	10,366	3,195	27,079	40,640
DP 10007 - Disability Determination Services Base Adjustments	0.00	0	0	157,521	157,521	0.00	0	0	238,241	238,241
DP 10008 - VR Tuition Increases	0.00	44,359	0	163,897	208,256	0.00	56,237	0	207,786	264,023
DP 10020 - Health Services Accounts	0.00	0	16,000	0	16,000	0.00	0	16,000	0	16,000
Total Other Present Law Adjustments	0.00	\$2,107,806	\$493,089	\$610,044	\$3,210,939	0.00	\$2,282,933	\$493,760	\$597,309	\$3,374,002
Grand Total All Present Law Adjustments				\$3,238,463						\$3,559,271

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

DP 10001 - Adjust I-149 Funding - The bill includes replacement of \$475,000 of general fund with state special revenue I-149 funds each year of the biennium. The 2005 Legislature appropriated funding for the 2007 biennium to support increasing the direct care worker salary benchmark in the DD provider published rate schedule from the 25th to 35th percentile of comparable salaries using both general fund and I-149 funds. However, to allow the I-149 balance to build, the 2005 Legislature appropriated general fund for FY 2006 and state special revenue for FY 2007, which placed \$450,000 in general fund in the base year. The unintended consequence is that general fund rather than I-149 funding was included for both years of the 2009 biennium and no I-149 funds were used. This appropriation establishes the funding as intended by the 2005 Legislature.

DP 10002 - FMAP Adjustment - This bill adds general fund of almost \$2.9 million over the biennium to offset the decrease in federal funds from the projected change in Federal Medical Assistance Percentage (FMAP) rates for FY 2008 and FY 2009, and maintain current activities. The projected FMAP rate for FY 2008 is 68.62 percent and 68.40 percent

for FY 2009, as compared to the base year FMAP of 70.76 percent for FY 2006. Please refer to the agency narrative for a discussion of the federal Medicaid matching rates.

DP 10003 - Annualization of Community Services Cost Plans - This bill includes \$1.4 million general fund and \$3.3 million federal funds over the biennium to support annualized cost plans for 18 individuals in developmental disability community services. The appropriated funding for these individuals was unused in FY 2006 due to the timing of the closure of Unit 16 AB at the Montana Developmental Center, and because some 16 AB clients could not be immediately placed in the community. The unused portion of the appropriation was reverted and is not in the base. This appropriation restores the funding at the Medicaid program matching rate of approximately 32 percent state general fund to approximately 68 percent federal funds. Funding supports 18 clients with cost plans estimated at \$100,000 in the 2009 biennium.

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

Justification and Goal: The Developmental Disabilities Program (DDP) expects to move 18 individuals from the Montana Developmental Center (MDC) unit 16 AB into community services by the summer of 2007.

Performance Criteria, Milestones: The individuals will be in community service settings and receive uninterrupted services. Staff will monitor program budgets monthly and provide updates to LFD staff for submission to members of the Joint Appropriations Health and Human Services Subcommittee, and if indicated, to the Legislative Finance committee. The updates should include the number of individuals moved into the community, which community they entered, and the provider serving them. Additionally, updates are requested to show the number of crisis incidents and clients that had to be relocated to MDC or another community, and why.

Obstacles and risks: Community services must be provided. This appropriation attempts to secure the provision of services to avoid reducing or cutting services in other areas.

DP 10004 - MDC Base Adjustments (Biennial) - Included is approval of a biennial appropriation of nearly \$0.9 million general fund to maintain Montana Developmental Center (MDC) staffing requirements for its 24-hour day, 7-days-a-week services. The appropriation is designated biennial to assist MDC through the transition of the closure of Unit 16 AB and movement of individuals from MDC into the community.

DP 10005 - DSD Rent for non-state facilities - Approval is included for \$15,953 of general fund, \$5,705 of state special revenue, and \$43,167 of federal funds over the biennium for rent of non-state facilities. The funding is primarily related to increases that are built into the lease agreements for field offices in non-Department of Administration buildings for the Developmental Disabilities and Vocational Rehabilitation programs.

DP 10007 - Disability Determination Services Base Adjustments - The bill includes an increase of \$395,762 in federal funds over the biennium to address the workload increase for Disability Determination Services including:

- Overtime of approximately \$22,816 each year to help process the workload in an electronic environment to meet SSA required productivity levels while addressing the number of pending cases
- An increase in 'other services' for medical consultants to review all cases cleared through the DDS as mandated by federal law (Cases are projected to return toward the historical average with estimates of 11,357 FY 2008 and 12,493 clearances in FY 2009. The increase results in the request for \$120,446 in FY 2008 and \$193,150 in FY 2009.)
- An increase for rent to about \$16,000 over the biennium for the DDS office
- Reimbursement for required travel for disability claimants to consultative examinations that are reimbursed at state per diem rates (Projections based on the increase in case clearances mentioned above, were funded at \$7,962 in FY 2008 and \$12,734 for FY 2009.)

DP 10008 - VR Tuition Increases - The bill appropriates just over \$100,000 of general fund and \$370,000 of federal funds over the biennium to provide a 5 percent tuition increase for non-state schools, and no increase for state schools. The funds, which are a portion of the Vocational Rehabilitation benefits, would offset increases in tuition costs and maintain current level services that assist individuals with disabilities to return to work. Tuition historically represents about 43 percent of all benefits. This appropriation increases funds for tuition to \$3.92 million in FY 2008 and \$3.98 million in FY 2009. Funding for this appropriation is split 21.30 percent general fund and 78.70 percent federal funds.

DP 10020 - Health Services Accounts - This bill appropriates \$16,000 in state special revenue each year of the biennium to continue the Medicaid pilot program to create waiver services savings accounts for individuals with developmental disabilities. The original funding was appropriated in the 2005 Session via SB 433 for DSD to implement the pilot program.

New Proposals

New Proposals											
Program	FTE	Fiscal 2008				Fiscal 2009					
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
DP 10009 - Montana Youth Leadership Forum (MYLF)	10	0.00	50,000	0	0	50,000	0.00	50,000	0	0	50,000
DP 10010 - DD Wait List Reduction	10	0.00	500,000	0	1,093,372	1,593,372	0.00	500,000	0	1,082,278	1,582,278
DP 10011 - DD Rate Rebasing	10	0.00	1,582,172	1,717,826	4,869,677	8,169,675	0.00	1,814,413	2,185,587	5,840,515	9,840,515
DP 10016 - DD Crisis Funding - OTO	10	0.00	120,000	0	0	120,000	0.00	120,000	0	0	120,000
DP 10018 - MTAP new technologies (Restricted / Biennial)	10	0.00	0	1,065,000	0	1,065,000	0.00	0	0	0	0
DP 10021 - Developmental Disabilities Program - Fed Authority	10	0.00	0	0	1,000,000	1,000,000	0.00	0	0	1,000,000	1,000,000
DP 10026 - VR Transition Counselor	10	1.00	55,283	0	0	55,283	1.00	51,884	0	0	51,884
DP 10501 - Provider Rate Increases (Restricted)	10	0.00	163,993	0	1,916	165,909	0.00	332,098	0	3,866	335,964
DP 10601 - Direct Care Worker Wage Increases (Restricted)	10	0.00	1,270,513	0	1,668,390	2,938,903	0.00	1,275,856	0	1,663,047	2,938,903
Total	1.00	\$3,741,961	\$2,782,826	\$8,633,355	\$15,158,142	1.00	\$4,144,251	\$2,185,587	\$9,589,706	\$15,919,544	

DP 10009 - Montana Youth Leadership Forum (MYLF) - The bill appropriates \$100,000 general fund over the biennium to support the Montana Youth Leadership Forum (MYLF) for youth with disabilities, including Indian students on Montana reservations.

At 5 days intensive training, youth with disabilities cultivate leadership, citizenship, and social skills. They work on goals while developing a personal leadership plan and a resource plan. So far, 108 Montana youth have completed the program. The 2005 Legislature appropriated \$50,000 per year through HB 550 for the summer of 2005 and the summer of 2006 to help fund the program.

DP 10010 - DD Wait List Reduction (Restricted/OTO)- The bill provides \$1.0 million general fund and \$2.2 million federal funds over the biennium to support individuals currently on the developmental disability community services waiting list.

DP 10011 - DD Rate Rebasing - This bill contains \$18.0 million comprising \$3.4 million general fund, \$3.9 million in state special revenue funds, and \$10.7 million federal funds over the biennium, to support adjustments of the developmental disability program provider rates.

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

Justification: The objective is to compensate DDP providers at a standardized rate allowing them to maintain and elevate the quality of care for our DDP clients statewide. While some DDP providers provide Vocational Rehabilitation services and/or may operate recycling operations, there is little alternative to increase revenues except from legislative increases.

Funding supports case management services rates and adult services rate rebasing as well as an employee wage benchmark based on reported case manager wage data. Providers hope to reduce caseloads, allowing case managers to provide quality service as the program transitions to a standardized rate system with individualized services and individualized budgets. Other services addressed by this funding are children's family education and support services (FESS) and DDP waiver transportation services, which are not currently in a standardized rate system.

Goals, Performance Criteria, and Milestones: The goal is to maintain or elevate quality care for DDP clients by upholding a strong provider financial and programmatic infrastructure that will facilitate community services for individuals with developmental disabilities and continue of the vision for community integration.

The program intends to perform a similar rebasing effort every two years in advance of each legislative session. The data received should be sufficient to gauge the level of success achieved by increasing the standardized rates. The program should be able to determine whether the increases have kept pace with inflation and whether staff turnover rates and vacancy periods have declined. The program should be able to determine if providers have made choices to adjust costs and thus bring their costs more in line with other providers, and in line with their revenues. Eventually, the standard deviation of the costs around the average should decline. Revised standardized rates will be effective July 1, 2007 that will reflect the increases coming from this budget request.

Funding: Funding is a mix of Medicaid program matching rate of approximately 32 percent state general fund to approximately 68 percent federal funds for Medicaid waiver services and state plan case management services; general fund for the increases to FESS services; general fund for increases to non-Medicaid services; and a small amount of Medicaid Admin at a 50 percent state general fund to a 50 percent federal fund match related to case management eligibility determination. There is also a continuation of I-149 funds.

Obstacles and Risks: Providers are experiencing increases in direct care staff turnover and extended periods of having those positions remain vacant for a lack of interest by the labor market. This poses a problem for providers in the new rate system because they can only invoice for direct care services provided when the direct care staff are present to provide the service and could possibly lead to the ruin of the provider organization and again negatively impact the quality of care for DDP clients.

DP 10016 - DD Crisis Funding (OTO) - The bill continues the one-time-only funding of \$240,000 general fund over the biennium to support services for individuals in crisis in the community setting. The Travis D settlement includes funding for \$200,000 per year to support crisis situations.

DP 10018 - MTAP new technologies (Restricted / Biennial) - This bill contains approval for a restricted, biennial, and contingent appropriation of \$1.0 million of state special revenue authority for use by MTAP should the federal government mandate a funding switch from federal to state revenue and have states assume payment for new technologies related to video relay service (VRS) and internet protocol (IP). The appropriation would make use of the handicapped telecommunications state special revenue account fund balance, and would be contingent upon a Federal Communications Commission ruling that the states pay for VRS and IP Relay. If the entire appropriation is spent, a minimum projected fund balance would be \$200,000 at the end of SFY 2009.

DP 10021 - Developmental Disabilities Program - Fed Authority - Additional federal Medicaid authority of \$2.0 million is added for the biennium to provide appropriation authority for increases in federal grants or to maximize general fund

under the Home and Community Based Waiver, which funds services to individuals with developmental disabilities. The federal authority would not require any future commitment of general fund dollars.

DP 10026 - VR Transition Counselor - The bill adds \$107,167 general fund over the biennium to support 1.00 FTE for a vocational rehabilitation counselor as part of the initiative to improve outcomes for young adults with disabilities. The counselor would work with local school districts to assist in identifying disabled students and coordinating available services they might use as they transition from high school into adult life.

DP 10501 - Provider Rate Increases (Restricted) - The bill includes \$0.5 million of general fund for increases in provider rates for the Vocational Rehabilitation and Low Vision Programs of 2.5 percent in FY 2008 with an addition increase of 2.5 percent for FY 2009.

DP 10601 - Direct Care Worker Wage Increases (Restricted) - The bill increases direct care worker wages with a \$2.9 million restricted appropriation each year of the biennium for a legislative initiative that increases the minimum wage from the \$8.00 per hour contained in the rate rebasing component of the Disability Services Division budget to \$8.50 per hour, and adds an additional \$0.19 cents per hour to the base wage component.

Language

“Funding for MTAP New Technologies includes \$1,065,000 in biennial state special revenue in fiscal year 2008 for the Montana telecommunications access program that is contingent upon passage of federal communication commission regulations requiring states to pay for new technologies related to video relay service (VRS) and internet protocol relay (IP). Funding for MTAP new technologies may be expended only to replace federal funds for VRS and IP services.

Included in Disability Services Division / Reporting is \$200 in general fund money each year for a semi-annual report to the legislative finance committee, the children, families, health, and human services interim committee, and members of the joint appropriations subcommittee for health and human services for the following:

- (1) progress towards 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.

Funding for DD Wait List Reduction may be expended only for developmental disabilities community services for persons who are on the waiting list and currently not receiving community services and for persons who are receiving some community services and are in need of further services.

Funds in Direct Care Worker Wage Increases must be used to raise direct care worker wages and related benefits through an increase in provider rates. Funds in Direct Care Worker Wage Increases 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 Increases. Funds in Direct Care Worker Wage Increases must be used first to raise the lowest paid direct care workers to \$8.50 an hour and raise related benefits, and the remaining balance must be used to raise wages and related benefits 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. Disability Services Division/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.

Funds in Provider Rate Increases must be used to raise provider rates by 2.5% in fiscal year 2008 and 2.5% in fiscal year 2009.”