

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	193.44	0.00	9.30	202.74	0.00	9.30	202.74	202.74
Personal Services	8,156,927	1,006,877	320,139	9,483,943	1,097,379	321,014	9,575,320	19,059,263
Operating Expenses	6,057,344	918,369	189,000	7,164,713	931,162	168,900	7,157,406	14,322,119
Equipment	100,165	0	40,000	140,165	0	0	100,165	240,330
Capital Outlay	0	0	0	0	0	0	0	0
Grants	7,160,481	0	1,792,000	8,952,481	0	1,192,000	8,352,481	17,304,962
Benefits & Claims	198,773,021	9,187,039	18,489,356	226,449,416	10,939,164	33,237,396	242,949,581	469,398,997
Transfers	0	0	0	0	0	0	0	0
Debt Service	9,741	3,030	0	12,771	3,300	0	13,041	25,812
Total Costs	\$220,257,679	\$11,115,315	\$20,830,495	\$252,203,489	\$12,971,005	\$34,919,310	\$268,147,994	\$520,351,483
General Fund	46,295,501	1,447,394	6,352,985	54,095,880	1,651,661	10,517,806	58,464,968	112,560,848
State/Other Special	22,385,363	6,943,248	3,469,066	32,797,677	7,673,249	3,540,444	33,599,056	66,396,733
Federal Special	151,576,815	2,724,673	11,008,444	165,309,932	3,646,095	20,861,060	176,083,970	341,393,902
Total Funds	\$220,257,679	\$11,115,315	\$20,830,495	\$252,203,489	\$12,971,005	\$34,919,310	\$268,147,994	\$520,351,483

Page Reference

Legislative Budget Analysis, B-177

Funding

SLTC is funded from a combination of general fund, state special revenue, and federal funds. Total funding rises from \$220.3 million in base budget expenditures to \$268.1 million for the FY 2009 appropriation. Medicaid services, particularly skilled nursing services, drive costs in this division. Total Medicaid services funding in FY 2006 was \$199.8 million or 90.7 percent of total division expenditures and it comprises \$242.8 million or 90.6 percent of the FY 2009 appropriation.

General fund grows from 21.0 percent of the total division funding in FY 2006 to 22.8 percent in FY 2009, while state special revenue rises from 10.2 percent of the base budget (\$22.4 million) to 12.5 percent in FY 2009 (\$33.6 million). Most state funding for this program pays the state match for Medicaid services. General fund and state special revenue combined provided \$57.8 million for Medicaid match in FY 2006 and grow to \$78.2 million of the FY 2009 appropriation, partly due to the reduction in the federal Medicaid match rate.

General fund also supports aging services and some adult protective services (APS) functions. Requests to continue one time appropriations for senior meals and at-home care givers, and increase meal funding, as well as operating cost increases for aging services, also contribute to the general fund increase.

The majority of state special revenue - 9.5 percent of total funding in FY 2009 - is used for state Medicaid match, primarily for skilled nursing facility services. The nursing home utilization fee (authorized in 15-6-102(1), MCA) is a tax of \$8.30 paid for each day a bed in a skilled nursing facility is occupied. Facilities remit the fee to the state and fee income is used to draw down federal matching funds to increase the daily Medicaid nursing home reimbursement. Fee income totals \$10.3 million in FY 2009.

The second most significant source of state special revenue for Medicaid nursing home match is derived from the county intergovernmental transfer (IGT), where counties transmit county funds that support county skilled nursing facilities to DPHHS to draw down additional federal Medicaid funds to raise daily Medicaid nursing home rates. The IGT program is discussed in greater detail in the Medicaid services subprogram. Finally, health and Medicaid initiatives tobacco tax account revenues and interest from the tobacco settlement trust are also used as state Medicaid match.

Support of the veterans' homes is the next most significant use of state special revenue. Cigarette tax revenue is statutorily allocated for veterans' services (16-11-119(1)(a), MCA), and interest and income from state land provides a small amount of funding too.

Lien and estate funds are reimbursements from estates of persons who received Medicaid services (53-6-143, MCA). The funds are used to support APS and a small portion of nursing home Medicaid match.

Federal funds are the largest funding source and increase from FY 2006 (\$111.5 million) to FY 2009 (\$176.1 million), despite declining as a percent of total expenditures from 64.8 percent to 61.8 percent in FY 2009. Federal Medicaid matching funds for services for aged and physically disabled individuals are 61.2 percent of total funding in the FY 2009 appropriation, with only one other federal funding source contributing in excess of 1 percent of total division spending (aging meals at 1.1 percent and \$2.7 million).

Program Narrative

The SLTC 2009 biennium appropriation grows \$71.4 million from the 2007 biennium, or 15.9 percent, despite projected ongoing declines in nursing home services. Other major biennial increases that offset anticipated nursing home cost reductions are:

- Direct care worker wages increases - \$15.8 million total funds (\$2.3 million general fund and \$2.7 million health and Medicaid initiatives state special revenue)
- Annualization of the FY 2007 increase in nursing home bed tax revenues used as state Medicaid match - \$15.8 million total funds (\$5.1 million in bed tax state special revenue)
- Provider rate increase of 2.5 percent each year - \$15.6 million total funds (\$2.2 million general fund and \$3.1 million health and Medicaid initiatives state special revenue)
- Annualization of 2005 biennium waiver increases and funding for 100 new slots - \$7.6 million total funds (\$3.4 million health and Medicaid initiative state special revenue)
- Growth in the county intergovernmental transfer program - \$7.4 million (\$2.7 million county matching state special revenue)
- Montana veterans' homes personal services and operating cost increases - \$3.7 million total funds (\$0.7 million cigarette tax revenue)
- Contingency funding to offset a reduction in the county intergovernmental fund transfer used as state match in Medicaid services - \$3.2 million general fund
- Aging community services, including continuation of in-home care giver services - \$3.1 million general fund
- Continuation of elderly meals programs - \$1.3 million general fund

Additional community aging services, direct care worker wage increases, and the second annual 2.5 percent provider rate increase were all added by legislative initiative and not included in the executive budget recommendation.

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				1,004,982						1,069,936	
Vacancy Savings				(366,475)						(369,077)	
Inflation/Deflation				52,267						60,788	
Fixed Costs				(11,570)						753	
Total Statewide Present Law Adjustments				\$679,204						\$762,400	
DP 6015 - State Motor Pool Change	0.00	(2,627)	0	(581)	(3,208)	0.00	(2,618)	0	(589)	(3,207)	
DP 22201 - SLTC Field Office Rent Adjustment	0.00	10,909	0	4,005	14,914	0.00	19,527	0	4,863	24,390	
DP 22204 - Adult Protective Services Database Maintenance	0.00	50,886	0	1,846	52,732	0.00	50,886	0	1,846	52,732	
DP 22205 - Montana Veterans' Home Expense Adjustments	0.00	0	908,886	0	908,886	0.00	0	916,919	0	916,919	
DP 22206 - Dept of Transportation Cars	0.00	11,674	0	11,674	23,348	0.00	11,903	0	11,904	23,807	
DP 22207 - Annualize Nursing Home Provider Tax	0.00	0	2,565,113	5,401,391	7,966,504	0.00	0	2,505,113	5,288,162	7,793,275	
DP 22208 - State Supplement Caseload Increase	0.00	24,960	0	0	24,960	0.00	49,920	0	0	49,920	
DP 22209 - Annualize Waiver Expansion Costs	0.00	(419,748)	829,669	750,433	1,160,354	0.00	(406,035)	829,669	736,720	1,160,354	
DP 22210 - Medicaid Nursing Home FMAP Adj	0.00	2,894,405	0	(2,894,405)	0	0.00	3,033,599	0	(3,033,599)	0	
DP 22211 - Home Based Medicaid FMAP Adj	0.00	578,956	0	(578,956)	0	0.00	606,220	0	(606,220)	0	
DP 22212 - Medicaid Waiver FMAP Adjustment	0.00	491,021	0	(491,021)	0	0.00	514,859	0	(514,859)	0	
DP 22213 - Nursing Home Caseload Adjustment	0.00	(1,976,500)	0	(1,382,760)	(3,359,260)	0.00	(2,413,868)	0	(2,471,274)	(4,885,142)	
DP 22214 - Medicaid Home Based Svs Caseload Adjustment	0.00	259,964	0	568,210	828,174	0.00	642,540	0	1,397,917	2,040,457	
DP 22215 - FMAP Change for I-149 NH Provider Increase	0.00	111,741	0	(111,741)	0	0.00	117,192	0	(117,192)	0	
DP 22216 - FMAP Change for I-149 Home Based Provider Increase	0.00	14,651	0	(14,651)	0	0.00	15,366	0	(15,366)	0	
DP 22217 - FMAP Change for I 1-149 Waiver Provider Rate Inc	0.00	12,213	0	(12,213)	0	0.00	12,809	0	(12,809)	0	
DP 22218 - Annualize Nursing Home Direct Care Wage	0.00	(1,021,218)	1,021,218	0	0	0.00	(1,021,218)	1,021,218	0	0	
DP 22219 - FMAP Change - I-149 Home Based Direct Care Wages	0.00	34,149	0	(34,149)	0	0.00	35,815	0	(35,815)	0	
DP 22220 - FMAP Change - I-149 Direct Care Wages Med Waiver	0.00	6,994	0	(6,994)	0	0.00	7,336	0	(7,336)	0	
DP 22223 - Nursing Home IGT Adjustment	0.00	0	977,007	1,591,700	2,568,707	0.00	0	1,733,139	3,051,961	4,785,100	
DP 22909 - Montana Veterans' Home Contingency Fund Line Item	0.00	0	250,000	0	250,000	0.00	0	250,000	0	250,000	
Total Other Present Law Adjustments				\$1,082,430	\$6,551,893	\$2,801,788	\$10,436,111	\$1,274,233	\$7,256,058	\$3,678,314	\$12,208,605
Grand Total All Present Law Adjustments				\$11,115,315				\$12,971,005			

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 22201 - SLTC Field Office Rent Adjustment - This bill provides \$39,304 for the biennium, including \$30,166 in general fund, to pay rent increases for field offices. Base year costs were \$111,425. Funding will support an annual rent increase of about 6.5 percent from FY 2006 through FY 2009.

DP 22204 - Adult Protective Services Database Maintenance - This bill appropriates \$105,464 over the biennium (\$101,772 general fund) to maintain the APS client database implemented in FY 2006. The database tracks APS cases, complexity and outcomes. This database records documentation for all APS cases and allows managers to equalize caseload among APS field staff based on acuity measures that were incorporated into the database.

DP 22205 - Montana Veterans' Home Expense Adjustments - This bill includes \$1.8 million over the biennium from cigarette tax state special revenue funds to provide for adjustments in operating costs for overtime, holiday pay, differential pay, and increases in food costs, utilities and other supplies at MVH. Overtime costs of \$0.8 million are the most significant component of the request.

DP 22206 - Dept of Transportation Cars - This bill appropriates \$47,155 total funds over the biennium including \$23,577 general fund to replace six cars owned by SLTC with cars leased from the state motor pool. One of the cars has major mechanical problems and five of the cars have over \$125,000 miles.

DP 22207 - Annualize Nursing Home Provider Tax - This adjustment adds \$15.7 million total funds over the biennium including \$5.1 million in state special revenue, for the adjustment in the nursing home bed utilization fee. The fee rose from \$7.05 per day in FY 2006 to \$8.30 per day in FY 2007. The FY 2006 provider tax expenditures totaled \$3.5 million in state special revenue, while the FY 2007 revenues are estimated to be \$6.0 million. The tax is used to draw down federal matching funds and increase the daily Medicaid rate paid for nursing home services.

DP 22208 - State Supplement Caseload Increase - This bill funds the projected cost for caseload and administrative cost increases in state supplemental payments for 20 individuals who would transfer from institutional disability services to community programs. This increase totals \$24,960 general fund for FY 2008 and \$49,920 general fund for FY 2009. Base expenditures were \$1,073,749 general fund.

The monthly state supplemental payment is \$94 and the state pays a \$10 administrative fee to the Social Security Administration to process the payment. About 860 persons received a monthly supplemental payment in FY 2006.

DP 22209 - Annualize Waiver Expansion Costs - This bill adds \$2.3 million over the biennium, including \$1.6 million in tobacco tax state special revenue, to annualize the expansion of the Medicaid community-based waiver program in FY 2007 funded by the 2005 Legislature. This adjustment also includes a funding shift to replace the general fund that supported the FY 2006 expansion with tobacco tax state special revenue, lowering the amount of general fund support by \$0.8 million. The expansion added about 100 additional slots for Home and Community Based services. Base level expenditures were \$23.8 million, supported 1,529 slots and served 1,938 people.

DP 22210 - Medicaid Nursing Home FMAP Adj - This bill adds \$5.9 million general fund over the biennium and reduces federal funds by the same amount due to a reduction in the federal Medicaid match rate to maintain base budget nursing home services funding. The Montana state match rate changes from 29.34 percent in FY 2006 to 31.39 percent in FY 2008 and to 31.49 percent in FY 2009.

DP 22211 - Home Based Medicaid FMAP Adj - This bill appropriates \$1.2 million general fund over the biennium and reduced federal funds by the same amount due to a reduction in the federal Medicaid match rate. The required state match changes from 29.34 percent in FY 2006 to 31.39 percent in FY 2008 and to 31.49 percent in FY 2009.

DP 22212 - Medicaid Waiver FMAP Adjustment - This bill increases general fund appropriations by \$1.0 million over the biennium and reduces federal funds by the same amount due to a reduction in the federal Medicaid match rate to maintain base funding for community waiver services. The required state match changes from 29.34 percent in FY 2006 to 31.39 percent in FY 2008 and to 31.49 percent in FY 2009.

DP 22213 - Nursing Home Caseload Adjustment - This bill reduces nursing home costs by \$8.2 million total funds over the biennium including \$4.4 million in general fund due anticipated reductions in the number of days of care compared to the FY 2006 base budget.

DP 22214 - Medicaid Home Based Svs Caseload Adjustment - This bill funds anticipated caseload growth for Medicaid home based services, which includes personal care/personal assistance, home health, and the hospice program, at an estimated cost of about \$3.1 million total funds, including \$1.3 million general fund over the biennium.

DP 22215 - FMAP Change for I-149 NH Provider Increase - This bill adds \$0.2 million in general fund over the biennium and reduces federal funds by a like amount. The Montana state match rate increases from 29.34 percent in FY 2006 to 31.39 percent in FY 2008 and to 31.49 percent in FY 2009. The executive budget requested health and Medicaid initiatives funds for the match rate change, which was raised as a statutory compliance issue by LFD staff, since those funds cannot be used to fund the traditional trended level of Medicaid benefits.

DP 22216 - FMAP Change for I-149 Home Based Provider Increase - This bill adds about \$30,000 general fund over the biennium and reduces federal funds by a like amount. The Montana state match rate increases from 29.34 percent in FY 2006 to 31.39 percent in FY 2008 and to 31.49 percent in FY 2009. The executive budget requested health and Medicaid initiatives funds for the match rate change, which was raised as a statutory compliance issue by LFD staff, since those funds cannot be used to fund the traditional trended level of Medicaid benefits.

DP 22217 - FMAP Change for I 1-149 Waiver Provider Rate Inc - This bill adds about \$25,000 in general fund over the biennium and reduces federal funds by a like amount. The Montana state match rate increases from 29.34 percent in FY 2006 to 31.39 percent in FY 2008 and to 31.49 percent in FY 2009. The executive budget requested health and Medicaid initiatives funds for the match rate change, which was raised as a statutory compliance issue by LFD staff, since those funds cannot be used to fund the traditional trended level of Medicaid benefits.

DP 22218 - Annualize Nursing Home Direct Care Wage - This appropriation shifts the full cost of the direct care wage increase authorized by the 2005 Legislature from general fund (nearly a \$2.0 million decrease over the biennium) to cigarette tax state special revenue which increases by a like amount. This shift represents the amount of health and Medicaid initiatives account funds appropriated by the legislature to support the cost of the wage increase in FY 2007.

DP 22219 - FMAP Change - I-149 Home Based Direct Care Wages - This bill includes a funding shift that reduces federal funds and increases general fund by about \$70,000 to annualize direct care worker wage increases authorized by the 2005 Legislature and account for the federal Medicaid match rate change. The executive budget requested health and Medicaid initiatives funds for the match rate change, which was raised as a statutory compliance issue by LFD staff, since those funds cannot be used to fund the traditional trended level of Medicaid benefits.

DP 22220 - FMAP Change - I-149 Direct Care Wages Med Waiver - This bill adds about \$14,000 general fund and that reduces federal funds by a like amount to annualize direct care worker wage increases authorized by the 2005 Legislature and to account for the federal Medicaid match rate change. The executive budget requested health and Medicaid initiatives funds for the match rate change, which was raised as a statutory compliance issue by LFD staff, since those funds cannot be used to fund the traditional trended level of Medicaid benefits.

DP 22223 - Nursing Home IGT Adjustment - This bill approved the executive request for \$7.3 million over the biennium, with the state share coming from local county resources, to fund increases in county nursing home intergovernmental transfer payments (IGT). This program allows counties to transfer a portion of the funds used to support county nursing homes to DPHHS. The transferred funds are applied as Medicaid match to draw down additional federal Medicaid funds and raise the daily nursing home reimbursement. The appropriation is restricted and may only be used for the county nursing home IGT. This bill anticipates that that there are proposed federal rules that may impact the Montana IGT program as explained in DP 22605 IGT Offset.

DP 22909 - Montana Veterans' Home Contingency Fund Line Item - This bill continues the restricted Montana Veterans' Home Contingency Fund appropriation included in HB 2 by the 2005 Legislature for \$250,000 state special revenue from state special revenue each year of the biennium. These funds may be used only subject to a determination by the Office of Budget and Program Planning that federal and/or state special revenue appropriations are insufficient to operate the Veterans' Home in Columbia Falls in order to maximize the draw down of federal funds. This appropriation was authorized in both the 2003 and 2005 legislatures.

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 22101 - EMVH Resident Bus Replacement - OTO	22	0.00	0	40,000	0	40,000	0.00	0	0	0	0
DP 22103 - MVH Facility Upgrades - OTO	22	0.00	0	165,000	0	165,000	0.00	0	165,000	0	165,000
DP 22105 - MVH Special Care Unit Staff	22	5.20	0	137,862	0	137,862	5.20	0	138,421	0	138,421
DP 22106 - MVH Pharmacy Clerk	22	0.60	0	22,539	0	22,539	0.60	0	22,685	0	22,685
DP 22107 - EMVH Fire Alarm System - OTO	22	0.00	0	15,000	0	15,000	0.00	0	0	0	0
DP 22108 - Additional Aging Ombudsman Position	22	1.00	0	0	47,020	47,020	1.00	0	0	45,362	45,362
DP 22109 - Elderly Meal Programs	22	0.00	692,000	0	0	692,000	0.00	692,000	0	0	692,000
DP 22110 - Continue Aging In-Home Caregiver Program	22	0.00	600,000	0	0	600,000	0.00	0	0	0	0
DP 22112 - Additional SHIP FTE for Aging Services	22	1.00	0	0	47,020	47,020	1.00	0	0	45,362	45,362
DP 22119 - Waiver Expansion	22	0.00	838,161	0	1,810,894	2,649,055	0.00	850,347	0	1,798,708	2,649,055
DP 22239 - Adult Protective Services Field Staff	22	1.50	0	74,698	0	74,698	1.50	0	73,084	0	73,084
DP 22501 - Provider Rate Increases	22	0.00	220,789	1,555,760	3,398,230	5,174,779	0.00	2,024,628	1,678,443	6,867,306	10,570,377
DP 22601 - Direct Care Worker Wage Increases - Restricted	22	0.00	1,152,035	1,330,136	5,425,352	7,907,523	0.00	1,155,706	1,334,373	5,417,444	7,907,523
DP 22603 - Increase Third Party Revenue - MVH	22	0.00	0	0	0	0	0.00	0	0	0	0
DP 22604 - Aging Services Increase	22	0.00	500,000	0	0	500,000	0.00	500,000	0	0	500,000
DP 22605 - IGT Offset	22	0.00	1,600,000	0	0	1,600,000	0.00	1,600,000	0	0	1,600,000
DP 22606 - Aging Services (OTO)	22	0.00	750,000	0	0	750,000	0.00	750,000	0	0	750,000
DP 22902 - Healthcare for Healthcare Workers	22	0.00	0	0	0	0	0.00	2,945,125	0	6,407,447	9,352,572
DP 22904 - Personal Needs Increase	22	0.00	0	128,071	279,928	407,999	0.00	0	128,438	279,431	407,869
Total	9.30	\$6,352,985	\$3,469,066	\$11,008,444	\$20,830,495	\$20,830,495	9.30	\$10,517,806	\$3,540,444	\$20,861,060	\$34,919,310

DP 22101 - EMVH Resident Bus Replacement - OTO - This appropriation provides one-time-only funding from the cigarette tax state special revenue funds of \$40,000 to replace a bus, which is used to transport residents of the Eastern Montana Veterans' Home in Glendive. The EMVH is soliciting donations from charitable and veterans' groups to help offset a portion of the cost of this bus.

DP 22103 - MVH Facility Upgrades - OTO - This bill authorizes a one-time-only appropriation \$330,000 state special revenue funds over the biennium for facility upgrades at MVH. These upgrades will include replacing 80 beds with adjustable hi-lo electric beds to reduce back injuries suffered by caregivers. The appropriation also includes \$120,000 per year from the cigarette tax state special revenue to remodel MVH bathrooms to replace countertops, cabinets, toilets, sinks and flooring.

DP 22105 - MVH Special Care Unit Staff - This bill provides funding for additional staff for the Special Care Unit (SCU) at MVH. The 15-bed SCU is at full occupancy with a waiting list. Because many of the clients are in advanced stages of dementia, MVH has been experiencing a greater number of patient accidents in this unit. This appropriation supports one additional CNA for two shifts seven days a week (3.20 FTE), one activities aide for one shift seven days a week (1.60 FTE) and a housekeeper on the weekends for the SCU (0.40 FTE). The total cost for these FTE is about \$140,000 per year and would be funded from the cigarette tax state special revenue fund.

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: Additional CNA staffing and additional activities staff resources would provide more one-on-one supervision and direction of the SCU residents and more tailored and focused activities that are designed specifically for residents with dementia and complex care needs. The additional house keeping staff would provide more resources on weekends, to avoid pulling staff from the main floor to the SCU, in order to maintain facility cleanliness and infection control requirements.

Goal: Assure mandated staffing levels are maintained; provide quality of care to residents; maintain health and safety of residents; reduce the risk of accidents and injuries; and maintain facility cleanliness.

Performance Criteria:

- Compliance with survey requirements related to staffing levels, infection control and cleanliness
- Reduction in the number of patient accidents/injuries in SCU as part of the 2008 annual survey of the facility by Quality Assurance Division, Certification Bureau in DPHHS and the Veterans' Administration survey.

Milestones: Compliance with health and safety standards, staffing requirements and reduction of accidents as determined by the 2008 annual health survey conducted by DPHHS and the Veterans' Administration.

FTE: One additional Certified Nursing Assistant (CNA) for two shifts seven days a week (3.2 FTE), one activities aide for one shift seven days a week (1.6 FTE), and one housekeeper on the weekends (0.4 FTE) for the SCU. If these staff resources are not approved the facility will continue the current process of reallocation of existing staff resources and will use more expensive agency and temporary staff to assure that quality care is provided to meet resident care needs on a 24/7 basis, which may result in additional costs to the facility .

Funding: This proposal is funded from the cigarette tax state special revenue account.

Obstacles: Recruitment and retention of qualified staff in the Flathead Valley for staffing support of higher acuity residents in a SCU environment is a challenge. Even with the ability to increase wages to be more competitive, the facility may find it difficult to find enough qualified staff to fill these positions.

Risk: Without these additional SCU staff resources the facility assumes the potential risk of increased accidents for a population that has an inherently higher risk for injury and accidents. The facility assumes risk of survey deficiencies related to staffing, activities, and infection control by the state certification bureau if additional resources are not available. Additionally, the facility will not be able to provide the highest level of quality care to facility residents.

DP 22106 - MVH Pharmacy Clerk - This bill funds a 0.60 FTE pharmacy clerk at MVH. This position will be responsible to collect data to be used in Medicare and Medicaid reimbursement as related to the new Medicare Part D prescription drug program. This appropriation (about \$23,000 each fiscal year) is funded from cigarette tax state special revenue.

DP 22107 - EMVH Fire Alarm System - OTO - This one-time-only appropriation adds \$15,000 from cigarette tax state special revenue to upgrade the fire alarm system at the Eastern Montana Veterans' Home in Glendive.

DP 22108 - Additional Aging Ombudsman Position - This bill appropriates about \$92,400 federal funds over the biennium for an additional 1.0 FTE aging services ombudsman. Currently, there is a single full time position to oversee the long term care ombudsman program. Ombudsman advocate for residents' rights in nursing facilities and community-based settings, such as assisted living, which are increasingly popular long term care alternatives. The number of elderly individuals accessing these services is increasing.

DP 22109 - Elderly Meal Programs - This bill adds \$692,000 general fund each year over the biennium to support aging programs and grants administered by Area Agencies on Aging. The 2005 Legislature appropriated \$567,000 of general fund each year of the 2007 biennium, but designated the appropriation as one time only (OTO), so it was removed from the base budget. This adjustment restores the appropriation and increases it by \$125,000 each year.

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 2005 Legislature approved \$567,000 of OTO general fund to the aging program for grants to local Area Agencies on Aging for Meals on Wheels, congregate feeding programs and other programs for the elderly in the community.

Goal: Allow local communities to provide services to elderly Montanans to help them maintain quality of life and remain independent.

Performance Criteria: The services to be provided include meals, in-home services (such as homemaker, home chore, personal care, skilled nursing), access services (such as transportation, information and assistance, shopping assistance), and senior centers. The units of service that have been provided and would continue to be provided with these funds include:

- Congregate meals --- 15,400 units of service
- Home delivered meals --- 35,000 units of service
- In-Home services --- 8,000 units of service
- Access services --- 7,500 units of service

FTE: No additional FTE would be required.

Funding: Funding for this proposal is 100 percent general fund.

Milestones: Continuation of these funds would allow the department to maintain programs at the current level of effort.

Obstacles: The major obstacle facing these programs would be the loss of services to the elderly if these funds are reduced or not appropriated. Overall meal costs have been increasing over the last five years resulting in fewer meals that can be served if the funding level does not keep pace with the increase in the number of elderly using these services.

Risk: Without continued funding, there will be a reduction in the numbers of in-home services provided. A reduction or elimination of services could place many elders at risk and may lead to more institutional care.

DP 22110 - Continue Aging In-Home Caregiver Program - This bill appropriates \$600,000 in general fund over the biennium for Area Agencies on Aging to provide in-home caregiver services to elderly citizens residing in their homes. These funds were approved as a one-time-only appropriation in the 2007 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: The 2005 Legislature appropriated \$600,000 general fund as a biennial, restricted, one-time-only appropriation to support in-home caregiver services to contract with local providers. SLTC was prohibited from spending the appropriation for Medicaid matching funds. These funds were passed through to Area Agencies on Aging to provide in home caregiver services to elderly citizens residing in their homes.

Goal:

- Continue to provide in-home services and assistance to caregivers of the elderly as well as to those elderly who are involved in giving care and support to their disabled child and to persons providing support to those with or those who are taking care of someone who has Alzheimer's disease.
- Maintain the current level of caregiver services in the 2009 biennium

Performance Criteria: Continuation of these funds would provide:

- Respite Care Services --- 6,000 units of service
- Personal Care Services --- 2,000 units of service
- Homemaker Services ---- 1,200 units of service
- Adult Day Care --- 600 units of service
- Transportation --- 100 units
- Skilled Nursing ---- 50 units of service
- Other services are to provide caregivers information, assistance and information about options available to them.

Milestones: Continuation of these funds will allow SLTC to maintain care giver services at the current level of effort.

FTE: No additional FTE resources required.

Funding: This proposal is funded entirely from the general fund.

Obstacles: The major obstacle facing the program is finding quality health care workers in rural frontier counties to provide caregiver services.

Risk: Studies have indicated that without support, caregivers, especially if they are the sole caregiver for a spouse or loved one, usually end up needing more critical care than the one receiving care. If these funds are not continued, in-home caregiver services to elderly citizens residing in their homes will be reduced.

DP 22112 - Additional SHIP FTE for Aging Services - This bill adds about \$92,400 federal funds over the biennium for 1.00 FTE in the Aging Services Bureau for the State Health Insurance Program (SHIP). Current level funding supports 1.00 FTE in SHIP to act as the primary contact point in state government for persons with questions about Medicaid, Medicare, VA benefits for elderly citizens and the new Medicare prescription drug program (Part D), and other elder health related issues. The current FTE travels extensively to provide on-site presentations throughout the state.

DP 22119 - Waiver Expansion - This bill appropriates \$5.3 million total funds over the biennium, including \$1.7 million state special revenue from the health and Medicaid initiatives account, to expand the Medicaid Home and Community Based Waiver program (HCBS). This expansion will add about 100 new service slots for individuals waiting to access community services in home or assisted living settings, supported living, or heavy care slots such as ventilator or traumatic brain injury services.

To be eligible for the waiver program an individual must be elderly or disabled, Medicaid eligible, and require nursing facility or hospital level of care. The majority of the recipients served meet the nursing facility level of care criteria. Because the waiver is not an entitlement, the program has waiting lists, which require that some eligible people wait for services until additional resources are appropriated by the legislature.

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: There are about 600 individuals on the waiver service waiting list. Historically, the waiting list has fluctuated between 450 to 600 individuals on it at any given point in time and is expected to grow as the aging population grows.

Goal: Increase the number of individuals served under the Medicaid home and community waiver by at least 102 over the biennium.

Performance Criteria: 102 individuals will be provided the opportunity to transition to waiver services and will be removed from the waiting list. SLTC staff will monitor performance and modify transition plans based on availability of funding and needs of individuals served.

Milestones: Effective July 1, 2007 begin transition of 102 individuals into community service placements under the waiver program.

FTE: No additional FTE will be required.

Funding: The funding is at the Medicaid match rate of about 31 percent state funds to about 69 percent federal funds.

Obstacles: One of the most difficult policy questions is how to expand assisted living services without creating a highly desirable publicly funded service that could reduce the incentive people have to meet their own long term care needs. Due to the increasing demands for community based services the movement of individuals from the waiting list may result in only a temporary reduction to the waiting list.

Risk: If individuals do not have access to necessary community based services they are at risk of placement in a nursing facility or hospital placement. Or, if persons are currently residing in a nursing facility or hospital, they may have little choice of alternative placements without the resources to develop appropriate community service plans.

DP 22239 - Adult Protective Services Field Staff - This bill adds \$147,782 in lien and estate recovery state special revenue over the biennium to fund 1.50 FTE field staff for APS referrals. The new staff (0.50 FTE) will work exclusively with tribal issues on the Fort Peck Tribal Reservation and 1.00 FTE will be used to meet increasing needs for guardianships and referrals. This FTE will be allocated across the state based on data gathered from new workload/caseload management system Operation Protect Montana (OPM), which has replaced APS use of the Child and Adult Protective Services system.

DP 22501 - Provider Rate Increases - This bill includes \$15.6 million over the biennium for Medicaid provider rate increases, with \$5.0 million in state matching funds from the health and Medicaid initiatives account for a 2.5 percent provider rate increase each year of the biennium. This amount is above the executive budget, which included a rate increase of 2.5 percent in FY 2008 only.

DP 22601 - Direct Care Worker Wage Increases - Restricted - This bill adds \$15.8 million total funds, including \$2.3 million general fund and \$2.7 million state special revenue from the health and Medicaid initiatives account, to increase direct care worker wages to \$8.50 per hour for certified nurse aides and personal care attendants and increase wages of other direct care workers by up to \$.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 funds from this appropriation agree to increase wages to \$8.50 and then use the balance of funds to provide wage increases to all direct care workers. The bill includes language 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. A table showing the amount appropriated for direct care worker wage increases by program is included in the agency narrative.

DP 22603 - Increase Third Party Revenue - MVH - This bill increases the amount appropriated for third party revenue, including private and insurance payments, for the Montana Veterans' Home. The increase - \$3.4 million over the biennium - directly offsets cigarette tax revenue, which increases the transfer from the cigarette tax ending fund balance to

the general fund by a like amount. Statute requires that amounts in excess of \$2.0 million ending fund balance in the cigarette tax fund allocated to the veterans' homes be transferred to the general fund at fiscal year end.

DP 22604 - Aging Services Increase - This bill appropriates \$1.0 million general fund above the amount of funds requested in the executive budget for an increase in aging services and restricts the use of funds for aging services.

DP 22605 - IGT Offset - This bill includes \$3.2 million general fund to offset county nursing home intergovernmental transfer (IGT) state special revenue used as state Medicaid match for nursing home services (\$0.6 million) and home based services (\$1.0 million) contingent on federal rule changes that would prohibit or restrict the use of IGT funds as state match or if the IGT program does not remain viable. Viable is defined as receiving enough county funds for the transfer sufficient to cover the \$1.6 million in Medicaid match and support a daily payment of \$5 to county nursing homes and \$2 to all other nursing homes. If there are no federal restrictions enacted and the program remains viable, then the funds are appropriated for expansion of services for developmentally disabled children (\$0.6 million) and for public health services (\$1.0 million). The appropriation to public health services is intended to offset the reductions in the federal preventive health block grant.

DP 22606 - Aging Services (OTO) - This bill appropriates \$1.5 million general fund over the biennium for additional aging services such as meals and in-home assistance. The appropriation is made for the 2009 biennium only.

DP 22902 - Healthcare for Healthcare Workers - This bill adds \$2.9 million general fund and \$6.4 million federal Medicaid matching funds in FY 2009. The funds will support a rate increase for agencies that deliver Medicaid personal assistance and private duty nursing services when those agencies provide their employees with health insurance coverage that meets a set of defined criteria. Direct care workers that work 30 hours or more will be able to participate in this insurance incentive program. Because providers will receive this compensation in the form of Medicaid payments, seventy percent of the cost will be paid for by the federal government in the form of Medicaid match.

DP 22904 - Personal Needs Increase - This bill adds \$256,509 tobacco trust interest funds and matching federal Medicaid funds over the biennium to provide for increases in the personal needs allowance for nursing facility residents from \$40.00 per month to \$50.00 per month. Personal needs funds are used by residents to purchase personal items that are not covered under the nursing facility reimbursement such as postage, cards, gifts and beauty shop services for residents.

Language

"Included in Senior Long Term Care Administration/ Reporting is \$200 in general fund money each year for a semiannual report to the legislative finance committee, the children, families, health, and human 15 services interim committee, and members of the joint appropriations subcommittee on health and human services 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.

County Nursing Home Intergovernmental Transfer may be used only to make one-time payments to nursing homes based on the number of Medicaid services provided. The office of budget and program planning must review the conditions applied to IGT Offset prior to allowing funds to be expended from the County Nursing Home Intergovernmental Transfer.

Senior and Long-Term Care Division includes \$1.6 million in state special funds from county fund transfers for the nonfederal Medicaid match for nursing home and home-based services. If federal rules or regulations prohibit or restrict the use of county funds for the nonfederal Medicaid match for nursing home and home-based services or if the amount of county funding contributed to the intergovernmental transfer program is too low for the program to be viable, then funds in IGT Offset may be used for the nonfederal match for Medicaid services for nursing home and home-based services. The county nursing home intergovernmental transfer program is not viable if the amount of funds transferred from counties is

insufficient to meet the \$1.6 million threshold and also provide sufficient nonfederal medicaid matching funds to fund a net payment of at least \$5 a day in reimbursement to county nursing homes and \$2 a day in reimbursement to other nursing homes.

IGT Offset may be used only for the nonfederal medicaid match in proportion to the short fall in county funds transferred for the county nursing home intergovernmental transfer program and must be used to support medicaid payments for nursing home and home-based services. IGT Offset must be allocated to compensate for the shortfall in county funds state special revenue appropriated as the nonfederal medicaid match. The allocation must be proportional and in an amount necessary to partially or fully offset up to \$1 million in the nonfederal medicaid match for home-based services and \$600,000 in the nonfederal medicaid match for nursing home services. Funds remaining in the IGT Offset appropriation are appropriated as follows: up to \$1 million is appropriated for public health services, and any remainder over \$1 million is appropriated to expand services for developmentally disabled children.

Funds in Aging Services may be used only to expand community-based aging services.

Funding in Montana Veterans' Home Contingency Fund may be used only after a determination by the office of budget and program planning that federal and private revenue available from federal special revenue and private payment state special revenue appropriations in fiscal year 2008 or fiscal year 2009 are insufficient to operate the homes at capacity to maximize collection of federal and private payments. The office of budget and program planning shall notify the legislative finance committee if it determines that the conditions are met and when the appropriation becomes effective.

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 certified nurse aide and personal care attendant direct care worker wages and benefits to \$8.50 an hour, including related benefits. Any remaining funds may be used only to raise wages, and related benefits, up to \$0.70 an hour for direct care workers and other low-paid staff. The department shall provide documentation that these funds are used solely for direct care worker wage increases. The documentation must include initial wage rates, wage rates after the rate increases have been applied, and wage rates every 6 months after the rate increases have been granted. Senior and Long Term Care 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.

Funds in Provider Rate Increase may be used only to raise provider rates by 2.5% in fiscal year 2008 and 2.5% in fiscal year 2009.

Healthcare for Healthcare Workers may be used only to provide health insurance for healthcare workers who are employed by entities that provide in-home services administered by the senior and long-term care division and receive the majority of their income for those services from the medicaid program. Providers accepting funds from Healthcare for Healthcare Workers shall agree to meet the conditions for health insurance coverage for their employees that are established by the department."