

Agency Legislative Budget

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

Agency 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	2,780.42	38.60	67.55	2,886.57	38.60	74.30	2,893.32	2,893.32
Personal Services	126,592,810	13,935,014	2,907,681	143,435,505	14,799,797	3,129,746	144,522,353	287,957,858
Operating Expenses	85,127,745	5,144,084	6,534,226	96,806,055	5,234,419	3,859,246	94,221,410	191,027,465
Equipment	501,698	34,001	185,000	720,699	34,001	145,000	680,699	1,401,398
Capital Outlay	53,007	0	0	53,007	0	0	53,007	106,014
Grants	58,784,995	1,776,175	10,243,045	70,804,215	1,776,175	9,589,393	70,150,563	140,954,778
Benefits & Claims	982,705,001	121,615,268	96,491,469	1,200,811,738	158,824,870	136,824,945	1,278,354,816	2,479,166,554
Transfers	0	0	0	0	0	0	0	0
Debt Service	591,429	3,030	2,700	597,159	3,300	0	594,729	1,191,888
Total Costs	\$1,254,356,685	\$142,507,572	\$116,364,121	\$1,513,228,378	\$180,672,562	\$153,548,330	\$1,588,577,577	\$3,101,805,955
General Fund	307,876,614	41,080,409	30,122,670	379,079,693	56,632,042	39,492,857	404,001,513	783,081,206
State/Other Special	74,251,264	27,624,214	26,251,779	128,127,257	12,172,968	29,867,455	116,291,687	244,418,944
Federal Special	872,228,807	73,802,949	59,989,672	1,006,021,428	111,867,552	84,188,018	1,068,284,377	2,074,305,805
Total Funds	\$1,254,356,685	\$142,507,572	\$116,364,121	\$1,513,228,378	\$180,672,562	\$153,548,330	\$1,588,577,577	\$3,101,805,955

Page Reference

Legislative Budget Analysis, B-1

Agency Discussion

The 2009 biennial appropriation for the Department of Public Health and Human Services (DPHHS) grows \$593.1 million total funds compared to the base budget doubled. Most of the growth is in federal funds, primarily Medicaid matching funds, which are \$237.3 million or 40.0 percent of the total change. General fund grows \$167.3 million and comprises 28.2 percent of the total change. State special revenue rises \$95.9 million and accounts for 16.2 percent of the total.

Benefits and services for individuals are \$2.5 billion of the 2009 biennium appropriation, almost 80 percent of the total, and when combined with grant appropriations, the two comprise 88.8 percent of the total biennial appropriation. Benefits and services also account for the biggest share of the biennial appropriation increase, rising \$513.8 million or 86.6 percent of the total change. Personal services costs rise \$34.7 million (5.9 percent of the total) due in large part to costs of staffing the seven state institutions managed by DPHHS and funding for 48.40 new institutional FTE.

Medicaid services comprise over half of the total DPHHS 2009 biennial appropriation. Together Medicaid services and several other significant service programs (food stamps, foster care and subsidized adoption, Children's Health Insurance Program (CHIP), energy and commodity assistance, and child care) comprise over 70 percent of the total 2009 biennium appropriation.

Significant components of the bill fund direct care worker wage increases and a 2.5 percent provider rate increase each year of the biennium, for total increases of \$80.1 million over the biennium. This bill requires service providers who opt to accept funding for direct care worker wage increases to raise lowest paid direct care worker wages to \$8.50 an hour, including related benefits, and then, with remaining funds, raise direct care worker wages by \$0.70 per hour, which includes benefits. Figure 1 shows the biennial cost of these initiatives by program.

Figure 1
Summary of Provider Rate and Direct Care Worker Wage Increases

Division/Activity	<-----Provider Rate Increase----->			<---Direct Care Worker Wage Increase--->		
	General Fund	Health and Medicaid Initiatives	Total Funds	General Fund	Health and Medicaid Initiatives	Total Funds
Disabilities Services Rebase	\$1,596,815	\$1,951,688	\$8,682,813	1,799,770.00	1,951,725.00	9,327,377
Disabilities Services Additional	496,091	0	498,041	2,546,369	0	5,877,806
Senior and Long Term Care	2,245,417	3,134,203	15,645,156	2,307,741	2,664,509	15,815,046
Health Resources Division	1,644,947	3,265,224	15,612,715	637,086	0	2,026,356
Addictive and Mental Disorders	1,203,453	689,776	4,163,054	450,825	0	1,433,530
Child and Family Services	1,105,668	0	1,105,668	629,874	0	899,822
Total	\$8,292,391	\$9,040,891	\$45,707,447	\$8,371,665	\$4,616,234	\$35,379,937
Percent of Total	18.1%	19.8%		23.7%	13.0%	

Other components of the 2009 biennium appropriation include:

- o \$44.8 million to continue Medicaid provider rate increases funded by the hospital bed tax
- o \$32.6 million in federal food stamp benefits
- o \$18.0 million total funds (\$17.5 million general fund) for expansion of community mental health services and prevention programs including:
 - \$7.0 million general fund for the Mental Health Services Plan (MHSP), which provides mental health services and prescription drugs to adults who are not Medicaid eligible, but have a mental illness and incomes below 150 percent of the federal poverty level. The FY 2009 appropriation is contingent on DPHHS moving to a fee-for-service reimbursement instead of administering the program through a limited number of provider contracts
 - \$6.6 million total funds (\$3.0 million general fund) for services provided by behavioral health inpatient facilities for short term secure care
 - \$4.2 million total funds (\$3.7 million general fund) for 72 hour crisis services
 - \$1.95 million general fund for mentally ill offenders, including prescription drugs for both adult and juvenile offenders
 - \$1.0 million general fund for drop in centers for persons with a mental illness, with funding priority given to those programs with staff who can monitor medications
 - \$0.8 million general fund for a suicide prevention program
- o \$11.3 million for DPHHS administration of the Children’s Health Insurance Program (CHIP)
- o \$9.4 million total funds (\$2.9 million general fund) for Medicaid provider rate increases for long-term care community service agencies that agree to provide employee health care benefits that meet requirements established by DPHHS
- o \$8.2 million total funds to raise CHIP eligibility to 175 percent of the federal poverty level
- o \$6.9 million total funds to raise Medicaid financial eligibility for infants up to 1 year old and pregnant women to 150 percent of the federal poverty level from 133 percent
- o \$6.2 million for a Medicaid family planning waiver to expand provision of services to persons with incomes up to 185 percent of the federal poverty level
- o \$5.4 million tobacco settlement funds for chronic disease programs
- o \$4.8 million total funds (\$1.5 million general fund) to revise income eligibility for the Medically Needy category of eligibility
- o \$4.1 million general fund to develop a 120 bed facility on the Warm Springs Camps to provide examination and treatment services for mentally ill offenders in the custody of DPHHS and the Department of Corrections
- o \$4.0 million general fund for expanded community treatment for methamphetamine and chemical dependency
- o \$3.2 million general fund to offset potential reductions in county intergovernmental transfer funds used as state Medicaid match for nursing home and community based services, with the funds allocated to public health and expanded services for developmentally disabled children if the county funds do not decline
- o \$2.5 million general fund to expand community aging services, with \$1.5 million designated as a one-time-only appropriation

Executive Budget Comparison

The following table compares the proposed budget for the 2009 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Executive Budget Comparison								
Budget Item	Base Budget Fiscal 2006	Executive Budget Fiscal 2008	Legislative Budget Fiscal 2008	Leg – Exec. Difference Fiscal 2008	Executive Budget Fiscal 2009	Legislative Budget Fiscal 2009	Leg – Exec. Difference Fiscal 2009	Biennium Difference Fiscal 08-09
FTE	2,780.42	2,875.32	2,886.57	11.25	2,922.01	2,893.32	(28.69)	
Personal Services	126,592,810	143,046,430	143,435,505	389,075	146,622,222	144,522,353	(2,099,869)	(1,710,794)
Operating Expenses	85,127,745	96,231,503	96,806,055	574,552	95,692,160	94,221,410	(1,470,750)	(896,198)
Equipment	501,698	750,699	720,699	(30,000)	680,699	680,699	0	(30,000)
Capital Outlay	53,007	503,007	53,007	(450,000)	53,007	53,007	0	(450,000)
Grants	58,784,995	67,918,182	70,804,215	2,886,033	67,653,953	70,150,563	2,496,610	5,382,643
Benefits & Claims	982,705,001	1,167,533,113	1,200,811,738	33,278,625	1,221,938,686	1,278,354,816	56,416,130	89,694,755
Transfers	0	0	0	0	0	0	0	0
Debt Service	591,429	597,159	597,159	0	660,729	594,729	(66,000)	(66,000)
Total Costs	\$1,254,356,685	\$1,476,580,093	\$1,513,228,378	\$36,648,285	\$1,533,301,456	\$1,588,577,577	\$55,276,121	\$91,924,406
General Fund	307,876,614	375,191,753	379,079,693	3,887,940	391,681,971	404,001,513	12,319,542	16,207,482
State/Other Special	74,251,264	109,411,158	128,127,257	18,716,099	110,337,305	116,291,687	5,954,382	24,670,481
Federal Special	872,228,807	991,977,182	1,006,021,428	14,044,246	1,031,282,180	1,068,284,377	37,002,197	51,046,443
Total Funds	\$1,254,356,685	\$1,476,580,093	\$1,513,228,378	\$36,648,285	\$1,533,301,456	\$1,588,577,577	\$55,276,121	\$91,924,406

This bill includes \$91.9 million more funds than the executive budget request, including \$16.2 million more general fund. Additional funding for services for individuals drives the difference, with the legislative appropriation for services being \$89.7 million higher or 97.6 percent of the total difference.

The bill includes \$24.7 million more state special revenue – primarily in tobacco settlement funds and tobacco tax funds from the health and Medicaid initiatives account – than the executive budget. The legislative budget also includes more federal funds - \$51.0 million – than the executive budget, predominantly in federal Medicaid matching funds.

\$47.8 million of the differences are due largely to increases in federal Medicaid matching funds to support direct care worker wage and health benefits increases, provider rate increases, eligibility changes for pregnant women and infants up to 1 year old, and revising income disregards for Medically Needy category of eligibility.

Figure 2
Summary of Major Changes from the Executive Budget

Increases/Reductions from Executive Budget	General Fund	Health and Medicaid Initiatives
Increases		
Direct Care Worker Wage Increases	\$6,571,715	\$4,616,234
Provider Rate Increases 2.5% Each Year	5,002,573	5,537,165
Mental Health Services Plan	7,000,000	0
Nursing Home IGT/Public Health/Part C Gap Kids	3,200,000	0
Behavioral Health Inpatient Facility Services	3,000,000	0
Health Care for Health Care Workers	2,945,125	0
Pregnant Women to 150% of the Poverty Level	0	2,159,646
CHIP Eligibility to 175% of the Poverty Level*	0	1,804,764
Aging Services	2,500,000	0
Revise Medically Needy Income Disregards	1,500,000	0
Funds for Family Planning Services (OTO)	1,073,046	0
Drop In Centers for Mentally Ill Persons	1,000,000	0
Mentally Ill Offender Services	1,000,000	0
Mentally Ill Offender Drugs - Youth and Adult	950,000	0
Suicide Hotline/Ombudsman*	800,000	0
Physician Medicaid Rate Increase	700,000	0
SLTC 1-149 FMAP Changes	368,266	(368,266)
Remaining Adjustments	<u>155,511</u>	<u>0</u>
Subtotal Increases	<u>\$37,766,236</u>	<u>\$13,749,543</u>
Reductions and General Fund Revenue Increases		
Big Sky Rx Premium Assistance	\$0	(\$5,425,424)
Medicaid Caseload Estimates	(6,842,065)	0
CHIP Funding to Tobacco Settlement Funds	0	(5,771,307)
Secure Treatment and Examination Program	(4,085,056)	0
Reduce Increase for DD Waiting List	(3,011,782)	0
Foster care Caseload Adjustments	(2,812,139)	0
Annualize FY 2006 Direct Care Worker Wage Increase	(1,287,321)	1,287,321
Changes to Mental Health Request - DP 33410	(1,120,391)	0
LIEAP General Fund Request	(1,000,000)	0
Methamphetamine & CD Community Prevention	(1,000,000)	0
Therapeutic Group Home - Rate Unbundling	(400,000)	0
Subtotal Reductions	<u>(\$21,558,754)</u>	<u>(\$9,909,410)</u>
Expenditures Over (Under) Executive Budget	<u>\$16,207,482</u>	<u>\$3,840,133</u>
Increase General Fund Revenue - Excess Cigarette Tax	\$3,583,890	\$0
Transfer to General Fund		
GRAND TOTAL CHANGE FROM EXECUTIVE	<u>\$12,623,592</u>	<u>\$3,840,133</u>

*Contingent upon approval of passage of legislation

Figure 2 shows the major differences between this bill and the executive budget in general fund and health and Medicaid initiatives state special revenue. The most significant differences are appropriations for direct care worker wage increases, adding an additional 2.5 percent provider rate increase in FY 2009, which were discussed previously, and for expanded community services for persons with a mental illness. Other items listed in Figure 2 are discussed in more detail in the division narratives.

The most significant general fund changes from the executive budget are due to savings in the 2009 biennium costs for Medicaid and foster care. Medicaid costs were reduced \$6.8 million general fund compared to the executive request. The reduction is due in part to declining eligibility, but also because an aberration in the historic data used to estimate claims payment had "aged out", allowing more accurate projections to be made. Foster care and subsidized adoption costs are anticipated to be \$2.8 million lower because of higher Title IV-E federal participation.

Other items listed in Figure 2 are discussed in more detail in division budget narratives.

Agency Highlights

Department of Public Health and Human Services	
Major Budget Highlights	
<ul style="list-style-type: none"> ◆ The DPHHS appropriation grows \$593.1 million over the biennium compared to double the FY 2006 base budget, including \$167.3 million general fund and \$95.4 million state special revenue <ul style="list-style-type: none"> • The cost to maintain present law services, particularly benefits and services for individuals is about three quarters of the total increase at \$323.1 million • Changes in Medicaid services alone account for about \$300 million or 51.1 percent of the total DPHHS biennial increase ◆ Major Medicaid general fund increases over the biennium <ul style="list-style-type: none"> • Present law caseload - \$41.9 million • Federal match rate reductions - \$25.6 million • New proposals to expand services \$7.2 million ◆ Non Medicaid provider rate and direct care worker wage increases - \$9.0 million general fund ◆ State institution general fund increases <ul style="list-style-type: none"> • 6.60 new FTE, inflation in operating costs, and fully funding personal services for the state hospital - \$8.7 million general fund • Operating cost inflation and personal services adjustments to fully fund positions and annualize the 2005 biennium pay plan for other state institutions - \$2.5 million general fund ◆ Foster care and subsidized adoption caseload - \$5.7 million general fund ◆ Major changes in state special revenue funds over the biennium are: <ul style="list-style-type: none"> • Medicaid changes, largely funded from the health and Medicaid initiatives account <ul style="list-style-type: none"> ○ Annualization of 2007 biennium provider rate increases and service expansions – \$17.2 million ○ 2009 biennium provider rate increases - \$9.3 million • 2009 biennium direct care worker wage increases - \$8.4 million • 2009 biennium service expansions, including raising Medicaid eligibility for infants and pregnant women - \$7.4 million • Tobacco prevention and cessation program expansions, including chronic disease programs - \$8.9 million • Big Sky Rx (prescription drug premium assistance for low-income Medicare eligible persons) – 9.9 million • Children’s Health Insurance Program (CHIP) - \$5.8 million to support state administration of the program, increase enrollment from 12,019 to 13,900, and raise financial eligibility ◆ Major changes in federal funds are due to: <ul style="list-style-type: none"> • Medicaid caseload, provider rate increases, annualization of 2007 biennium expansions and 2009 biennium expansions - \$228.4 million • Food stamp benefits - \$32.6 million • CHIP - \$20.2 million to support state administration and enrollment increases and raise financial eligibility to 175 percent of the federal poverty 	

Funding

The following table summarizes funding for the agency, by program and source. Funding for each program is discussed in detail in the individual program narratives that follow.

Total Agency Funding 2009 Biennium Budget					
Agency Program	General Fund	State Spec.	Fed Spec.	Grand Total	Total %
02 Human And Community Services	\$ 61,653,808	\$ 2,797,100	\$ 396,702,945	\$ 461,153,853	14.87%
03 Child & Family Services	65,323,595	4,786,237	59,994,439	130,104,271	4.19%
04 Director'S Office	5,946,516	628,491	43,543,033	50,118,040	1.62%
05 Child Support Enforcement	7,643,708	3,459,106	9,722,440	20,825,254	0.67%
06 Business & Financial Services Division	7,363,522	1,821,744	8,700,449	17,885,715	0.58%
07 Public Health & Safety Div.	6,108,666	32,994,949	85,137,419	124,241,034	4.01%
08 Quality Assurance Division	4,903,603	452,539	11,773,506	17,129,648	0.55%
09 Technology Services Division	15,010,651	1,434,462	21,867,027	38,312,140	1.24%
10 Disability Services Division	104,392,540	8,911,107	179,707,205	293,010,852	9.45%
11 Health Resources Division	263,624,492	96,078,888	814,051,127	1,173,754,507	37.84%
22 Senior & Long-Term Care	112,560,848	66,396,733	341,393,902	520,351,483	16.78%
33 Addictive & Mental Disorders	128,549,257	24,657,588	101,712,313	254,919,158	8.22%
Grand Total	\$ 783,081,206	\$ 244,418,944	\$2,074,305,805	\$ 3,101,805,955	100.00%

DPHHS is funded by over 190 distinct funding sources and more than half are federal sources. Individually, the top six DPHHS division budgets exceed most state agency budgets. General fund supports one quarter of the 2009 biennium budget request, state special revenue provides 7.8 percent, and federal funds are 66.8 percent of total funding.

Most state funding in the DPHHS budget is used as state matching funds or maintenance of effort (MOE) for programs funded partly with federal funds, including Medicaid, CHIP, some foster care, subsidized adoption and child care services, Temporary Assistance for Needy Families (TANF), and program administrative costs. At a minimum, \$500 million general fund (67.0 of total agency general fund) and \$135 million of state special revenue (53.6 percent total agency state special revenue) is used to secure federal funding in the executive 2009 biennium budget request.

Figure 3

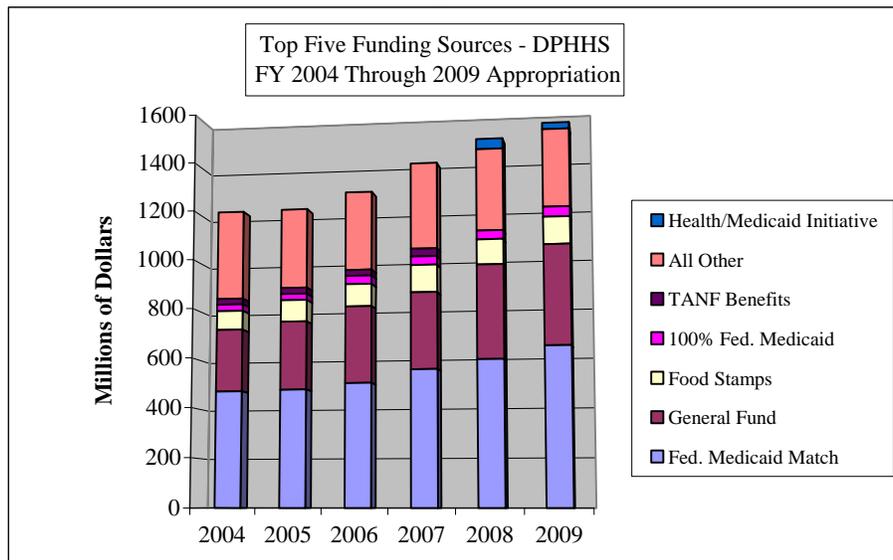


Figure 3 shows the top five funding sources for DPHHS from FY 2004 through the FY 2009 appropriation. Together these five funding sources account for over three quarters of the total funding for each year shown. Federal Medicaid matching funds average about 39.0 percent of total funding in each year, followed by general fund, which rises from 21.2 percent of total funds in FY 2006 to 26.3 percent in FY 2009. All of the other funding sources listed contribute less than 9.0 percent of total funds in any one year, including federal funds supporting food stamp benefits and federal Medicaid

funds that are passed through to Indian Health Services and schools. In FY 2008, health and Medicaid initiative account funds broke into the top five funding sources, edging out the federal TANF block grant. The remaining funding sources that support DPHHS are discussed in greater detail in division budget narratives.

Summary of Tobacco Related State Special Revenue Sources

DPHHS programs are supported by health and Medicaid initiatives account (tobacco taxes raised by I-149), tobacco settlement funds, and interest on the tobacco settlement trust fund. The following tables show appropriations for DPHHS and the State Auditor’s Office from these accounts.

Health and Medicaid Initiatives

Figure 4 shows the fund balance for the health and Medicaid initiatives account from FY 2006 actual expenditures and revenues through FY 2009 appropriations. The totals do not anticipate any appropriations or expenditures from the account beyond those included in this bill.

Fund Balance Deposits/Expenditures	FY 2006	FY 2007*	FY 2008*	FY 2009*
Beginning Fund Balance	\$14,836,318	\$39,845,768	\$45,391,380	\$32,151,451
Revenue - Cigarette Tax	\$38,089,726	\$38,075,000	\$37,403,000	\$36,902,000
Interest Income on the Balance	1,238,161	2,615,000	2,562,000	2,226,000
Adjustment	<u>1,619,866</u>	<u>0</u>	<u>0</u>	<u>0</u>
Subtotal Revenue	<u>\$40,947,753</u>	<u>\$40,690,000</u>	<u>\$39,965,000</u>	<u>\$39,128,000</u>
Expenditures**				
DPHHS Appropriations/Expenditures	(\$13,559,504)	(\$26,052,057)	(\$42,283,600)	(\$26,857,612)
Insure Montana (Premium Assist.)	(615,450)	(5,116,001)	(6,552,838)	(6,554,772)
Health Insurance Tax Credits	<u>(1,763,349)</u>	<u>(3,976,330)</u>	<u>(4,368,491)</u>	<u>(4,369,847)</u>
Subtotal Expenditures	<u>(\$15,938,303)</u>	<u>(\$35,144,388)</u>	<u>(\$53,204,929)</u>	<u>(\$37,782,231)</u>
Annual Increase		120.5%	42.5%	-1.8%
Ending Fund Balance	<u>\$39,845,768</u>	<u>\$45,391,380</u>	<u>\$32,151,451</u>	<u>\$33,497,220</u>
*Revenue based on estimates adopted by the Revenue and Transportation Interim Committee. FY 2007 expenditures are estimated by legislative staff. 2009 biennium expenditures are based on appropriations in HB 820 **FY 2007 amounts are a combination of LFD expenditure estimates and appropriated amounts.				

Appropriations more than double from base budget expenditures, partially due to annualization of programs started in the 2007 biennium. Expansions funded during the 2009 biennium include:

- Raising Medicaid eligibility for infants up to 1 year old and pregnant women with incomes up to 150 percent of the federal poverty level from 133 percent
- Raising CHIP financial eligibility to 175 percent of the federal poverty level
- Funding Medicaid provider rate increases and direct care worker wage increases

Tobacco Settlement Revenues

Montana receives revenue as a settling party to a Master Settlement Agreement (MSA) with several tobacco companies. The MSA places no restrictions on how states are to spend the money. The Montana voters approved:

- Constitutional Amendment 35 requiring not less than 40.0 percent of tobacco settlement money to go to a permanent tobacco trust fund in November 2000
- Initiative 146 to allocate 32.0 percent of the total tobacco settlement funds to tobacco prevention and cessation programs and 17.0 percent to the CHIP and Montana Comprehensive Health Association (MCHA)

The remaining 11.0 percent of the MSA money is deposited to the general fund. Figure 5 shows the allocation of MSA payments to these state special revenue funds budgeted for the 2009 biennium. Revenues, proposed expenditures, and fund balances for these revenue sources are outlined.

Fund Balances, Revenues, Expenditures	FY 2006	FY 2007	FY 2008	FY 2009	Percent of Total
<u>32% Allocation to Tobacco Cessation/Prevention</u>					
Beginning Fund Balance	\$0	\$1,191,489	\$2,409,384	\$2,448,497	
Revenue	\$7,952,330	\$8,209,280	\$11,215,680	\$11,623,360	
Expenditures					
Public Health and Safety Division					
Tobacco Control & Prevention	(\$6,706,241)	(\$6,991,385)	(\$7,846,567)	(\$7,847,419)	70.2%
Chronic Disease Programs	0	0	(2,700,000)	(2,700,000)	24.2%
Tribal Programs	<u>0</u>	<u>0</u>	(630,000)	(630,000)	5.6%
Subtotal Expenditures	(\$6,706,241)	(\$6,991,385)	(\$11,176,567)	(\$11,177,419)	100.0%
Percent Annual Increase		4.3%	59.9%	0.0%	
Adjustments	(\$54,600)				
Ending Fund Balance	<u>\$1,191,489</u>	<u>\$2,409,384</u>	<u>\$2,448,497</u>	<u>\$2,894,438</u>	
<u>17% Allocation to CHIP/MT Comprehensive Health Association</u>					
Beginning Fund Balance	\$0	\$507,796	\$1,244,091	\$629,960	
Revenue	<u>\$4,224,676</u>	<u>\$4,361,180</u>	<u>\$5,958,330</u>	<u>\$6,174,910</u>	
Expenditures					
CHIP	(\$3,143,665)	(\$3,051,670)	(\$5,748,288)	(\$5,879,255)	86.4%
MCHA	(573,215)	(573,215)	(824,173)	(925,614)	13.6%
Subtotal Expenditures	(\$3,716,880)	(\$3,624,885)	(\$6,572,461)	(\$6,804,869)	100.0%
Percentage of Annual Increase		-2.5%	81.3%	3.5%	
Ending Fund Balance	<u>\$507,796</u>	<u>\$1,244,091</u>	<u>\$629,960</u>	<u>\$1</u>	

By statute, any funds designated for the tobacco treatment and cessation funds or CHIP and MCHA that are not appropriated within two years of receipt to these activities are deposited into the tobacco settlement trust.

According to the statute, 32 percent of the total tobacco settlement money may only be used for tobacco prevention and cessation programs designed to prevent children from starting tobacco use and to help adults who want to quit tobacco use. This bill proposes using \$2,700,000 of the tobacco treatment and cessation funds for comprehensive cancer control activities, ischemic stroke care, diabetes prevention, and asthma prevention, contingent on passage of HB 743.

Tobacco Trust Fund Interest

The Montana Constitution stipulates interest earnings from the tobacco trust fund are to be distributed:

- 90.0 percent for appropriation by the legislature for disease prevention programs and state programs providing benefits, services, or coverage related to the health care needs of the people of Montana
- 10.0 percent re-deposited in the tobacco trust

Figure 6 presents information on the revenues, proposed expenditures, and fund balances for the tobacco trust fund interest over the 2009 biennium. As shown, this bill appropriates tobacco settlement trust fund interest for public home health visits, mental health services, and children's special health services. These are new uses of these funds. A total of 8.5 percent of the interest is proposed for these uses in FY 2008 and 11.6 percent in FY 2009. The bill appropriates the remaining interest to support Medicaid benefits and nursing home services.

Figure 6
Tobacco Settlement Trust Fund Interest

Fund Balances, Revenues, Expenditures	FY 2006	FY 2007	FY 2008	FY 2009
Beginning Fund Balance	\$0	\$0	\$0	\$0
Revenues*	\$3,048,774	\$3,545,100	\$4,110,300	\$4,871,700
Expenditures				
Hospital & Clinical Services Bureau	(\$484,406)	(\$484,406)	(\$484,406)	(\$484,406)
Acute Services Bureau	(1,599,378)	(2,095,704)	(2,095,137)	(2,154,378)
Children's Mental Health Services	(233,552)	(233,552)	(233,552)	(233,552)
Nursing Homes	(703,779)	(703,779)	(831,850)	(832,217)
Mental Health Medicaid Benefit	(27,659)	(27,659)	(27,659)	(27,659)
Public Home Health Visits/MIAMI	0	0	(178,652)	(200,000)
Mental Health Other Services	0	0	(129,522)	(145,000)
Children's Special Health Services	0	0	(129,522)	(290,000)
Subtotal Expenditures	(\$3,048,774)	(\$3,545,100)	(\$4,110,300)	(\$4,367,212)
Ending Fund Balance	\$0	\$0	\$0	\$504,488

*90% of the trust interest may be appropriated and 10% is deposited to the trust corpus.

Federal Poverty Level

Eligibility for many of the programs administered by DPHHS is related to family income as measured by the federal poverty index, also called the federal poverty level. Figure 7 shows the 2007 federal poverty level and various measurements related to it.

Figure 7 is intended to be a quick reference for readers to determine the income level associated with various program eligibility requirements. For instance, eligibility for CHIP is 150 percent of the federal poverty level. Medicaid eligibility depends on the age of a child and is different for parents in low-income families than their children. Generally, family income can be no greater than 40.0 percent of the federal poverty level for parents to be eligible for Medicaid. Income eligibility for pregnant women and children up to the age of 6 is 133 percent of the poverty index, while family income can be no greater than 100 percent of the federal poverty level for children 6 and older.

Figure 7
2007 Federal Poverty Index
Levels of Poverty by Family Size

Family Size	Percent of Federal Poverty Level					
	40%	100%	133%	150%	175%	200%
1	\$4,084	\$10,210	\$13,579	\$15,315	\$17,868	\$20,420
2	5,476	13,690	18,208	20,535	23,958	27,380
3	6,868	17,170	22,836	25,755	30,048	34,340
4	8,260	20,650	27,465	30,975	36,138	41,300
5	9,652	24,130	32,093	36,195	42,228	48,260
6	11,044	27,610	36,721	41,415	48,318	55,220
7	12,436	31,090	41,350	46,635	54,408	62,180
8	13,828	34,570	45,978	51,855	60,498	69,140
Each Additional Person	\$1,148	\$3,480	\$4,628	\$5,220	\$6,090	\$6,960

The federal poverty level is updated annually, usually in February or early March. Historically, the index has increased between two to five percent each year.