



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2023 Biennium

Bill # HB0296

Title: Establish grant program and other uses of DD general fund appropriation

Primary Sponsor: Caferro, Mary

Status: As Introduced

- Significant Local Gov Impact
 Needs to be included in HB 2
 Technical Concerns
 Included in the Executive Budget
 Significant Long-Term Impacts
 Dedicated Revenue Form Attached

FISCAL SUMMARY

	<u>FY 2022 Difference</u>	<u>FY 2023 Difference</u>	<u>FY 2024 Difference</u>	<u>FY 2025 Difference</u>
Expenditures:				
General Fund	\$46,320,021	\$47,630,491	\$47,630,491	\$47,630,491
State Special Revenue	\$46,319,421	\$47,630,491	\$47,630,491	\$47,630,491
Federal Special Revenue	\$0	\$0	\$0	\$0
Revenue:				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$46,319,421	\$47,630,491	\$47,630,491	\$47,630,491
Federal Special Revenue	\$0	\$0	\$0	\$0
Net Impact-General Fund Balance:	<u>(\$46,320,021)</u>	<u>(\$47,630,491)</u>	<u>(\$47,630,491)</u>	<u>(\$47,630,491)</u>

Description of fiscal impact: HB 296 restricts general fund appropriations for the Medicaid comprehensive home and community-based services Developmental Disabilities (DD) waiver, creates a new statutory appropriation, and creates a new grant program for community-based providers that is funded with unspent DD waiver appropriations.

FISCAL ANALYSIS

Assumptions:

Department of Public Health & Human Services

- HB 296 transfers a commensurate amount of the current general fund amount appropriated for Medicaid comprehensive home and community-based services (0208 DD) waiver into a new restricted state special revenue (SSR) account that is statutorily appropriated, establishes new provider grants, and creates a SSR subaccount for grant activity.

2. The newly created SSR account is restricted to service expenditures in the Developmental Disabilities (DD) waiver; or if there is an unspent amount for waiver service in the new SSR account, the unspent appropriations are required to be used for the newly proposed grant program for community-based providers.
3. The amounts to be transferred to the new SSR account equal the general fund amounts appropriated in the Governor’s budget for DD waiver services of \$46,319,421 for FY 2022 and \$47,630,491 for FY 2023, FY 2024, and FY 2025.
4. New Section 3 (4)(b) requires a transfer by July 30 each year into a grant subaccount for any money in the new SSR account that is not encumbered for the costs of DD waiver services in the previous fiscal year. DPHHS interprets that the term *encumbered* for the cost of DD waiver services includes any estimated accrual amounts for waiver services rendered in the prior year but have not been billed or paid yet (See technical note 2).
5. Medicaid comprehensive home and community-based services (0208 DD) waiver funding is based on Medicaid caseload projections. Caseload projections are modeled with the best information available and DPHHS would not anticipate a significant deficit or fund balance. For purposes of this fiscal note, the caseload projections for DD waiver services equal actual service expenditures: and there will be no remaining unencumbered funding in the new SSR account for provider grant activity.
6. Administrative Rules (ARM) will be developed and filed. The Secretary of State’s office charges a \$60/page filing fee. Ten pages for the proposed ARM is \$600 in filing fees in FY 2022.


	<u>FY 2022</u> <u>Difference</u>	<u>FY 2023</u> <u>Difference</u>	<u>FY 2024</u> <u>Difference</u>	<u>FY 2025</u> <u>Difference</u>
<u>Fiscal Impact:</u>				
FTE	0.00	0.00	0.00	0.00
<u>Expenditures:</u>				
Operating Expenses	\$600	\$0	\$0	\$0
Benefits Paid in SSR	\$46,319,421	\$47,630,491	\$47,630,491	\$47,630,491
Transfers GF to SSR SA	\$46,319,421	\$47,630,491	\$47,630,491	\$47,630,491
TOTAL Expenditures	<u>\$92,639,442</u>	<u>\$95,260,982</u>	<u>\$95,260,982</u>	<u>\$95,260,982</u>
<u>Funding of Expenditures:</u>				
General Fund (01)	\$46,320,021	\$47,630,491	\$47,630,491	\$47,630,491
State Special Revenue (02)	\$46,319,421	\$47,630,491	\$47,630,491	\$47,630,491
Federal Special Revenue (03)	\$0	\$0	\$0	\$0
TOTAL Funding of Exp.	<u>\$92,639,442</u>	<u>\$95,260,982</u>	<u>\$95,260,982</u>	<u>\$95,260,982</u>
<u>Revenues:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$46,319,421	\$47,630,491	\$47,630,491	\$47,630,491
Federal Special Revenue (03)	\$0	\$0	\$0	\$0
TOTAL Revenues	<u>\$46,319,421</u>	<u>\$47,630,491</u>	<u>\$47,630,491</u>	<u>\$47,630,491</u>
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	(\$46,320,021)	(\$47,630,491)	(\$47,630,491)	(\$47,630,491)
State Special Revenue (02)	\$0	\$0	\$0	\$0
Federal Special Revenue (03)	\$0	\$0	\$0	\$0

Technical Notes:

1. The amounts to be transferred to the new SSR account are equal to the current general fund appropriation in the Governor’s budget for DD waiver services, totaling \$46,319,421 for FY 2022 and \$47,630,491 for FY 2023. If these amounts in HB 2 are amended, coordination language to align the amounts transferred in HB 296 would be required. If coordination language with HB2 is not included with this proposal, HB 296 may have additional impacts to general fund appropriations for other Medicaid services.
2. New Section 2 (4)(b) requires a transfer by July 30 each year into a grant subaccount for any money in the SSR account that is not encumbered for the costs of DD waiver services in the previous fiscal year. The department assumes that the term encumbered for the cost of DD waiver services includes any estimated accrual amounts for waiver services rendered in the prior year, but have not been billed or paid yet. Providers have 365 days to submit claims for services; and the department has until July 1 of the following year to use the prior year appropriation for expenditures related to the prior service year. Under the provisions of this bill, the SSR account would be 100% expended by July 30 of each year. If waiver service amounts after July 30 of each year exceeds the estimated accrual amount, DPHHS would not have prior year appropriations available for these prior year services.
3. If there are funds remaining in the SSR account to be distributed for the new community provider grant program, it would require additional staffing resources for grant review, authorization, reporting, and coordination activities.
4. HB 275 includes conflicting language with how DD waiver appropriations may be used. Coordination language is necessary if HB 296 and HB 275 are both passed.

NOT SIGNED BY SPONSOR

_____	2/11/21	KJ	2/9/21
<i>Sponsor's Initials</i>	<i>Date</i>	<i>Budget Director's Initials</i>	<i>Date</i>



Statutory Appropriation 2023 Biennium

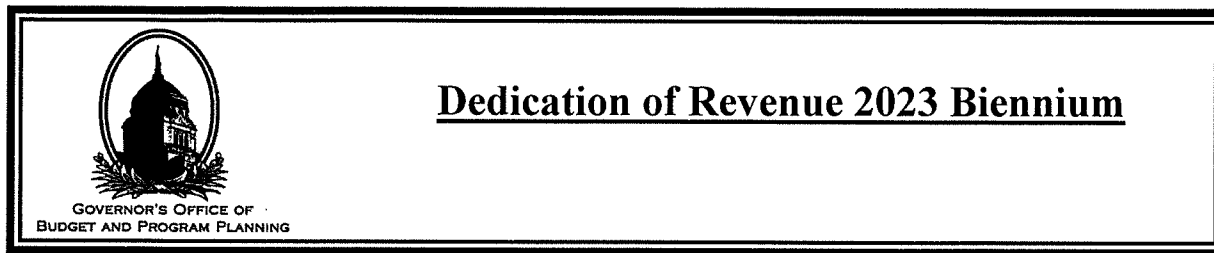
17-1-508(2), MCA.

Answer yes or no to each of the following subsections of 17-1-508(2) regarding statutory appropriation analysis in proposed legislation when preparing a fiscal note.

1. 17-1-508, MCA, requires analysis of the statutory appropriation relative to the guidance in 17-1-508(3), MCA, to be published in the fiscal note. In reviewing and establishing statutory appropriations, the legislature shall consider the following guidelines. Answer yes or no to each of the following guidelines regarding the statutory appropriation:

	<u>YES</u>	<u>NO</u>
a. The money is from a continuing, reliable, and estimable source.	x	
b. The use of the appropriation or the expenditure occurrence is predictable and reliable.	x	
c. The authority exists elsewhere.	x	
d. An alternative appropriation method is available, practical, or effective.	x	
e. It appropriates state general fund money for purposes other than paying for emergency services.	x	
f. The money is used for general purposes.		x
g. The legislature wishes to review expenditure and appropriation levels each biennium.	x	
h. An expenditure cap and sunset date are excluded.	x	x

Comments: Regarding guideline h, there is an expenditure cap but no sunset date on the statutory appropriation.



17-1-507, MCA.

- a) **Are there persons or entities that benefit from this dedicated revenue that do not pay? (please explain)**
Yes.

- b) **What special information or other advantages exist as a result of using a state special revenue fund that could not be obtained if the revenue were allocated to the general fund?**
None

- c) **Is the source of revenue relevant to current use of the funds and adequate to fund the program activity that is intended? Yes / No (if no, explain)**
Yes

- d) **Does the need for this state special revenue provision still exist? ___Unknown ___No (Explain)**

- e) **Does the dedicated revenue affect the legislature's ability to scrutinize budgets, control expenditures, or establish priorities for state spending? (Please Explain)**
Yes. As a statutory appropriation, the authority is removed from HB 2.

- f) **Does the dedicated revenue fulfill a continuing, legislatively recognized need? (Please Explain)**
Unknown

- g) **How does the dedicated revenue provision result in accounting/auditing efficiencies or inefficiencies in your agency? (Please Explain. Also, if the program/activity were general funded, could you adequately account for the program/activity?)**
No change to accounting auditing efficiencies.