

HJR 50: SENIOR AND LONG-TERM CARE 2019 BUDGET CUTS AND RESTORATIONS

BACKGROUND

House Joint Resolution 50 asked that the study of the Senior and Long-Term Care Division look at the budget reductions made during the 2019 biennium and at how the Department of Public Health and Human Services used money that was appropriated in a special session to restore funding that was cut earlier in that two-year budget period.

This briefing paper summarizes the funding changes that occurred during the past biennium.

BUDGET UPS AND DOWNS IN THE 2019 BIENNIUM

Both the Legislature and the governor took action in 2017 to reduce state spending based on fiscal year 2017 revenue collections and projected revenues and costs in fiscal year 2018.

Legislative action came in the form budget cuts made through Senate Bill 261 and actions taken during a special session called by the governor. The governor also ordered cuts under his authority to reduce state spending by up to 10% without legislative approval to ensure that state spending doesn't exceed revenues.

Lawmakers passed SB 261 during the regular session in 2017. It provided for a series of cuts to occur automatically depending on whether -- and to what degree -- revenues for the previous fiscal year fell short of expectations. Revenue collections were low enough to trigger all of the budget cuts proposed for FY 2018.

By the fall of 2017, Governor Bullock announced he would cut state spending further because of continued budget concerns, using his authority under 17-7-140, MCA. He also called the Legislature into a special session in November 2017 to consider other ways to close the funding gap.

State agency budgets for FY 2018 were cut through a series of legislative and executive actions as revenues fell short of expectations.

In that special session, lawmakers enacted the governor's 17-7-140 cuts into law by including them in House Bill 2. The Legislature also transferred funds, imposed certain fees, and provided for an avenue to restore the 17-7-140 reductions if revenues for FY 2018 came in higher than anticipated.

WHAT HAPPENED NEXT?

The tables below use information from DPHHS and the Governor's Office of Budget and Program Planning, along with information entered into the state budgeting system, to show what happened to state funding for the Senior and Long-Term Care Division because of:

- the SB 261 reductions made in FY 2018;
- the 17-7-140 spending reductions that occurred in FY 2018 and that were planned for FY 2019; and
- the restoration of funding for FY 2019 through Senate Bill 9, passed during the special session.

The FY 2018 cuts in state funding totaled about \$3.6 million, while the division was slated to see a spending cut of about \$3.4 million in FY 2019. That amount was restored through SB 9.

Senate Bill 261 Cuts	FY 2018 State Funding
Medicaid provider rate cut of 2.99%	\$1,168,387
HB 17 increase in Big Sky Waiver slots and reimbursement rates voided	\$585,064
HB 638 direct care worker wage increase of \$1.50 an hour delayed for a year	\$427,144
Total	\$2,180,595

17-7-140 Cuts	State Funding	
	FY 2018 Actual	FY 2019 Planned
Reduce Medicaid Big Sky Waiver Services	\$571,730	\$1,743,460
Reduce Medicaid Community First Choice costs by streamlining the authorization process and reducing household support services and mileage	\$463,865	\$927,731
Reduce Medicaid personal assistance services	\$206,383	\$412,766
Reduce SLTC personal services for Medicaid provider support	\$124,500	\$187,500
Reorganize Adult Protective Services offices by closing one-person offices	\$68,600	\$102,290
Total	\$1,435,078	\$3,373,747

Senate Bill 9 Restorations	FY 2019 State Funding
Restore Medicaid Big Sky Waiver services (including 2.99% provider rate cut)	\$1,805,144
Restore CFC services (including 2.99% provider rate cut)	\$991,604
Increase direct care worker wages by \$1.50 an hour as provided in HB 638	\$426,999
Restore SLTC personal services for Medicaid provider support	\$150,000
Total	\$3,373,747

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Sources

- "17-7-140, MCA, Implemented Reductions 2019 Biennium." *Governor's Office of Budget and Program Planning*. Pages B-25 and B-26. Undated.
- Statewide Budgeting, Accounting, and Human Resources System. Accessed Feb. 10, 2020.
- "Senate Bill 9 Base Budget Appropriations 2019 Biennium." *Governor's Office of Budget and Program Planning*. Pages B-3 and B-4. Undated.
- E-mail from Barb Smith, Administrator, DPHHS Senior and Long-Term Care Division. Feb. 25, 2020.