

# Medicaid Monitoring Report & Montana HELP Act Medicaid Expansion Report

A REPORT PREPARED FOR THE LEGISLATIVE FINANCE COMMITTEE  
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# MEDICAID MONITORING

This report is intended to provide an update on the appropriation for traditional Medicaid, administered by the Department of Public Health and Human Services (DPHHS). This report covers Medicaid benefits only; a subset of total Department of Health and Human Services expenditures. The administrative costs of the state Medicaid program are not included in this report. The state Medicaid program involves appropriations and expenditures by four different DPHHS divisions: Health Resources Division (HRD), Senior and Long-Term Care Division (SLTC), Developmental Services Division (DSD), and Addictive and Mental Disorders Division (AMDD). The Health and Economic Livelihood Partnership Act (HELP Act - Medicaid expansion) is discussed in the second half of this report.

## FYE 2020 MEDICAID FUNDING AND EXPENDITURE

Final fiscal year-end (FYE) 2020 Medicaid expenditures and accruals for benefits and claims is \$1,217 million. General fund expenditures are \$257.4 million. For comparison, FYE 2019 general fund expenditures were \$279.1 million. This represents, a year-over-year decrease of \$21.7 million. The decrease was primarily due to Montana receiving a 6.2 percentage points increased FMAP during the second half of FY 2020 as a result of federal legislation in response to the coronavirus public health emergency.

On March 18, 2020 H.R. 6201, the Families First Coronavirus Response Act (FFCRA) was signed into law. FFCRA provides a temporary 6.2 percentage points increase to each qualifying state's FMAP beginning January 1, 2020. The increase is retroactive and will extend through the last day of the calendar quarter in which the public health emergency declared by the Secretary of Health and Human Services for COVID-19 terminates. Montana's FMAP for FFY 2020 is 64.78%. The increased FMAP for FY 2020 is 70.98%.

DPHHS reported saving \$38.9 million in state funds savings for benefits and claims during FY 2020 as a result of the enhanced FMAP. In addition, the enhanced FMAP will extend through at least the end of the first quarter of FY 2021 resulting in a potential savings of \$20 million per quarter.

As of the end of FY 2020, DPHHS had unused general fund authority of \$29.9 million for Medicaid benefits, even after reducing the general fund appropriation by \$31.4 million due to the increased FMAP. This represents 10.4% of the FY 2020 Medicaid general fund appropriation. The department also had unused state special funds authority of \$4.5 million.

Table 1 on the following page illustrates the fiscal year end breakdown of the Medicaid appropriation. Executive changes to the appropriation are those that occurred during May and June of 2020. FYE 2020 expenditure totals are department numbers included in the FYE DPHHS Budget Status Report.

DSD expended 91.8% of their modified HB 2 Medicaid budget including 98.5% of general fund, 100.0% of state special revenue and 89.2% of federal funds. DSD ended the year with a HB 2 budget balance of \$21.9 million including \$1.0 million in general fund.

HRD expended 88.3% of their modified HB 2 Medicaid budget including 83.0% of general fund, 100.0% of state special revenue and 88.6% of federal funds. HRD has a HB 2 budget balance of \$83.1 million including \$26.4 million in general fund. The largest contributing factors to unexpended general fund at HRD include the following: hospital services, \$9.9 million; acute services and pharmacy, \$8.4 million; managed care benefits, \$5.1 million; and Medicare buy-in, \$2.2 million.

SLTC expended 96.6% of their modified HB 2 Medicaid budget including 99.8% of general fund, 91.2% of state special revenue and 96.8% of federal funds. SLTC has a HB 2 budget balance of \$9.9 million including \$0.1 million in general fund.

AMDD expended 88.1% of their modified HB 2 Medicaid budget including 76.6% general fund, 88.8% state special revenue, and 90.5% federal authority. AMDD has \$7.8 million remaining in their HB 2 budget. Unexpended general funds totaled \$2.3 million and came from adult mental health.

Table 1: FY 2020 Medicaid Benefits & Claims Appropriations Compared to DPHHS Expenditures						
Division/Fund	FY 2020 Legislative Appropriation <sup>1</sup>	Executive Changes in Legislative Appropriation <sup>2</sup>	FY 2020 Modified Appropriation	FY 2020 Expenditures and Accruals <sup>3</sup>	Expenditures (Over) Under Appropriation	Estimated Balance as a % of Modified Appropriation
<u>10 Developmental Services Div.</u>						
General Fund	\$75,786,466	(\$7,431,548)	\$68,354,918	\$67,308,801	\$1,046,117	1.4%
State Special Revenue	6,445,204	0	6,445,204	6,445,204	0	0.0%
Federal Funds	<u>192,356,096</u>	<u>(143,452)</u>	<u>192,212,644</u>	<u>171,397,677</u>	<u>20,814,967</u>	<u>10.8%</u>
Subtotal	274,587,766	(7,575,000)	267,012,766	245,151,682	21,861,084	8.0%
<u>11 Health Resources Division</u>						
General Fund	173,627,419	(17,679,351)	155,948,068	129,511,654	26,436,414	15.2%
State Special Revenue	57,916,015	(578,909)	57,337,106	57,334,480	2,626	0.0%
Federal Funds	<u>478,536,977</u>	<u>20,400,018</u>	<u>498,936,995</u>	<u>442,269,518</u>	<u>56,667,477</u>	<u>11.8%</u>
Subtotal	710,080,411	2,141,758	712,222,169	629,115,652	83,106,517	11.7%
<u>22 Senior and Long Term Care</u>						
General Fund	60,263,097	(7,011,288)	53,251,809	53,119,200	132,609	0.2%
State Special Revenue	36,484,479	973,007	37,457,486	34,156,992	3,300,494	9.0%
Federal Funds	<u>194,249,972</u>	<u>9,127,097</u>	<u>203,377,069</u>	<u>196,949,691</u>	<u>6,427,378</u>	<u>3.3%</u>
Subtotal	290,997,548	3,088,816	294,086,364	284,225,883	9,860,481	3.4%
<u>33 Addictive and Mental Disorders</u>						
General Fund	10,932,875	(1,142,496)	9,790,379	7,500,172	2,290,207	20.9%
State Special Revenue	10,919,487	58,000	10,977,487	9,748,968	1,228,519	11.3%
Federal Funds	<u>43,723,567</u>	<u>1,674,288</u>	<u>45,397,855</u>	<u>41,072,777</u>	<u>4,325,078</u>	<u>9.9%</u>
Subtotal	\$65,575,929	\$589,792	\$66,165,721	\$58,321,917	\$7,843,804	12.0%
<u>Grand Total All Medicaid Services</u>						
General Fund	320,609,857	(33,264,683)	287,345,174	257,439,827	29,905,347	9.3%
State Special Revenue	111,765,185	452,098	112,217,283	107,685,644	4,531,639	4.1%
Federal Funds	908,866,612	31,057,951	939,924,563	851,689,663	88,234,900	9.7%
Grand Total All Funds	\$1,341,241,654	(\$1,754,634)	\$1,339,487,020	\$1,216,815,134	\$122,671,886	9.2%
1 As of May 1, 2020.						
2 Changes in appropriation authority can include: reorganizations, transfers of authority among Medicaid programs, transfers of authority to other DPHHS programs, reallocations of authority between program functions within a division, additions due to budget amendments, and special session changes to HB 2.						
3 Expenditure projections are based on DPHHS FYE 2020 Budget Status Report.						

## **FYE 2020 MEDICAID ACCRUAL**

The FY 2020 accrual for Medicaid benefits and claims totals \$114.1 million. This includes \$35.9 million in state funds. The general fund accrual is \$27.9 million which represents just over 24.4% of the total. For comparison, the FY 2019 general fund accrual totaled \$41.4 million. The year-over-year reduction in general fund accrual is due in part to the enhanced FMAP.

## **BUDGET CHANGES**

The Medicaid appropriation for benefits and claims was reduced by \$1.8 million during the reporting period. The general fund appropriation was reduced by \$33.3 million including \$30.7 million for the enhanced FMAP. The remaining \$2.5 million was transferred to the director's office. The federal fund appropriation increased by \$31.1 million. This total includes an increase of \$38.8 million for the enhanced FMAP and a subsequent reduction of \$7.5 million in federal authority that was transferred to the director's office.

The \$7.4 million general fund decrease at DSD was a result of general fund expenditures being shifted to federal expenditures as a result of the enhanced FMAP. The federal funds appropriation was increased by \$7.4 million for the enhanced FMAP. However, \$7.5 million in federal authority was transferred to the director's office resulting in a total decrease in federal funds appropriation of \$0.1 million.

The general fund appropriation at HRD decreased by \$17.7 million including \$13.6 million being shifted to federal expenditures as a result of the enhanced FMAP. About \$2.5 million of the remaining decrease was due to a program transfer of excess authority to the director's office. The remaining \$1.6 million in general fund reductions was due to a program transfer to SLTC. The increase in federal appropriations at HRD was due to state fund expenditures being shifted to federal expenditures as a result of the enhanced FMAP.

The general fund appropriation decreased at SLTC by \$7.0 million. A decrease of \$8.6 million was the result of general fund expenditures being shifted to federal expenditures due to the enhanced FMAP. In addition, just under \$1.6 million was subsequently transferred in from HRD. The increase in federal appropriations at SLTC was due to state fund expenditures being shifted to federal expenditures as a result of the enhanced FMAP.

The general fund and federal fund changes at AMDD were due to general fund expenditures being shifted to federal expenditures as a result of the enhanced FMAP.

## MAJOR SERVICE CATEGORIES

Data in the following table are taken from the DPHHS FYE budget status report. While state FY 2020 has ended, DPHHS continues to refer to projected FY 2020 balance due to unspent accrual entries in FY 2020. The largest projected expenditure categories are nursing homes/swing beds, disability services (and related services), inpatient hospital services, and children's mental health services.

Category	FY19 Ending Expenses	FY20 Initial Budget	FY20 Current Budget	FY20 Expenditure Estimates	FY20 Projected Balance
Inpatient Hospital	\$ 74,966,072	\$ 83,061,588	\$ 77,179,292	\$ 70,731,140	\$ 6,448,152
Outpatient Hospital	48,108,824	53,304,051	52,096,104	44,121,328	7,974,776
Critical Access Hospital	53,322,978	59,081,276	55,742,408	46,854,070	8,888,338
Physician & Psychiatrists	68,225,629	75,593,250	73,880,197	64,650,105	9,230,092
Drugs	111,505,922	123,547,342	120,747,579	118,370,946	2,376,633
Drug Rebates	(84,822,123)	(84,822,123)	(92,073,815)	(92,073,815) -	
Dental & Denturists	44,459,184	49,260,290	48,143,980	40,258,462	7,885,518
Other Practitioners	31,676,622	35,097,350	34,301,993	30,821,136	3,480,857
Other Hospital and Clinical Services	38,530,700	42,691,594	46,135,405	45,168,631	966,774
Other Managed Care Services	8,684,735	9,622,592	9,404,530	7,683,185	1,721,344
Durable Medical Equipment	15,032,175	16,655,485	18,278,047	17,421,121	856,926
Other Acute Services	6,009,108	6,658,026	6,507,145	5,385,073	1,122,072
Nursing Homes & Swing Beds	171,338,938	180,512,024	184,986,217	184,361,393	624,824
Nursing Home IGT	5,590,334	13,637,907	13,637,907	5,709,801	7,928,106
Other SLTC Home Based Service	12,873,423	15,923,693	14,886,983	14,494,475	392,508
Personal Care	39,401,249	21,943,621	39,172,328	38,847,831	324,497
SLTC HCBS Waiver	49,320,422	44,353,377	39,768,376	39,286,770	481,607
Adult Mental Health and Chem Dep	42,988,850	51,478,188	54,515,602	46,774,689	7,740,913
HIFA Waiver	6,987,521	7,032,128	7,482,128	7,380,191	101,937
Children's Mental Health	87,530,004	95,014,016	87,241,037	86,081,777	1,159,260
School Based Services - 100% F	41,103,941	45,985,091	49,291,360	29,781,689	19,509,671
Indian Health Services - 100% Fed	77,489,871	94,556,232	94,556,232	77,231,478	17,324,754
Disability Services Waiver	123,386,149	131,467,599	131,467,599	130,522,977	944,622
Autism	71,041	4,000,000	1,071,932	249,829	822,103
Targeted Case Management	2,333,252	3,887,274	3,587,274	3,037,738	549,536
MDC & ICF Facilities - 100% Fed	9,271,185	5,083,794	5,802,541	5,692,649	109,892
Medicare Buy-In	44,598,918	48,599,651	50,463,547	46,829,968	3,633,579
Hospital Utilization Fees / DSH	49,795,105	52,075,707	83,815,548	79,024,494	4,791,054
Part-D Claw back	23,143,210	25,642,424	25,061,329	22,116,001	2,945,328
<b>Total</b>	<b>\$1,202,923,239</b>	<b>\$1,310,943,447</b>	<b>\$1,337,150,805</b>	<b>\$1,216,815,132</b>	<b>\$120,335,673</b>
*Numbers in chart represent all funds: General, State Special and Federal.					

# MONTANA HELP ACT – MEDICAID EXPANSION

The Health and Economic Livelihood Partnership (HELP) Act of the 2015 Montana Legislature expanded Medicaid in Montana, as allowed by the Patient Protection and Affordable Care Act (ACA). Specifically, this provides Medicaid coverage for adults ages 19-64, with incomes less than 138% of the federal poverty rate for Montana. As of January 1, 2020, benefits and claims for the expansion population are matched at a rate of 90% by federal funds (less an adjustment made for continuous eligibility). Unlike traditional Medicaid, there are no FMAP adjustments to the expansion population as a result of the FFCRA and the federal match rate will remain at 90% barring any changes to law. The purpose of this report is to provide an up-to-date synopsis of Medicaid expansion and the financial implications.

Federal Match Rate		
Calendar Year	Federal Share	State Share
2016	100.0%	0.0%
2017	95.0%	5.0%
2018	94.0%	6.0%
2019	93.0%	7.0%
2020+	90.0%	10.0%

The 2019 Legislature passed HB 658, extending Medicaid expansion in Montana. Prior to HB 658 Medicaid expansion was statutorily appropriated. HB 658 includes appropriation authority for the 2021 biennium. As directed in HB 658, expansion appropriations will be included in HB 2 beginning in the 2023 biennium. HB 658 became effective July 1, 2019 and has a termination date of June 30, 2025.

The bill includes several changes to expansion including the following: establishing community engagement requirements, revising eligibility verification procedures, establishing an employer grant program, and enacting fees on health service corporations and on hospital outpatient revenue, in addition to others.

## EXPANSION STATUS

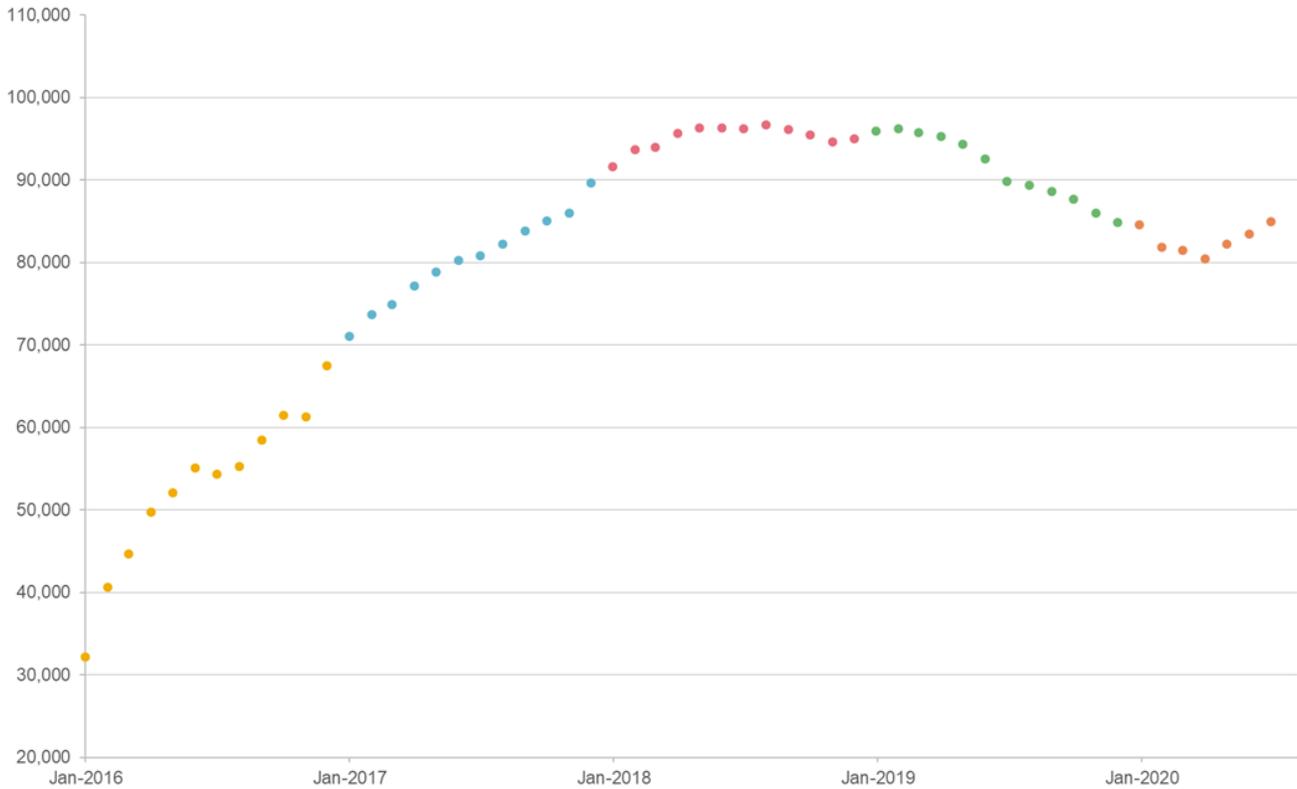
### Current Enrollment

As of July 2020, DPHHS was reporting a total of 84,894 individuals covered by Medicaid expansion. The enrollment rate for the HELP Act increased during CY 2016 and 2017 and remained relatively stable during CY 2018 through May of 2019 when it began decreasing. From May 2019 through April of 2020 enrollment decreased from 95,246 to 80,466. Enrollment has increased by an average of 1,476 members per month, since April. This represents average increase of 1.4% per month.

The graph below illustrates HELP Act enrollment since the program was instituted. Expansion enrollment reached a peak of 96,656 in August of 2018.

Average Enrollees By Calendar Year	
2016	52,724
2017	80,271
2018	95,115
2019	91,350
2020 (7 months)	82,693

The number of HELP Act Enrollees has been increasing by an average of 1.4% per month since April of CY 2020.



## FINANCIAL UPDATE

Expenditures for Medicaid benefits experience a lag since providers have up to a year to submit a billable claim. The expenditures in the table below reflect FYE 2020 expenditures and accruals.

Unexpended appropriations in Medicaid expansion at FYE 2020 come from the same places seen in traditional Medicaid. Just over 88.7% of the unexpended general fund occurred at HRD. The programs contributing the most to unexpended appropriations include the following: physician benefits, \$2.2 million; hospital benefits, \$1.7 million; and acute & pharmacy benefits, \$0.9 million.

All state special revenue expenditures for the expansion population occur in HRD. Most of the unexpended funds occurred in two programs, hospital benefits, \$2.8 million, and acute & pharmacy benefits, \$1.5 million.

HRD again accounted for the program with the largest amount of unexpended federal funds for Medicaid expansion. More than \$2.4 million occurred in physician benefits.

## Expenditures

Fiscal Year 2020 Montana HELP Act Expenditures					
	FYE 2020 Appropriation	FYE 2020 Expenditures and Accruals	FYE 2020 Budget Balance	FYE 2020 Budget Balance %	
<b>Benefits &amp; Claims</b>					
Developmental Services Division					
General Fund	\$452	\$368	\$84	18.5%	
Federal Funds	11,070	4,156	\$6,914	62.5%	
Health Resources Division					
General Fund	20,993,492	15,764,902	\$5,228,590	24.9%	
State Special Funds	54,766,926	49,899,117	\$4,867,809	8.9%	
Federal Funds	679,317,171	676,274,673	\$3,042,498	0.4%	
Senior & Long Term Care					
General Fund	827,037	794,981	\$32,056	3.9%	
Federal Funds	9,187,688	9,096,152	\$91,536	1.0%	
Addictive & Mental Disorders					
General Fund	4,908,339	4,903,925	\$4,414	0.1%	
Federal Funds	52,269,750	52,269,277	\$473	0.0%	
Administration 1					
General Fund	4,928,173	4,297,263	\$630,910	12.8%	
State Special Funds	4,841,517	4,841,515	\$2	0.0%	
Federal Funds	11,370,193	9,758,234	\$1,611,959	14.2%	
<b>Subtotal</b>					
General Fund	31,657,493	25,761,438	5,896,055	18.6%	
State Special Funds	54,766,926	49,899,117	4,867,809	8.9%	
Federal Funds	<u>752,155,872</u>	<u>747,402,492</u>	<u>4,753,380</u>	0.6%	
Total	838,580,291	823,063,047	15,517,244	1.9%	
1 Administrative costs occur in Human and Community Services, Director's Office, Business and Financial Services, Quality Assurance, Technology Services, Developmental Services, Health Resources, Medicaid & Health Services, and Operations					

## OTHER INTERACTIONS

### Department of Labor and Industry (DLI) HELP-Link – Financial Update

The Department of Labor and Industry was appropriated state special revenue of \$888,531 for FY 2020 in HB 2 to provide workforce activities included in the HELP Act. Through July 2020, DLI expended \$886,016, or approximately 99.7% of appropriated funds. This includes \$290,414 in personal services, \$53,116 in operating expenses, and \$542,485 in grants.

## HELP-Link Participation

HELP enrollees receive information about HELP-Link services. The first step in HELP-Link participation is completing the HELP-Link survey. The survey is available online and at all job service locations. As of July 1, 2020, 16,925 HELP clients had completed the survey. According to the department, more than 8,000 survey completers have received some form of employment services from DLI.

In order to become an official HELP-Link participant, a survey completer must make an in-person visit to a job service office.

All participants receive two basic services when they visit a job service office, an individualized employment plan, and workforce/labor market information services. These two services are required for HELP-Link enrollment. Information gathered by job service staff and the participant, including the HELP-Link survey, labor market information (including job openings and in-demand jobs in the state) and other services are used to develop an individualized employment plan. This process is what the department considers one-on-one intensive service. Additional information on the HELP-Link program can found in the 2019 HELP-Link Fiscal Year End Report available here:

<http://lmi.mt.gov/Publications/PublicationsContainer/help-link-2019-fiscal-year-end-report>.

Medicaid Clients and DLI	
HELP -Link Survey Completers	16,925
DLI Clients	39,505
Workforce Disenrollment Exemption	8,284
HELP-Link Participants	4,802
Source: MT DLI on 07/1/2020. Total since 01/01/2016. DLI Clients are people w ho have received staff-assisted services from MT DLI w hile on Medicaid. This includes HELP Link, RESEA, WIOA, 100% appointments, Wagner-Peyser services, apprenticeships, etc.	