

Medicaid Monitoring Report & Montana HELP Act Medicaid Expansion Report

A REPORT PREPARED FOR THE LEGISLATIVE FINANCE COMMITTEE
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MEDICAID MONITORING

As part of its interim work plan, the Legislative Finance Committee (LFC) chose to monitor the Medicaid program administered by the Department of Public Health and Human Services (DPHHS) via a report at each committee meeting. 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.

FY 2020 MEDICAID FUNDING AND EXPENDITURES

DPHHS is currently projecting a surplus in general fund authority of \$13.4 million for Medicaid benefits. The department is also projecting a surplus in state special funds of \$6.2 million. Statute requires agencies to spend state special funds before general fund.

The table on the following page illustrates the current status of the Medicaid appropriation from July-October of FY 2020. Estimated FY 2020 totals are DPHHS projections based on data through November 8, 2019. Projection totals are department numbers included in the DPHHS Budget Status Report dated November 15, 2019.

The largest contributing factors to the projected general fund surplus includes hospital services (HRD) \$7.0 million, mental health bureau (AMDD) \$4.7 million, big sky waiver (SLTC) \$2.5 million, adult mental health (AMDD) \$1.9 million, children's mental health (DSD) \$1.8 million and acute services & pharmacy (HRD) \$1.7 million.

Countering the projected surplus in Medicaid general fund are subclasses that are projected to exceed their current appropriation. These include community first choice benefits (SLTC) \$3.1 million, Montana State Hospital operations (AMDD) \$2.6 million, and clinic services (HRD) \$1.7 million.

Table 1: FY 2020 Medicaid Benefits & Claims Appropriations Compared to DPHHS Expenditures

Division/Fund	FY 2020 Legislative Appropriation ¹	Executive Changes in Legislative Appropriation ²	FY 2020 Modified Appropriation	FY 2020 Expenditures Projected ³	Estimated Expenditures (Over) Under Appropriation	Estimated Balance as a % of Modified Appropriation
10 Developmental Services Div.						
General Fund	\$75,786,466	\$0	\$75,786,466	\$72,904,561	\$2,881,905	3.8%
State Special Revenue	6,445,204	0	6,445,204	6,445,204	0	0.0%
Federal Funds	<u>192,356,096</u>	<u>0</u>	<u>192,356,096</u>	<u>183,812,772</u>	<u>8,543,324</u>	<u>4.4%</u>
Subtotal	274,587,766	0	274,587,766	263,162,537	11,425,229	4.2%
11 Health Resources Division						
General Fund	176,188,706	0	176,188,706	167,964,931	8,223,775	4.7%
State Special Revenue	57,597,301	914,769	58,512,070	54,052,891	4,459,179	7.7%
Federal Funds	<u>462,193,678</u>	<u>0</u>	<u>462,193,678</u>	<u>455,684,996</u>	<u>6,508,682</u>	<u>1.4%</u>
Subtotal	695,979,685	914,769	696,894,454	677,702,818	19,191,636	2.8%
22 Senior and Long Term Care						
General Fund	58,463,097	0	58,463,097	58,081,687	381,410	0.7%
State Special Revenue	36,484,479	0	36,484,479	33,567,677	2,916,802	8.0%
Federal Funds	<u>182,999,972</u>	<u>0</u>	<u>182,999,972</u>	<u>182,285,760</u>	<u>714,212</u>	<u>0.4%</u>
Subtotal	277,947,548	0	277,947,548	273,935,124	4,012,424	1.4%
33 Addictive and Mental Disorders						
General Fund	10,932,875	0	10,932,875	9,000,870	1,932,005	17.7%
State Special Revenue	9,669,487	0	9,669,487	10,358,578	(689,091)	-7.1%
Federal Funds	<u>41,414,822</u>	<u>0</u>	<u>41,414,822</u>	<u>40,365,127</u>	<u>1,049,695</u>	<u>2.5%</u>
Subtotal	\$62,017,184	\$0	\$62,017,184	\$59,724,575	\$2,292,609	3.7%
Grand Total All Medicaid Services						
General Fund	321,371,144	0	321,371,144	307,952,049	13,419,095	4.2%
State Special Revenue	110,196,471	914,769	111,111,240	104,424,350	6,686,890	6.1%
Federal Funds	878,964,568	0	878,964,568	862,148,655	16,815,913	1.9%
Grand Total All Funds	\$1,310,532,183	\$914,769	\$1,311,446,952	\$1,274,525,054	\$36,921,898	2.8%
1 As of July 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 November 2019 Budget Status Report.						

BUDGET CHANGES

The Medicaid benefits and claims budget increased by \$914,769 through executive modifications between July 1, 2019 and the end of October 2019. The increase was the result of state special revenue being added at HRD from the university system to partially fund a primary care residency program known as the Graduate Medical Education program.

MAJOR SERVICE CATEGORIES

Data in the following table are taken from the DPHHS budget status report dated November 15, 2019. 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	\$83,061,588	\$77,149,778	\$5,911,810
Outpatient Hospital	48,108,824	53,304,051	53,304,051	50,829,646	2,474,405
Critical Access Hospital	53,322,978	59,081,276	59,081,276	53,796,547	5,284,729
Physician & Psychiatrists	68,225,629	75,593,250	75,593,250	72,614,072	2,979,179
Drugs	111,505,922	123,547,342	123,547,342	122,976,450	570,892
Drug Rebates	(84,822,123)	(84,822,123)	(84,822,123)	(84,822,123)	-
Dental & Denturists	44,459,184	49,260,290	49,260,290	50,716,461	(1,456,171)
Other Practitioners	31,676,622	35,097,350	35,097,350	35,717,221	(619,871)
Other Hospital and Clinical Services	38,530,700	42,691,594	42,691,594	51,110,194	(8,418,600)
Other Managed Care Services	8,684,735	9,622,592	9,622,592	8,962,577	660,014
Durable Medical Equipment	15,032,175	16,655,485	16,655,485	17,221,687	(566,202)
Other Acute Services	6,009,108	6,658,026	6,658,026	6,512,560	145,466
Nursing Homes & Swing Beds	171,338,938	180,512,024	180,512,024	175,575,989	4,936,035
Nursing Home IGT	5,590,334	13,637,907	13,637,907	5,590,334	8,047,573
Other SLTC Home Based Services	12,873,423	15,923,693	15,923,693	15,735,772	187,921
Personal Care	39,401,249	21,943,621	21,943,621	38,921,104	(16,977,483)
SLTC HCBS Waiver	49,320,422	44,353,377	44,353,377	36,589,628	7,763,749
Adult Mental Health and Chem Dep	42,988,850	51,478,188	51,478,188	47,699,969	3,778,219
HIFA Waiver	6,987,521	7,032,128	7,032,128	7,502,336	(470,208)
Children's Mental Health	87,530,004	95,014,016	95,014,016	89,699,034	5,314,982
School Based Services - 100% Fed funds	41,103,941	45,985,091	45,985,091	42,747,615	3,237,476
Indian Health Services - 100% Fed funds	77,489,871	94,556,232	94,556,232	83,053,820	11,502,412
Disability Services Waiver	123,386,149	131,467,599	131,467,599	132,711,294	(1,243,695)
Autism	71,041	4,000,000	4,000,000	367,800	3,632,200
Targeted Case Management	2,333,252	3,887,274	3,887,274	3,403,008	484,266
MDC & ICF Facilities - 100% Fed funds	9,271,185	5,083,794	5,083,794	6,044,567	(960,773)
Medicare Buy-In	44,598,918	48,599,651	48,599,651	45,853,721	2,745,930
Hospital Utilization Fees / DSH	49,795,105	52,075,707	52,075,707	55,090,501	(3,014,794)
Part-D Clawback	23,143,210	25,642,424	25,642,424	25,153,492	488,932
Total	\$1,202,923,238	\$1,310,943,448	\$1,310,943,448	\$1,274,525,054	\$36,418,394

*Numbers in chart include 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. The implementation of HELP has significantly impacted the budget of the State of Montana. Currently, benefits and claims for the expansion population are matched at a rate of 93% by federal funds (less an adjustment made for continuous eligibility), with a phased-in reduction to an eventual final federal matching rate of 90% (90% federal, 10% state) in 2020 and beyond. The purpose of this report is to provide an up-to-date synopsis of the 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: 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.

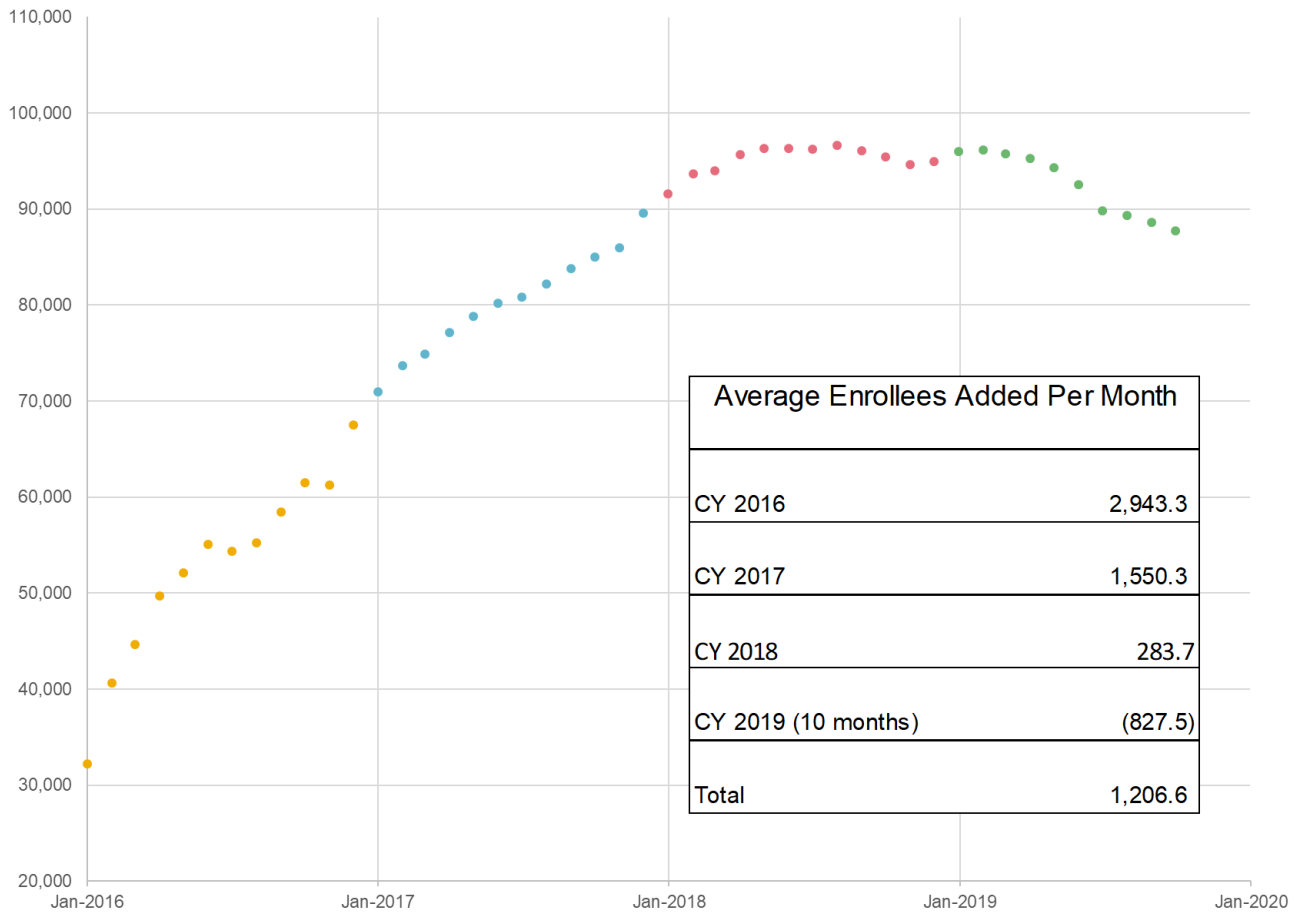
EXPANSION IMPLEMENTATION STATUS

Current Enrollment

As of October 2019, DPHHS was reporting a total of 87,698 individuals covered by Medicaid expansion. The graph below illustrates HELP Act enrollment since the program was instituted. The enrollment growth rate for the HELP Act has slowed each calendar year since the HELP act was implemented, and during CY 2019, has been decreasing.

Expansion enrollment reached a peak of 96,656 in August of 2018. The current enrollment represents a decrease of 9.3% from the August 2018 high.

The number of HELP Act Enrollees increased during CY 2016 and CY 2017 before leveling off in CY 2018 and decreasing during CY 2019.



MONTANA HELP ACT OVERSIGHT COMMITTEE

The HELP oversight committee was repealed by HB 658. Information required to be reported by DPHHS and the Department of Labor and Industry (DLI) will now be submitted to the Legislative Finance Committee and the Children, Families, Health, and Human Services interim committee. This reporting includes activities to establish a workforce development program and an employer grant program established by the bill.

FINANCIAL UPDATE

Expenditures for Medicaid benefits experience a lag due to the fact that providers have up to a year to submit a billable claim. The expenditures below reflect all paid claims with a date of service during FY 2020. The amounts reflected are current through the end of October 2019.

Expenditures

Fiscal Year 2020 Montana HELP Act Expenditures			
	General Fund	Federal Funds	Total
Benefits & Claims			
Health Resources Division	\$7,931,125	\$140,935,993	\$148,867,118
Senior & Long Term Care	245,086	2,726,070	2,971,156
Addictive & Mental Disorders	950,457	13,846,274	14,796,731
Administration			
	839,920	2,007,565	2,847,485
Total	\$9,966,588	\$159,515,903	\$169,482,491

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 October 2019, DLI expended \$318,405, approximately 35% of appropriated funds. This includes \$81,304 in personal services, \$14,102 in operating expenses, and \$222,999 in grants.

HELP-Link Participation

Every HELP enrollee receives 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 December 1, 2019, 15,291 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

Medicaid Clients and DLI	
HELP -Link Survey Completers	15,291
DLI Clients	34,783
Workforce Disenrollment Exemption	7,318
HELP-Link Participants	4,269
Source: MT DLI on 12/1/2019. Total since 01/01/2016. DLI Clients are people who have received staff-assisted services from MT DLI while on Medicaid. This includes HELP Link, RESEA, WIOA, 100% appointments, Wagner-Peyser services, apprenticeships, etc.	

the 2019 HELP-Link Fiscal Year End Report available here:

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