



# Department of Public Health and Human Services

Director's Office ♦ PO Box 4210 ♦ Helena, MT 59620 ♦ (406) 444-5622 ♦ Fax: (406) 444-1970  
<https://dphhs.mt.gov>

Greg Gianforte, Governor  
Charles T. Brereton, Director

August 18, 2022

Representative Ed Stafman, Presiding Officer  
Children, Families, Health, and Human Services Interim Committee  
PO Box 201706  
Helena, MT 59620-1706

Dear Representative Stafman,

The Department of Public Health and Human Services (DPHHS) is in receipt of the Children, Families, Health, and Human Services Interim Committee's letter dated July 18, 2022. This letter requests that the Department review potential funding sources to immediately implement provider rate increases based upon the recent Provider Rate Study Report completed by Guidehouse, Inc.

In close collaboration with the Department and Guidehouse, Montana's providers and other impacted stakeholders worked tirelessly to ensure our provider rate study would reflect the current costs of delivering critical health care services to Montana Medicaid members. The Department appreciates the support of the Interim Committee and full Legislature with the funding and implementation of the provider rate study. The resulting report provides a baseline of the cost of delivering services and recommendations surrounding a cost reporting plan to ensure future rate setting decisions consider current, reliable, and relevant data.

In reviewing the Department's ability to implement increased rates immediately, we have determined that all state fiscal year 2023 funding sources and appropriations authorized for use by the Department have been fully obligated or expended. As you know, DPHHS cannot obligate nor expend funds without an authorized appropriation. The Department does not have the independent authority to change either the amount or allowable use of an appropriation. Therefore, moving forward with provider rate increases or rate methodology changes cannot be achieved with the Department's state fiscal year 2023 appropriated budget.

The Department looks forward to coordinating with the Interim Committee and full Legislature to design and fund needed services, as well as cover true provider costs, based upon the report's findings. We remain committed to this process and value the Interim Committee's interest.

Sincerely,

Charles T. Brereton  
Director, Montana DPHHS