

TO: Children, Families, Health, and Human Services Interim Committee  
Legislative Finance Committee  
Interim Budget Committee

FROM: Mike Randol, Medicaid Director

DATE: July 25<sup>th</sup>, 2022

SUBJECT: Medicaid Change Reporting – July 2022

**Purpose:**

This memo is to complete the requirements set forth in 53-6-101 (12)(a) by reporting changes to provider rates, Montana Medicaid waivers, and/or the Montana Medicaid State Plan to the Children, Families, Health, and Human Services Interim Committee, the Legislative Finance Committee, and the Health and Human Services Interim Budget Committee.

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## Provider Rate Changes

The Department of Public Health and Human Services (DPHHS) is enacting the following rate changes for Medicaid covered services delivered by Medicaid enrolled providers to Medicaid enrollees.

### Provider Rates: 1% Provider Rate Increases

The department is proposing to enact changes to reimbursement rates across a broad spectrum of provider types (excluding hospitals and physicians). The proposed rate changes would increase Medicaid rates by 1% using funds specifically appropriated by the Montana Legislature during the 67th Legislative Session.

The proposed rate increase will be completed using changes to the Administrative Rules of Montana and the Montana Medicaid State Plan. The rate change will be enacted upon final adoption and publication of the proposed rules and will be effective as of 07/01/2022. The estimated total impact of this rate increase for each of the next four fiscal years is:

Fund Source	SFY 2023	SFY 2024	SFY 2025	SFY 2026
State Funds	\$1,202,508	\$1,302,414	\$1,405,881	\$1,526,904
Federal Funds	\$3,231,527	\$3,392,113	\$3,596,779	\$3,839,669
Total	\$4,434,035	\$4,694,527	\$5,002,661	\$5,366,574

### Provider Rates: Physician Rate Changes

The department is proposing to enact changes to physician rates in accordance with MCA 53-6-125. The proposed rate changes would increase Medicaid rates by a weighted average of 1% using general Medicaid appropriations. This rate changes will impact physicians, mid-level practitioners, psychiatrists, and podiatrists.

The proposed rate increase is initiated using changes to the Administrative Rules of Montana and the Montana Medicaid State Plan. The rate change will be enacted upon final adoption and publication of the proposed rule(s) and will be effective as of 07/01/2022. The estimated total impact of this rate increase for each of the next four fiscal years is:

Fund Source	SFY 2023	SFY 2024	SFY 2025	SFY 2026
State Funds	\$668,651	\$668,651	\$668,651	\$668,651
Federal Funds	\$2,388,814	\$2,388,814	\$2,388,814	\$2,388,814
Total	\$3,057,465	\$3,057,465	\$3,057,465	\$3,057,465

### Provider Rates: Nursing Facility Rate Changes

The department is enacting nursing facility reimbursement rates for State Fiscal Year (SFY) 2023, setting the flat rate component for Medicaid nursing facility reimbursement at \$209.34 for SFY 2023. This rate change equates to an increase of three tenths of one percent from SFY 2022. The rate calculation includes House Bill 2 funding appropriated by the Montana Legislature during the 67th Legislative Session and annualized SFY 2022 Medicaid paid days to determine nursing facility providers' reimbursement according to the methodology outlined under subsection two of the rule.

The rate increase was initiated using changes to the Administrative Rules of Montana and the State Medicaid Plan. The rate change will be enacted upon final adoption and publication of the proposed rule and will be effective as of 07/01/2022. The estimated total impact of this rate increase for each of the next four fiscal years is:

Fund Source	SFY 2023	SFY 2024	SFY 2025	SFY 2026
State Funds	\$142,487	\$142,487	\$142,487	\$142,487
Federal Funds	\$271,719	\$271,719	\$271,719	\$271,719
Total	\$469,740	\$414,206	\$414,206	\$414,206

### Provider Rates: Developmental Services Waiver Provider Rate Increases

The department is proposing to enact changes to reimbursement rates in the Montana Developmental Disabilities Program (DDP). The proposed rate changes would increase the majority of Medicaid DDP Waiver services by 1.9% using funds appropriated by the Montana Legislature during the 67th Legislative Session.

The rate increase was initiated using changes to the Administrative Rules of Montana. The rate change will be enacted upon final adoption and publication of the proposed rules and will be effective as of 07/01/2022. The estimated total impact of this rate increase for each of the next four fiscal years is:

Fund Source	SFY 2023	SFY 2024	SFY 2025	SFY 2026
State Funds	\$859,810	\$859,810	\$859,810	\$ 859,810
Federal Funds	\$1,589,791	\$1,589,791	\$1,589,791	\$1,589,791
Total	\$2,449,601	\$2,449,601	\$2,449,601	\$2,449,601

\*Note: Direct care wage increases applied to the DDP Waiver rates are included in the Direct Care Wage Changes section.

### Direct Care Wages: Developmental Services

The department is proposing to enact a distribution of funds to Montana Developmental Disabilities Program (DDP) providers for the purpose of increasing the wages of the direct care workforce. The proposed distribution of \$990,290 dollars for direct care wages is accomplished by increasing the rates for DDP Waiver Services by an average of .8%.

The direct care wage rate increase was initiated using changes to the Administrative Rules of Montana. The rate change will be enacted upon final adoption and publication of the proposed rules and will be effective as of 07/01/22. The estimated total impact of this rate increase for each of the next four fiscal years is:

Fund Source	SFY 2023	SFY 2024	SFY 2025	SFY 2026
State Funds	\$347,592	\$347,592	\$347,592	\$347,592
Federal Funds	\$642,698	\$642,698	\$642,698	\$642,698
Total	\$990,290	\$990,290	\$990,290	\$990,290

### Direct Care Wages: Big Sky Waiver and SDMI Waiver

The department is proposing to enact a distribution of funds to Big Sky Waiver and SDMI providers for the purpose of increasing the wages of the direct care workforce. This funding is combined into one distribution as the two waivers utilize the same providers. This avoids duplicity. The proposed distribution of \$2.3 million in SFY 22 and \$2.8 million in SFY 23 for direct care wages is accomplished through the allocation process described in 37.40.1027. Providers are required to file reports on the expenditure of the funds, the impact to the starting wage and the number of individuals impacted. Base funding equates to \$1.7 million and the remaining, \$546,113 for SFY 22 and \$1,084,610 for SFY 23 are from HB2 amendment GB000235-B.AJP.

The direct care wage rate increase was initiated via contracts with impacted providers. The estimated total impact of this rate increase for each of the next four fiscal years is:

Fund Source	SFY 2023	SFY 2024	SFY 2025	SFY 2026
State Funds	\$741,752	\$877,870	\$877,870	\$877,870
Federal Funds	\$1,534,741	\$1,937,120	\$1,937,120	\$1,937,120
Total	\$2,276,493	\$2,814,990	\$2,814,990	\$2,814,990

### Direct Care Wages: Community First Choice Changes

The department is proposing to enact a distribution of funds to community First Choice providers for the purpose of increasing the wages of the direct care workforce. The proposed distribution of \$5.8 million dollars for direct care wages is accomplished through the allocation

process described in 37.40.1027, ARM. Providers are required to file reports on the expenditure of the funds, the impact to the starting wage and the number of individuals impacted. starting wage and the number of individuals impacted.

The direct care wage rate increase was initiated via contracts with impacted providers. The estimated total impact of this rate increase for each of the next four fiscal years is:

Fund Source	SFY 2023	SFY 2024	SFY 2025	SFY 2026
State Funds	\$1,698,204	\$1,698,204	\$1,698,204	\$1,698,204
Federal Funds	\$4,157,672	\$4,157,672	\$4,157,672	\$4,157,672
Total	\$5,855,876	\$5,855,876	\$5,855,876	\$5,855,876

#### Outpatient Drug Tiered Dispensing Fee

The Outpatient Drug Services State Plan is being amended to add language to the highest tiered dispensing fee to ensure there is a dispensing fee for pharmacies who have a prescription volume of exactly 70,000. This is a clean-up state plan amendment so there is change effective date nor fiscal impact.

#### Reimbursement to Indian Health Services or Tribal 638 Provider

The Department of Public Health and Human Services is proposing to add language under the Payment of Medicare Part A and Part B Deductible/Coinsurance SPA to reflect reimbursement for services received at an Indian Health Service or Tribal 638 provider to a Medicaid Member with dual eligible benefits. The Medicare payment will be treated as a third-party payment and be offset against the all-inclusive Medicaid payment. The change impacts all services delivered 04/01/2022 and after and was effective 06/07/2022 when CMS approved the state plan.

Fund Source	SFY 2023	SFY 2024	SFY 2025	SFY 2026
State Funds				
Federal Funds	\$656,572	\$656,572	\$656,572	\$656,572
Total	\$656,572	\$656,572	\$656,572	\$656,572

## Provider Participation Changes

### Third Party Liability Compliance with Bipartisan Act of 2018

The purpose of this state plan amendment is to bring the Department in compliance with the Bipartisan Budget Act of 2018. This law requires state Medicaid providers to bill medical claims for prenatal services, including labor, delivery, and postpartum care to a beneficiary's primary health insurance carrier before billing Medicaid. Medicaid may continue to make payments for pediatric preventive services prior to a primary health insurance carrier, unless the state determines that is cost-effective and access to care warrants cost avoidance for up to 90 days. Medicaid may make payments without regard to potential payment from a liable third party for up to 100 days, for claims related to child support enforcement beneficiaries. The update will be effective upon approval of the state plan amendment. There is no fiscal impact for this change.

## Eligibility Changes

### Medically Needy Program

The Medically Needy Program provides coverage for the aged, blind, disabled, pregnant women, and children whose income exceeds the income limits of Medicaid, but have significant medical expenses, through a process known as “spend down.”

The 2021 Montana Legislature allocated \$2.8 million for the spend down change. DPHHS is also leveraging state savings resulting from enhanced federal match for Medicaid – provided through the American Rescue Plan Act – to ensure even more impact to eligible Montanans.” The Medically Needy Program income eligibility limit was proposed to increase by \$169 per month – from \$100 to \$269 for benefits months starting in January 2022. The final effective date will be determined upon approval of the CMS state plan amendment.

Fund Source	SFY 2023	SFY 2024	SFY 2025	SFY 2026
State Funds	\$1,300,000	\$1,300,000	\$1,300,000	\$1,300,000
Federal Funds	\$2,400,000	\$2,400,000	\$2,400,000	\$2,400,000
Total	\$3,700,000	\$3,700,000	\$3,700,000	\$3,700,000

## Benefit Plan Changes

### Nurse Advise Line

The department has discontinued the nurse advise line (NAL) services. This change was initiated due to the loss of the current contractor. An analysis concluded due to that due to the increasingly low call volume and increased availability of telehealth the service is no longer cost effective. Members are encouraged to contact their primary care provider if they have any questions regarding their health. The state plan change was approved on June 23, 2022, with a retroactive effective date of 04/01/2022.

Fund Source	SFY 2023	SFY 2024	SFY 2025	SFY 2026
State Funds	\$ -83,785	\$ -83,785	\$ -83,785	\$ -83,785
Federal Funds	\$ -83,785	\$ -83,785	\$ -83,785	\$ -83,785
Total	\$-167,570	\$-167,570	\$-167,570	\$-167,570

### Public Health Emergency Temporary Change – Staffing Requirements

Due to COVID-19, Montana Medicaid is temporarily adjusting the staffing requirements, including staffing structure of the team, as well as the required number of each team member/qualified providers for Montana’s Assertive Community Treatment (MACT) and the Program of Assertive Community Treatment (PACT) services. These changes will ensure that PACT and MACT teams are still able to meet the members identified treatment plan needs and the service requirements outlined in the Other Rehabilitative Services section of the approved state plan. Montana is not asking to reduce the amount, duration, or scope of MACT or PACT services. In accordance with the flexibilities provided with disaster and emergency state plan amendments, this change is effective 07/01/2020. There is no fiscal impact for this change.

### Coverage for Montana Medicaid Members in Clinical Trials

This state plan change was required by the Centers for Medicaid and Medicare Services (CMS) and confirms via stated assertions that Montana Medicaid will cover and reimburse for routine health care services for Medicaid members included in clinical trials. As this is existing practice there is no effective date for a change in services and no financial impact.