

Medicaid Monitoring Report & Montana HELP Act Medicaid Expansion Report

A REPORT PREPARED FOR THE LEGISLATIVE FINANCE COMMITTEE
BY JON ARNOLD

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MEDICAID MONITORING

This report is intended to provide an update on the appropriation for 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.

TRADITIONAL MEDICAID

FY 2020 MEDICAID FUNDING AND EXPENDITURE

On March 18, 2020 H.R. 6201, the Families First Coronavirus Response Act (FFCRA) was signed into law. FFCRA provides a temporary 6.2% 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 will be 70.98%.

The numbers in this report do not account for approximately \$38 million in savings from receiving an enhanced FMAP.

In addition to the enhanced FMAP, as of May 10, 2020, DPHHS is projecting a surplus in general fund authority of \$24.5 million for Medicaid benefits. This represents 7.6% of the FY 2020 Medicaid general fund appropriation. The department is also projecting a surplus in state special funds of \$2.9 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 February - April of FY 2020. Estimated FY 2020 totals are DPHHS projections based on data through May 10, 2020. Projection totals are department numbers included in the DPHHS Budget Status Report dated May 15, 2020.

The largest contributing factors to the projected general fund surplus from HRD include hospital services, \$8.3 million; acute services & pharmacy, \$6.3 million; Medicare Buy-in, \$2.0 million; and managed care benefits, \$1.3 million. AMDD is projecting a general fund surplus in adult mental health of \$2.2 million. DSD is projecting a general fund surplus in children's mental health of \$3.0 million and in children's autism services of \$1.3 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 in SLTC (\$1.6 million) and clinic services in HRD (\$1.2 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	\$70,711,379	\$5,075,087	6.7%
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>173,321,393</u>	<u>19,034,703</u>	<u>9.9%</u>
Subtotal	274,587,766	0	274,587,766	250,477,976	24,109,790	8.8%
11 Health Resources Division						
General Fund	176,188,706	(2,561,287)	173,627,419	156,542,674	17,084,745	9.7%
State Special Revenue	57,916,016	0	57,916,016	57,232,087	683,929	1.2%
Federal Funds ⁴	<u>478,826,308</u>	<u>(11,250,000)</u>	<u>467,576,308</u>	<u>449,514,670</u>	<u>18,061,638</u>	<u>3.8%</u>
Subtotal	696,894,454	(13,811,287)	699,119,743	663,289,431	35,830,312	5.1%
22 Senior and Long Term Care						
General Fund	58,463,097	1,800,000	60,263,097	60,167,631	95,466	0.2%
State Special Revenue	36,484,479	0	36,484,479	33,597,865	2,886,614	7.9%
Federal Funds	<u>182,999,972</u>	<u>11,250,000</u>	<u>194,249,972</u>	<u>184,820,938</u>	<u>9,429,034</u>	<u>5.2%</u>
Subtotal	277,947,548	13,050,000	290,997,548	278,586,434	12,411,114	4.5%
33 Addictive and Mental Disorders						
General Fund	10,932,875	0	10,932,875	8,728,602	2,204,273	20.2%
State Special Revenue	9,669,487	0	9,669,487	10,305,949	(636,462)	-6.6%
Federal Funds	<u>41,414,822</u>	<u>0</u>	<u>41,414,822</u>	<u>38,996,288</u>	<u>2,418,534</u>	<u>5.8%</u>
Subtotal	\$62,017,184	\$0	\$62,017,184	\$58,030,839	\$3,986,345	6.4%
Grand Total All Medicaid Services						
General Fund	321,371,144	(761,287)	320,609,857	296,150,286	24,459,571	7.6%
State Special Revenue	110,515,186	0	110,515,186	107,581,105	2,934,081	2.7%
Federal Funds	895,597,198	0	895,597,198	846,653,289	48,943,909	5.5%
Grand Total All Funds	\$1,327,483,528	(\$761,287)	\$1,326,722,241	\$1,250,384,680	\$76,337,561	5.8%
1 As of February 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 May 2020 Budget Status Report.						
4 The legislative appropriation has been adjusted to reflect the addition of HB 658 funding to the Budget Status Report since the time of the March Medicaid Monitoring Report.						

BUDGET CHANGES

The \$1.8 million general fund increase at SLTC was a program transfer from HRD to help cover Community First Choice (CFC) benefits. The remaining general fund reduction in HRD was transferred from Hospital Services to the Medicaid and Health Services management division to cover administrative costs. The table

only represents benefits and claims and therefore only the benefits and claims portion is contained in the table.

The \$11.3 million dollar increase in federal funds at SLTC was transferred from HRD Medicaid Acute services to SLTC, primarily to cover CFC benefits.

MAJOR SERVICE CATEGORIES

Data in the following table are taken from the DPHHS budget status report dated May 15, 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	\$ 80,891,549	\$ 75,020,597	\$ 5,870,952
Outpatient Hospital	48,108,824	53,304,051	51,911,448	48,051,906	3,859,541
Critical Access Hospital	53,322,978	59,081,276	57,537,738	50,663,983	6,873,756
Physician & Psychiatrists	68,225,629	75,593,250	73,618,326	69,406,776	4,211,550
Drugs	111,505,922	123,547,342	120,319,585	121,265,242	(945,657)
Drug Rebates	(84,822,123)	(84,822,123)	(84,822,123)	(92,350,414)	7,528,291
Dental & Denturists	44,459,184	49,260,290	47,973,332	45,226,059	2,747,273
Other Practitioners	31,676,622	35,097,350	34,180,409	33,589,808	590,601
Other Hospital and Clinical Services	38,530,700	42,691,594	41,576,248	48,309,795	(6,733,547)
Other Managed Care Services	8,684,735	9,622,592	9,371,195	7,646,421	1,724,774
Durable Medical Equipment	15,032,175	16,655,485	16,220,349	17,386,398	(1,166,048)
Other Acute Services	6,009,108	6,658,026	6,484,081	5,761,205	722,876
Nursing Homes & Swing Beds	171,338,938	180,512,024	180,512,024	173,389,768	7,122,256
Nursing Home IGT	5,590,334	13,637,907	13,637,907	5,590,334	8,047,573
Other SLTC Home Based Service	12,873,423	15,923,693	15,923,693	15,338,349	585,344
Personal Care	39,401,249	21,943,621	37,243,621	39,029,202	(1,785,581)
SLTC HCBS Waiver	49,320,422	44,353,377	42,103,377	40,609,361	1,494,016
Adult Mental Health and Chem Dep	42,988,850	51,478,188	51,478,188	46,598,925	4,879,263
HIFA Waiver	6,987,521	7,032,128	7,032,128	7,676,955	(644,827)
Children's Mental Health	87,530,004	95,014,016	95,014,016	86,481,753	8,532,263
School Based Services - 100% F	41,103,941	45,985,091	46,165,315	36,337,353	9,827,962
Indian Health Services - 100% Fe	77,489,871	94,556,232	94,556,232	79,173,568	15,382,664
Disability Services Waiver	123,386,149	131,467,599	131,467,599	129,635,788	1,831,811
Autism	71,041	4,000,000	4,000,000	265,322	3,734,678
Targeted Case Management	2,333,252	3,887,274	3,887,274	3,547,261	340,013
MDC & ICF Facilities - 100% Fed f	9,271,185	5,083,794	5,083,794	5,176,200	(92,406)
Medicare Buy-In	44,598,918	48,599,651	49,987,729	46,757,185	3,230,544
Hospital Utilization Fees / DSH	49,795,105	52,075,707	68,394,708	66,393,795	2,000,913
Part-D Claw back	23,143,210	25,642,424	24,972,498	24,240,938	731,560
Total	\$1,202,923,238	\$1,310,943,448	\$1,326,722,241	\$1,236,219,832	\$90,502,409
*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. The implementation of HELP has significantly impacted the budget of the State of 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 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: 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

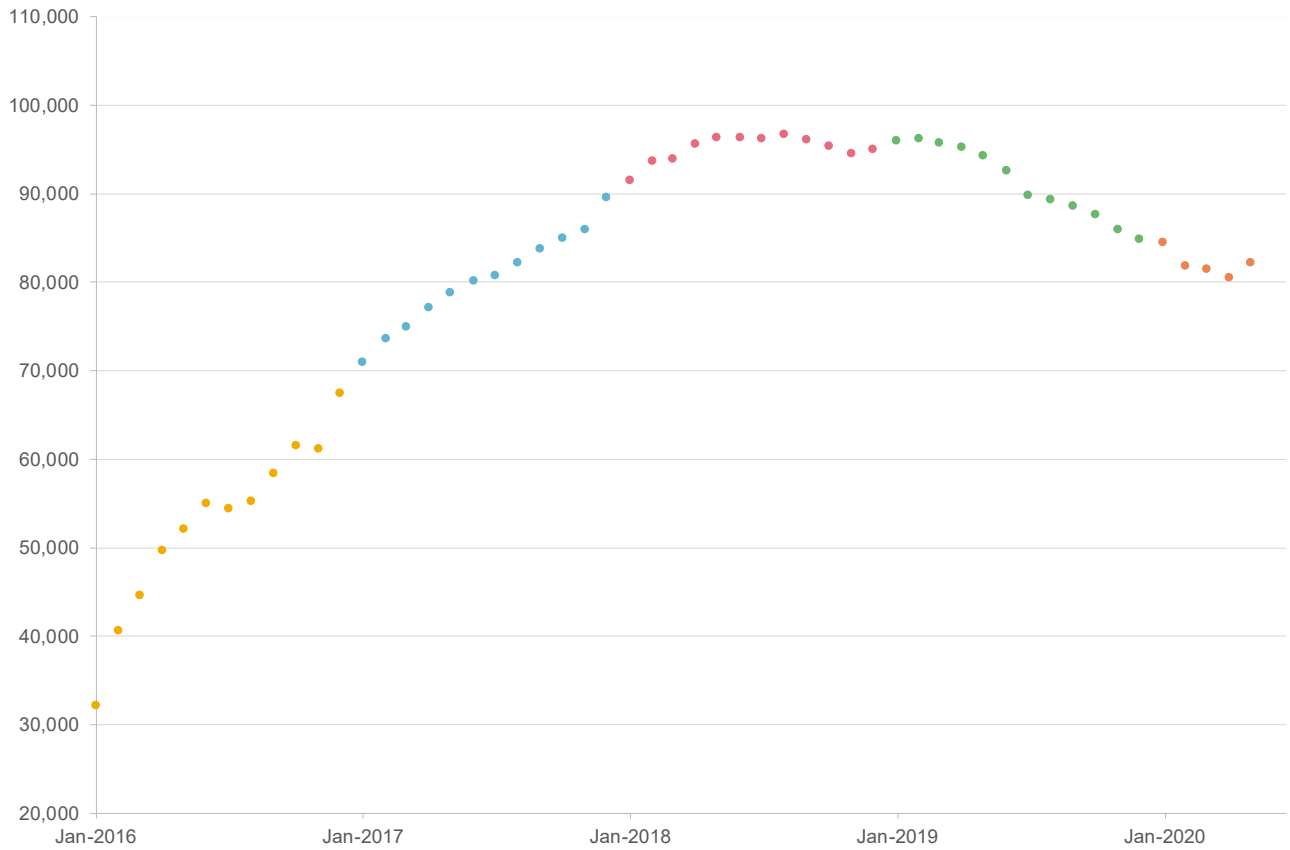
Current Enrollment

As of April 2020, DPHHS was reporting a total of 80,466 individuals covered by Medicaid expansion. The enrollment growth rate for the HELP Act slowed each calendar year since the HELP act was implemented, and during CY 2019 and the first four months of CY 2020.

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 Added Per Month	
CY 2016	2,943.3
CY 2017	1,550.3
CY 2018	283.7
CY 2019	(927.3)
CY 2020 (4 months)	(470.2)

The number of HELP Act Enrollees increased during CY 2016 and CY 2017 before leveling off in CY 2018 and decreasing during CY 2019 and CY 2020.



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 April 2020.

Expenditures

Fiscal Year 2020 Montana HELP Act Expenditures				
	General Fund	State Special Funds	Federal Funds	Total
Benefits & Claims				
Health Resources Division	\$23,849,265	\$21,349,335	\$562,264,574	\$586,113,839
Senior & Long Term Care	510,061		6,490,186	7,000,246
Addictive & Mental Disorders	3,148,129		36,381,066	39,529,195
Developmental Services Division			1,503	1,503
Administration ¹	2,621,446	2,296,954	6,495,059	11,413,459
Total	\$30,128,900	\$23,646,289	\$611,632,388	\$644,058,242
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 Services Divisions.				

The numbers in the expenditures chart are shown as currently reported in SABHRS (the state accounting system). However, DPHHS has indicated that some of this data will be adjusted at year end, resulting in lower general fund expenditures and higher state special fund expenditures.

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 May 2020, DLI expended \$708,436, or approximately 79.7% of appropriated funds. This includes \$255,404 in personal services, \$46,115 in operating expenses, and \$406,917 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 April 1, 2020, 16,844 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.

Medicaid Clients and DLI	
HELP -Link Survey Completers	16,844
DLI Clients	37,238
Workforce Disenrollment Exemption	8,120
HELP-Link Participants	0
Source: MT DLI on 04/1/2020. 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.	

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>.