

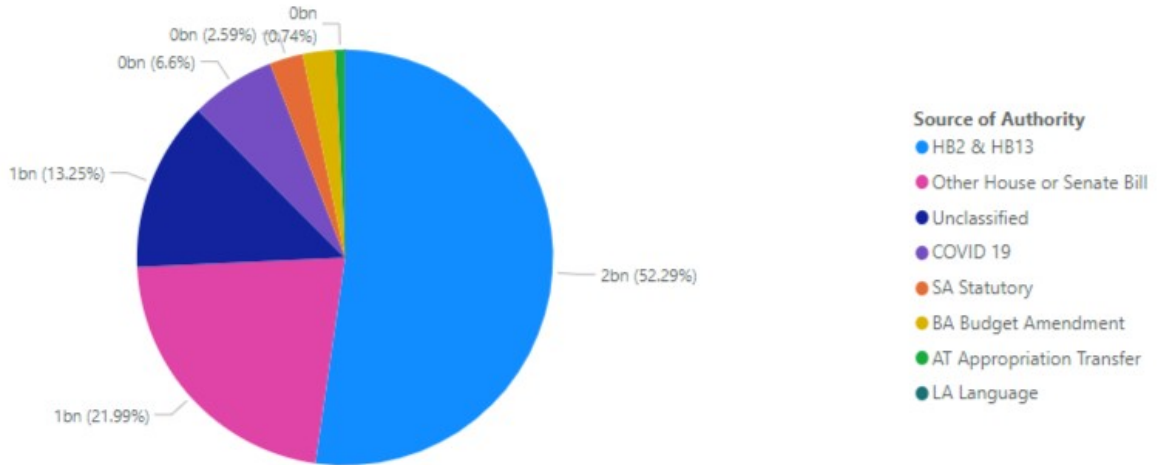
DEPARTMENT OF PUBLIC HEALTH & HUMAN SERVICES

TOTAL APPROPRIATION AUTHORITY

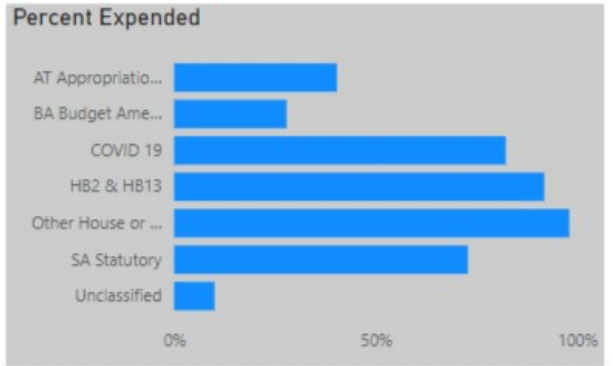
The total appropriation authority for the agency is shown in the pie chart below. HB 2 and HB 13 provide 52.3% of the total authority for this agency. All types of appropriation authority for this agency are described below, including total budget and the percent expended by source of authority.

Public Health & Human Services

Total Appropriation Authority



Fiscal Year	2021		
LFD_src_auth_descr	Budget	FYE Expended	Percent Expended
AT Appropriation Transfer	30,336,418	12,250,055	40.4%
BA Budget Amendment	102,994,252	28,740,626	27.9%
COVID 19	269,605,060	221,889,108	82.3%
HB2 & HB13	2,137,028,588	1,962,903,809	91.9%
LA Language	775,000		
Other House or Senate Bill	898,938,301	881,443,681	98.1%
SA Statutory	105,962,661	77,226,625	72.9%
Unclassified	541,547,015	54,159,824	10.0%
Total	4,087,187,295	3,238,613,728	79.2%



Appropriation Transfers

Appropriation transfer (AT) authority is associated with long-range information technology (LRIT), pain management and medical marijuana, strategic planning, and childhood abuse. At FYE 2021 \$12.3 million of \$30.3 million in AT authority was expended. LRIT expenditures were \$9.0 million from a budgeted \$27.1 million. Medical marijuana oversight AT authority was transferred from the Governor's Office and is associated with HB 715 (2019 session) and was nearly entirely expended (budget and expenditures of \$2.8 million).

Budget Amendments

Budget amendment (BA) authority totaled \$103.0 million (all federal funds) at FYE 2021, and expenditures were \$28.7 million. The largest area of authority was indirect activity funding for the Health Information Exchange in the Technology Services Division: authority totaled \$56.0 million with expenditures of \$9.5 million. Note that BAs involving COVID-19 are labeled as such in the graphic above and are discussed separately in the COVID-19 section below. BA authority also existed in the following divisions:

- Addictive and Mental Disorders Division (AMDD) – spending of \$7.3 million from a budget of \$17.2 million, largely on opioid response, crisis counseling, the Partnerships for Success grant, and the Zero Suicide Program
- Early Childhood and Family Support Division – spending of \$4.9 million from a budget of \$10.6 million, mostly on maternal/infant home visiting, Healthy MT Teen Parent Program, pediatric mental health care access, and the Maternal Health Innovations Program
- Public Health and Safety Division – spending of \$3.9 million from a budget of \$11.2 million, largely on prescription drug overdose activities, diabetes/heart health/stroke activities, and epidemiology and laboratory capacity
- Senior and Long-Term Care Division – spending of \$1.2 million from a budget of \$3.1 million, mostly on elder abuse prevention, Alzheimer's activities, adult protective services systems, and lifespan respite
- Health Resources Division – spending of \$944,881 from a budget of \$1.4 million on perinatal health
- Human and Community Services Division - spending of \$381,689 on a budget of \$526,430 for food stamp performance bonuses, income verification, and emergency food assistance
- Child and Family Services Division – spending of \$551,501 from a budget of \$2.8 million on caseworker visits, the Kinship Navigator Program, and adoption incentives

Other Bills

Other bills authority totals \$898.9 million and is largely associated with Medicaid expansion (HB 658). At FYE 2021 Medicaid expansion spending totaled \$879.2 million from a budget of \$889.8 million. In FY 2022 and beyond Medicaid expansion is funded in HB 2. Beyond Medicaid expansion, several other bills include authority for DPHHS:

- HB 660: authority of \$493,975 for mobile crisis units in AMDD, with spending of \$321,428
- HB 680: authority of \$1.4 million for targeted case management in Developmental Services Division (DSD), with spending of \$1.2 million
- HB 696: authority of \$497,880 for suicide prevention, with spending of \$439,641
- SB 30: authority of \$6.7 million for peer support services in AMDD with spending of \$248,455

HB 630 /HB 3

DPHHS had FY 2021 federal authority added to HB 3 during the 2021 session:

- For COVID-19 vaccinations: appropriation of \$37.8 million
- For COVID-19 testing, tracing, and mitigation: \$192.3 million
- For the childcare and development block grant: \$28.8 million

COVID-19 Authority

The following chart is provided to allow the legislature to examine the funding that is available to the agency for COVID-19 impacts. Administrative authority for CARES I and ARPA appropriations was allocated to the agency by the Governor’s Office. Administration authority is not an appropriation and thus is not included in the total appropriation authority on the shown on the previous page.

Coronavirus Stimulus Appropriations Public Health & Human Services

Stimulus Authority	Budget	FYE Expended	Percent Expended
ARPA	231,291,000	15,000,000	6.5%
CARES I	484,968,597	437,226,157	90.2%
CARES II	310,256,015	39,159,824	12.6%

All ARPA expenditures in FY 2021 are associated with nursing home supplemental payments. CARES I and CARES II funding can be divided into Coronavirus Relief Fund (CRF) or non-CRF funding.

Total CRF spending in FY 2021 was \$215.4 million. Major spending areas include:

- Childcare assistance: \$58.8 million
- Grants to social services non-profits: \$50.1 million
- Nursing facility/swing bed supplemental payments: \$32.6 million
- Other CARES Act spending: \$20.1 million
- COVID testing: \$17.4 million
- Nursing home quarantine/isolation payments: \$14.0 million
- Behavioral health/substance abuse efforts: \$9.0 million

Total non-CRF COVID-19 spending in FY 2021 was \$221.9 million. Major spending areas include:

- Additional Supplemental Nutrition Assistance Program (SNAP) payments: \$97.4 million
- Enhanced 6.2% federal medical assistance percentage (FMAP) led to increased federal fund spending of \$75.2 million (offset by reduced general fund)
- Epidemiology and laboratory capacity: \$26.3 million
- Hospital/provider support: \$3.6 million
- Emergency medical personnel/licensed facilities: \$3.5 million

Statutory Appropriations

The largest statutory appropriation in DPHHS is for the Indian Health Service component of Medicaid, which is 100% federal funding. At FYE 2021 budget authority for this program was \$94.5 million and expenditures were \$67.3 million. This is a decrease in expenditures in IHS relative to FY 2020 (\$75.4 million) and FY 2019 (\$77.5 million).

Other statutory authority in DPHHS is associated with:

- Alcohol tax distributions to AMDD – budget of \$7.1 million state special revenue (SSR) with spending of \$6.6 million
- Title X family planning – budget of \$2.3 million federal funds with spending of \$1.9 million
- Montana State Hospital bond payments – budget of \$1.8 million SSR with spending of \$1.2 million
- Adoption services fees – budget of \$239,508 SSR with spending of \$237,170

HB 2 BUDGET MODIFICATIONS

The following chart shows the HB 2 budget as passed by the legislature, including the pay plan, and the ending FYE modified budget. Net modifications to the budget include operating plan changes from one expenditure account to another, program transfers, reorganizations, and agency transfers of authority. The **positive modifications** and **negative modifications** are shown by program, expenditure account, and fund type.

HB 2 Modifications Public Health & Human Services

Agency Program	HB2 Budget	FYE Modified Budget	Net Modifications
01 DISABILITY EMPLOYMNT & TRANSITNS	29,499,592	29,400,431	-99,161
02 HUMAN AND COMMUNITY SERVICES	331,992,152	259,097,491	-72,894,661
03 CHILD & FAMILY SERVICES	106,599,502	105,802,459	-797,043
04 DIRECTORS OFFICE	8,820,247	18,394,265	9,574,018
05 CHILD SUPPORT ENFORCEMENT	11,478,902	11,643,335	164,433
06 BUSINESS & FINANCIAL SERVICES	11,923,183	12,865,581	942,398
07 PUBLIC HEALTH & SAFETY DIV	62,543,492	38,159,047	-24,384,445
08 QUALITY ASSURANCE DIVISION	11,533,810	7,633,433	-3,900,377
09 TECHNOLOGY SERVICES DIVISION	31,500,596	38,956,769	7,456,173
10 DEVELOPMENTAL SERVICES DIV	316,044,182	268,942,356	-47,101,826
11 HEALTH RESOURCES DIVISION	766,755,154	724,569,832	-42,185,322
12 MEDICAID & HEALTH SVCS MNGMT	18,927,706	17,039,327	-1,888,379
16 OPERATIONS SERVICES DIVISION	3,030,229	4,235,443	1,205,214
22 SENIOR & LONG TERM CARE SVCS	334,633,680	337,883,540	3,249,860
25 EARLY CHILDHOOD & FAM SUPPORT		85,097,066	85,097,066
33 ADDICTIVE & MENTAL DISORDERS	155,295,190	177,308,214	22,013,024
Total	2,200,577,617	2,137,028,588	-63,549,029

Expenditure Account	HB2 Budget	FYE Modified Budget	Net Modifications
61000 Personal Services	200,009,384	199,372,088	-637,296
62000 Operating Expenses	127,664,028	143,066,077	15,402,049
63000 Equipment & Intangible Assets	651,721	1,092,321	440,600
66000 Grants	76,788,679	72,171,097	-4,617,582
67000 Benefits & Claims	1,791,987,897	1,704,871,313	-87,116,584
68000 Transfers-out	3,183,901	15,620,006	12,436,105
69000 Debt Service	292,007	835,686	543,679

Fund Type	HB2 Budget	FYE Modified Budget	Net Modifications
01 General	588,613,384	524,971,649	-63,641,735
02 State/Other Spec Rev	178,878,590	178,895,061	16,471
03 Fed/Other Spec Rev	1,433,085,643	1,433,161,878	76,235

Several significant modifications were made to the DPHHS HB 2 budget throughout FY 2021. These include:

- In the Human and Community Services Division (HCSD): a reorganization that shifted \$52.1 million out of HCSD to the newly created Early Childhood and Family Support Division (ECFSD); a shift of \$12.5 million in federal SNAP/Temporary Assistance to Needy Families authority to cover Medicaid expansion

expenditures in Health Resources Division (HRD); and a shift of \$5.5 million in SNAP authority to cover expenses for various projects in other divisions

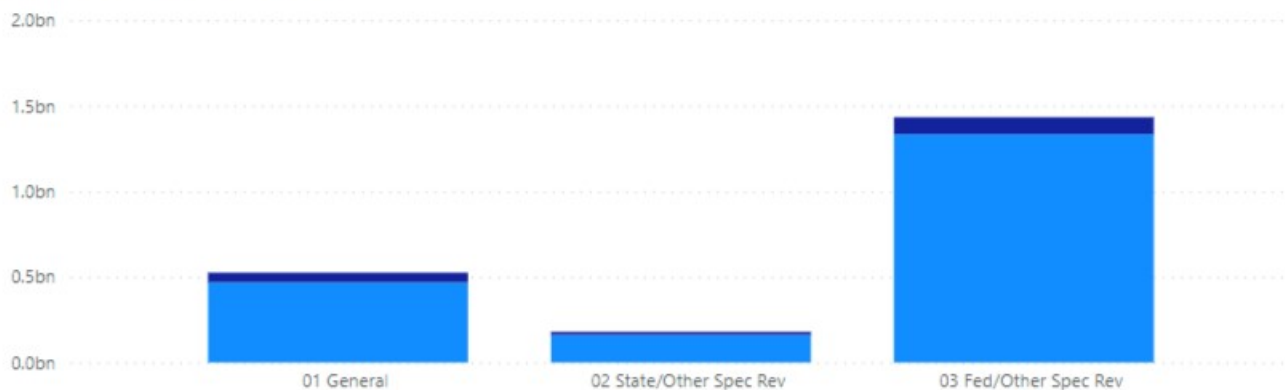
- In the Director's Office: a net increase of \$9.6 million in budget authority due to transfers from other divisions. A total of \$7.5 million in general fund was transferred from HRD to establish a COVID provider rate at up to 200% of the Medicaid daily rate for any isolated/quarantined patient. An additional \$2.8 million in federal SNAP authority was transferred from HCSD to the Director's Office for COVID-related expenditures
- In the Public Health and Safety Division: a reorganization that shifted \$23.6 million out of HCSD to the newly created Early Childhood and Family Support Division, as well as several small transfers to other divisions
- In the Quality Assurance Division: a reduction of \$2.1 million due to a reorganization that shifted the Medicaid Marijuana Program to the Operations Services Division, and a further reduction of \$1.4 due to the movement of the childcare licensing function to ECFSD
- In the Technology Services Division (TSD): an increase of \$6.6 million for several projects, including the CHIMES system and the SITSD mainframe extension, due to a transfer from other divisions, as well as several smaller transfers to TSD from other divisions across DPHHS
- In the Developmental Services Division: an overall decrease of \$47.1 million over the FY 2021 period. About \$14.3 million of this reduction is due to budget amendments associated with the COVID-related enhanced FMAP tied to the federal Families First Coronavirus Response Act (FFCRA), which increased the FMAP for all states by 6.2 percentage points, retroactive to January 1, 2020. DSD also transferred a total of \$25.2 million in budget authority to other DPHHS divisions. The largest components of these transfers involved sending \$30.1 million in federal authority associated with comprehensive school and community treatment to other DPHHS divisions to cover various expenditures, including Medicaid expansion. Finally, some developmental disability services and budget authority of \$7.7 million were shifted to ECFSD
- In the Health Resources Division: an overall decrease of \$42.2 million over the FY 2021 period. About \$29.4 million of this reduction is due to budget amendments associated with the COVID-related enhanced FMAP tied to the FFCRA. HRD also made several transfers of authority to other DPHHS divisions, including \$12.3 million of Medicaid authority for the Community First Program in the Senior and Long-Term Care Division as well as \$17.5 million in Medicaid authority to other DPHHS divisions for Medicaid purposes
- In the Early Childhood and Family Support Division: authority transferred from other divisions to create ECFSD
- In the Addictive and Mental Disorders Division: an overall increase of \$22.0 million, mostly due to higher-than-anticipated mental health expenditures in Medicaid expansion. Authority was transferred from other divisions to cover these expenditures, as well as expenditures in the Home and Community Based Services and Health Insurance Flexibility and Accountability Waiver Programs
- Operating expenses increased by \$15.4 million, driven by increases in Medicaid administration and expenditures in the Technology Services Division
- Growth in transfers, which totaled \$12.4 million, was driven by a shift of Medicaid authority to a state special revenue account in order to capitalize on a temporary 10-point increase in FMAP for home and community-based services (HCBS)

- The reduction in benefits and claims, totaling \$87.1 million, was driven by the FFCRA enhanced FMAP budget amendments discussed above. This accounts for \$63.7 million of the reduction. The remainder is associated with transfers which shifted funding for benefits to funding for other purposes, mostly operating expenses
- The reduction in general fund of \$63.6 million is tied to the FFCRA enhanced FMAP budget amendments discussed in the COVID-19 authority section above

HB 2 APPROPRIATION AUTHORITY

HB 2 Expenditures

● FYE Expended ● Remaining Budget



Expenditure Account	FYE Modified Budget	FYE Expended	Percent Expended
67000 Benefits & Claims	1,704,871,313	1,553,615,568	91.1%
61000 Personal Services	199,372,088	181,970,026	91.3%
62000 Operating Expenses	143,066,077	140,631,745	98.3%
66000 Grants	72,171,097	72,990,757	101.1%
68000 Transfers-out	15,620,006	12,699,191	81.3%
63000 Equipment & Intangible Assets	1,092,321	410,140	37.5%
69000 Debt Service	835,686	586,381	70.2%

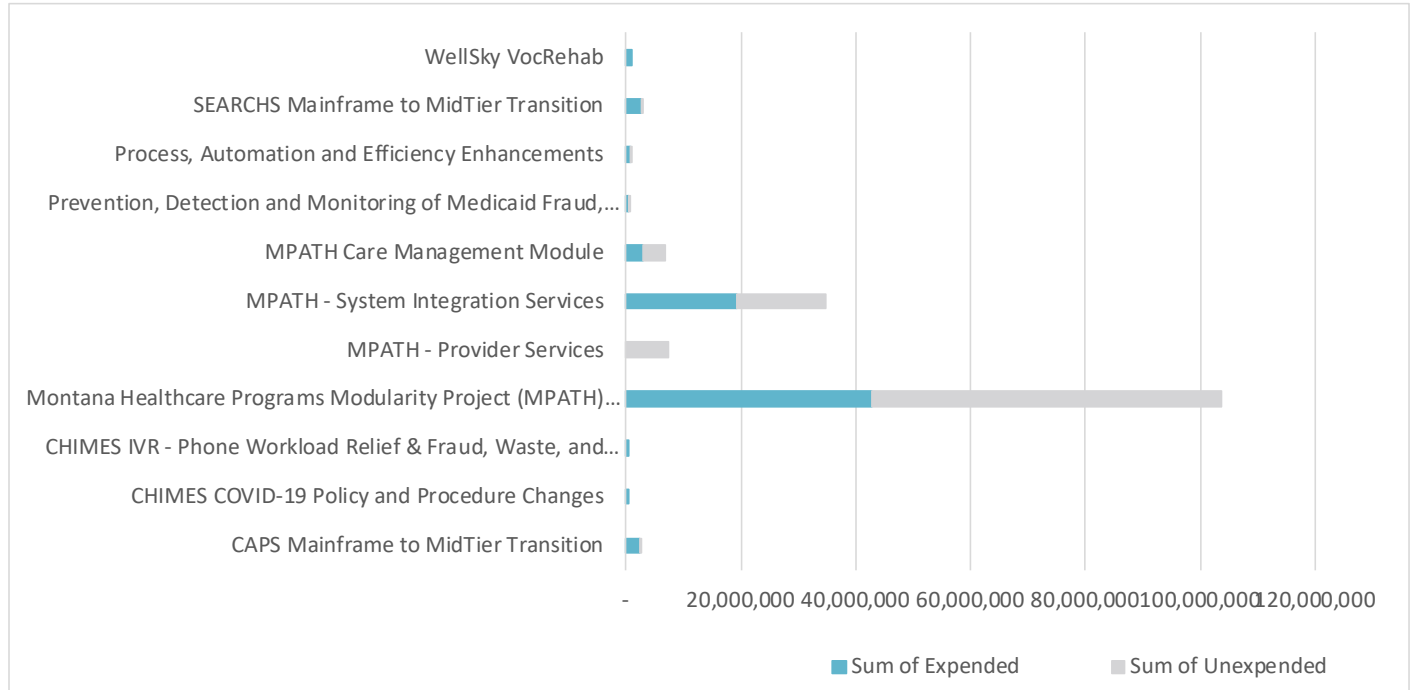
Agency Program	FYE Modified Budget	FYE Expended	Percent Expended
01 DISABILITY EMPLOYMNT & TRANSITNS	29,400,431	20,719,251	70.5%
02 HUMAN AND COMMUNITY SERVICES	259,097,491	222,117,409	85.7%
03 CHILD & FAMILY SERVICES	105,802,459	103,858,835	98.2%
04 DIRECTORS OFFICE	18,394,265	11,187,705	60.8%
05 CHILD SUPPORT ENFORCEMENT	11,643,335	11,390,752	97.8%
06 BUSINESS & FINANCIAL SERVICES	12,865,581	12,322,958	95.8%
07 PUBLIC HEALTH & SAFETY DIV	38,159,047	35,342,633	92.6%
08 QUALITY ASSURANCE DIVISION	7,633,433	7,104,249	93.1%
09 TECHNOLOGY SERVICES DIVISION	38,956,769	37,042,766	95.1%
10 DEVELOPMENTAL SERVICES DIV	268,942,356	246,873,880	91.8%
11 HEALTH RESOURCES DIVISION	724,569,832	701,653,940	96.8%
12 MEDICAID & HEALTH SVCS MNGMT	17,039,327	16,475,821	96.7%
16 OPERATIONS SERVICES DIVISION	4,235,443	3,395,857	80.2%
22 SENIOR & LONG TERM CARE SVCS	337,883,540	298,635,093	88.4%
25 EARLY CHILDHOOD & FAM SUPPORT	85,097,066	71,954,664	84.6%
33 ADDICTIVE & MENTAL DISORDERS	177,308,214	162,827,995	91.8%
Total	2,137,028,588	1,962,903,809	91.9%

At 2021 FYE DPHHS had expended 89.2% of general fund authority. This is higher than the FY 2020 expenditure of 87.8%, but lower than the average of the previous four pre-COVID fiscal years of 96.6%. This is true after accounting for the general fund budget reduction associated with enhanced FMAP. State special revenue was 90.0% expended, which is lower than the average of the previous four pre-COVID fiscal years of

94.7%. Federal funds were 93.1% expended in FY 2021, higher than the previous 3 fiscal years in which the percent expended ranged from 88.3% to 89.1%.

OTHER ISSUES

Information Technology Project Expenditures



Large Information Technology Projects
Original and Revised Budgets

Project	Original Budget	Revised Budget	Change from Original Budget
CAPS Mainframe to MidTier Transition	2,552,928	2,552,928	0.0%
CHIMES COVID-19 Policy and Procedure Changes	400,000	400,000	0.0%
CHIMES IVR - Phone Workload Relief & Fraud, Waste, and Abuse Alerting	499,000	499,000	0.0%
Montana Healthcare Programs Modularity Project (MPATH) Program	73,255,288	103,837,339	41.7%
MPATH - Provider Services	7,405,542	7,405,542	0.0%
MPATH - System Integration Services	34,660,000	34,660,000	0.0%
MPATH Care Management Module	6,954,980	6,954,980	0.0%
Prevention, Detection and Monitoring of Medicaid Fraud, Waste and Abuse	724,500	724,500	0.0%
Process, Automation and Efficiency Enhancements	999,925	999,925	0.0%
SEARCHS Mainframe to MidTier Transition	2,887,100	2,887,100	0.0%
WellSky VocRehab	1,100,000	1,100,000	0.0%

Large Information Technology Projects
Original and Revised Delivery Date

Project	Start Date	Original Delivery Date	Revised Delivery Date	Change from Original Delivery Date
CAPS Mainframe to MidTier Transition	5/7/2020	6/30/2021	10/11/2021	24.6%
CHIMES COVID-19 Policy and Procedure Changes	6/2/2020	7/31/2021	N/A	0.0%
CHIMES IVR - Phone Workload Relief & Fraud, Waste, and Abuse Alerting	6/2/2020	7/31/2021	N/A	0.0%
Montana Healthcare Programs Modularity Project (MPATH) Program	1/2/2017	9/30/2022	N/A	0.0%
MPATH - Provider Services	7/9/2018	8/5/2019	9/30/2021	200.8%
MPATH - System Integration Services	10/8/2018	9/30/2022	N/A	0.0%
MPATH Care Management Module	4/22/2019	2/22/2022	N/A	0.0%
Prevention, Detection and Monitoring of Medicaid Fraud, Waste and Abuse	6/8/2020	2/28/2021	5/31/2021	34.7%
Process, Automation and Efficiency Enhancements	4/17/2020	11/1/2020	3/31/2021	75.8%
SEARCHS Mainframe to MidTier Transition	3/4/2020	4/8/2021	9/30/2021	43.8%
WellSky VocRehab	3/10/2020	2/28/2021	6/30/2021	34.4%

The large majority of the IT project expenditures in DPHHS involve the Montana healthcare programs modularity project (MPATH). According to the State Information Technology Services Division, the MPATH project is intended to: “procure software and services to replace the State’s aging legacy Medicaid Management Information System (MMIS). DPHHS will acquire discrete modules that align with the Final Rule for Mechanized Claims Processing and Information Retrieval Systems as described in 42 CFR 433.111, and successfully meet the goals and business needs identified by DPHHS during the modularity planning process. The MPATH modularity blueprint includes the following modules: systems integration services, provider services, enterprise data warehouse services, data analytics services, financial support services, claims processing and management services, care management services, customer care services, and pharmacy support services. DPHHS will be developing and releasing request for proposals related to these modules over the next two years.” The MPATH delivery date, which has been revised several times, is December 2024.

Required Reports

HB 2 requires that the agency provide (for the September Legislative Finance Committee and Child and Families Health and Human Services Committee meetings) a report on Medicaid paid abortions to include history, utilization, policies, rules, and definitions of such services.

SB 191 requires that the agency report on proposed changes to Medicaid provider rates, Medicaid waivers, or the Medicaid state plan.

MEDICAID MONITORING

This section provides an update on Medicaid in FY 2021. Note that 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 section.

SUMMARY

Traditional Medicaid benefits ended FY 2021 with unspent authority in general fund of \$26.6 million, as well as unspent authority in state special funds of \$10.1 million, and a federal funds unspent authority of \$62.0 million.

Medicaid expansion has a general fund unspent authority of \$1.1 million, with an unspent authority of state special revenue funds of \$9.3 million, and federal funds with an unspent authority of \$3.4 million.

FYE 2021 TRADITIONAL MEDICAID FUNDING AND BUDGET CHANGES

The table on the following page illustrates the status of the Medicaid appropriation for FY 2021. FYE 2021 totals are based on data through June 30, 2021.

The largest contributing factor to the total reduction in general fund authority is the elimination of \$63.6 million of general fund appropriations, as required by statute, where federal policy provides additional funding. The Families First Coronavirus Response Act (FFCRA) provides a temporary 6.2 percentage points increase to each qualifying state's FMAP beginning January 1, 2020. The increase 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, and the reductions made reflect an increased federal share through four quarters of FY 2021.

The overall decrease in state special revenue authority is largely due to a reduction of \$11.4 million in HRD that moves that same authority into Medicaid expansion. This movement was made to pay hospital supplemental payments based on the hospital utilization fee (HUF) at a ratio based on services provided under traditional Medicaid vs. Medicaid expansion.

Federal funding changes by program are adjustments moving authority between Medicaid divisions to align with expenditure needs.

Table 1: FYE 2021 Medicaid Benefits & Claims Appropriations Compared to DPHHS Projections

	FY 2021 Legislative Appropriation ¹	Executive Changes in Legislative Appropriation ²	FYE 2021 Modified Appropriation	FYE 2021 Expenditures	Projected Surplus (Deficit)	Surplus (Deficit) as a % of Modified Budget
<u>10 Developmental Services Div.</u>						
General Fund	\$79,641,124	(\$9,060,383)	\$70,580,741	\$63,097,644	\$7,483,097	10.6%
State Special Revenue	6,700,736	0	6,700,736	6,700,736	0	0.0%
Federal Funds	<u>160,735,845</u>	<u>27,738,691</u>	<u>188,474,536</u>	<u>177,933,146</u>	<u>10,541,390</u>	<u>5.6%</u>
Subtotal	247,077,705	18,678,308	265,756,013	247,731,526	18,024,487	6.8%
<u>11 Health Resources Division</u>						
General Fund	189,536,974	(46,820,646)	142,716,328	127,371,106	15,345,222	10.8%
State Special Revenue	67,330,534	(12,243,834)	55,086,700	54,485,360	601,340	1.1%
Federal Funds	<u>510,636,135</u>	<u>(5,508,708)</u>	<u>505,127,427</u>	<u>477,680,058</u>	<u>27,447,369</u>	<u>5.4%</u>
Subtotal	771,473,758	(64,573,188)	702,930,455	659,536,523	43,393,932	6.2%
<u>22 Senior and Long Term Care</u>						
General Fund	61,571,910	(12,845,115)	48,726,795	45,273,050	3,453,745	7.1%
State Special Revenue	37,441,680	0	37,441,680	29,902,254	7,539,426	20.1%
Federal Funds	<u>191,912,007</u>	<u>33,203,020</u>	<u>225,115,027</u>	<u>201,823,897</u>	<u>23,291,130</u>	<u>10.3%</u>
Subtotal	290,925,597	20,357,905	311,283,502	276,999,201	34,284,301	11.0%
<u>33 Addictive and Mental Disorders</u>						
General Fund	11,961,425	(2,058,899)	9,902,526	9,553,276	349,250	3.5%
State Special Revenue	9,440,145	1,734,377	11,174,522	9,227,282	1,947,240	17.4%
Federal Funds	<u>43,296,937</u>	<u>10,201,194</u>	<u>53,498,131</u>	<u>52,761,853</u>	<u>736,278</u>	<u>1.4%</u>
Subtotal	64,698,507	9,876,672	74,575,179	71,542,411	3,032,767	4.1%
<u>Grand Total All Medicaid Services</u>						
General Fund	342,711,433	(70,785,043)	271,926,390	245,295,075	26,631,315	9.8%
State Special Revenue	120,913,095	(10,509,457)	110,403,638	100,315,632	10,088,006	9.1%
Federal Funds	906,580,924	65,634,197	972,215,121	910,198,954	62,016,167	6.4%
Grand Total All Funds	\$1,370,205,452	(\$15,660,302)	\$1,354,545,148	\$1,255,809,662	\$98,735,487	7.3%

¹As originally established in IBARS, based on legislative appropriations.

²Changes in appropriation authority can include: reorganizations, transfer of authority among Medicaid programs, transfers to/from other DPHHS programs, or additional federal authority as authorized in statute. Modifications listed here are as of June 30, 2021.

MAJOR SERVICE CATEGORIES

Data in the following table are sourced from the DPHHS FYE 2021 budget status report. The largest expenditure categories are nursing homes/swing beds, disability services, hospital services, and children's mental health services.

Medicaid Summary by Major Service Category

Category	FYE20 Ending Expenses	FY21 Initial Budget	FY21 Current Budget	FYE21 Expenditures	FYE21 Balance
Inpatient Hospital	\$ 70,731,140	\$ 86,593,913	\$ 75,542,963	\$ 73,596,479	\$ 1,946,484
Outpatient Hospital	44,121,328	52,833,049	52,113,746	50,770,953	1,342,793
Critical Access Hospital	46,854,070	55,872,954	50,207,897	48,914,211	1,293,686
Physician & Psychiatrists	64,650,105	76,936,083	67,634,357	65,891,651	1,742,706
Drugs	118,370,946	148,818,646	134,826,750	131,352,726	3,474,024
Drug Rebates	(92,073,815)	(107,869,953)	(99,656,052)	(99,656,052)	
Dental & Denturists	40,258,462	43,405,380	48,508,504	47,258,606	1,249,898
Other Practitioners	30,821,136	32,112,309	32,631,066	31,790,275	840,791
Other Hospital and Clinical Services	45,168,631	55,447,516	49,147,942	47,881,568	1,266,374
Other Managed Care Services	7,683,185	7,779,417	7,344,072	7,154,841	189,232
Durable Medical Equipment	17,421,121	19,421,184	21,208,112	20,661,652	546,460
Other Acute Services	5,385,073	6,401,299	7,642,649	7,445,724	196,925
Nursing Homes & Swing Beds	184,361,393	184,914,904	184,304,039	161,642,926	22,661,113
Nursing Home IGT	5,709,801	13,659,898	13,659,898	4,366,014	9,293,884
Other SLTC Home Based Services	14,494,475	19,626,633	16,347,019	16,332,130	14,889
Personal Care	38,847,831	39,025,835	38,248,835	37,810,440	438,395
SLTC HCBS Waiver	39,286,770	48,996,401	57,430,847	55,555,175	1,875,672
Adult Mental Health and Chem Dep	46,774,689	68,682,364	62,708,104	60,364,487	2,343,617
HIFA Waiver	7,380,191	7,722,472	7,539,344	6,850,194	689,150
Children's Mental Health	115,863,466	157,342,683	126,302,594	115,949,478	10,353,117
Indian Health Services - 100% Fed funds	77,231,478	94,556,232	94,556,232	67,348,440	27,207,792
Disability Services Waiver	130,522,977	135,911,982	135,911,983	132,000,291	3,911,692
Autism	249,829	4,000,000	4,000,000	633,145	3,366,855
Targeted Case Management	3,037,738	3,899,550	3,951,049	3,558,226	392,823
MDC & ICF Facilities - 100% Fed funds	5,692,649	5,270,343	5,620,595	5,620,246	349
Medicare Buy-In	46,829,968	51,793,932	51,276,152	50,070,053	1,206,099
Hospital Utilization Fees / DSH	79,024,494	76,496,992	82,495,729	82,198,741	296,988
Part-D Claw back	22,116,001	23,856,293	23,040,724	22,447,043	593,681
Total	1,216,815,133	1,413,508,312	1,354,545,148	1,255,809,662	98,735,487

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 138.0% of the federal poverty rate for

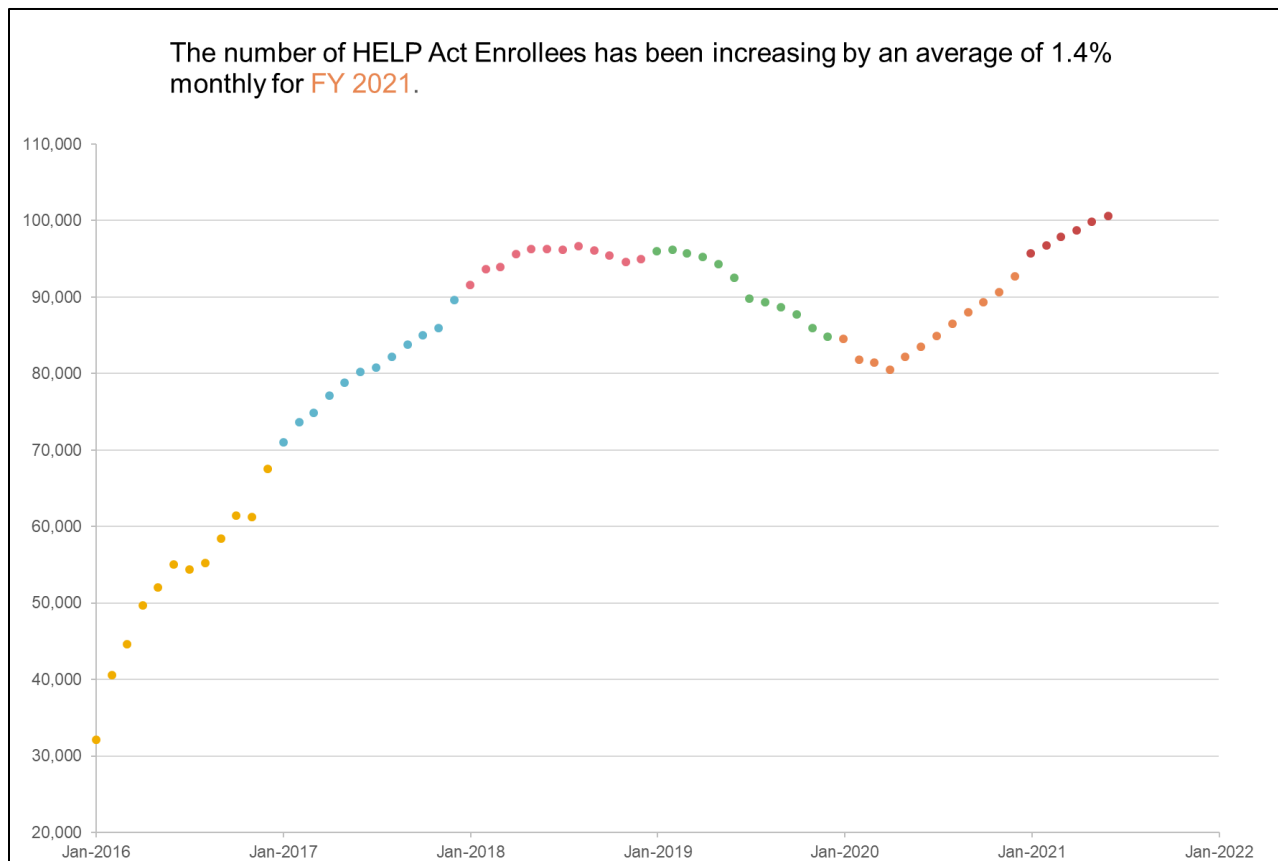
Montana. As of January 1, 2020, benefits and claims for the expansion population are funded with 90.0% federal dollars (less an adjustment made for continuous eligibility) and 10.0% state dollars. Unlike traditional Medicaid, there are no FMAP adjustments for the expansion population as a result of the FFCRA and the federal match rate will remain at 90.0% barring any future federal statute changes.

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 were included in HB 2 for 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 Medicaid expansion including the following: establishing community engagement requirements, revising eligibility verification procedures, establishing an employer grant program, and enacting fees/taxes on health service corporations and on hospital outpatient revenue, in addition to others. The majority of those changes are dependent upon a federal waiver from the Center for Medicare and Medicaid Services (CMS), which has not yet been approved.

ENROLLMENT UPDATE

As of FYE 2021, DPHHS was reporting a total of 100,618 individuals covered by Medicaid expansion. While enrollment had been trending downward since early 2019, the recent increase aligns closely with the COVID-19 pandemic and corresponding impacts on individuals. The following graph shows Medicaid expansion enrollment in Montana since the program was instituted.



FINANCIAL UPDATE

Table 3 below illustrates Medicaid expansion benefits & claims appropriations for FYE 2021. Medicaid expansion benefits & claims completed FYE 2021 with unspent authority in general fund of \$1.1 million. The \$1.1 million in unspent authority was 3.1% of the total general fund budget for all four divisions. The Health Resources Division accounted for 98.0% of the total unspent general fund authority for Medicaid expansion benefits and claims. The unspent general fund authority for HRD was 3.6% of HRD's total general fund authority. HRD's expenditures trended closely with FY 2021 general fund appropriation. Appropriation authority for Medicaid expansion in FY 2021 was established in HB 658, rather than in HB 2.

Table 3: FYE 2021 Medicaid expansion Benefits & Claims Appropriations Compared to DPHHS Projections

Agency and Fund Type	FY 2021 Legislative Appropriation ¹	Executive Changes in Legislative Appropriation ²	FYE 2021 Modified Appropriation	FYE 2021 Expenditures	FYE 2021 Budget Balance	Surplus/Deficit as a % of Budget
<u>10 Developmental Services Division</u>						
General Fund	\$1,242		\$1,242	\$0	\$1,242	100.0%
Federal Funds	11,181		11,181	0	11,181	100.0%
<u>11 Health Resources Division</u>						
General Fund	30,133,454	(281,417)	29,852,037	28,781,477	1,070,560	3.6%
State Special Revenue	46,004,856	11,904,350	57,909,206	50,422,068	7,487,138	16.3%
Federal Funds	700,094,905	62,330,116	762,425,021	762,377,124	47,897	0.0%
<u>22 Senior & Long Term Care</u>						
General Fund	812,262	115,125	927,387	921,907	5,480	0.7%
Federal Funds	8,388,932	924,735	9,313,667	9,308,044	5,623	0.1%
<u>33 Addictive & Mental Disorders</u>						
General Fund	4,778,824		4,778,824	4,765,120	13,704	0.3%
State Special Revenue	2,368,904	1,690,618	4,059,522	2,279,927	1,779,595	75.1%
Federal Funds	43,009,416	24,933,352	67,942,768	64,591,423	3,351,345	7.8%
<u>Grand Total All Medicaid Expansion Benefits</u>						
General Fund	35,725,782	(166,292)	35,559,490	34,468,505	1,090,985	3.1%
State Special Funds	48,373,760	13,594,968	61,968,728	52,701,995	9,266,733	19.2%
Federal Funds	<u>751,504,434</u>	<u>88,188,203</u>	<u>839,692,637</u>	<u>836,276,591</u>	<u>3,416,046</u>	<u>0.5%</u>
Total	\$835,603,976	\$101,616,879	\$937,220,855	\$923,447,091	\$13,773,764	1.6%

¹As originally established in IBARS, based on legislative appropriations.

²Changes in appropriation authority can include: reorganizations, transfer of authority among Medicaid programs, transfers to/from other DPHHS programs, or additional federal authority as authorized in statute. Modifications listed here are as of June 30, 2021.

MAJOR SERVICE CATEGORIES

The largest expenditure category in Medicaid expansion is hospital utilization fees , or supplemental payments to hospitals, which accounts for 29.6% of Medicaid expansion expenditures. Other categories of significant size are drugs, hospital services, and mental health.

Medicaid Expansion Summary by Major Service Category

Category	FYE20 Ending Expenses	FY21 Initial Budget	FY21 Current Budget	FYE21 Expenditures	FYE21 Balance
Inpatient Hospital	\$ 69,453,283	\$ 79,686,752	\$ 83,289,644	\$ 82,214,019	\$ 1,075,625
Outpatient Hospital	60,886,694	68,695,341	72,070,615	71,139,952	930,663
Critical Access Hospital	54,562,956	65,155,465	63,853,158	63,028,608	824,549
Physician & Psychiatrists	66,461,189	75,262,355	77,554,544	76,553,065	1,001,478
Drugs	155,908,513	186,055,921	188,060,220	185,631,760	2,428,461
Drug Rebates	(100,035,221)	(120,133,485)	(103,794,197)	(103,794,197)	0
Dental & Denturists	17,583,345	19,062,965	20,569,063	20,303,450	265,613
Other Practitioners	24,270,340	23,277,870	27,326,610	26,973,736	352,875
Other Hospital and Clinical Services	52,201,270	59,402,442	56,077,341	54,875,748	1,201,593
Other Managed Care Services	4,670,135	4,515,965	5,148,932	5,082,442	66,489
Durable Medical Equipment	7,200,465	7,831,458	9,351,450	9,230,692	120,758
Other Acute Services	13,741,514	17,858,613	19,756,520	19,501,399	255,120
Nursing Homes & Swing Beds	6,920,020	6,175,022	6,792,448	6,792,445	3
Other SLTC Home Based Services	1,578,161	1,623,731	1,413,614	1,412,611	1,003
Personal Care	1,392,952	1,338,529	2,029,980	2,019,978	10,002
SLTC HCBS Waiver	0	0	0	0	0
Adult Mental Health and Chem Dep	57,105,702	49,333,721	76,781,114	71,636,471	5,144,643
School Based Services	11,625	16,403	13,572	1,149	12,423
Indian Health Services - 100% Fed funds	56,740,278	43,414,324	57,559,891	57,559,529	362
Facilities	67,500	131,412	5,012	4,917	95
Hospital Utilization Fees / DSH	258,286,829	258,009,629	273,361,326	273,279,318	82,008
Total	809,007,548	846,714,434	937,220,855	923,447,091	13,773,764

OTHER INTERACTIONS

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

The Department of Labor and Industry was appropriated state special revenue of \$2,916,665 for FY 2021 in HB 658 to provide workforce activities included in the HELP Act: \$2,591,665 for Workforce Services Division and \$325,000 for Unemployment Insurance Division. Through FYE 2021, DLI expended \$608,665 of the Workforce Services Division budget, or approximately 23.5% of the appropriated funds. This includes \$153,962 in personal services, \$37,653 in operating expenses, and \$417,050 in grants. Through FYE 2021, DLI expended \$324,999 of the Unemployment Insurance Division budget or approximately 100% of the appropriated funds. This includes \$324,999 in operating expenses.

HELP-Link Participation

HELP-Link Participants	
HELP-Link Clients (CY 20)	9,571
HELP-Link Enrollments (FY 21)	453
Source: MTDLI as of 8/2021. HELP-Link clients represent the overlap of Medicaid enrollments and participants in workforce programs managed by DLI. Programs include HELP-Link, RESEA, WIOA, and Wagner-Peyser services.	

Numbers above are annual totals for the CY20 (clients) and FY21 (enrollments).

Other information on HELP-Link includes:

- HELP enrollees receive information about HELP-Link services upon application for and determination of eligibility for Medicaid Expansion
- All HELP Link participants are eligible for all employment and training services provided by the Montana public workforce system, including job training
- Upon engagement, all participants are provided with information about available services, the labor/job market, and are assisted with developing an individualized employment plan. From that point, the combination of staff and the individual determine what their next step will be which could be anything from basic job search assistance to financial counselling to occupational training and job placement