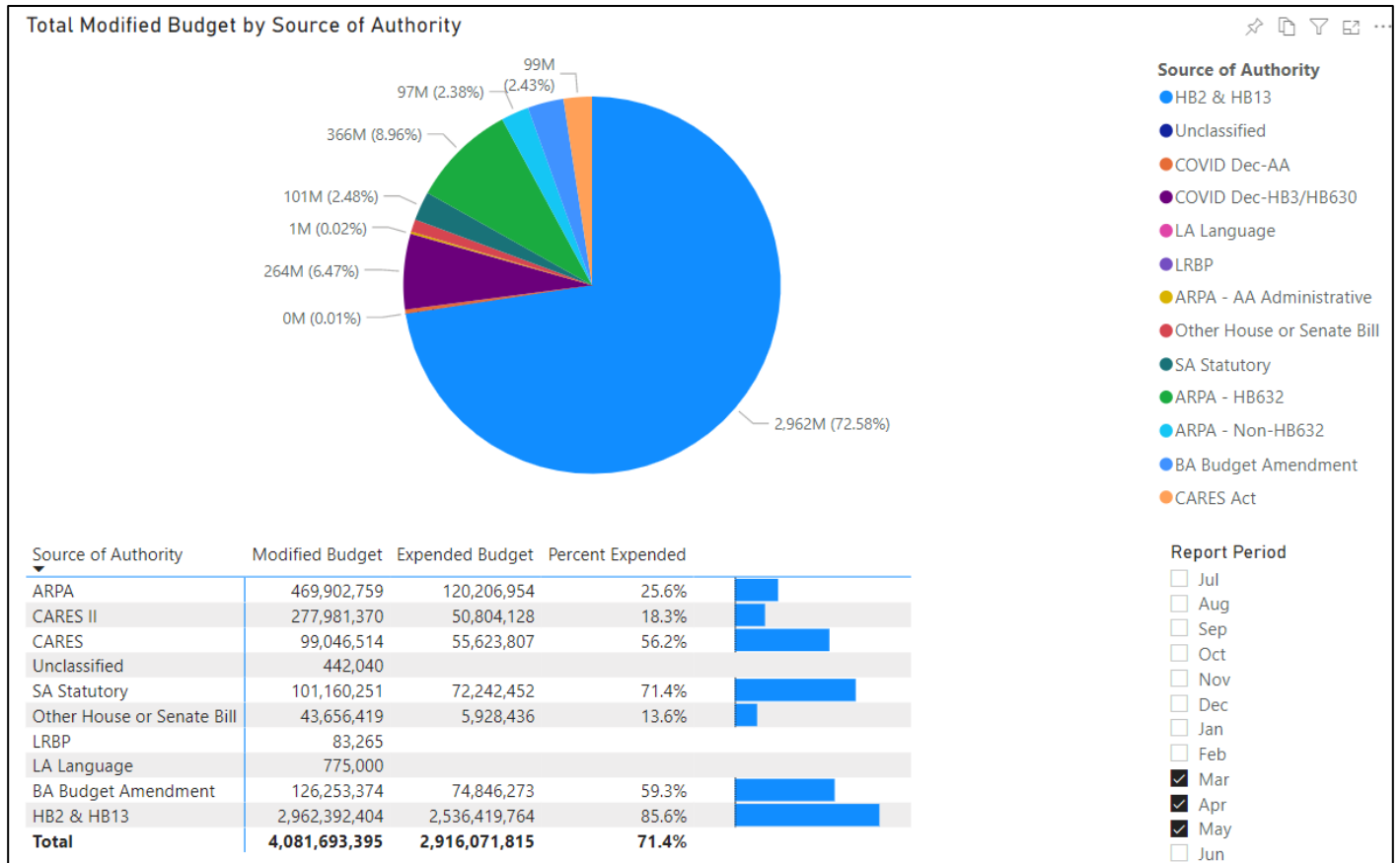


DEPARTMENT OF PUBLIC HEALTH & HUMAN SERVICES (DPHHS)

TOTAL APPROPRIATION AUTHORITY

The total appropriation authority for the agency is shown in the pie chart below. HB 2 and HB 13 provide 72.6% 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.



Budget Amendments

Budget Amendment (BA) authority totaled \$126.3 million (all federal funds) as of the end of May 2022, and expenditures were \$74.8 million. The largest area of authority and expenditures was additional authority for Medicaid expansion expenditures – a total of \$46.1 million was established and spent. Another large area of authority was indirect activity funding for the Health Information Exchange in the Technology Services Division (TSD); authority totaled \$33.5 million with expenditures of \$7.9 million. Note that BAs involving COVID-19 are categorized separately as ARPA Non-HB 632 in the graphic above and are discussed separately in the COVID-19 section below. BA authority also existed in the following divisions:

- Public Health and Safety Division (PHSD) – spending of \$4.0 million from a budget of \$10.6 million, largely on prescription drug overdose activities; diabetes, heart health, stroke, and chronic disease-related activities; childhood lead poisoning prevention; and epidemiology & laboratory capacity
- Behavioral Health and Developmental Disabilities Division (BHDDD) – spending of \$9.1 million from a budget of \$15.1 million. Most expenditures have been for opioid response, postpartum services, and the chemical dependency prevention framework grant
- Early Childhood and Family Support Division (ECFSD) – spending of \$5.7 million from a budget of \$11.6 million, mostly on maternal/infant home visiting, sexual risk avoidance education, pediatric mental health care access, and the Maternal Health Innovations Program
- Child and Family Services Division (CFSD) – spending of \$525,939 from a budget of \$3.1 million on caseworker visits, family first prevention services, the Kinship Navigator Program, and adoption incentives
- Senior and Long-Term Care Division (SLTC) – spending of \$976,638 from a budget of \$2.6 million, mostly on elder abuse prevention, Alzheimer’s activities, the adult protective services opioid misuse program, and lifespan respite
- Health Resources Division (HRD) – in addition to the \$46.1 million for Medicaid expansion discussed above, spending of \$597,614 from a budget of \$1.1 million on perinatal health
- Human and Community Services Division (HCSD) - spending of \$25,931 on a budget of \$151,520 for food stamp performance bonuses, income verification, and emergency food assistance
- Disability Employment and Transitions (DET) – Spending of \$33,994 from a budget of \$33,994 for financial relief restoration payments

Language

Language (LA) authority is associated with the Montana Telecommunications Access Program (MTAP). As of the beginning of June 2022, none of the \$775,000 in HB 2 language authority had been expended.

Statutory Appropriations

The largest statutory appropriation in DPHHS is for the Indian Health Service component of Medicaid, which is 100.0% federal funding. As of the end of May 2022, budget authority for this program was \$94.6 million, and expenditures were \$67.3 million.

Other statutory authority in DPHHS is associated with:

- Alcohol tax distributions to the Addictive and Mental Disorders Division (AMDD) – budget of \$2.4 million state special revenue (SSR) with spending of \$1.6 million
- Title X family planning – budget of \$2.2 million federal funds with spending of \$2.0 million
- Montana State Hospital bond payments – budget of \$1.8 million SSR with spending of \$1.1 million
- Adoption services fees – budget of \$250,000 SSR with spending of \$135,968

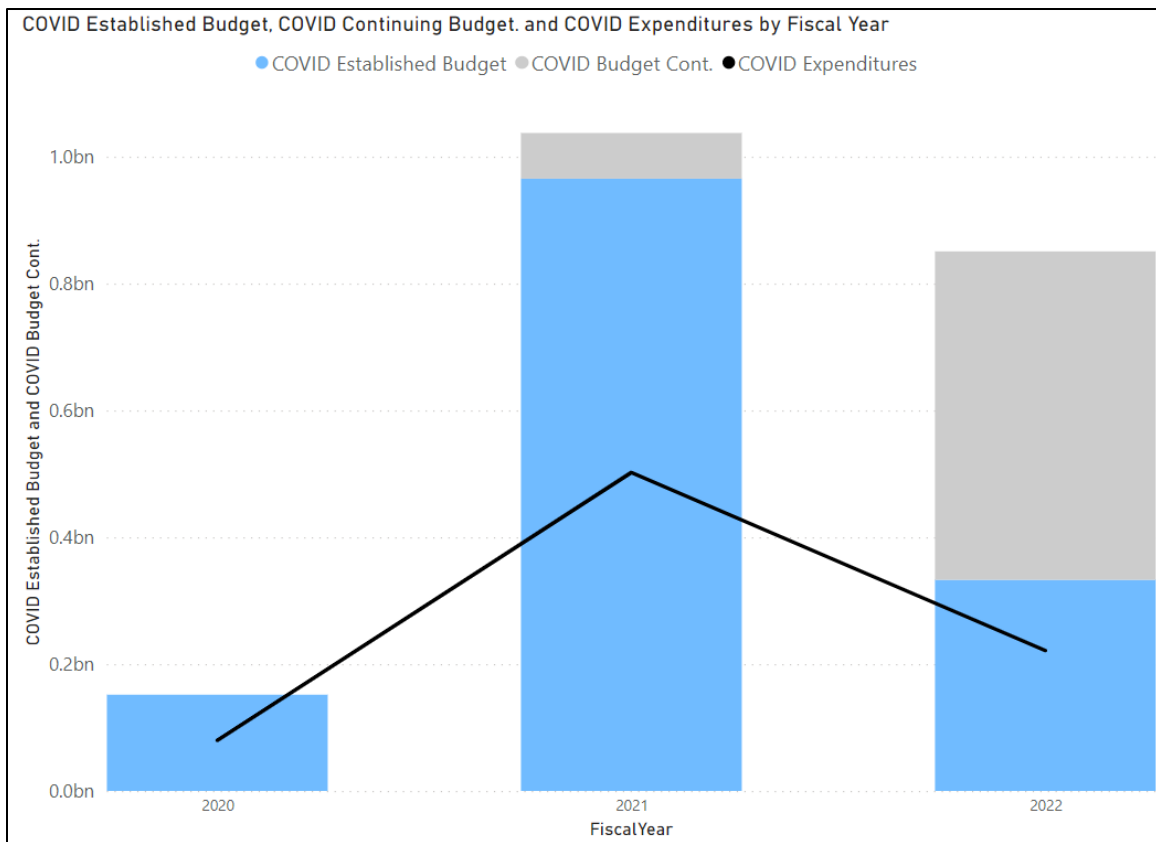
Other Bills

Other bills authority totals \$43.7 million and is associated with the items listed below. Budgets and expenditures are current through the end of May 2022.

- HB 4: authority of \$375,219 for long-range information technology (IT) projects including the Temporary Assistance for Needy Families (TANF), Client Assistance Program (CAPS), Supplemental Nutrition Assistance Program (SNAP), and Combined Health Information and Montana Eligibility System (CHIMES) systems; no expenditures to date
- HB 5: authority of \$600,000 for Southwest Montana Veterans Home in the Senior and Long-Term Care Division, with \$600,000 of unspent authority
- HB 10: authority of \$17.7 million for long-range IT projects, largely accounted for by the Medicaid Management Information System (MMIS); \$5.5 million has been expended to date
- HB 57: authority of \$16,526 for child protective services (CPS) review hearings; authority fully expended
- HB 459: authority of \$41,731 for CPS worker certification, no expenditures to date
- HB 701: authority of \$25.0 million for Healing and Ending Addiction Through Recovery and Treatment (HEART) fund-related Medicaid services, with spending of \$375,000 for the tribal HEART fund

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 from FY 2020 through FY 2022. The chart shows the budget established in each fiscal year,



any authority that continued into a following fiscal year because it was not spent in the previous fiscal year, and expenditures.

In FY 2020:

DPHHS established \$151.8 million in budget authority tied to the Coronavirus Aid, Relief, and Economic Security (CARES) Act I (plus Federal HR 6074, 6201, and 266). Of this total, \$79.7 million was expended in FY 2020, and \$72.0 million was carried over to FY 2021.

In FY 2021:

DPHHS established \$426.1 million in budget authority tied to CARES I (plus Federal HR 6074, 6201, and 266). DPHHS also carried over \$72.0 million in unused CARES I authority from FY 2020. Total CARES I expenditures in FY 2021 were \$448.0 million.

DPHHS established \$310.3 million in budget authority tied to CARES II (HB 3 and HB 630). Total CARES II expenditures in FY 2021 were \$39.2 million.

DPHHS established \$231.3 million in budget authority tied to the American Rescue Plan Act (ARPA)/HB 632. Total ARPA expenditures in FY 2021 were \$15.0 million. The only expenditure was for nursing home supplemental payments.

In FY 2022:

DPHHS established \$59.0 million in budget authority tied to CARES I (plus Federal HR 6074, 6201, and 266). DPHHS also carried over \$40.1 million in unused CARES I authority from FY 2021. Total CARES I expenditures to date in FY 2022 were \$55.9 million. Significant expenditure areas included:

- \$41.9 million for enhanced federal medical assistance percentage (FMAP) (budget of \$55.6 million)
- \$5.8 million for epidemiology and laboratory capacity (budget of \$20.5 million)
- \$4.3 million for Housing and Urban Development (HUD) emergency shelter program (budget of \$6.3 million)

DPHHS established \$16.6 million in budget authority tied to CARES II (HB 3 and HB 630). DPHHS carried over \$261.4 million in unused CARES II (HB 3 and HB 630) authority from FY 2021. Total CARES II expenditures to date in FY 2022 were \$45.2 million. Significant expenditure areas included:

- \$23.3 million for epidemiology and laboratory capacity (budget of \$58.0 million)
- \$12.6 million for immunizations (budget of \$34.4 million)
- \$1.8 million from the childcare and development fund (budget of \$20.4 million)
- Large areas of unspent authority to date include \$34.7 million for epidemiology and laboratory capacity, \$97.9 million for testing, tracing, and mitigation, and \$18.6 million for childcare development

DPHHS established \$253.6 million in budget authority tied to ARPA/HB 632. DPHHS also carried over \$216.3 million in unused ARPA authority from FY 2021. Total ARPA expenditures to date in FY 2022 were \$120.3 million. Significant expenditure areas included:

- \$24.8 million for SNAP
- \$20.6 million for low income energy assistance program (LIEAP)
- \$17.2 million for childcare stabilization
- \$6.8 million for SNAP enhanced benefits
- \$31.5 million for home and community-based services supplemental payments
- \$7.1 million for epidemiology and laboratory capacity, reopening schools (budget of \$32.2 million)
- Large areas of unspent authority to date include \$109.7 million for testing, \$50.9 million for childcare stabilization, and \$41.2 million for childcare development

HB 2 BUDGET MODIFICATIONS

The following chart shows the HB 2 budget as passed by the legislature, including the pay plan, and the HB 2 modified budget through the end of May 2022. 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.

| Legislative Budget Compared to Modified Budget - HB 2 Only | | | |
|--|-----------------------|----------------------|-------------------|
| Agency Name | March Modified Budget | June Modified Budget | Net Modifications |
| Public Health & Human Services | 2,962,834,444 | 2,962,392,404 | -442,040 |
| ADDICTIVE & MENTAL DISORDERS | 92,299,107 | 90,389,200 | -1,909,907 |
| BUSINESS & FINANCIAL SERVICES | 13,572,271 | 13,572,271 | 0 |
| CHILD & FAMILY SERVICES | 106,570,665 | 106,570,665 | 0 |
| CHILD SUPPORT SERVICES | 11,454,868 | 11,454,868 | 0 |
| DEVELOPMENTAL SERVICES DIV | 459,847,712 | 443,680,036 | -16,167,676 |
| DIRECTORS OFFICE | 26,900,236 | 25,387,470 | -1,512,766 |
| DISABILITY EMPLOYMENT & TRANSITNS | 29,172,143 | 29,172,143 | 0 |
| EARLY CHILDHOOD & FAM SUPPORT | 84,128,200 | 84,128,200 | 0 |
| HEALTH RESOURCES DIVISION | 1,434,030,312 | 1,456,550,022 | 22,519,710 |
| HUMAN AND COMMUNITY SERVICES | 283,136,123 | 279,636,123 | -3,500,000 |
| MEDICAID & HEALTH SVCS MNGMT | 4,169,022 | 4,169,022 | 0 |
| OFFICE OF INSPECTOR GENERAL | 9,352,012 | 9,015,012 | -337,000 |
| OPERATIONS SERVICES DIVISION | 1,528,666 | 1,228,666 | -300,000 |
| PUBLIC HEALTH & SAFETY DIV | 39,304,851 | 38,304,851 | -1,000,000 |
| SENIOR & LONG TERM CARE SVCS | 308,887,772 | 309,803,371 | 915,599 |
| TECHNOLOGY SERVICES DIVISION | 58,480,484 | 59,330,484 | 850,000 |
| Total | 2,962,834,444 | 2,962,392,404 | -442,040 |
| Acct & Lvl 1 DESC | March Modified Budget | June Modified Budget | Net Modifications |
| 61000 Personal Services | 201,728,566 | 202,494,071 | 765,505 |
| 62000 Operating Expenses | 153,833,335 | 155,403,444 | 1,570,109 |
| 63000 Equipment & Intangible Assets | 536,750 | 575,550 | 38,800 |
| 66000 Grants | 67,568,454 | 75,427,831 | 7,859,377 |
| 67000 Benefits & Claims | 2,532,580,214 | 2,503,213,631 | -29,366,582 |
| 68000 Transfers-out | 6,137,031 | 24,834,223 | 18,697,192 |
| 69000 Debt Service | 450,094 | 443,653 | -6,441 |
| Fund Type | March Modified Budget | June Modified Budget | Net Modifications |
| 01 General | 567,021,559 | 566,741,749 | -279,810 |
| 02 State/Other Spec Rev | 232,573,729 | 232,498,906 | -74,823 |
| 03 Fed/Other Spec Rev | 2,163,239,156 | 2,163,151,749 | -87,407 |

Several significant modifications were made to the DPHHS HB 2 budget in the March-May period of FY 2022. These include:

- In the Health Resources Division (HRD), an overall increase of \$22.5 million due to transfers in authority from other divisions for Medicaid expenditures

- In the Developmental Services Division (DSD/BHDDD), a total reduction of \$16.2 million mostly due to the transfer of federal funds associated with CSCT to HRD for other Medicaid expenditures
- In the Human and Community Services Division (HCSD), a total reduction of \$3.5 million driven by the transfer of TANF federal authority to HRD for Medicaid expenditures
- In the State-Run Facilities Division (AMDD), a total reduction of \$1.9 million driven by a reduction of \$3.7 million in Medicaid facility reimbursement authority and an increase of \$2.0 million in contingency funds for the Intensive Behavior Center (IBC)
- In the Director's Office, an overall decrease of \$1.5 million driven by the transfer of contingency funding for hospital utilization fee (HUF) payments in HRD as well as a workers' compensation reduction of \$442,040.
- In the Public Health and Safety Division, an overall decrease of \$1.0 million in federal authority due to a transfer to HRD for HUF payments
- Grants authority increased by \$7.9 million in the March-May period mostly due to a House Adjustment in HCSD tied to a turnaround imbalance
- Benefits and claims authority decreased by \$29.4 million in the March-May period due to several factors, the largest of which changed \$18.5 million of benefits and claims authority to transfers-out authority due to federal requirements around home and community-based services enhanced (10%) FMAP. The House Adjustment mentioned above decreased benefits and claims by \$7.7 million while increasing grants authority by \$7.6 million
- Transfers-out authority increased by \$18.7 million in the March-May period due to federal requirements around home and community-based services enhanced (10%) FMAP
- Overall general fund decrease of \$279,810 is due to the workers' compensation reduction

Workers' Compensation Reductions

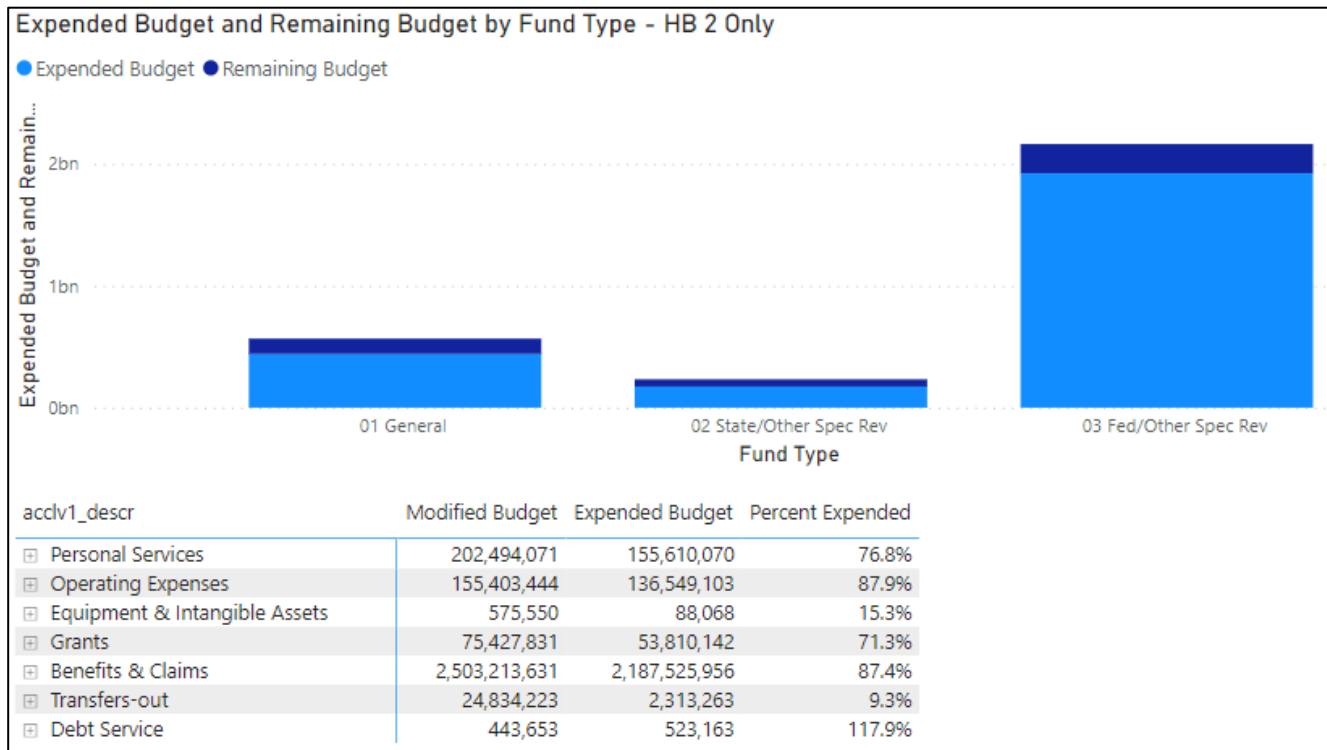
Per 39-71-403(1)(b)(iv), MCA, when workers' compensation premiums are lower than the previous year, state agencies shall reduce personal services appropriations by the amount of the premium reduction. To track the changes in appropriation authority, total appropriations are not reduced, instead the Governor's Office of Budget and Program Planning (OBPP) requires state agencies to:

- Reduce HB 2, statutory, and proprietary appropriations
- Create a separate offsetting entry on the financial statements in the same amount using an identifying number for workers' compensation entries

The offsetting entries are identified as "frozen" appropriations, which means the appropriations will not be spent unless authorized by OBPP.

HB 2 APPROPRIATION AUTHORITY

The following chart shows the appropriated budget for the agency compared to expenditures through the end of May 2022.



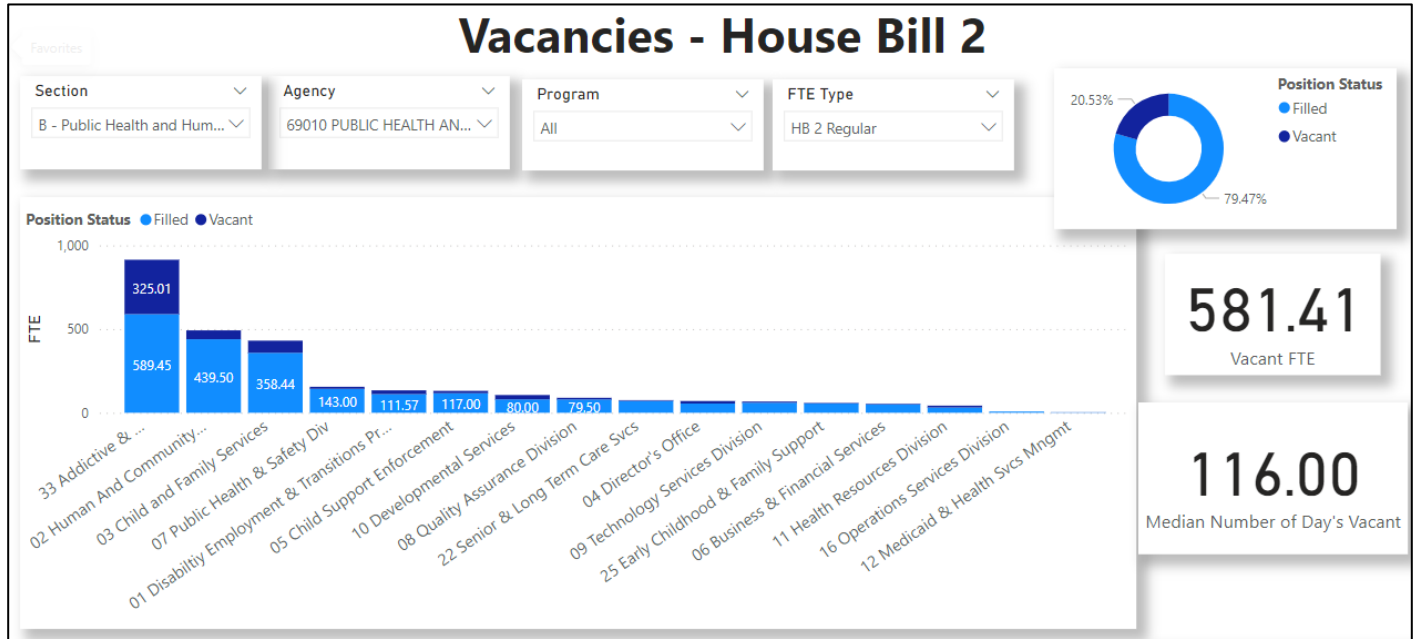
| Program Name | Modified Budget | Expended Budget | Percent Expended |
|----------------------------------|----------------------|----------------------|------------------|
| ADDICTIVE & MENTAL DISORDERS | 90,389,200 | 78,165,146 | 86.5% |
| BUSINESS & FINANCIAL SERVICES | 13,572,271 | 11,490,140 | 84.7% |
| CHILD & FAMILY SERVICES | 106,570,665 | 90,520,622 | 84.9% |
| CHILD SUPPORT SERVICES | 11,454,868 | 9,598,233 | 83.8% |
| DEVELOPMENTAL SERVICES DIV | 443,680,036 | 319,005,323 | 71.9% |
| DIRECTORS OFFICE | 25,387,470 | 8,032,646 | 31.6% |
| DISABILITY EMPLOYMNT & TRANSITNS | 29,172,143 | 17,266,005 | 59.2% |
| EARLY CHILDHOOD & FAM SUPPORT | 84,128,200 | 67,374,450 | 80.1% |
| HEALTH RESOURCES DIVISION | 1,456,550,022 | 1,396,835,834 | 95.9% |
| HUMAN AND COMMUNITY SERVICES | 279,636,123 | 224,860,563 | 80.4% |
| MEDICAID & HEALTH SVCS MNGMT | 4,169,022 | 2,954,189 | 70.9% |
| OFFICE OF INSPECTOR GENERAL | 9,015,012 | 7,180,075 | 79.6% |
| OPERATIONS SERVICES DIVISION | 1,228,666 | 611,795 | 49.8% |
| PUBLIC HEALTH & SAFETY DIV | 38,304,851 | 25,337,087 | 66.1% |
| SENIOR & LONG TERM CARE SVCS | 309,803,371 | 229,989,140 | 74.2% |
| TECHNOLOGY SERVICES DIVISION | 59,330,484 | 47,198,517 | 79.6% |
| Total | 2,962,392,404 | 2,536,419,764 | 85.6% |

Higher expenditures in HRD were primarily the result of increased spending in the Medicaid expansion program. The lower percent expenditure in the Director's Office was the result of a higher modified budget due to the transfer of the enhanced FMAP contingency funding to the Director's Office.

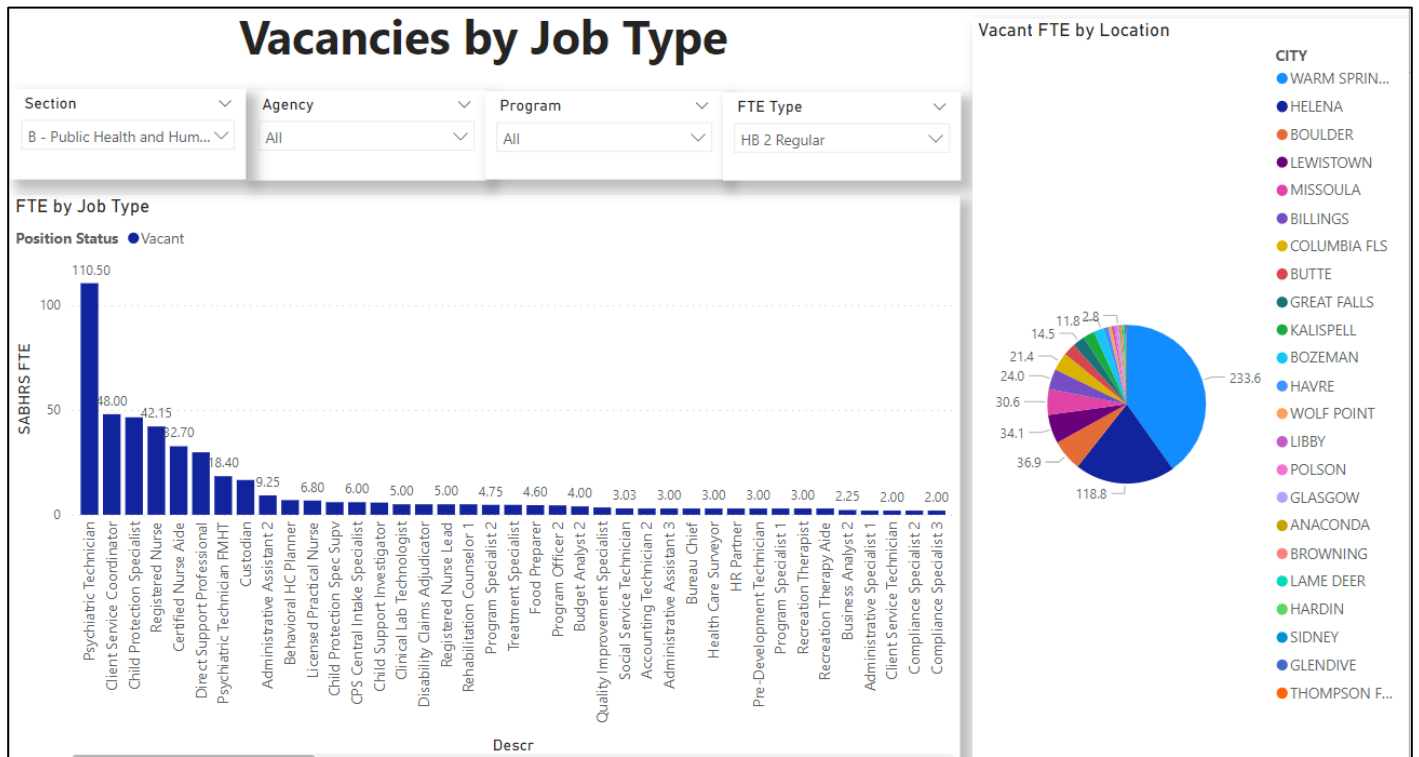
PERSONAL SERVICES

Personal Services March-May 2022 Update

Personal services make up 6.8% of the DPHHS HB 2 budget in FY 2022. The modified budget amount for personal services is \$202.5 million, of which \$155.6 million or 76.8%, has been expended to date. The image below provides detail on vacancies in DPHHS as of May 1, 2022.



In the column chart above DPHHS divisions are sorted by total FTE. AMDD, which is responsible for several facilities, including the Montana State Hospital (MSH), has both the most total FTE and the largest portion of vacancies. Of the 581.4 vacant positions, 55.9% are in AMDD/FSD. DPHHS has been using contract labor in order to provide many services at MSH. Contract labor is coded as operating expenses (and not personal services) in the state accounting system. The following image provides more detail on the types of positions that have vacant FTE as of May 1, 2022.

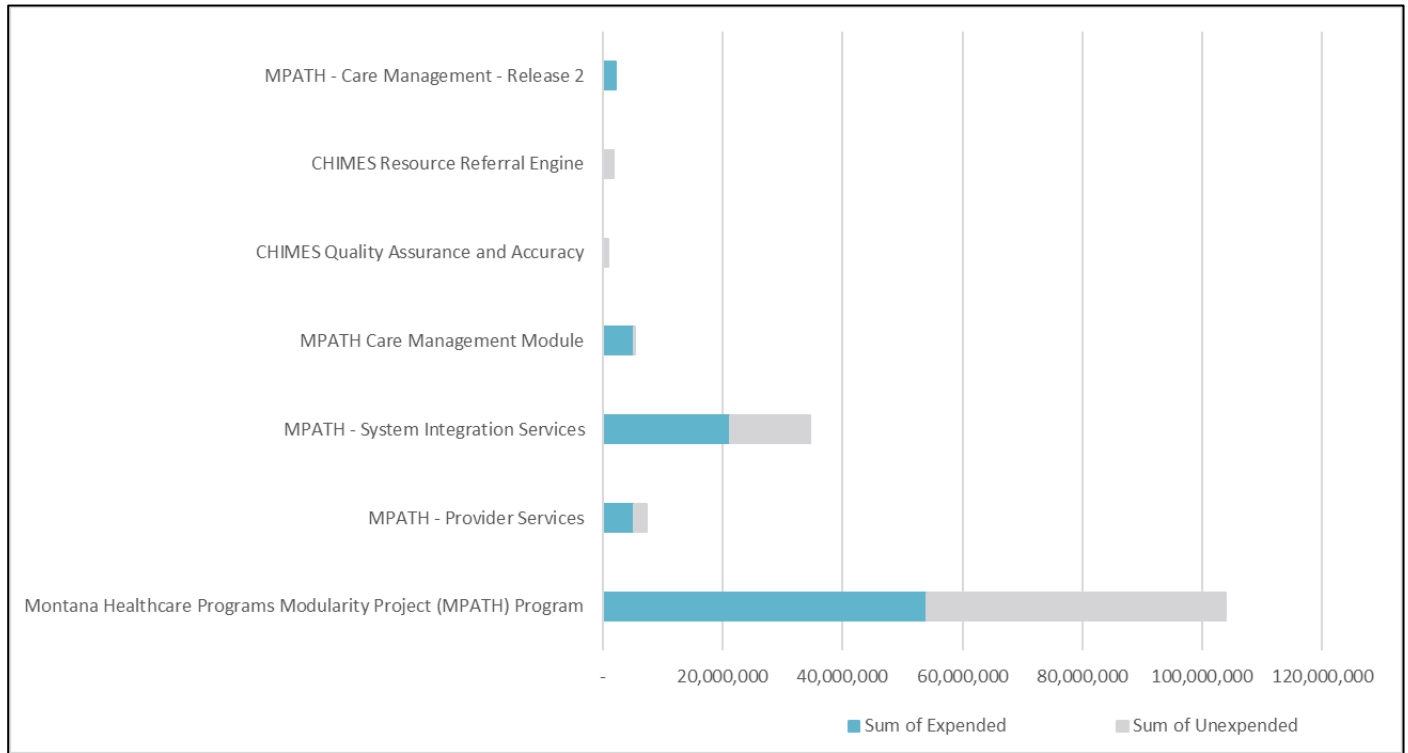


This image is not inclusive of every vacant position in DPHHS. The table below contains detail on utilization by FTE hours for each DPHHS division from July 1, 2021 through May 1, 2022. Divisions are sorted by total available hours. Three divisions have exceeded their budgeted FTE hours at this point in the fiscal year. Note that AMDD is 70.48% utilized, reflective of the high number of vacancies in that division.

| Agency | YTD HOURS | Available Hours | Percent Utilized |
|--|---------------------|---------------------|------------------|
| 69010 PUBLIC HEALTH AND HUMAN SERVICES | 4,232,454.50 | 4,799,713.92 | 88.18% |
| 33 Addictive & Mental Disorders | 1,093,074.31 | 1,550,924.16 | 70.48% |
| 03 Child and Family Services | 782,064.25 | 729,229.12 | 107.25% |
| 02 Human And Community Services | 754,812.28 | 835,280.00 | 90.37% |
| 07 Public Health & Safety Div | 259,144.84 | 263,304.00 | 98.42% |
| 05 Child Support Enforcement | 221,151.66 | 220,157.76 | 100.45% |
| 01 Disability Employment & Transitions Program | 208,638.22 | 227,382.72 | 91.76% |
| 10 Developmental Services | 167,770.83 | 179,776.00 | 93.32% |
| 08 Quality Assurance Division | 138,600.48 | 151,792.00 | 91.31% |
| 22 Senior & Long Term Care Svcs | 123,946.82 | 126,776.00 | 97.77% |
| 09 Technology Services Division | 107,658.29 | 113,632.00 | 94.74% |
| 25 Early Childhood & Family Support | 106,706.64 | 100,471.04 | 106.21% |
| 04 Director's Office | 104,313.53 | 119,144.00 | 87.55% |
| 06 Business & Financial Services | 83,083.99 | 91,584.00 | 90.72% |
| 11 Health Resources Division | 66,594.62 | 72,283.52 | 92.13% |
| 16 Operations Services Division | 11,487.19 | 12,889.60 | 89.12% |
| 12 Medicaid & Health Svcs Mngmt | 3,406.57 | 5,088.00 | 66.95% |
| Total | 4,232,454.50 | 4,799,713.92 | 88.18% |

OTHER ISSUES

Information Technology Project Expenditures



| Large Information Technology Projects Original and Revised Budgets | | | | |
|---|-----------------|----------------|-----------------------------|-------|
| Project | Original Budget | Revised Budget | Change from Original Budget | |
| Montana Healthcare Programs Modularity Project (MPATH) Program | 73,255,288 | 103,837,339 | 30,582,051 | ===== |
| MPATH - Provider Services | 7,405,542 | 7,405,542 | - | ===== |
| MPATH - System Integration Services | 34,660,000 | 34,660,000 | - | ===== |
| MPATH Care Management Module | 6,954,980 | 5,410,477 | (1,544,503) | ===== |
| CHIMES Quality Assurance and Accuracy | 965,000 | 965,000 | - | ===== |
| CHIMES Resource Referral Engine | 1,874,250 | 1,874,250 | - | ===== |
| MPATH - Care Management - Release 2 | 2,115,103 | 2,115,103 | - | ===== |

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 comprehensive MPATH delivery date, which has been revised several times, is December 2024, according to DPHHS correspondence with LFD.

| 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 | 11/19/2021 | 213.5% | ↗ |
| 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% | ↗ |
| CHIMES Quality Assurance and Accuracy | 1/4/2022 | 12/31/2022 | N/A | 0.0% | — |
| CHIMES Resource Referral Engine | 2/28/2022 | 4/1/2023 | N/A | 0.0% | — |

MEDICAID MONITORING

The state Medicaid program involves appropriations and expenditures by three different DPHHS divisions: Behavioral Health and Developmental Disabilities Division (BHDD), Health Resources Division (HRD), and Senior and Long-Term Care Division (SLTC). The Health and Economic Livelihood Partnership Act (HELP Act - Medicaid expansion) is discussed in the second half of this report. This report covers Medicaid benefits only; the administrative costs of the state Medicaid program are not included in this report.

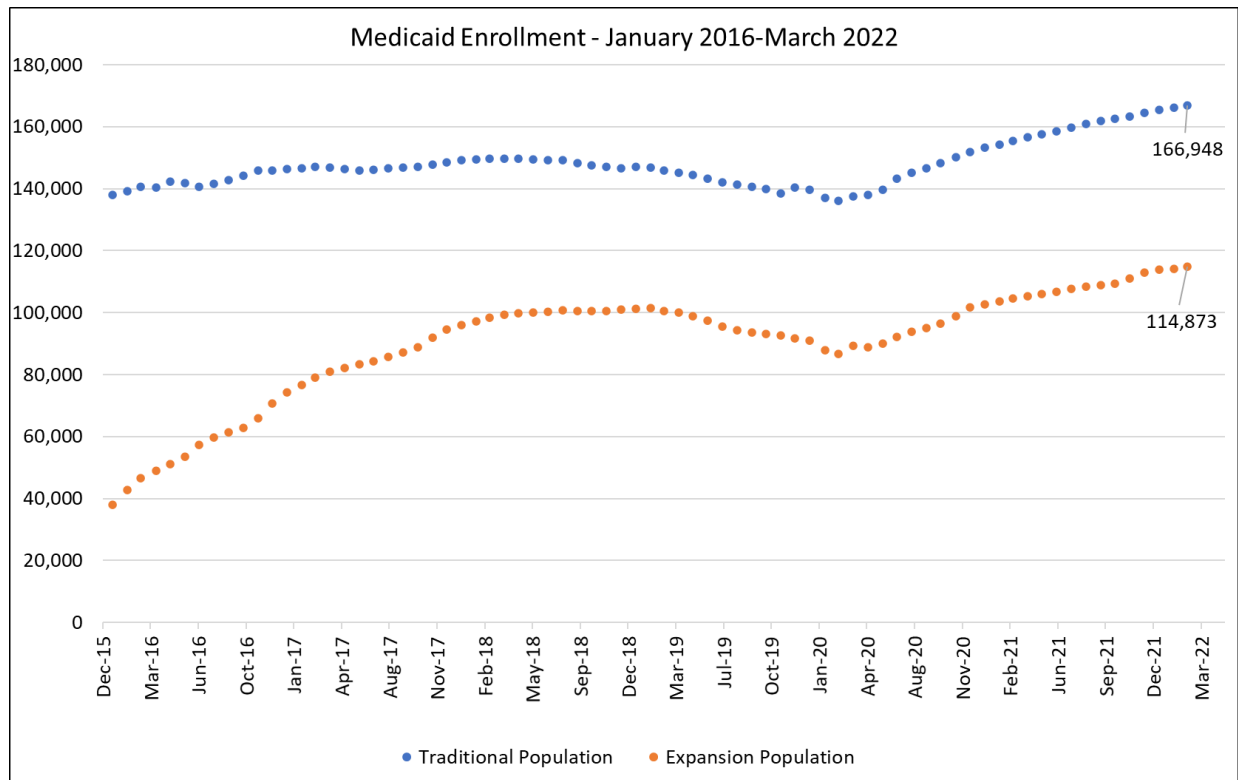
SUMMARY

In the most recent statutorily required budget status report (BSR) under MCA 5-11-222, dated May 20, 2022, DPHHS is projecting a surplus in general fund authority of \$25.7 million for traditional Medicaid benefits. The department is also projecting a surplus in state special revenue funds of \$9.1 million, and a federal special revenue surplus of \$20.4 million.

In this same report, Medicaid expansion is projected to be facing a general fund budget deficit of \$8.8 million, with a surplus of state special revenue funds of \$1.7 million, and federal funds deficit of \$167.0 million. Based on the Budget Status Report, the agency should be able to cover this general fund shortfall with authority from other areas of the budget. The agency expects to cover the federal fund shortfall with a budget amendment to increase federal authority, as presented to the LFC in March.

ENROLLMENT UPDATE

As of March 2022, DPHHS was reporting a total of 114,873 individuals covered by Medicaid expansion and 166,948 individuals covered by traditional Medicaid. While enrollment had been trending downward since early 2019, the increase aligns closely with the COVID-19 pandemic and corresponding impacts on enrollment linked to the Families First Coronavirus Response Act (FFCRA). The enrollment reporting for DPHHS has changed to a 90-day look back period to allow for application processing lag. Enrollment numbers below are as of 6/2/2022, with the most recent month of data March 2022.



FINANCIAL UPDATE – TRADITIONAL MEDICAID

The table below illustrates the current status of the Medicaid appropriation from March - June of FY 2022. Estimated FY 2022 totals are DPHHS projections based on data through April 30, 2022 from the May BSR. Changes in appropriations are due to the reorganization/combining of AMDD and BHDD, as well as the addition of federal authority to HRD through a House adjustment and a program transfer.

FY 2022 Traditional Medicaid Benefits & Claims Appropriations Compared to DPHHS Projections

| | FY 2022 March Modified Appropriation ¹ | Changes in Appropriation ² | FY 2022 June Modified Appropriation | FY 2022 Projected Expenditures ³ | Projected Surplus (Deficit) | Surplus (Deficit) as a % of Modified Budget |
|---|---|--|---|--|--------------------------------|---|
| <u>10 Behavioral Health & Dev. Disabilities</u> | | | | | | |
| General Fund | \$ 72,223,053 | \$ 9,909,158 | \$ 82,132,211 | \$ 67,935,327 | \$ 14,196,884 | 17.3% |
| State Special Revenue | 16,877,522 | 12,533,481 | 29,411,003 | 21,128,543 | 8,282,460 | 28.2% |
| Federal Funds | 218,108,608 | 44,664,166 | 262,772,774 | 223,785,707 | 38,987,067 | 14.8% |
| Subtotal | 307,209,183 | 67,106,805 | 374,315,988 | 312,849,577 | 61,466,411 | 16.4% |
| <u>11 Health Resources Division</u> | | | | | | |
| General Fund | 139,849,479 | (1,100,000) | 138,749,479 | 143,871,691 | (5,122,212) | -3.7% |
| State Special Revenue | 55,886,173 | 294,661 | 56,180,834 | 55,644,975 | 535,859 | 1.0% |
| Federal Funds | 477,089,831 | 23,847,148 | 500,936,979 | 526,880,508 | (25,943,529) | -5.2% |
| Subtotal | 672,825,483 | 23,041,809 | 695,867,292 | 726,397,174 | (30,529,882) | -4.4% |
| <u>22 Senior and Long Term Care</u> | | | | | | |
| General Fund | 52,697,307 | (50,000) | 52,647,307 | 35,992,991 | 16,654,316 | 31.6% |
| State Special Revenue | 32,844,370 | | 32,844,370 | 32,051,501 | 792,869 | 2.4% |
| Federal Funds | 202,852,998 | | 202,852,998 | 192,141,620 | 10,711,378 | 5.3% |
| Subtotal | 288,394,675 | (50,000) | 288,344,675 | 260,186,112 | 28,158,563 | 9.8% |
| <u>33 Addictive and Mental Disorders</u> | | | | | | |
| General Fund | 12,809,158 | (12,809,158) | | | | |
| State Special Revenue | 12,533,481 | (12,533,481) | | | | |
| Federal Funds | 58,664,166 | (58,664,166) | | | | |
| Subtotal | 84,006,805 | (84,006,805) | | | | |
| <u>Grand Total All Medicaid Services</u> | | | | | | |
| General Fund | 277,578,997 | (4,050,000) | 273,528,997 | 247,800,009 | 25,728,988 | 9.4% |
| State Special Revenue | 118,141,546 | 294,661 | 118,436,207 | 108,825,019 | 9,611,188 | 8.1% |
| Federal Funds | 956,715,603 | 9,847,148 | 966,562,751 | 942,807,835 | 23,754,916 | 2.5% |
| Grand Total All Funds | \$ 1,352,436,146 | \$ 6,091,809 | \$ 1,358,527,955 | \$ 1,299,432,863 | \$ 59,095,092 | 4.3% |

¹The March Modified Appropriation column reflects the appropriation at the end of January 2022 in order to reflect the total impact of reorganization and other federal budget changes.

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 May 31, 2022.

³Expenditure projections are based on the May 20, 2022 DPHHS Budget Status Report.

MAJOR SERVICE CATEGORIES – TRADITIONAL MEDICAID

Data in the following table are taken from the May 2022 DPHHS BSR. The largest projected expenditure categories are hospital services (inpatient, outpatient, hospital utilization fees/supplemental payments, and other), nursing facilities, the developmental disability waiver, mental health services, and physician services.

| Traditional Medicaid Summary by Major Service Category | | | | |
|--|------------------------|------------------------|---------------------------|------------------------|
| Category | FY22 Initial Budget | FY22 Current Budget | FY22 Expenditure Estimate | FY22 Projected Balance |
| Hospital Services | \$49,613,075 | \$50,596,773 | \$55,066,412 | \$(4,469,640) |
| Hospital Utilization Fees / DSH | 64,965,364 | 78,008,141 | 82,639,046 | (4,630,904) |
| Inpatient Services | 65,621,323 | 70,860,980 | 73,392,455 | (2,531,475) |
| Outpatient Services | 47,714,856 | 50,508,984 | 53,374,801 | (2,865,817) |
| Physician and Professional Services | 96,352,875 | 104,630,687 | 106,532,777 | (1,902,090) |
| Pharmacy | 137,021,778 | 142,223,978 | 153,543,701 | (11,319,723) |
| Pharmacy Rebates | (104,728,943) | (104,728,943) | (113,097,321) | 8,368,378 |
| Part D Clawback | 17,627,797 | 23,725,180 | 25,601,557 | (1,876,377) |
| Dental | 41,965,639 | 41,965,638 | 52,186,677 | (10,221,039) |
| Health Centers and Clinics | 37,386,230 | 37,386,230 | 37,997,431 | (611,202) |
| Medical Equipment and Supplies | 21,365,771 | 21,365,771 | 23,280,636 | (1,914,865) |
| Laboratory and Imaging Services | 23,573,449 | 8,073,449 | 6,992,123 | 1,081,326 |
| Medical Transportation | 9,412,559 | 9,509,558 | 8,857,341 | 652,218 |
| Other Services | 8,116,615 | 2,553,206 | 2,464,675 | 88,531 |
| Nursing Facility | 181,130,552 | 180,052,944 | 150,414,914 | 29,638,030 |
| Home and Community Based - Other Services | 3,815,032 | 8,878,971 | 4,051,617 | 4,827,354 |
| Home and Community Based - CFC | 44,930,714 | 47,747,470 | 49,396,523 | (1,649,053) |
| Home and Community Based - Big Sky Waiver | 52,749,779 | 51,432,499 | 56,323,058 | (4,890,560) |
| Care and Case Management | 17,808,825 | 17,976,782 | 16,655,577 | 1,321,204 |
| Substance Use Disorder Services | 3,318,425 | 3,432,673 | 4,071,624 | (638,951) |
| Mental Health Services | 146,580,976 | 143,607,236 | 123,868,150 | 19,739,085 |
| Home and Community Based - SDMI Waiver | 17,031,839 | 17,460,108 | 14,059,794 | 3,400,314 |
| Mental Health Services - HIFA Waiver | 8,217,734 | 8,408,176 | 7,063,765 | 1,344,411 |
| Developmental Disability Services | 1,297,905 | 1,297,905 | 1,153,006 | 144,898 |
| Home and Community Based - DD Waiver | 144,252,612 | 144,252,611 | 129,923,848 | 14,328,762 |
| Indian and Tribal Health Services | 94,556,232 | 94,556,231 | 93,911,526 | 644,705 |
| School Based - Physical Health | 4,705,029 | 4,705,029 | 4,081,210 | 623,819 |
| School Based - Mental Health | 55,724,058 | 41,724,057 | 20,829,790 | 20,894,268 |
| Medicare Buy-In | 52,441,275 | 52,441,282 | 54,796,150 | (2,354,868) |
| Total | \$1,344,569,374 | \$1,354,653,604 | \$1,299,432,863 | \$55,220,740 |

MEDICAID EXPANSION

The Health and Economic Livelihood Partnership (HELP) Act of the 2015 Montana Legislature expanded Medicaid in Montana. Medicaid expansion provides Medicaid coverage for adults ages 19-64, with incomes less than 138.0% of the federal poverty level for Montana. 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 to 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.

FINANCIAL UPDATE – MEDICAID EXPANSION

The table below illustrates Medicaid Expansion benefits & claims appropriation for May 2022. Medicaid expansion is projected to have a deficit in general fund of \$8.7 million and a deficit in federal funds of \$120.9 million. The agency reported the deficit in federal funds will be addressed with a budget amendment. Changes in appropriations are due to the reorganization/combining of AMDD and BHDD, as well as the addition of authority to HRD through House adjustments, budget amendments, and program transfers.

FY 2022 Medicaid Expansion Benefits & Claims Appropriations Compared to DPHHS Projections

| | FY 2022 March Modified Appropriation ¹ | Changes in Appropriation ² | FY 2022 June Modified Appropriation | FY 2022 Projected Expenditures ³ | Projected Surplus (Deficit) | Surplus (Deficit) as a % of Modified Budget |
|---|---|--|---|--|--------------------------------|---|
| <u>10 Behavioral Health & Dev. Disabilities</u> | | | | | | |
| General Fund | \$ 539 | \$ 6,670,852 | \$ 6,671,391 | \$ 7,994,996 | \$ (1,323,605) | -19.8% |
| State Special Revenue | | 1,749,845 | 1,749,845 | | 1,749,845 | 100.0% |
| Federal Funds | 4,858 | 74,695,434 | 74,700,292 | 71,954,959 | 2,745,333 | 3.7% |
| Subtotal | 5,397 | 83,116,131 | 83,121,528 | 79,949,955 | 3,171,573 | 3.8% |
| <u>11 Health Resources Division</u> | | | | | | |
| General Fund | 17,734,741 | 6,225,000 | 23,959,741 | 31,229,811 | (7,270,070) | -30.3% |
| State Special Revenue | 50,547,102 | 1,942,339 | 52,489,441 | 54,382,587 | (1,893,146) | -3.6% |
| Federal Funds | 679,695,818 | 48,086,761 | 727,782,579 | 850,574,417 | (122,791,838) | -16.9% |
| Subtotal | 747,977,661 | 56,254,100 | 804,231,761 | 936,186,815 | (131,955,054) | -16.4% |
| <u>22 Senior and Long Term Care</u> | | | | | | |
| General Fund | 861,099 | 90,000 | 951,099 | 1,008,308 | (57,209) | -6.0% |
| State Special Revenue | | | 0 | | | |
| Federal Funds | 8,757,365 | 1,200,000 | 9,957,365 | 10,835,679 | (878,314) | -8.8% |
| Subtotal | 9,618,464 | 1,290,000 | 10,908,464 | 11,843,987 | (935,523) | -8.6% |
| <u>33 Addictive and Mental Disorders</u> | | | | | | |
| General Fund | 6,670,852 | (6,670,852) | | | | |
| State Special Revenue | 1,749,845 | (1,749,845) | | | | |
| Federal Funds | 74,695,434 | (74,695,434) | | | | |
| Subtotal | 83,116,131 | (83,116,131) | | | | |
| <u>Grand Total All Medicaid Services</u> | | | | | | |
| General Fund | 25,267,231 | 6,315,000 | 31,582,231 | 40,233,115 | (8,650,884) | -27.4% |
| State Special Revenue | 52,296,947 | 1,942,339 | 54,239,286 | 54,382,587 | (143,301) | -0.3% |
| Federal Funds | 763,153,475 | 49,286,761 | 812,440,236 | 933,365,055 | (120,924,819) | -14.9% |
| Grand Total All Funds | \$ 840,717,653 | \$ 57,544,100 | \$ 898,261,753 | \$ 1,027,980,757 | \$ (129,719,004) | -14.4% |

¹The March Modified Appropriation column reflects the appropriation at the end of January 2022 in order to reflect the total impact of reorganization and other federal budget changes.

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 May 31, 2022.

³Expenditure projections are based on the May 20, 2022 DPHHS Budget Status Report.

MAJOR SERVICE CATEGORIES – MEDICAID EXPANSION

Data in the following table are taken from the DPHHS budget status report dated May 20, 2022. The largest expenditure category for major services is hospital utilization fees/supplemental payments, followed by other types of hospital services, physician services, pharmacy, Indian and tribal health services, and mental health services.

| Medicaid Expansion Summary by Major Service Category | | | | |
|--|-----------------------|-----------------------|---------------------------|-------------------------|
| Category | FY22 Initial Budget | FY22 Current Budget | FY22 Expenditure Estimate | FY22 Projected Balance |
| Hospital Services | \$ 59,123,578 | \$ 61,555,936 | \$ 75,033,027 | \$ (13,477,091) |
| Hospital Utilization Fees / DSH | 271,461,683 | 273,404,022 | 304,891,418 | (31,487,396) |
| Inpatient Services | 66,418,039 | 66,903,039 | 83,751,830 | (16,848,791) |
| Outpatient Services | 58,764,993 | 59,194,109 | 74,101,491 | (14,907,382) |
| Physician and Professional Services | 84,886,689 | 87,786,689 | 108,097,761 | (20,311,072) |
| Pharmacy | 166,673,958 | 174,581,613 | 214,785,989 | (40,204,376) |
| Pharmacy Rebates | (103,441,320) | (108,348,975) | (113,639,462) | 5,290,487 |
| Dental | 14,808,526 | 15,908,526 | 21,011,983 | (5,103,457) |
| Health Centers and Clinics | 41,047,903 | 41,047,903 | 38,566,066 | 2,481,837 |
| Medical Equipment and Supplies | 7,898,834 | 7,898,834 | 12,350,018 | (4,451,184) |
| Laboratory and Imaging Services | 12,267,702 | 13,342,702 | 18,078,470 | (4,735,768) |
| Medical Transportation | 5,569,903 | 5,569,903 | 8,573,292 | (3,003,389) |
| Other Services | 1,008,476 | 1,002,366 | 1,093,784 | (91,418) |
| Nursing Facility | 7,022,334 | 7,022,334 | 6,905,541 | 116,793 |
| Home and Community Based - Other | 1,772,365 | 1,778,069 | 1,732,817 | 45,252 |
| Home and Community Based - CFC | 761,924 | 2,001,924 | 2,934,844 | (932,920) |
| Home and Community Based - Big Sky | 55,731 | 56,137 | 270,785 | (214,648) |
| Care and Case Management | 5,332,170 | 5,382,170 | 6,743,920 | (1,361,750) |
| Substance Use Disorder Services | 15,336,810 | 15,336,810 | 16,731,854 | (1,395,044) |
| Mental Health Services | 66,554,907 | 66,554,907 | 61,922,861 | 4,632,046 |
| Home and Community Based - SDMI Waiver | 23,388 | 23,388 | 88,016 | (64,628) |
| Mental Health Services - HIFA Waiver | 0 | 0 | 0 | 0 |
| Developmental Disability Services | 0 | 0 | 0 | 0 |
| Home and Community Based - DD Waiver | 0 | 0 | 0 | 0 |
| Indian and Tribal Health Services | 55,902,279 | 55,902,279 | 83,952,670 | (28,050,391) |
| School Based - Physical Health | 7,421 | 7,421 | 1,780 | 5,641 |
| School Based - Mental Health | 5,397 | 5,397 | 1 | 5,396 |
| Medicare Buy-In | 0 | 0 | 0 | 0 |
| Total | \$ 841,210,164 | \$ 853,917,503 | \$ 1,027,980,757 | \$ (174,063,254) |