

**Agency Biennium Comparison**

The following table compares the 2023 biennium appropriated budget to the 2025 biennium budget request by type of expenditure and source of funding.

Agency Biennium Comparison				
Budget Item	Appropriated Budget 22-23	Requested Budget 24-25	Biennium Change	Biennium % Change
Personal Services	400,451,207	438,596,662	38,145,455	9.53 %
Operating Expenses	334,387,926	360,787,430	26,399,504	7.89 %
Equipment & Intangible Assets	1,155,300	1,078,600	(76,700)	(6.64)%
Grants	164,720,181	177,769,380	13,049,199	7.92 %
Benefits & Claims	5,134,308,027	6,036,630,704	902,322,677	17.57 %
Transfers	27,584,800	6,986,302	(20,598,498)	(74.67)%
Debt Service	2,332,748	617,688	(1,715,060)	(73.52)%
<b>Total Expenditures</b>	<b>\$6,064,940,189</b>	<b>\$7,022,466,766</b>	<b>\$957,526,577</b>	<b>15.79 %</b>
General Fund	1,170,001,139	1,414,234,022	244,232,883	20.87 %
State/Other Special Rev. Funds	477,153,774	529,147,809	51,994,035	10.90 %
Federal Spec. Rev. Funds	4,417,785,276	5,079,084,935	661,299,659	14.97 %
<b>Total Funds</b>	<b>\$6,064,940,189</b>	<b>\$7,022,466,766</b>	<b>\$957,526,577</b>	<b>15.79 %</b>
<b>Total Ongoing</b>	<b>\$6,046,785,139</b>	<b>\$6,951,377,893</b>	<b>\$904,592,754</b>	<b>14.96 %</b>
<b>Total OTO</b>	<b>\$18,155,050</b>	<b>\$71,088,873</b>	<b>\$52,933,823</b>	<b>291.57 %</b>

**Agency Biennium Comparison -**

The 2025 biennium budget requests an increase of 15.8% relative to the 2023 biennium. This includes a general fund increase of 20.9%. Compared to the 2023 base appropriation, the biennial request is an increase of 11.2% in FY 2024 and 15.3% in FY 2025.

DPHHS reduced their general fund budget by \$48.1 million in FY 2022 due to provisions tied to the enhanced FMAP in the federal Families First Coronavirus Response Act. This leads to the biennium change in general fund being higher than would otherwise be so.

**Mission Statement**

The mission of the Montana Department of Public Health and Human Services (DPHHS) is to improve and protect the health, well-being, and self-reliance of all Montanans.

Please refer to the agency profile at <https://leg.mt.gov/lfd/appropriation-subcommittee-section-b/> for additional information about the agency's organization structure, historical expenditures, goals and objectives, and recent studies and audits.

## Agency Highlights

DPHHS Major Budget Highlights	
<ul style="list-style-type: none"> <li>The 2025 biennium HB 2 budget request is 15.8% higher than the 2023 biennium budget and totals \$7,022.5 million. The requested budget includes a biennial increase of 20.9% general fund, or \$244.2 million, due in part to: <ul style="list-style-type: none"> <li>Present law caseload adjustments for Medicaid and CHIP, resulting in an increase of \$66.3 million general fund</li> <li>Personal services increases account for a \$15.4 million increase in general fund</li> <li>Provider rate adjustments for Medicaid at a cost of \$59.6 million general fund</li> <li>Provider rate adjustments for non-Medicaid services at a cost of \$8.9 million general fund</li> </ul> </li> <li>The executive has proposed to set aside approximately \$450.0 million general fund outside of HB 2 for a number of areas in DPHHS, including mental health services, Medicaid, and facilities.</li> </ul>	

## Agency Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the expenditures requested for FY 2024 and FY 2025 by type of expenditure and source of funding.

Agency Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2022	Approp. Fiscal 2022	Approp. Fiscal 2023	Request Fiscal 2024	Request Fiscal 2025
FTE	0.00	2,831.02	2,831.02	2,840.42	2,841.42
Personal Services	183,965,440	196,377,996	204,073,211	218,633,438	219,963,224
Operating Expenses	172,801,278	173,183,194	161,204,732	178,515,015	182,272,415
Equipment & Intangible Assets	327,779	618,550	536,750	541,850	536,750
Grants	78,647,115	77,949,464	86,770,717	89,225,286	88,544,094
Benefits & Claims	2,434,650,707	2,491,033,087	2,643,274,940	2,956,574,741	3,080,055,963
Transfers	22,867,099	24,091,649	3,493,151	3,493,151	3,493,151
Debt Service	9,650,330	2,023,904	308,844	308,844	308,844
<b>Total Expenditures</b>	<b>\$2,902,909,748</b>	<b>\$2,965,277,844</b>	<b>\$3,099,662,345</b>	<b>\$3,447,292,325</b>	<b>\$3,575,174,441</b>
General Fund	534,420,326	545,299,715	624,701,424	692,833,383	721,400,639
State/Other Special Rev. Funds	224,944,063	237,872,043	239,281,731	258,196,672	270,951,137
Federal Spec. Rev. Funds	2,143,545,359	2,182,106,086	2,235,679,190	2,496,262,270	2,582,822,665
<b>Total Funds</b>	<b>\$2,902,909,748</b>	<b>\$2,965,277,844</b>	<b>\$3,099,662,345</b>	<b>\$3,447,292,325</b>	<b>\$3,575,174,441</b>
<b>Total Ongoing</b>	<b>\$2,893,507,076</b>	<b>\$2,947,122,794</b>	<b>\$3,099,662,345</b>	<b>\$3,411,747,889</b>	<b>\$3,539,630,004</b>
<b>Total OTO</b>	<b>\$9,402,672</b>	<b>\$18,155,050</b>	<b>\$0</b>	<b>\$35,544,436</b>	<b>\$35,544,437</b>

## Agency Discussion

## FY 2022 Appropriation Compared to FY 2022 Actual Expenditures

In FY 2022 DPHHS expended 97.9% of its overall HB 2 budget, and 98.0% of its general fund budget.

*FY 2022 Appropriation Compared to FY 2023 Appropriations*

FY 2023 total appropriations of \$3,099.7 million are 4.5%, or \$134.4 million, higher than the FY 2022 total appropriation of \$2,965.3 million due to growth in benefits and claims driven by anticipated caseload growth.

*Comparison of FY 2023 Legislative Budget to FY 2023 Base*

The 2023 base budget was agreed upon by the executive and legislature to be the point from which any changes would be recorded for the 2025 biennium budgeting process. The tables below illustrate the beginning FY 2023 budget as adopted by the 2021 Legislature compared to the finalized 2023 base budget, which includes modifications by the executive, as authorized in statute, during the interim. The tables show these changes by program and expenditure type for DPHHS. The largest modifications involve a reorganization which created the Healthcare Facilities Division by consolidating the operation of all facilities into this division, which were formerly spread across several different DPHHS divisions. The non-facility functions of the former Addictive and Mental Disorders Division were moved to the Behavioral Health and Developmental Disabilities Division (formerly the Developmental Services Division). The Medicaid claims processing and other Medicaid information functions were moved from the Medicaid and Health Services Management Division to the Technology Services Division.

FY 2023 Legislative & Executive Appropriations by Program - DPHHS				
	Legislative Action	Executive Modifications per Statutory Authority	Executive Base	% Change from Legislative Action
Disability Employment & Transitions	\$ 29,488,799	\$ -	\$ 29,488,799	0.0%
Human & Community Services	284,145,560	-	284,145,560	0.0%
Child & Family Services	109,198,787	128,698	109,310,959	0.1%
Directors Office	7,761,271	2,004,051	9,765,322	25.8%
Child Support Services	11,768,279	-	11,768,279	0.0%
Business & Financial Services	12,575,294	583,893	13,159,187	4.6%
Public Health & Safety	39,633,198	16,621	39,649,819	0.0%
Office of Inspector General	8,484,780	1,076,387	9,561,168	12.7%
Technology Services	30,782,772	35,554,585	66,337,357	115.5%
Behavioral Health and Dev. Dis.	349,151,314	174,543,174	523,694,488	50.0%
Health Resources	1,499,318,432	(3,165,892)	1,496,152,540	-0.2%
Medicaid & Health Services Mgmt.	39,440,564	(34,863,903)	4,576,661	-88.4%
Operations Services	5,489,494	(3,920,749)	1,568,745	-71.4%
Senior & Long-Term Care	344,265,030	(20,391,421)	323,273,610	-5.9%
Early Childhood & Family Support	84,262,218	(16,621)	84,245,597	0.0%
Healthcare Facilities	243,860,796	(151,496,542)	92,964,254	-62.1%
DPHHS Total	\$ 3,099,626,588	\$ 52,281	\$ 3,099,662,345	0.0%

FY 2023 Legislative & Executive Appropriations by Expenditure Type - DPHHS				
	Legislative Action	Executive Modifications per Statutory Authority	Executive Base	% Change from Legislative Action
61000 Personal Services	205,651,171	(1,561,434)	204,073,211	-0.8%
62000 Operating Expenses	159,031,567	2,173,165	161,204,732	1.4%
63000 Equipment & Intangible Assets	651,721	(114,971)	536,750	-17.6%
66000 Grants	72,763,994	14,006,722	86,770,717	19.2%
67000 Benefits & Claims	2,658,009,648	(14,734,708)	2,643,274,940	-0.6%
68000 Transfers-out	3,248,901	244,250	3,493,151	7.5%
69000 Debt Service	269,586	39,257	308,844	14.6%
Total	\$ 3,099,626,588	\$ 52,281	\$ 3,099,662,345	0.0%

### *Executive Request*

The executive requests an increase in personal services of 7.1% in FY 2024 and 7.8% in FY 2025 as compared to the base year appropriation. Operations are proposed to increase by 10.7% in FY 2024 and 13.1% in FY 2025 as compared to the base year, while benefits and claims are proposed to increase by 11.9% in FY 2024 and 16.5% in FY 2025.

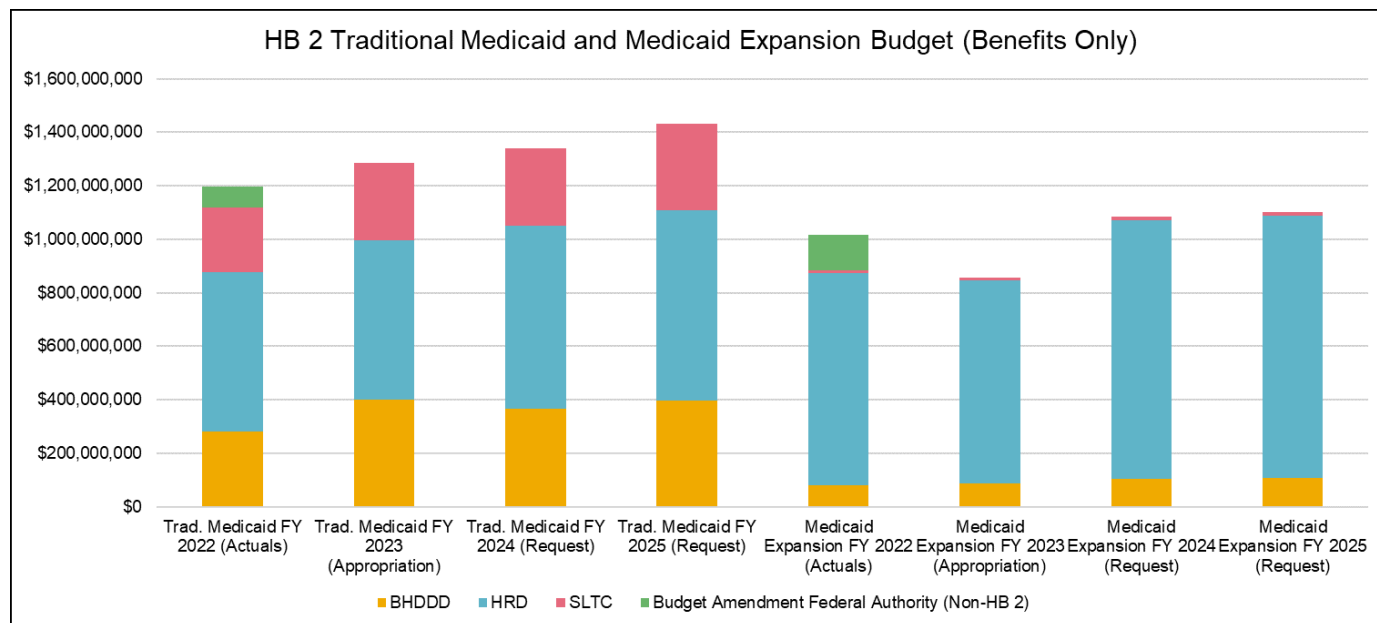
Note that while the proposed budget includes a 15.8% increase relative to the last biennium, the proposed general fund increase is 20.9%, while state special revenue is proposed to increase 10.9% and federal revenue 15.0%. These requests are discussed in detail at the program level of this budget analysis. The following discussion highlights significant areas of the executive budget request for DPHHS.

### **Medicaid**

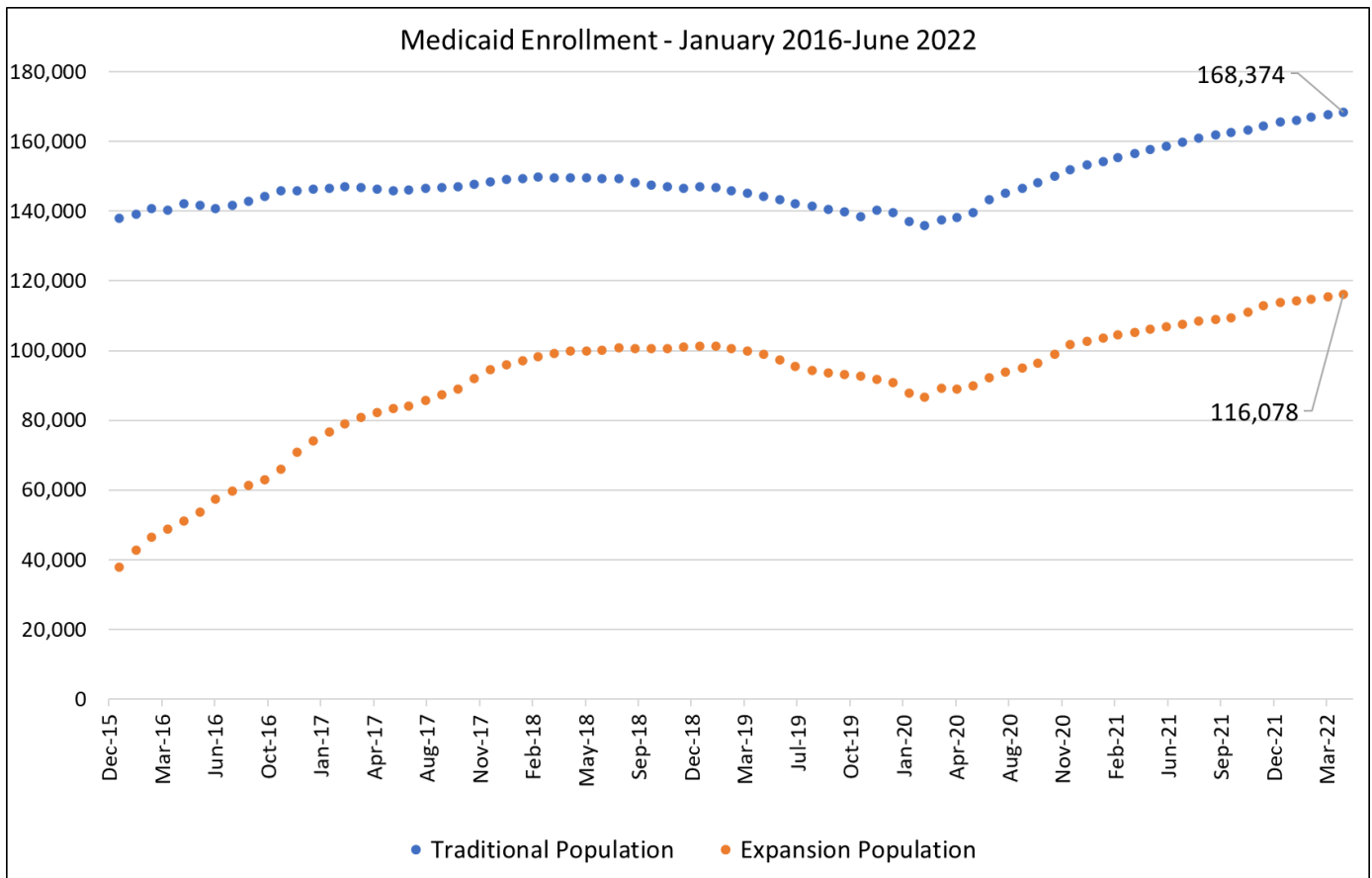
The executive request for the HB 2 Medicaid caseload (benefits and claims only) in the 2025 biennium totals \$4,959.8 million (all funds – see table below). This amount includes Medicaid Expansion, which is funded in HB 2. Note that this does not include Indian Health Services (IHS) Medicaid expenditures as these expenditures are statutory. Medicaid expenditures are made in the Behavioral Health and Developmental Disabilities Division (BHDDD), Health Resources Division (HRD), and Senior and Long-Term Care Division (SLTC).

2021 Biennium HB 2 Medicaid Request (Benefits and Claims Only)				
<u>Traditional Medicaid</u>				
	FY 2024		FY 2025	Total
Behavioral Health and Dev. Dis. Div.	\$ 365,624,664	\$	395,648,739	\$ 761,273,403
Health Resources Division	683,653,552		712,924,138	1,396,577,690
Senior and Long-term Care Div.	291,030,080		325,005,883	616,035,963
<b>Total</b>	<b>1,340,308,296</b>		<b>1,433,578,760</b>	<b>2,773,887,056</b>
<u>Medicaid Expansion</u>				
	FY 2024		FY 2025	Total
Behavioral Health and Dev. Dis. Div.	\$ 103,515,798	\$	106,086,947	\$ 209,602,745
Health Resources Division	969,309,230		980,727,488	1,950,036,718
Senior and Long-term Care Div.	12,587,915		13,639,809	26,227,724
<b>Total</b>	<b>1,085,412,943</b>		<b>1,100,454,244</b>	<b>2,185,867,187</b>
<u>Grand Total: All Medicaid</u>				
	FY 2024		FY 2025	Total
<b>Grand Total: All Medicaid</b>	<b>\$ 2,425,721,239</b>	<b>\$</b>	<b>2,534,033,004</b>	<b>\$ 4,959,754,243</b>

The chart below illustrates Medicaid appropriations/requests for the 2023 and 2025 biennia. Like the table above, the chart below excludes IHS spending. The Legislative Fiscal Division anticipates the executive will add budget amendment authority (green bar) for both traditional Medicaid and Medicaid expansion in FY 2023.



The graph below shows enrollment in traditional Medicaid and Medicaid Expansion from 2015-2022. Note that both Medicaid programs declined in enrollment during CY 2019 before rising during the COVID-19-induced economic contraction and with the federal prohibitions on disenrollment in the Families First Coronavirus Response Act (FFCRA, 2020). More detail on Medicaid follows in the program level analyses for BHDD, HRD, and SLTC.



### Medicaid and CHIP Present Law Request

The overall Medicaid and HMK (CHIP) present law request for FY 2024 is a \$278.0 million, or 12.3%, increase compared to the 2023 base. The overall Medicaid and HMK (CHIP) present law request for FY 2025 is a \$394.9 million, or 17.5%, increase compared to the 2023 base. The adjustment varies significantly by division, as can be seen below.

Total Medicaid and Healthy Montana Kids (CHIP) Present Law Request by Division						
	FY 2024			FY 2025		
	General Fund	State Special	Federal	General Fund	State Special	Federal
BHDDD \$	(6,225,017)	\$ 262,434	\$ (36,813,035)	\$ (2,230,307)	\$ (249,872)	\$ (24,372,482)
HRD \$	43,085,862	\$ 4,908,020	\$ 209,371,905	\$ 43,310,002	\$ 16,228,278	\$ 218,447,360
SLTC \$	475,123	\$ (378,412)	\$ (5,266,367)	\$ 4,035,931	\$ (388,392)	\$ 3,050,631
Total	\$ 37,335,968	\$ 4,792,042	\$ 167,292,503	\$ 45,115,626	\$ 15,590,014	\$ 197,125,509
Total Impact						
	FY 2024		FY 2025			
BHDDD \$	(42,775,618)	\$ (26,852,661)				
HRD \$	257,365,787	\$ 277,985,640				
SLTC \$	(5,169,656)	\$ 6,698,170				
Total	\$ 209,420,513	\$ 257,831,149				

While BHDDD requests an adjustment to reduce the overall appropriation by \$69.6 million, HRD is proposing an increase of \$535.4 million. Projected growth in HRD Medicaid is anticipated by the executive in both traditional Medicaid and Medicaid expansion services administered by HRD.

### Medicaid Expansion Enrollment and Expenditures

Enrollment in Medicaid expansion has risen since the spring of 2020 after leveling off in 2018 and dropping throughout 2019. Per-person expenditures in Medicaid expansion rose in FY 2020 after declining from FY 2017-2019. FY 2017 was the first full fiscal year of Medicaid expansion. Medicaid expansion enrollment has continued to rise through FY 2023 with the federal prohibitions on disenrollment in the Families First Coronavirus Response Act (FFCRA, 2020).

Medicaid supplemental payments to hospitals under Medicaid expansion grew from \$179.1 million in FY 2019 to \$304.9 million in FY 2022 in part due to the establishment of new healthcare taxes and fees in HB 658 (2019 Session) which are used to draw Medicaid Supplemental Payments from CMS.

	Average Monthly Enrollment	FY Medicaid Expansion Expenditures	Average Per-User Expenditures
FY 2017	71,203	\$576,835,103	\$8,101
FY 2018	93,609	\$709,398,836	\$7,578
FY 2019	100,274	\$723,277,243	\$7,213
FY 2020	91,242	\$823,063,047	\$9,021
FY 2021	100,586	\$923,447,091	\$9,181
FY 2022	112,465	\$1,018,129,139	\$9,053

### FMAP Changes

Montana's federal fiscal year (FFY) Federal Medical Assistance Percentage (FMAP) for 2024 is projected to be lower than the FFY 2023 FMAP; according to Federal Funds Information for States (FFIS), the rate is expected to drop from 64.12% to

63.91%. This reduction is a result of comparing the per capita income for Montana to the per capita income for the United States. As Montana's per capita income increases relative to the per capita income of the United States, the percentage of federal funding received decreases. A decrease in rate will increase the state funds required for Medicaid match.

The executive budget includes several decision packages that compensate for changes in FMAP. The net impact of FMAP DPs for traditional Medicaid increases state funds over the biennium by \$16.4 million: general fund would increase by \$14.4 million while state special revenue would increase by \$2.0 million. FMAP DPs for traditional Medicaid reduce federal fund authority by \$16.4 million over the biennium.

The FMAP for Medicaid expansion is 90.0%, meaning that the federal government reimburses the state for 90.0% of the expenditures incurred under this program. The executive budget includes an increase in state funds of \$1.3 million over the biennium. This entire increase would be general fund. Federal authority would decrease by \$1.3 million.

The table below presents recent and current Montana FMAPs by federal fiscal year (FFY) and state fiscal year (SFY). CHIP is funded with an enhanced federal FMAP (E-FMAP), also detailed in the table below. Note that the COVID-enhanced FMAP (tied to the federal Families First Coronavirus Response Act of 2020) increased the FMAP for all states by 6.2 percentage points, retroactive to January 1, 2020, and changed the Montana FMAP from 64.78% to 70.98% in FY 2020. This lowers the state share of traditional Medicaid expenditures. The enhanced FMAP will persist until the end of the quarter in which the Secretary of Health and Human Services declares an end to the COVID-19 state of emergency.

<b>Montana FMAPs / E-FMAPs, 2020-2024</b>					
	2020	2021	2022	2023	2024
FFY FMAP	64.78	65.60	64.90	64.12	63.91
SFY FMAP <sup>1</sup>	64.97	65.40	65.08	64.32	63.96
FFY E-FMAP <sup>2</sup>	86.85	75.92	75.43	74.88	74.74
SFY E-FMAP	89.86	78.65	75.55	75.02	74.78
Expansion FMAP	90.00	90.00	90.00	90.00	90.00

<sup>1</sup>SFY FMAPs account for the difference between SFY and FFY

<sup>2</sup>The current E-FMAP for CHIP will expire at the end of FFY 2023

CHIP has federal matching rates that are generally about 10 to 11 percentage points higher than those under traditional Medicaid.

The executive has assumed an FMAP of 64.12% for FFY 2025 in building their budget submission for SFY 2025. If the actual FMAP varies from that amount, an impact on the demand for general fund will occur. If the FMAP is lower than 64.12%, more general fund will be needed for the state's Medicaid and CHIP programs.

### DPHHS Institutions

DPHHS currently operates a total of seven facilities. The table below shows a biennial summary of the 2025 biennium executive request for DPHHS facilities. The average daily population is based on FY 2022.



2025 Biennium Executive Request for DPHHS Facilities					
	FTE Request	Average Daily Population (FY 2022)	FY 2024 Request	FY 2025 Request	Average Annual Per-Resident Cost
MT Chem. Dependency Ctr.	54.25	20.59	\$6,368,995	\$6,414,254	\$310,424
Mental Health Nursing Care Ctr.	130.71	72.9	13,164,698	13,234,209	\$181,062
Montana State Hospital	482.95	205.62	48,630,654	48,935,606	\$237,249
Intensive Behavior Center (Boulder)	54.41	9.85	4,372,069	4,393,965	\$444,976
Montana Vet. Home	140.70	72.41	16,549,489	16,694,545	\$229,554
Eastern MT Vet. Home (Contracted)	0.19		4,992,293	5,252,386	
Southwest MT Vet. Home (Contracted)	1.00		\$7,659,693	\$8,001,261	

### Personal Services

In order to explain the factors influencing personal services changes, the proposed statewide personal services present law adjustment (DP 1) has been broken down into three categories, as follows:

- Legislatively approved changes – This category includes adjustments explicitly approved by the legislature, such as expected changes to annualize personal services costs included in the FY 2023 statewide pay plan adjustments, changes to benefit rates, increases in pay approved by the legislature, longevity adjustments required by statute, and changes in rates for workers' compensation and unemployment insurance
- Management decisions – This category includes agency management decisions that adjust personal services related to changes in pay. This includes changes such as hiring full time equivalent (FTE) at a lower rate to replace senior staff and broadband pay adjustments for recruitment and retention
- Budget modifications – This category includes other modifications to the FY 2023 personal services base budget such as management decisions to transfer personal services funding between programs within an agency or transfers to move personal funding to or from other expenditure category (e.g. moving funding from operating expenses to personal services)

The figure below shows the analysis of the executive budget for personal services for each program.

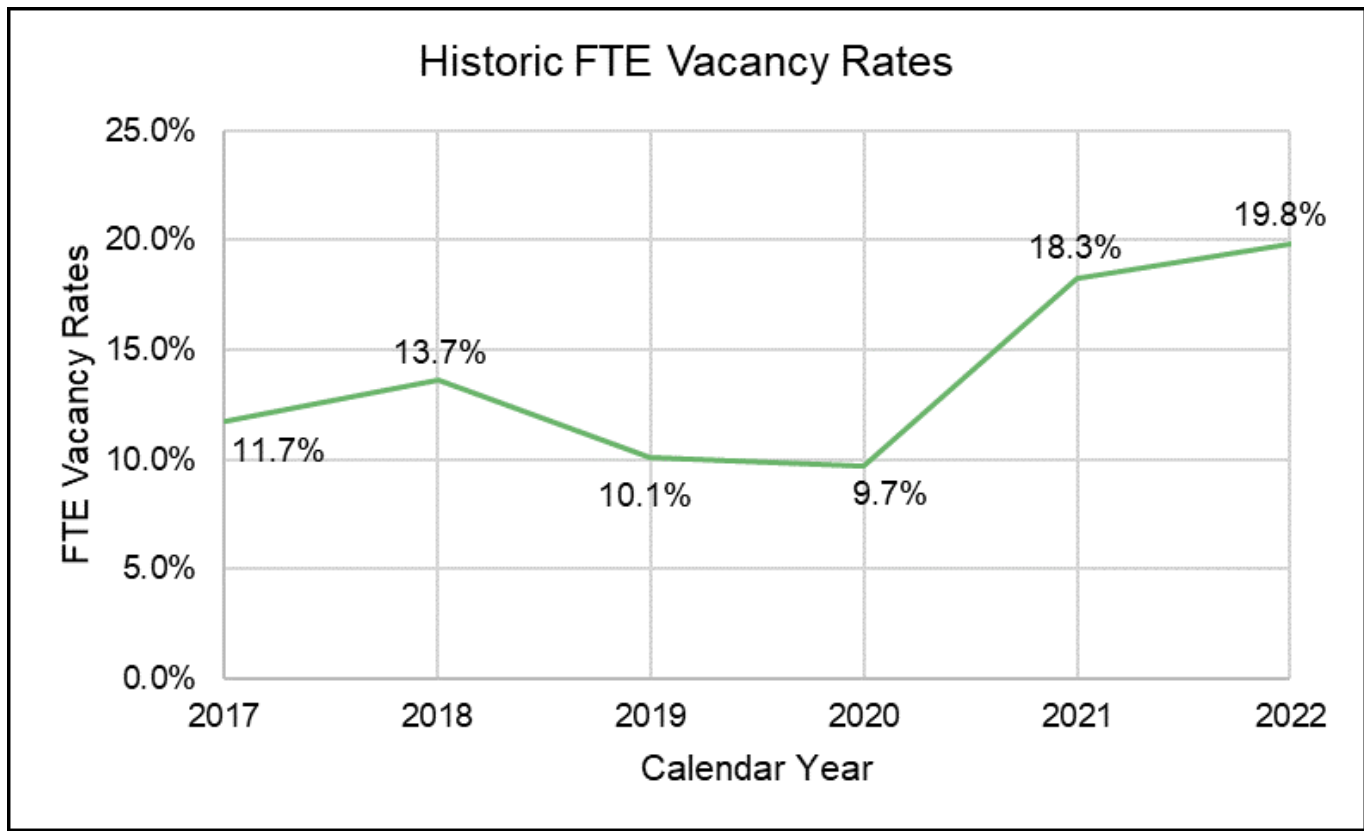
Personal Services Present Law DP 1 - FY 2024				
Program	Legislatively Approved Changes	Management Decisions	Budget Modifications	DP 1 SWPL
Disability Employment & Transitions	(90,381)	(222,989)	85	(313,285)
Human & Community Services	845,338	2,009,539	(234,950)	2,619,927
Child & Family Services	518,203	2,304,335	1,739,410	4,561,948
Director's Office	22,227	181,988	-	204,215
Child Support Enforcement	(85,704)	(10,772)		(96,476)
Business & Financial Services	37,219	80,732	(236,001)	(118,050)
Public Health & Safety	83,014	(3,959)	(24,000)	55,055
Office of the Inspector General	49,744	72,526	(219,959)	(97,688)
Technology Services Division	3,163	116,791	(168,009)	(48,055)
Behavioral Health & Developmental Dis.	(21,834)	289,818	344,323	612,307
Health Resources Division	(25,714)	(11,745)		(37,459)
Medicaid & Health Services Management	(15,569)	19,061		3,492
Operations Services Division	17,887	19,125		37,012
Senior & Long-Term Care	9,740	(206,905)	-	(197,165)
Early Childhood & Family Support	33,095	122,151	(25,788)	129,458
Healthcare Facilities Division	720,552	2,526,179	541,517	3,788,248
<b>Agency Total</b>	<b>2,100,980</b>	<b>7,285,874</b>	<b>1,716,628</b>	<b>11,103,482</b>

Personal services were \$204.1 million or 6.6% of total FY 2023 appropriations. The executive proposes an increase from the 2023 base of approximately 7.1% in FY 2024 and 7.8% in FY 2025.

#### *Vacancy Rates*

DPHHS saw high vacancy rates in the 2023 biennium. Of the department's total 2,831.02 FTE, 554.89 positions were vacant as of November 2022 – a rate of 19.6%. The largest share of these vacant positions, 335.75 FTE or 60.5% of total vacancies, are in the Healthcare Facilities Division (HFD). Increasing the granularity further reveals that 237.60 of these vacant FTE are concentrated in a single location, the Montana State Hospital in Warm Springs.

As shown in the graph below, DPHHS vacancy rates have increased substantially in the past two years relative to their typical historic rates. Vacancy rates saw a percentage change increase of 88.7% from CY 2020 to CY 2021. From CY 2021 to CY 2022, the vacancy rate increased another 8.2% resulting in a total vacancy rate of 19.8% as of early November 2022. From 2017 to 2020, the vacancy rate hovered around an average of 11.3% vacant.



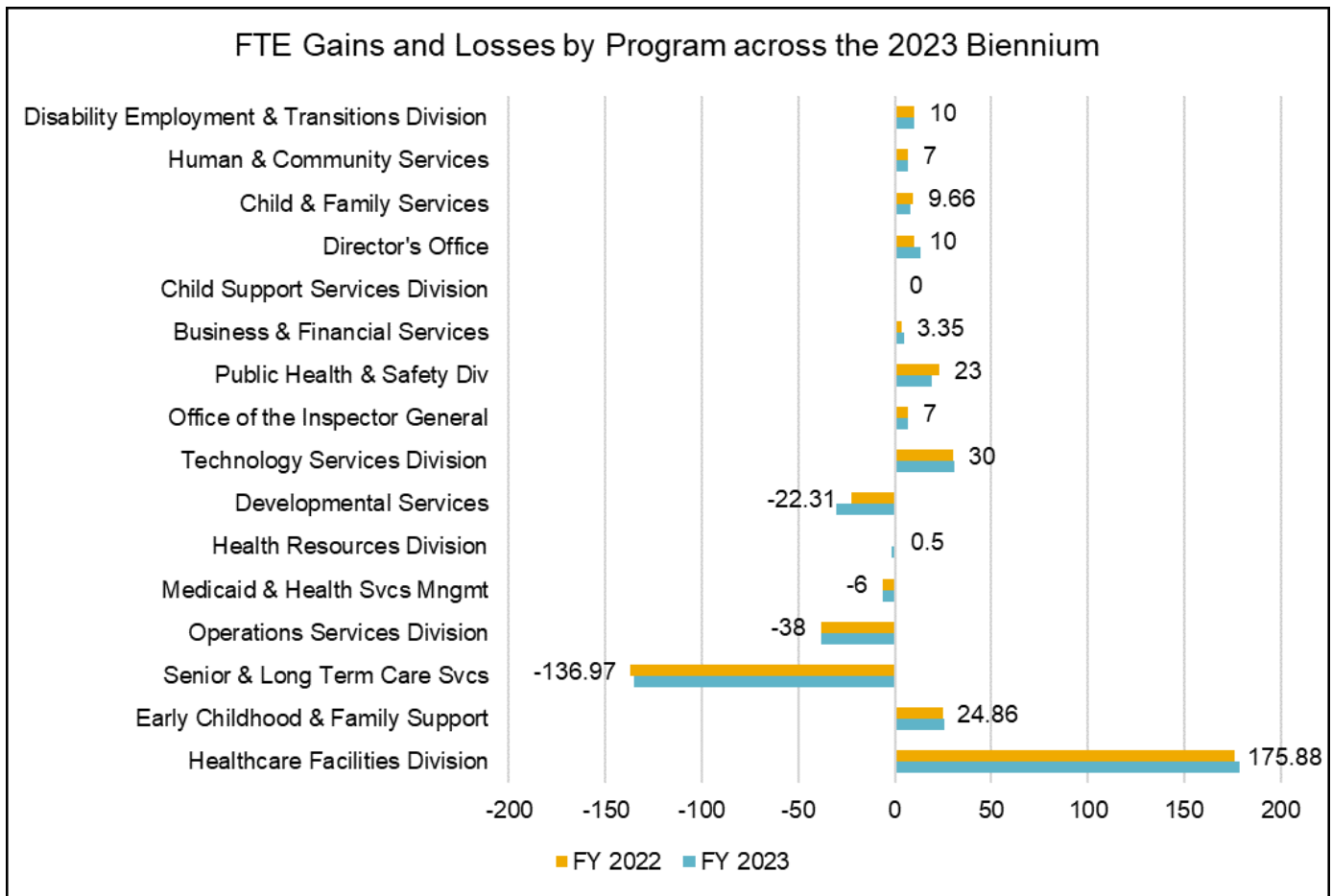
Since July 1, 2021, employee turnover in the agency has mainly resulted from individuals leaving state employment. The next highest cause of turnover is retirement followed by individuals transferring to other state agencies. Efforts have been made to combat this turnover, as seen in the largest category of pay rate changes, retention adjustments. Retention adjustments are a type of management change and account for 33.5% of all pay changes - amounting to just over \$4.0 million in the period from July 1, 2021 to August 1, 2022. Market adjustments (also a type of management change) account for the next largest proportion of pay rate changes totaling almost \$3.2 million and 30.6% of pay rate changes.

#### *Movement of FTE*

There were various budget modifications that made significant impacts in the personal services budgets of several divisions. The largest of these movements stemmed from the creation of HFD. HFD received a total of 206.21 FTE, of which 141.80 came from SLTC (due to the veterans' homes being transferred) and 64.41 came from BHDDD (formerly the Developmental Services Division). This also resulted in 34.5 FTE being moved from HFD to BHDDD.

Another significant movement of FTE resulted from the reorganization that transferred various bureaus out of OSD. 21.00 FTE were moved out of OSD, of which 14.00 FTE were transferred to TSD, 4.00 FTE were transferred to OIG, and 3.00 were transferred to the DO.

As shown in the graph below, HFD had the largest net gain of 175.88 FTE in FY 2022. SLTC had the largest net loss of 136.97 FTE in FY 2022. Overall, DPHHS saw a total FTE change of -22.00 FTE in FY 2022. This reduction in FY 2022 was due to legislative action during the 2021 Session.



As of early November 2022, the agency had 554.89 vacant positions, or about 19.6% of all FTE. Utilization of authorized hours for DPHHS was 90.7% in FY 2020, 94.4% in FY 2021, and 87.6% in FY 2022.

#### Modified FTE

As of December 2022, DPHHS had 56.58 modified FTE. Of the total modified FTE, 16.33 positions, or 28.7%, were vacant. Note that 11.00 modified FTE serving as Quality Improvement Specialists in BHDDD were removed from HB 2 regular FTE during the 2021 session.

#### LFD COMMENT

##### Legislative Audit Division Findings

1. The Legislative Audit Division conducted a performance audit of Montana's foster care system, including examination of trends in the population of kids in care and related administrative processes in the Child and Family Services Division. This report was published in December of CY 2021.

Additional information on the audit can be found at:

<https://leg.mt.gov/content/Committees/Administration/audit/2021-22/Meetings/Jan-2022/19P-01.pdf>

2. The Legislative Audit Division conducted a performance compliance audit of the use and distribution of the Child Care and Development Fund (CCDF), managed by DPHHS. This report was published in September of CY 2022.

Additional information on the audit can be found at:

<https://leg.mt.gov/content/Committees/Administration/audit/2021-22/Meetings/Oct-2022/20P-06.pdf>

### 5.0% Reduction Plans

Statute requires that agencies submit plans to reduce general fund and certain state special revenue funds by 5.0%. A summary of the entire 2025 biennium 5.0% Plan submitted for this agency is in the appendix.

The DPHHS 5.0% plan includes annual general fund savings of \$26.3 million and state special revenue savings of \$7.8 million. Of this total, facility operations reductions account for the largest general fund savings totaling over \$3.5 million along with \$888,532 state special revenue. Medicaid service reductions in SLTC account for the next largest savings amounting to \$2.1 million in general fund, \$931,392 in state special revenue and \$8.4 million in federal fund savings.

### Agency Goals and Objectives

Statute requires that agencies submit a statement of the agency mission and a statement of goals and objectives for each program of the agency. The goals and objectives are required to be concise, specific, quantifiable, and measurable. Goals and objectives, submitted by the agency, are included in the agency profile webpage.

### Funding

The following table shows proposed agency funding for all sources of authority.

Total Department of Public Health & Human Services Funding by Source of Authority 2025 Biennium Budget Request - Department of Public Health & Human Services						
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
General Fund	1,389,234,022	25,000,000	0	0	1,414,234,022	19.61 %
State Special Total	528,997,809	150,000	0	5,197,237	534,345,046	7.41 %
Federal Special Total	5,033,146,062	45,938,873	0	184,712,387	5,263,797,322	72.98 %
Proprietary Total	0	0	0	0	0	0.00 %
Other Total	0	0	0	0	0	0.00 %
<b>Total All Funds</b>	<b>\$6,951,377,893</b>	<b>\$71,088,873</b>	<b>\$0</b>	<b>\$189,909,624</b>	<b>\$7,212,376,390</b>	
<b>Percent - Total All Sources</b>	<b>96.38 %</b>	<b>0.99 %</b>	<b>0.00 %</b>	<b>2.63 %</b>		

DPHHS is funded with general fund, state special funds, and federal funds. The federal statutory appropriations in the table above are almost entirely for the Indian Health Services Medicaid program. The state special revenue statutory appropriations are largely associated with Montana State Hospital bond payments and the statutory alcohol tax program. The table below shows FY 2022 expenditures from selected state special revenue funds by program. Bolded values are the sum of FY 2022 actuals for each program.

FY 2022 DPHHS Expenditures from Selected State Special Revenue Funds		
Program	Fund	FY 2022 Actuals
Public Health and Safety		
	02790 6901-Statewide Tobacco Settlement	\$ 7,142,590
	02987 Tobacco Interest	\$ <u>644,105</u>
		<b>\$ 7,786,695</b>
Behavioral Health and Developmental Disabilities		
	02597 Healthy Montana Kids Plan	\$ 1,076,293
	02772 Tobacco Health and Medicaid Initiatives	\$ 12,185,988
	02987 Tobacco Interest	\$ <u>1,198,182</u>
		<b>\$ 14,460,463</b>
Health Resources		
	02597 Healthy Montana Kids Plan	\$ 32,745,703
	02772 Tobacco Health and Medicaid Initiatives	\$ 7,397,753
	02789 6901-CHIP/MCHA Tobacco Settlement Fund	\$ 9,021,983
	02987 Tobacco Interest	\$ 2,834,394
	02989 69010-Hospital Utilization Fee	\$ <u>54,112,206</u>
		<b>\$ 106,112,039</b>
Senior and Long-Term Care		
	02772 Tobacco Health and Medicaid Initiatives	\$ 11,964,554
	02987 Tobacco Interest	\$ <u>1,112,386</u>
		<b>\$ 13,076,940</b>
Early Childhood and Family Support		
	02772 Tobacco Health and Medicaid Initiatives	\$ 25,669
	02790 6901-Statewide Tobacco Settlement	\$ 380,000
	02987 Tobacco Interest	\$ <u>903,029</u>
		<b>\$ 1,308,698</b>

The table below gives recent fund revenues, expenditures, and balances for the major state special revenue funds that support DPHHS programs. Projected revenues (HJ2) are displayed in bold text. Proposed expenditures are underlined. Note that the CHIP Tobacco Settlement Fund and Statewide Tobacco Settlement Fund Balances for FY 2021 have been significantly increased by the Montana recovery of "all funds wrongfully withheld from the state by tobacco companies under the 1998 Master Settlement Agreement (MSA), as well as a premium and protection for Montana's future MSA payments" (per Montana Department of Justice).

Selected State Special Revenue Fund Balance Detail ( <b>Projections in Bold/Requests Underlined</b> )						
	2021	2022	2023	2024	2025	
Tobacco Health and Medicaid Initiatives (02772)						
Beginning Fund Balance	\$ 5,642,001	\$ 9,981,473	\$ 11,681,861	\$ <b>10,184,758</b>	\$ <b>5,523,759</b>	
Revenues	\$ 32,820,148	\$ 32,956,489	\$ <b>32,296,273</b>	\$ <b>31,599,422</b>	\$ <b>30,686,387</b>	
Expenditures	\$ (28,480,677)	\$ (31,256,101)	\$ (33,793,376)	\$ <u>(36,260,421)</u>	\$ <u>(37,568,865)</u>	
Ending Fund Balance	\$ 9,981,473	\$ 11,681,861	\$ <b>10,184,758</b>	\$ <b>5,523,759</b>	\$ <b>(1,358,719)</b>	
Healthy Montana Kids (02597)						
Beginning Fund Balance	\$ 5,941,256	\$ 13,241,086	\$ 16,822,280	\$ <b>24,026,719</b>	\$ <b>31,843,132</b>	
Revenues	\$ 35,651,900	\$ 39,209,226	\$ <b>40,320,139</b>	\$ <b>41,745,131</b>	\$ <b>43,474,763</b>	
Expenditures	\$ (28,352,070)	\$ (35,628,032)	\$ (33,115,700)	\$ <u>(33,928,718)</u>	\$ <u>(44,674,273)</u>	
Ending Fund Balance	\$ 13,241,086	\$ 16,822,280	\$ <b>24,026,719</b>	\$ <b>31,843,132</b>	\$ <b>30,643,622</b>	
Tobacco Interest (02987)						
Beginning Fund Balance	\$ 2,439,927	\$ 2,588,598	\$ 5,108,859	\$ <b>7,273,579</b>	\$ <b>10,585,056</b>	
Revenues	\$ 7,351,706	\$ 9,282,247	\$ <b>8,993,289</b>	\$ <b>10,333,565</b>	\$ <b>11,659,438</b>	
Expenditures	\$ (7,203,035)	\$ (6,761,985)	\$ (6,828,569)	\$ <u>(7,022,088)</u>	\$ <u>(7,022,757)</u>	
Ending Fund Balance	\$ 2,588,598	\$ 5,108,859	\$ <b>7,273,579</b>	\$ <b>10,585,056</b>	\$ <b>15,221,737</b>	
Chip/MCHA Tobacco Settlement Fund (02789)						
Beginning Fund Balance	\$ 8,174,023	\$ 9,925,798	\$ 6,318,120	\$ <b>5,425,014</b>	\$ <b>6,193,004</b>	
Revenues	\$ 13,523,702	\$ 5,294,513	\$ <b>5,164,954</b>	\$ <b>5,141,247</b>	\$ <b>5,117,968</b>	
Expenditures	\$ (11,771,926)	\$ (8,902,191)	\$ (6,058,060)	\$ <u>(4,373,257)</u>	\$ <u>(5,726,386)</u>	
Ending Fund Balance	\$ 9,925,798	\$ 6,318,120	\$ <b>5,425,014</b>	\$ <b>6,193,004</b>	\$ <b>5,584,586</b>	
Statewide Tobacco Settlement (02790)						
Beginning Fund Balance	\$ 2,371,181	\$ 20,046,121	\$ 21,982,721	\$ <b>23,156,411</b>	\$ <b>24,287,095</b>	
Revenues	\$ 25,459,465	\$ 10,008,363	\$ <b>9,722,266</b>	\$ <b>9,677,643</b>	\$ <b>6,833,821</b>	
Expenditures	\$ (7,784,525)	\$ (8,071,763)	\$ (8,548,576)	\$ <u>(8,546,959)</u>	\$ <u>(8,547,628)</u>	
Ending Fund Balance	\$ 20,046,121	\$ 21,982,721	\$ <b>23,156,411</b>	\$ <b>24,287,095</b>	\$ <b>22,573,288</b>	
Hospital Utilization Fee (02989)**						
Beginning Fund Balance	\$ 1,692,134	\$ 422,293	\$ 1,354,883	\$ <b>1,354,883</b>	\$ <b>1,354,883</b>	
Revenues	\$ 48,676,202	\$ 54,988,716	\$ <b>51,740,015</b>	\$ <b>57,371,587</b>	\$ <b>57,210,281</b>	
Expenditures	\$ (49,946,042)	\$ (54,056,126)	\$ (51,740,015)	\$ <u>(57,371,587)</u>	\$ <u>(57,210,281)</u>	
Ending Fund Balance	\$ 422,293	\$ 1,354,883	\$ 1,354,883	\$ 1,354,883	\$ 1,354,883	

\*\*LFD does not project Hospital Utilization Fee (02989) fund revenues, but the requests have been included due to the size of the fund.

### Budget Summary by Category

The following table summarizes the total budget by base, present law adjustments, and new proposals. For a description

of these categories, please see the glossary.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget
2023 Base Budget	624,701,424	624,701,424	1,249,402,848	88.34 %	3,099,662,345	3,099,662,345	6,199,324,690	88.28 %
SWPL Adjustments	10,169,499	11,195,256	21,364,755	1.51 %	20,026,488	22,795,700	42,822,188	0.61 %
PL Adjustments	32,810,549	42,087,246	74,897,795	5.30 %	215,007,709	268,255,278	483,262,987	6.88 %
New Proposals	25,151,911	43,416,713	68,568,624	4.85 %	112,595,783	184,461,118	297,056,901	4.23 %
<b>Total Budget</b>	<b>\$692,833,383</b>	<b>\$721,400,639</b>	<b>\$1,414,234,022</b>		<b>\$3,447,292,325</b>	<b>\$3,575,174,441</b>	<b>\$7,022,466,766</b>	

## HB 2 Language -

The executive has requested the following language for HB 2: "The disability employment and transitions division is appropriated \$775,000 of state special revenue from the Montana telecommunications access program (MTAP) during each year of the 2025 biennium to cover a contingent federal communications commission mandate, which would require states to provide both video and internet protocol relay services for people with severe hearing, mobility, or speech impairments."



### Program Biennium Comparison

The following table compares the 2023 biennium appropriated budget to the 2025 biennium budget request by type of expenditure and source of funding.

Program Biennium Comparison				
Budget Item	Appropriated Budget 22-23	Requested Budget 24-25	Biennium Change	Biennium % Change
Personal Services	17,263,481	20,117,278	2,853,797	16.53 %
Operating Expenses	8,974,116	10,321,508	1,347,392	15.01 %
Grants	1,282,423	1,363,364	80,941	6.31 %
Benefits & Claims	23,535,845	28,867,933	5,332,088	22.66 %
Transfers	492,500	469,500	(23,000)	(4.67)%
Debt Service	200,377	25,194	(175,183)	(87.43)%
<b>Total Expenditures</b>	<b>\$51,748,742</b>	<b>\$61,164,777</b>	<b>\$9,416,035</b>	<b>18.20 %</b>
General Fund	10,795,712	13,125,179	2,329,467	21.58 %
State/Other Special Rev. Funds	1,901,165	2,305,861	404,696	21.29 %
Federal Spec. Rev. Funds	39,051,865	45,733,737	6,681,872	17.11 %
<b>Total Funds</b>	<b>\$51,748,742</b>	<b>\$61,164,777</b>	<b>\$9,416,035</b>	<b>18.20 %</b>
<b>Total Ongoing</b>	<b>\$51,748,742</b>	<b>\$61,164,777</b>	<b>\$9,416,035</b>	<b>18.20 %</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>

### Program Biennium Comparison -

The 2025 biennium budget proposes an increase of 18.2%, with an increase in general fund of 21.6%.

### Program Description

The Disability Employment and Transitions Division (DETD) advances the independence and employment of Montanans with disabilities. DETD's work is guided by the goal of promoting opportunities for Montanans with disabilities to have rewarding careers and achieve maximum personal potential through informed choice. The division is composed of five bureaus: Vocational Rehabilitation, Blind and Low Vision Services, Pre-Employment Transition Services, Disability Determination Services, and Operations and Support. The Montana Telecommunications Access Program (MTAP) is administratively attached to DETD. In addition, DETD includes several small programs serving Montanans with disabilities and their families.

## Program Highlights

### Disability and Employment Transitions Division Major Budget Highlights

- DETD's 2025 biennium HB 2 budget request is an increase of 18.2% from the 2023 biennium budget. This is an increase over the base of 3.2% in FY 2024 and 4.3% in FY 2025 primarily due to a transfer of 10.00 FTE from other divisions in DPHHS.
- The executive proposal includes:
  - Increases in statewide present law adjustments for personal services and inflation/deflation
  - Increases related to Montana Telecommunication Access Program FTE and equipment
  - Additional FTE and related funding for vocational rehabilitation technician positions
  - Increases for provider rate adjustments

## Program Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the expenditures requested for FY 2024 and FY 2025 by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2022	Approp. Fiscal 2022	Approp. Fiscal 2023	Request Fiscal 2024	Request Fiscal 2025
FTE	0.00	134.07	134.07	144.07	144.07
Personal Services	8,426,221	7,565,775	9,697,706	10,029,864	10,087,414
Operating Expenses	3,373,470	4,175,588	4,798,528	5,159,672	5,161,836
Grants	854,624	600,741	681,682	681,682	681,682
Benefits & Claims	7,935,833	9,472,309	14,063,536	14,301,513	14,566,420
Transfers	210,855	257,750	234,750	234,750	234,750
Debt Service	794,982	187,780	12,597	12,597	12,597
<b>Total Expenditures</b>	<b>\$21,595,985</b>	<b>\$22,259,943</b>	<b>\$29,488,799</b>	<b>\$30,420,078</b>	<b>\$30,744,699</b>
General Fund	4,538,200	4,661,814	6,133,898	6,534,652	6,590,527
State/Other Special Rev. Funds	841,255	946,683	954,482	1,150,461	1,155,400
Federal Spec. Rev. Funds	16,216,530	16,651,446	22,400,419	22,734,965	22,998,772
<b>Total Funds</b>	<b>\$21,595,985</b>	<b>\$22,259,943</b>	<b>\$29,488,799</b>	<b>\$30,420,078</b>	<b>\$30,744,699</b>
<b>Total Ongoing</b>	<b>\$21,595,985</b>	<b>\$22,259,943</b>	<b>\$29,488,799</b>	<b>\$30,420,078</b>	<b>\$30,744,699</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## Program Discussion -

### FY 2022 Appropriation Compared to FY 2022 Actual Expenditures

The DETD expended 97.0% of the FY 2022 appropriation. Personal services and grants were over expended by 11.4% and 42.3%, respectively. DETD also utilized 80.8% of appropriated operating expenses, 83.4% of benefits and claims, and

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81.8% of transfers. By fund type, 97.3% of general funds, 88.9% of state special revenue funds, and 97.4% of federal special revenue funds were used.

### *FY 2022 Appropriations Compared to FY 2023 Appropriations*

The FY 2023 appropriation authority is 32.5% higher than FY 2022 appropriation. This is primarily due to transfers of authority from DETD to other divisions within DPHHS during FY 2022. The largest of these transfers went to the Behavioral Health and Developmental Disabilities Division to compensate for expenditures. The second largest was spread among multiple divisions to fix budget shortfalls. The third largest was accompanied by transfers from multiple other divisions to address a shortage of authority in the Health Resources Division.

### *FY 2023 Legislative Budget compared to FY 2023 base*

The 2023 legislative budget is the same as the FY 2023 base budget though there was some movement of funds between program accounts. The largest of which was a reduction of Benefits and Claims funding. Grants had the largest increase primarily due to a transfer of MonTech funding from the benefits and claims category. Grants also rose because of increased federal funds and additional state match funding for the Independent Living state grants program.

Disability and Employment Transitions Division FY 2023			
Account	Legislative Action	Executive Modifications	IBARS Base 2023
61000 Personal Services	\$ 9,697,791	\$ (85)	\$ 9,697,706
62000 Operating Expenses	4,964,008	(165,480)	4,798,528
66000 Grants	-	681,682	681,682
67000 Benefits & Claims	14,802,000	(738,464)	14,063,536
68000 Transfers-out	25,000	209,750	234,750
69000 Debt Service	-	12,597	12,597
<b>Total</b>	<b>\$ 29,488,799</b>	<b>\$ -</b>	<b>\$ 29,488,799</b>

### *Executive Request*

The executive requests a total fund increase of 3.2% and 4.3% for FY 2024 and FY 2025, respectively, over the FY 2023 base appropriation.

### *5.0% Reduction Plan*

Statute requires that agencies submit plans to reduce general fund and certain state special revenue funds by 5.0%. A summary of the entire 2023 biennium 5.0% plan submitted for this agency can be found in the appendix.

DETD has created a 5.0% plan for 2025 biennium that includes a total savings of \$226,910 in general funds and \$42,063 in state special revenue funds. These savings are achieved through a reduction in operating costs for the division. This reduction would impact staffing and workload.

## **Funding**

The following table shows proposed agency funding for all sources of authority.

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Department of Public Health & Human Services, 01-Disability Employment & Transitions Funding by Source of Authority						
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	13,125,179	0	0	0	13,125,179	21.46 %
02159 Handicapped Telecommunications	2,157,157	0	0	0	2,157,157	93.55 %
02434 02 Indirect Activity Prog 01	148,704	0	0	0	148,704	6.45 %
<b>State Special Total</b>	<b>\$2,305,861</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,305,861</b>	<b>3.77 %</b>
03588 93.802 - Disabil Deter Adm 100	9,766,760	0	0	0	9,766,760	21.36 %
03604 84.126 - Rehab-Sec110 A 78.7%	28,855,920	0	0	0	28,855,920	63.10 %
03365 03 Indirect Activity Prog 01	1,665,419	0	0	0	1,665,419	3.64 %
03554 84.169 - Independent Living 90	700,758	0	0	0	700,758	1.53 %
03555 84.177 - Indep Living Old BLIN	450,000	0	0	0	450,000	0.98 %
03557 84.187 - Vic Sup Employment	398,988	0	0	0	398,988	0.87 %
03558 84.224 - Mon Tech 100%	1,002,060	0	0	0	1,002,060	2.19 %
03024 Soc Sec - Trust Funds	2,563,832	0	0	0	2,563,832	5.61 %
03825 Fin Relief Restoration Pymts	0	0	0	0	0	0.00 %
03226 VR Supported Empl VI-B Youth	330,000	0	0	0	330,000	0.72 %
03920 ARPA State Recovery Sec 602	0	0	0	0	0	0.00 %
03404 ARPA IL PART B - ISPH	0	0	0	0	0	0.00 %
<b>Federal Special Total</b>	<b>\$45,733,737</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$45,733,737</b>	<b>74.77 %</b>
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
<b>Total All Funds</b>	<b>\$61,164,777</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$61,164,777</b>	

DETD is funded primarily by a variety of federal funds accounting for 74.8% of the total appropriation authority. Some programs are fully funded with federal funds including disability determinations and the MonTECH Assistive Technology Program, while other federally funded programs require varying levels of state match funds. There are nine federal funds with ongoing HB 2 authority in DETD. Most of the federal authority is contained in four programs including:

- Rehabilitation Sec. 110A are federal funds granted to states for the purpose of vocational rehabilitation intended to assist individuals with disabilities in preparing for and engaging in competitive employment
- Disability determinations administration funds cover administrative costs related to determining disabled status
- Social security trust funds are federal funds used to cover part of the benefits and claims expenditures in the Vocational Rehabilitation Program
- Federal indirect activities are authorized based on a federally approved formula and are derived from DETD functions benefiting or serving other programs in the department

General fund is used to support 21.5% of program costs while state special revenue supports the remaining 3.8%. About half of each are used to support administrative costs with the remaining general fund being used to support Vocational Rehabilitation and the remaining state special revenue being used to support MTAP.

### Program Budget Summary by Category

The following table summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget
2023 Base Budget	6,133,898	6,133,898	12,267,796	93.47 %	29,488,799	29,488,799	58,977,598	96.42 %
SWPL Adjustments	176,596	189,379	365,975	2.79 %	(143,285)	(43,640)	(186,925)	(0.31)%
PL Adjustments	0	0	0	0.00 %	0	0	0	0.00 %
New Proposals	224,158	267,250	491,408	3.74 %	1,074,564	1,299,540	2,374,104	3.88 %
<b>Total Budget</b>	<b>\$6,534,652</b>	<b>\$6,590,527</b>	<b>\$13,125,179</b>		<b>\$30,420,078</b>	<b>\$30,744,699</b>	<b>\$61,164,777</b>	

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### Present Law Adjustments

The "Present Law" Adjustments table shows the changes from the base appropriation to the proposed budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

Present Law Adjustments										
Fiscal 2024					Fiscal 2025					
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
DP 1 - Personal Services										
0.00	164,323	12,862	(490,014)	(312,829)	0.00	174,950	14,325	(443,602)	(254,327)	
DP 3 - Inflation Deflation										
0.00	12,273	38,457	118,814	169,544	0.00	14,429	45,242	151,016	210,687	
<b>Grand Total All Present Law Adjustments</b>										
<b>0.00</b>	<b>\$176,596</b>	<b>\$51,319</b>	<b>(\$371,200)</b>	<b>(\$143,285)</b>	<b>0.00</b>	<b>\$189,379</b>	<b>\$59,567</b>	<b>(\$292,586)</b>	<b>(\$43,640)</b>	

\*\*\*Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

#### DP 1 - Personal Services -

The executive requests adjustments to the present law personal services budget. This request has been broken into the following categories, and further detail is shown in the agency summary:

- Legislatively approved changes
- Management decisions
- Budget modifications made to the personal services budget in the 2023 biennium

#### DP 3 - Inflation Deflation -

The executive requests adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

### New Proposals

The "New Proposals" table shows new proposals for spending.

New Proposals										
-----Fiscal 2024-----						-----Fiscal 2025-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 99 - New Fixed Costs										
	0.00	0	0	0	0	0.00	0	0	0	0
DP 1002 - MTAP FTE and Equipment										
	1.00	0	144,660	0	144,660	1.00	0	141,351	0	141,351
DP 1003 - Rehab Tech FTE Positions										
	8.00	147,531	0	463,365	610,896	8.00	128,877	0	447,972	576,849
DP 1004 - WIOA Business Services FTE										
	1.00	19,569	0	61,462	81,031	1.00	18,947	0	59,509	78,456
DP 1015 - Prov Rate Adj - Voc Rehab & Blind Services										
	0.00	57,058	0	135,313	192,371	0.00	119,426	0	283,221	402,647
DP 1016 - Prov Rate Adj - Disability Determination										
	0.00	0	0	45,606	45,606	0.00	0	0	100,237	100,237
Total	10.00	\$224,158	\$144,660	\$705,746	\$1,074,564	10.00	\$267,250	\$141,351	\$890,939	\$1,299,540

\*\*\*Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

#### DP 99 - New Fixed Costs -

## 69010 - Department Of Public Health & Human Services01-Disability Employment & Transitions

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The executive requests appropriations of \$29,507 for the agency to provide funding for a new fixed cost for the State Management Training Center. This appropriation is offset by a reduction to the existing training budget in the agency. The rates charged for this service are approved in the section of the budget that provides the services.

### DP 1002 - MTAP FTE and Equipment -

The executive requests the transfer of 1.00 FTE from the Healthcare Facilities Division (HFD) to DETD to manage Montana Telecommunication Access Program (MTAP) outreach and funding allocation. This change package is contingent on passage and approval of proposed legislation (LC 0266).

#### **LFD COMMENT**

LC0266 transfers oversight of MTAP from the Committee on Telecommunications Access Services for Persons with Disabilities to DPHHS. If LC 0266 is passed, the authority held by the committee transfers to DPHHS.

The Legislative Finance Committee generally recommends that subcommittees not pass contingent DPs until the corresponding bill has passed. If the subcommittee chooses to approve this prior to that time, contingency language should be included in HB 2 to coordinate with LC 0266.

### DP 1003 - Rehab Tech FTE Positions -

The executive requests the transfer of 8.00 FTE from the HFD to DETD for additional vocational rehabilitation technicians.

### DP 1004 - WIOA Business Services FTE -

The executive requests a transfer of 1.00 FTE from HFD to the DETD for the purpose of coordinating with Workforce Innovation and Opportunity Act (WIOA) partners statewide.

### DP 1015 - Prov Rate Adj - Voc Rehab & Blind Services -

The executive requests funding increases for provider rate adjustments. For provider types that were included in the 2023 biennium provider rate study, the requested increase is a portion of the study's rate proposals. The requested increase for providers not included in the provider rate study is estimated at 4.0% in FY 2024 and an additional 4.0% in FY 2025. Those providers eligible for the statutory increases in 53-6-125, MCA, are not captured in this proposal as their adjustment is already included in the Medicaid caseload change packages.

### DP 1016 - Prov Rate Adj - Disability Determination -

The executive requests funding increases for provider rate adjustments. For provider types that were included in the 2023 biennium provider rate study, the requested increase is a portion of the study's rate proposals. The requested increase for providers not included in the provider rate study is estimated at 4.0% in FY 2024 and an additional 4.0% in FY 2025. Those providers eligible for the statutory increases in 53-6-125, MCA, are not captured in this proposal as their adjustment is already included in the Medicaid caseload change packages. This change package is funded with 100.0% federal funds.

### Program Biennium Comparison

The following table compares the 2023 biennium appropriated budget to the 2025 biennium budget request by type of expenditure and source of funding.

Program Biennium Comparison				
Budget Item	Appropriated Budget 22-23	Requested Budget 24-25	Biennium Change	Biennium % Change
Personal Services	64,037,561	71,750,299	7,712,738	12.04 %
Operating Expenses	13,386,011	15,237,000	1,850,989	13.83 %
Equipment & Intangible Assets	30,000	50,000	20,000	66.67 %
Grants	36,685,316	45,148,934	8,463,618	23.07 %
Benefits & Claims	419,690,356	438,881,178	19,190,822	4.57 %
Transfers	4,585,123	4,242,220	(342,903)	(7.48)%
Debt Service	160,417	26,422	(133,995)	(83.53)%
<b>Total Expenditures</b>	<b>\$538,574,784</b>	<b>\$575,336,053</b>	<b>\$36,761,269</b>	<b>6.83 %</b>
General Fund	48,638,502	51,618,773	2,980,271	6.13 %
State/Other Special Rev. Funds	3,276,960	4,110,097	833,137	25.42 %
Federal Spec. Rev. Funds	486,659,322	519,607,183	32,947,861	6.77 %
<b>Total Funds</b>	<b>\$538,574,784</b>	<b>\$575,336,053</b>	<b>\$36,761,269</b>	<b>6.83 %</b>
<b>Total Ongoing</b>	<b>\$538,574,784</b>	<b>\$575,336,053</b>	<b>\$36,761,269</b>	<b>6.83 %</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>

### Program Biennium Comparison -

The 2025 biennium budget proposes an increase of 6.8%, with an increase in general fund of 6.1%.

### Program Description

The Human and Community Services Division (HCSD) is led by an administrator and a senior team, comprised of bureau chiefs, and program managers.

The Public Assistance Bureau includes policy, process, and training for eligibility services to clients for Montana's Temporary Assistance to Needy Families (TANF) Program, the Supplemental Nutrition Assistance Program (SNAP), and health coverage including Medicaid programs and Healthy Montana Kids (HMK) Programs across the state. There are 19 offices statewide providing eligibility services, in addition to supporting the public assistance helpline and the apply.mt.gov, self-service portal.

The Intergovernmental Human Services Bureau administers the community services block grant, which is used by 10 Human Resource Development Councils to provide a wide range of community-based human services. In addition, this bureau provides the Low-Income Home Energy Assistance and Weatherization Program (LIEHEAP), as well as other supports including the emergency solutions grant and United States Department of Agriculture food commodities grant.

The Business Operations Bureau coordinates all information technology systems related work for the division including requirements, design, testing, and implementation. The bureau is also responsible for data reporting, as well as providing help desk system support for the public assistance staff.

The Fiscal Bureau coordinates, analyzes, implements, and monitors the division budget; purchases supplies and equipment; and assists with grant reporting, contracts, and leases.

Statutory Authority - is in Title 53, Chapter 2, part 2 MCA and 45 CFR

**Program Highlights**

**Human and Community Services Division  
Major Budget Highlights**

- The 2025 biennium budget request for HCSD is 6.8% higher than the amount appropriated in the 2023 biennium, due primarily to the increasing cost of personal services
- The executive proposal includes:
  - Increases in statewide present law adjustments for personal services and inflation/deflation
  - Increases to fund overtime in the Office of Public Assistance

**Program Actuals and Budget Comparison**

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the expenditures requested for FY 2024 and FY 2025 by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2022	Approp. Fiscal 2022	Approp. Fiscal 2023	Request Fiscal 2024	Request Fiscal 2025
FTE	0.00	492.50	492.50	492.50	492.50
Personal Services	30,082,300	31,402,486	32,635,075	35,774,522	35,975,777
Operating Expenses	4,340,818	6,049,903	7,336,108	7,583,194	7,653,806
Equipment & Intangible Assets	0	5,000	25,000	25,000	25,000
Grants	14,316,324	14,110,849	22,574,467	22,574,467	22,574,467
Benefits & Claims	199,415,069	200,249,767	219,440,589	219,440,589	219,440,589
Transfers	2,399,316	2,464,013	2,121,110	2,121,110	2,121,110
Debt Service	1,999,947	147,206	13,211	13,211	13,211
<b>Total Expenditures</b>	<b>\$252,553,774</b>	<b>\$254,429,224</b>	<b>\$284,145,560</b>	<b>\$287,532,093</b>	<b>\$287,803,960</b>
General Fund	23,633,387	23,791,656	24,846,846	25,765,040	25,853,733
State/Other Special Rev. Funds	1,161,032	1,372,232	1,904,728	2,051,226	2,058,871
Federal Spec. Rev. Funds	227,759,355	229,265,336	257,393,986	259,715,827	259,891,356
<b>Total Funds</b>	<b>\$252,553,774</b>	<b>\$254,429,224</b>	<b>\$284,145,560</b>	<b>\$287,532,093</b>	<b>\$287,803,960</b>
<b>Total Ongoing</b>	<b>\$252,553,774</b>	<b>\$254,429,224</b>	<b>\$284,145,560</b>	<b>\$287,532,093</b>	<b>\$287,803,960</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**Program Discussion -***FY 2022 Appropriation Compared to FY 2022 Actual Expenditures*

HCSD expended 99.3% of the total FY 2022 appropriation, with 99.3% of general funds, 84.6% of state special revenues, and 99.3% of federal funds being utilized. Expenditures include 95.8% in personal services, 71.8% in operating expenses, and 99.6% in benefits and claims. Grants were overutilized in the FY 2022 budget by approximately 1.5%.

*FY 2022 Appropriations Compared to FY 2023 Appropriations*

The FY 2023 appropriated budget is 11.7% higher than the FY 2022 appropriations. Federal special revenue funds account for the majority of this growth, increasing by \$28.1 million. Most of this difference can be accounted for through transfers of authority made during FY 2022 which substantially decreased HCSD appropriated authority relative to FY 2023. The two largest transfers went to the Health Resources Division (HRD) for fiscal year end balancing.



*FY 2023 Legislative Budget compared to FY 2023 base*

While the overall total base budget has not been adjusted, benefits and claims were reduced by \$11.9 million, while grants were increased by \$11.0 million.

Human and Community Services Division			
FY 2023			
Account	Legislative Action	Executive Modifications	IBARS Base 2023
61000 Personal Services	\$ 32,469,075	\$ 166,000	\$ 32,635,075
62000 Operating Expenses	6,599,307	736,801	7,336,108
63000 Equipment & Intangible Assets	25,000	-	25,000
66000 Grants	11,623,199	10,951,268	22,574,467
67000 Benefits & Claims	231,307,869	(11,867,280)	219,440,589
68000 Transfers-out	2,121,110	-	2,121,110
69000 Debt Service	-	13,211	13,211
<b>Total</b>	<b>\$ 284,145,560</b>	<b>\$ -</b>	<b>\$ 284,145,560</b>

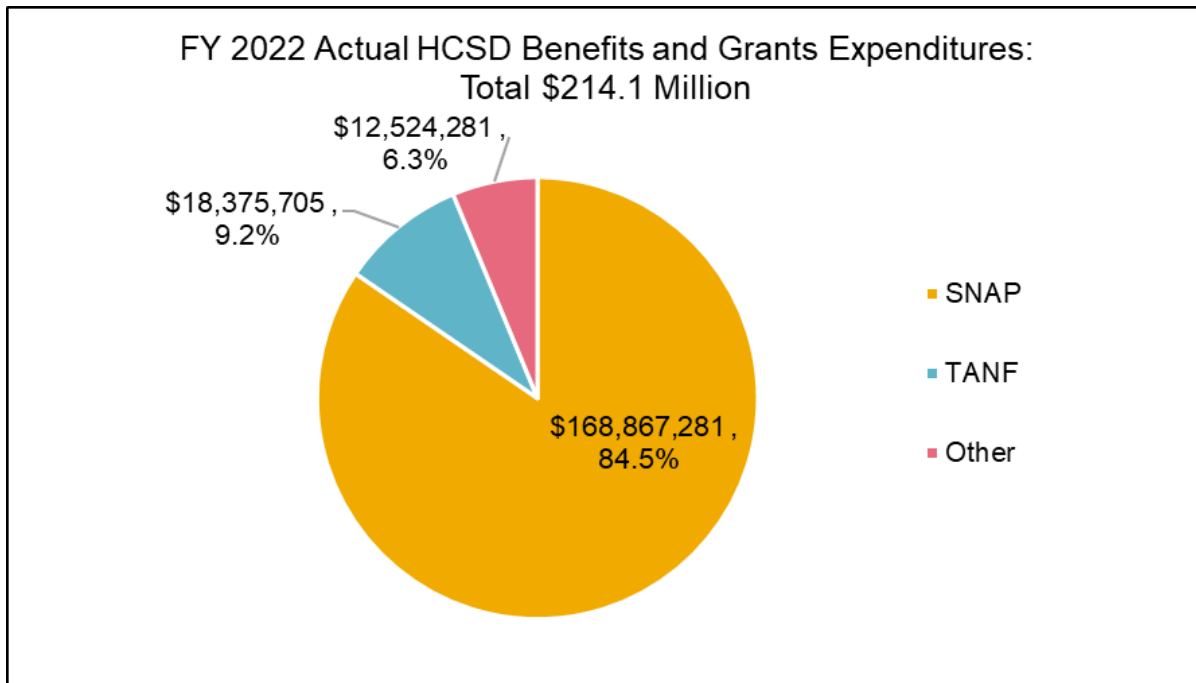
*Executive Request*

The executive request for FY 2024 and FY 2025 proposes a total budget increase of 1.2% and 1.3% respectively over the FY 2023 base appropriation.

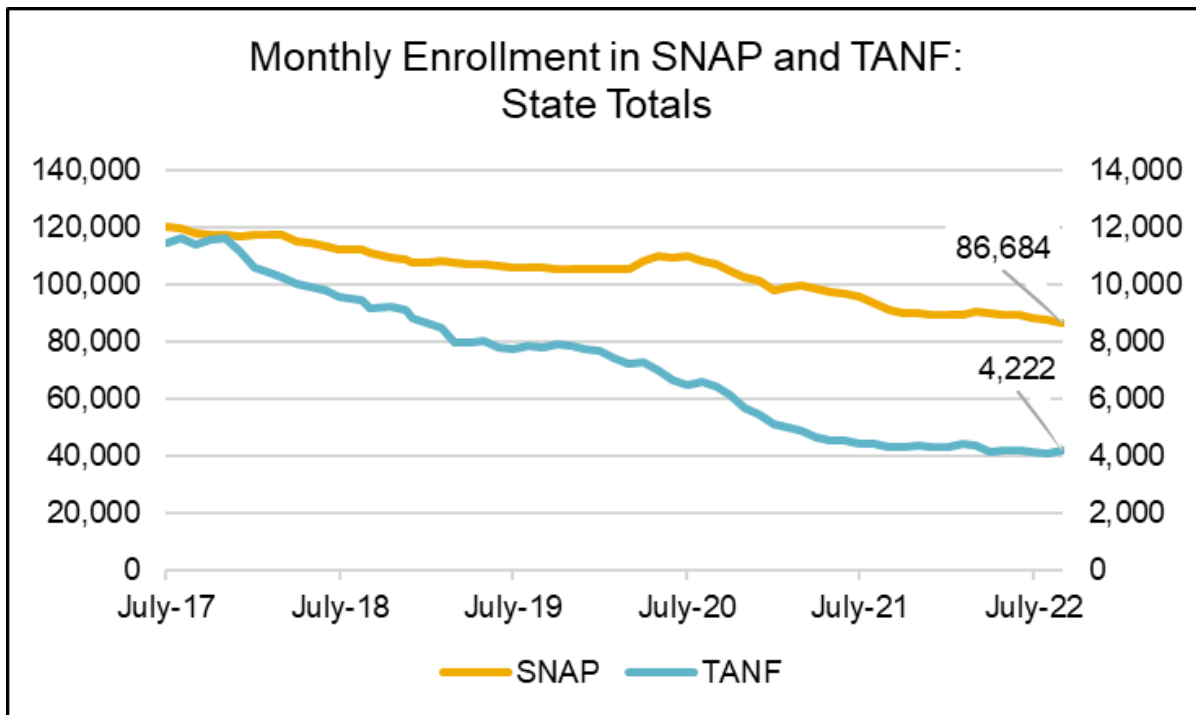
Approximately 76.3% of the HCSD proposed budget is comprised of benefits and claims, while 12.5% of the budget is requested for personal services, the majority of which go to the Office of Public Assistance (OPA). Medicaid eligibility determination functions are the responsibility of HCSD and, more specifically, they fall to the OPA.

The benefits and claims at HCSD are non-Medicaid federal funds along with any state match required by the programs administered. For example, TANF funds are distributed in block grants, or annual sums of money distributed to fund a specified purpose or project, to states with a requirement for state match known as maintenance of effort (MOE). MOE provisions include specified state spending levels and general requirements on the use of funds. Each state receiving TANF funds must spend at least 75.0% of the amount spent on welfare and related programs in fiscal year 1994, before TANF was created. Montana must meet specific federal requirements related to program participation to meet the 75.0% requirement, otherwise the MOE can be as high as 80.0%. In addition, if the state fails to meet the MOE requirement, it risks having future TANF appropriations reduced.

In FY 2022, the HCSD budget for benefits and claims and grants accounted for 84.6% of total expenditures. These are driven primarily by the SNAP Program, which accounts for just under three quarters of the total. The table below illustrates the benefits and claims and grant expenditures in the HCSD during FY 2022.



Due to the large portion of HCSD budget expenditures in these programs, significant changes to enrollment can have significant impacts on the budget. Though the early stages of the pandemic saw an increase in program participation, the long-term trend of declining enrollment has continued. The table below shows state total monthly enrollment in the SNAP and TANF Programs.



*5.0% Reduction Plan*

Statute requires that agencies submit plans to reduce general fund and certain state special revenue funds by 5.0%. A summary of the entire 2023 biennium 5.0% plan submitted for this agency can be found in the appendix.

HCSD has created a 5.0% plan for 2025 biennium that includes a total savings of \$1,181,669 in general funds and \$58,052 in state special revenue funds. The savings would come through a reduction in operating costs and would significantly impact application process timeliness and phone call wait times. It would also impact the number of system upgrades that could be done to increase efficiency and meet program requirements.

## Funding

The following table shows proposed agency funding for all sources of authority.

Department of Public Health & Human Services, 02-Human and Community Services						
Funding by Source of Authority						
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	51,618,773	0	0	0	51,618,773	8.97 %
02099 69010-VISTA-Community Cost Shr	112,398	0	0	0	112,398	2.73 %
02375 02 Indirect Activity Prog 02	3,181,067	0	0	0	3,181,067	77.40 %
02515 School Lunch OPI/Warehouse	8,064	0	0	0	8,064	0.20 %
02597 Healthy Montana Kids Plan	0	0	0	0	0	0.00 %
02688 6901-TANF Overpayments	130,000	0	0	0	130,000	3.16 %
02772 Tobacco Hlth and Medicaid Init	71,090	0	0	0	71,090	1.73 %
02789 6901-CHIP/MCHA Tobacco Sett Fd	0	0	0	0	0	0.00 %
02931 Food Stamp Recoupment Account	0	0	0	0	0	0.00 %
02974 Univ Low-Income Energy Assist	607,478	0	0	0	607,478	14.78 %
<b>State Special Total</b>	<b>\$4,110,097</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$4,110,097</b>	<b>0.71 %</b>
03135 HOPWA TriState HELP CFDA14.241	1,046,298	0	0	0	1,046,298	0.20 %
03181 10.561 Food Stamp Perf. Bonus	0	0	0	0	0	0.00 %
03202 CRRSA Emergency Rent Assist Prg	0	0	0	0	0	0.00 %
03285 FDP Nutrition Education	0	0	0	0	0	0.00 %
03306 LIHWAP Water Program	0	0	0	0	0	0.00 %
03573 93.569 - CSBG Adm	6,566,579	0	0	0	6,566,579	1.26 %
03580 6901-93.778 - Med Adm 50%	2,764,140	0	0	0	2,764,140	0.53 %
03678 6901-Food Stamp Benefits	345,133,644	0	0	0	345,133,644	66.42 %
03679 6901-HOPWA CFDA#14-241	1,010,974	0	0	0	1,010,974	0.19 %
03382 03 Indirect Activity Prog 02	42,485,075	0	0	0	42,485,075	8.18 %
03426 CHIP Program Fed	0	0	0	0	0	0.00 %
03467 6901-Homeless Mgmt Info Systm	107,556	0	0	0	107,556	0.02 %
03519 93.045 - Aging Meals 100%	96,180	0	0	0	96,180	0.02 %
03544 10.561 - FS E & T - 50%	434,208	0	0	0	434,208	0.08 %
03545 10.561 - FS E & T - 100%	587,378	0	0	0	587,378	0.11 %
03546 10.561 - FS Adm - Fed Exp 50%	2,230,871	0	0	0	2,230,871	0.43 %
03547 10.568 - Emerg Food Assist 100	1,057,805	0	0	0	1,057,805	0.20 %
03548 10.569 - Food Distr - Fed Exp	5,436,652	0	0	0	5,436,652	1.05 %
03550 14.231 - Emerg Shelter - HUD 5	1,409,552	0	0	0	1,409,552	0.27 %
03552 81.042 - Weather Ben 100%	5,450,105	0	0	0	5,450,105	1.05 %
03553 Housing Preservation Grant	90,200	0	0	0	90,200	0.02 %
03572 93.568 - LIEAP Blk Grt Adm	41,977,216	0	0	0	41,977,216	8.08 %
03066 81.042 BPA	1,002,922	0	0	0	1,002,922	0.19 %
03072 69010-CNS-Grants-VISTA	431,880	0	0	0	431,880	0.08 %
03074 Aging - Nutrition Services HDM	29,732	0	0	0	29,732	0.01 %
03103 TANF Administration	0	0	0	0	0	0.00 %
03109 TANF Benefits	58,931,652	0	0	0	58,931,652	11.34 %
03965 CSFP	1,400,232	0	0	0	1,400,232	0.27 %
03974 Medicaid Exp HELP Act Admin	(73,668)	0	0	0	(73,668)	(0.01)%
03503 FD PIR Infrastructure	0	0	0	0	0	0.00 %
03920 ARPA State Recovery Sec 602	0	0	0	0	0	0.00 %
03387 Auto Inc Ver Grant	0	0	0	0	0	0.00 %
<b>Federal Special Total</b>	<b>\$519,607,183</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$519,607,183</b>	<b>90.31 %</b>
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
<b>Total All Funds</b>	<b>\$575,336,053</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$575,336,053</b>	

HCSD costs are driven by the benefits delivered by HCSD staff and providers throughout the state, and the administrative costs associated with benefit provisions. HCSD is funded primarily by a variety of federal funds accounting for just over 90.3% of the 2025 biennium budget request.

General fund is 9.0% of the 2025 biennium budget request. General funds are used to support TANF MOE requirements and are used as a match for federal programs such as Medicaid and SNAP eligibility determinations.

### Program Budget Summary by Category

The following table summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary.

-----General Fund-----					-----Total Funds-----			
Budget Item	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget
2023 Base Budget	24,846,846	24,846,846	49,693,692	96.27 %	284,145,560	284,145,560	568,291,120	98.78 %
SWPL Adjustments	754,498	843,191	1,597,689	3.10 %	2,936,077	3,207,944	6,144,021	1.07 %
PL Adjustments	163,696	163,696	327,392	0.63 %	450,456	450,456	900,912	0.16 %
New Proposals	0	0	0	0.00 %	0	0	0	0.00 %
<b>Total Budget</b>	<b>\$25,765,040</b>	<b>\$25,853,733</b>	<b>\$51,618,773</b>		<b>\$287,532,093</b>	<b>\$287,803,960</b>	<b>\$575,336,053</b>	

### Present Law Adjustments

The "Present Law" Adjustments table shows the changes from the base appropriation to the proposed budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

Present Law Adjustments										
-----Fiscal 2024-----						-----Fiscal 2025-----				
FTE	General Fund	State Special	Federal Special	Total Funds		FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	696,737	125,637	1,866,617	2,688,991	0.00	768,162	132,366	1,989,718	2,890,246
DP 3 - Inflation Deflation	0.00	57,761	3,879	185,446	247,086	0.00	75,029	4,795	237,874	317,698
DP 2001 - Fund Overtime Public Assistance	0.00	163,696	16,982	269,778	450,456	0.00	163,696	16,982	269,778	450,456
Grand Total All Present Law Adjustments										
	0.00	\$918,194	\$146,498	\$2,321,841	\$3,386,533	0.00	\$1,006,887	\$154,143	\$2,497,370	\$3,658,400

\*\*\*Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

### DP 1 - Personal Services -

The executive requests adjustments to the present law personal services budget. This request has been broken into the following categories, and further detail is shown in the agency summary:

- Legislatively approved changes
- Management decisions
- Budget modifications made to the personal services budget in the 2023 biennium

### DP 3 - Inflation Deflation -

The executive requests adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

DP 2001 - Fund Overtime Public Assistance -

The executive requests authority to fund overtime in the Office of Public Assistance. The increase helps sustain caseload growth in addition to what is proposed in SWPL 1.

**Program Biennium Comparison**

The following table compares the 2023 biennium appropriated budget to the 2025 biennium budget request by type of expenditure and source of funding.

Program Biennium Comparison				
Budget Item	Appropriated Budget 22-23	Requested Budget 24-25	Biennium Change	Biennium % Change
Personal Services	58,832,327	68,584,579	9,752,252	16.58 %
Operating Expenses	14,775,163	12,878,732	(1,896,431)	(12.84)%
Grants	9,722,524	7,157,890	(2,564,634)	(26.38)%
Benefits & Claims	131,038,040	143,904,439	12,866,399	9.82 %
Transfers	1,662,793	476,182	(1,186,611)	(71.36)%
Debt Service	899,768	58,794	(840,974)	(93.47)%
<b>Total Expenditures</b>	<b>\$216,930,615</b>	<b>\$233,060,616</b>	<b>\$16,130,001</b>	<b>7.44 %</b>
General Fund	127,513,453	133,071,031	5,557,578	4.36 %
State/Other Special Rev. Funds	3,758,600	3,019,792	(738,808)	(19.66)%
Federal Spec. Rev. Funds	85,658,562	96,969,793	11,311,231	13.21 %
<b>Total Funds</b>	<b>\$216,930,615</b>	<b>\$233,060,616</b>	<b>\$16,130,001</b>	<b>7.44 %</b>
<b>Total Ongoing</b>	<b>\$216,930,615</b>	<b>\$233,060,616</b>	<b>\$16,130,001</b>	<b>7.44 %</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>

**Program Biennium Comparison -**

The 2025 biennium budget proposes an increase of 7.4%, with an increase in general fund of 4.4%. Compared to the FY 2023 base appropriation, the biennial request is an increase of 6.6%.

**Program Description**

The Child and Family Services Division (CFSD) administers child protective services, child abuse and neglect services, prevention services, domestic violence grants, and other programs designed to keep children safe and families strong with the overarching goal of improving safety, permanency, and well-being for children. CFSD is composed of three bureaus and six regions (map below) that administer programs and are advised by Local Family Services Advisory Councils, which serve as the link between local communities and DPHHS. CFSD is the primary user of the statewide Child and Adult Protective Services (CAPS) system and the Montana Family Safety Information System (MFSIS).

Statutory Authority - Titles 41, 42 and 52, MCA 45 CFR, Parts 1355, 1356, 1357 and 1370.

## CFSD Region Map

### REGION VI

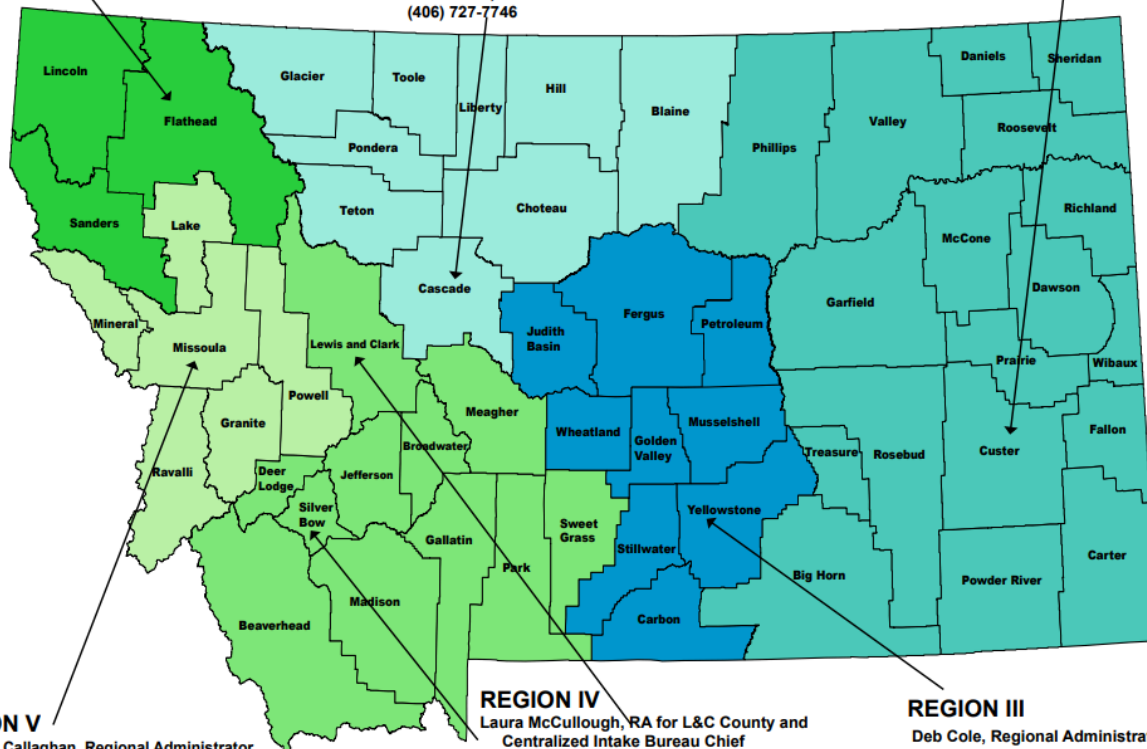
Jennifer Blodgett, Regional Administrator  
Teri Magers, Admin Support Supervisor  
121 Financial Dr. Ste. C  
Kalispell, MT 59901  
(406) 300-7418

### REGION II

Sahrta Jones - Jesse, Regional Administrator  
Sherry Tonne, Admin Support Supervisor  
2300 12th Ave. S. #211  
Great Falls, MT 59405  
(406) 727-7746

### REGION I

Eric Barnosky, Regional Administrator  
Ginger Kiel, Admin Support Supervisor  
706 Palmer / PO Box 880  
Miles City, MT 59301  
(406) 234-1385



### REGION V

Courtney Callaghan, Regional Administrator  
Connie Huguet, Admin Support Supervisor  
2677 Palmer, Ste. 300  
Missoula, MT 59808  
(406) 523-4100

### REGION IV

Laura McCullough, RA for L&C County and  
Centralized Intake Bureau Chief  
Jennifer Hoerauf, Regional Administrator  
Tracy Hawthorne, Admin Support Supervisor  
700 Casey St.  
Butte, MT 59701  
(406) 496-4950

### REGION III

Deb Cole, Regional Administrator  
Amber Tipton, Admin Support Supervisor  
2525 Fourth Ave. N. #309  
Billings, MT 59101  
(406) 657-3120

Updated September 30, 2022



## Program Highlights

CFSD Major Budget Highlights	
<ul style="list-style-type: none"> <li>The requested budget includes an overall increase of 7.4% relative to the 2023 biennium budget <ul style="list-style-type: none"> <li>CFSD overall caseload (foster care, adoption, and guardianship) has stabilized after increasing from 2014-2019</li> <li>The requested budget includes \$7.8 million in provider rate increases over the biennium</li> <li>The requested budget includes the transfer of 20.00 FTE from the Healthcare Facilities Division</li> </ul> </li> </ul>	
Legislative Action Items	
<ul style="list-style-type: none"> <li>The legislature may wish to consider contingencies associated with the proposed transfer of the Family Violence Prevention Services Act (FVSPA) Grant to DOJ</li> </ul>	

## Program Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the expenditures requested for FY 2024 and FY 2025 by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2022	Approp. Fiscal 2022	Approp. Fiscal 2023	Request Fiscal 2024	Request Fiscal 2025
FTE	0.00	429.97	429.97	449.97	449.97
Personal Services	30,243,634	30,812,178	28,020,149	34,194,368	34,390,211
Operating Expenses	5,620,186	9,087,058	5,688,105	6,369,337	6,509,395
Grants	6,752,349	6,433,066	3,289,458	3,919,541	3,238,349
Benefits & Claims	58,393,769	58,992,281	72,045,759	69,278,187	74,626,252
Transfers	1,325,320	1,424,702	238,091	238,091	238,091
Debt Service	2,803,145	870,371	29,397	29,397	29,397
<b>Total Expenditures</b>	<b>\$105,138,403</b>	<b>\$107,619,656</b>	<b>\$109,310,959</b>	<b>\$114,028,921</b>	<b>\$119,031,695</b>
General Fund	62,799,305	62,969,648	64,543,805	65,430,905	67,640,126
State/Other Special Rev. Funds	1,510,954	1,879,300	1,879,300	1,541,584	1,478,208
Federal Spec. Rev. Funds	40,828,144	42,770,708	42,887,854	47,056,432	49,913,361
<b>Total Funds</b>	<b>\$105,138,403</b>	<b>\$107,619,656</b>	<b>\$109,310,959</b>	<b>\$114,028,921</b>	<b>\$119,031,695</b>
<b>Total Ongoing</b>	<b>\$105,138,403</b>	<b>\$107,619,656</b>	<b>\$109,310,959</b>	<b>\$114,028,921</b>	<b>\$119,031,695</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## Program Discussion -

*FY 2022 Appropriation Compared to FY 2022 Actual Expenditures*

In FY 2022 CFSD expended 97.7% of its overall HB2 budget, and 99.7% of its general fund budget.

*FY 2022 Appropriation Compared to FY 2023 Appropriation*

CFSD FY 2023 total appropriations are 1.6%, or \$1.7 million, higher than the FY 2022 total appropriation of \$107.6 million. Most of this difference is in general fund and is associated with an increase in benefits and claims.

*Comparison of FY 2023 Legislative Budget to FY 2023 Base*

Executive modifications increased the FY 2023 budget for CFSD by \$76,417.

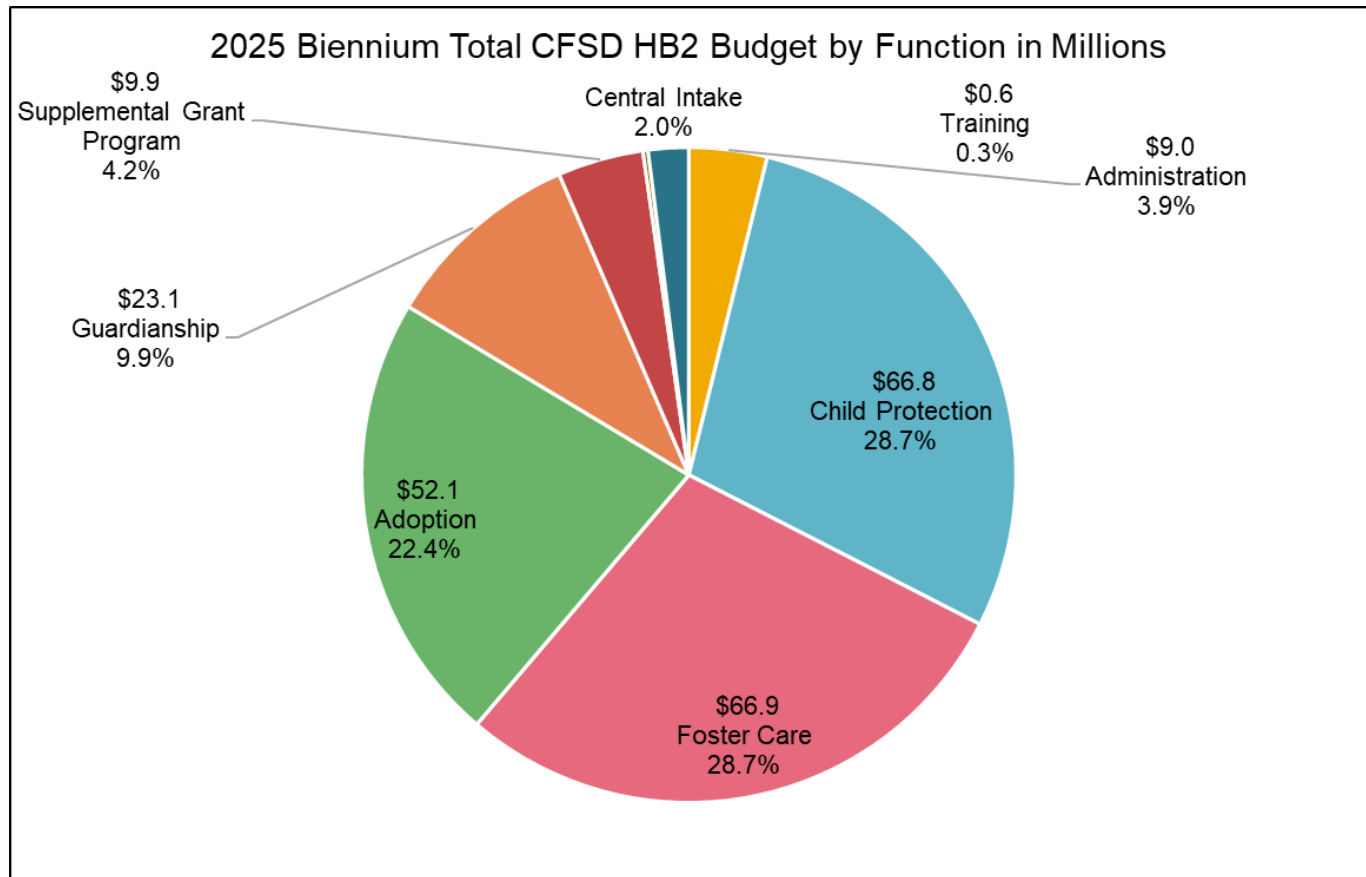
CFSD				
Comparison of the FY 2023 Legislative Budget to the FY 2023 Base Budget				
	Legislative Budget	Executive Modification per Statutory Authority	Executive Base Budget	% Change from Legislative Action
Personal Services	29,592,395	(1,572,246)	28,020,149	-5.3%
Operating Expenses	6,111,735	(423,630)	5,688,105	-6.9%
Grants	6,813,280	(3,523,822)	3,289,458	-51.7%
Benefits & Claims	66,477,883	5,567,876	72,045,759	8.4%
Transfers	238,091		238,091	0.0%
Debt Service	1,158	28,239	29,397	2438.6%
	<b>109,234,542</b>	<b>76,417</b>	<b>109,310,959</b>	0.1%

*Executive Request*

The executive request for the CFSD 2025 biennium budget is \$233.1 million. This is a 7.4% increase relative to the 2023 biennium appropriated budget. This request includes \$133.1 million in general fund, which is a 4.4% increase over the 2023 biennium appropriation of \$127.5 million in general fund. CFSD foster care caseload has declined in the 2019-2022 period, and the budget request includes caseload reductions in foster care.

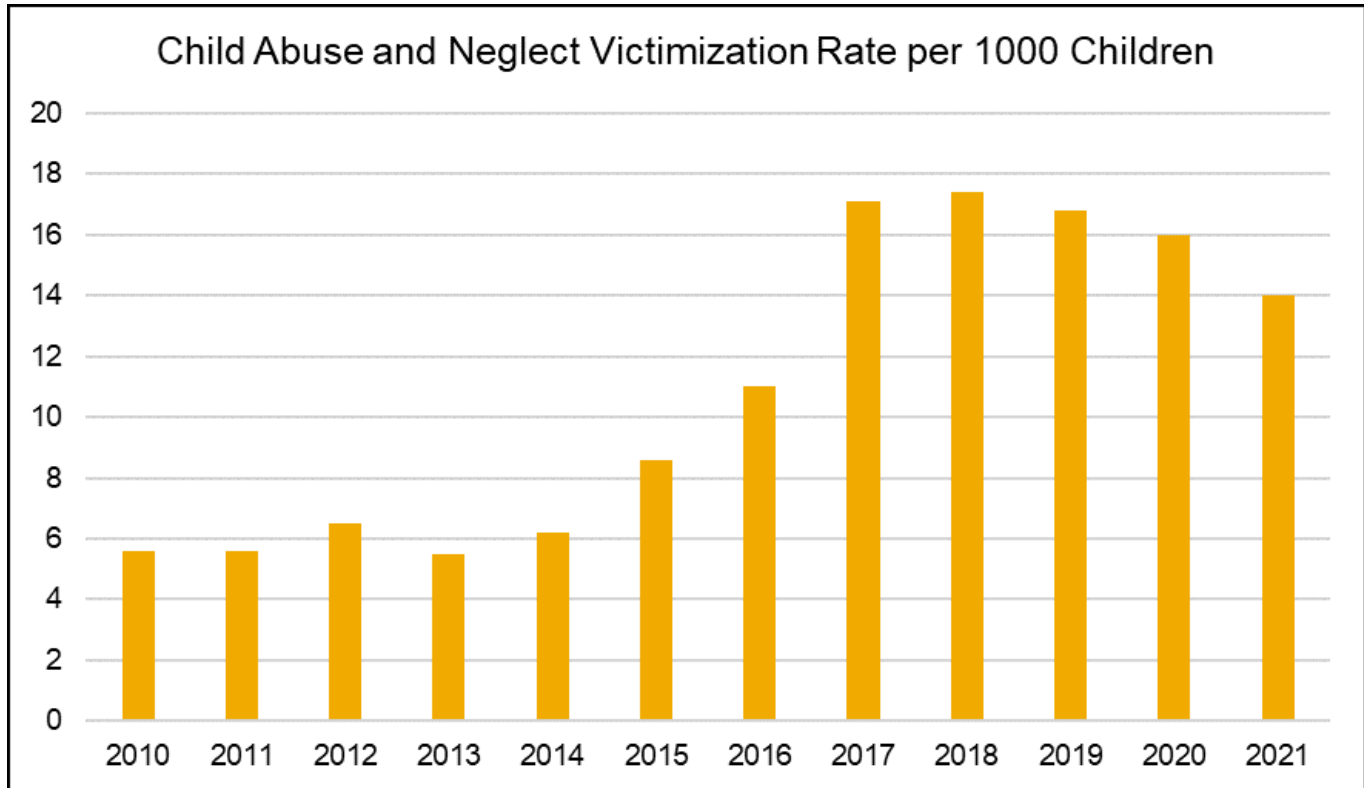
Expenditure Categories

Personal services comprise 29.4% of the biennium budget request, while benefits and claims make up 61.7%. The CFSD budget request is funded with 57.1% general fund and 41.6% federal funds. The chart below illustrates the major function areas of the 2025 CFSD HB 2 budget request. Child protection functions, foster care, adoption, and guardianship make up the large majority of the request.

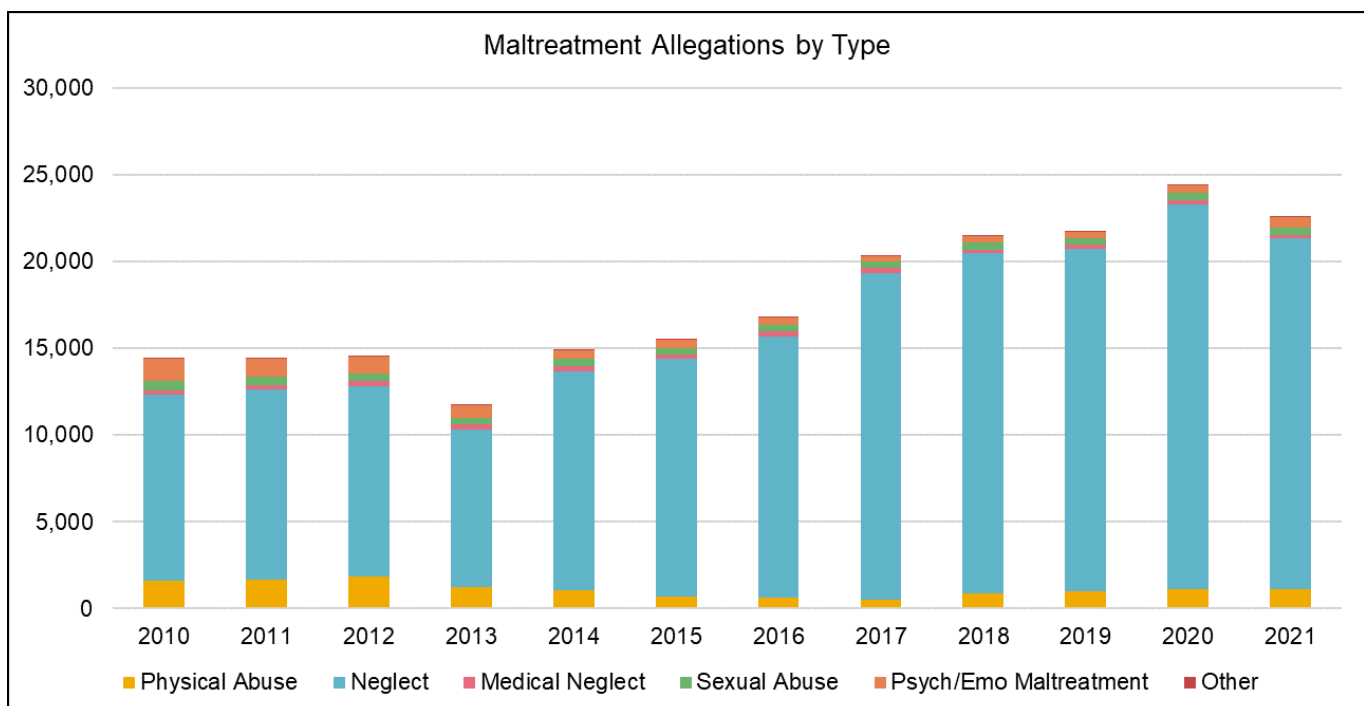


### Caseload

Montana has experienced rising rates of child abuse and neglect (CAN) over the last decade. The chart below illustrates this trend with CAN victimization rates: child victims per 1000 children in a year. For example, in 2017 about 17.1 out of 1000 children were victimized in Montana (a total of nearly 4000 CAN victims in calendar year 2017). CAN rates have declined in the past several years after a significant increase from 2013-2018.

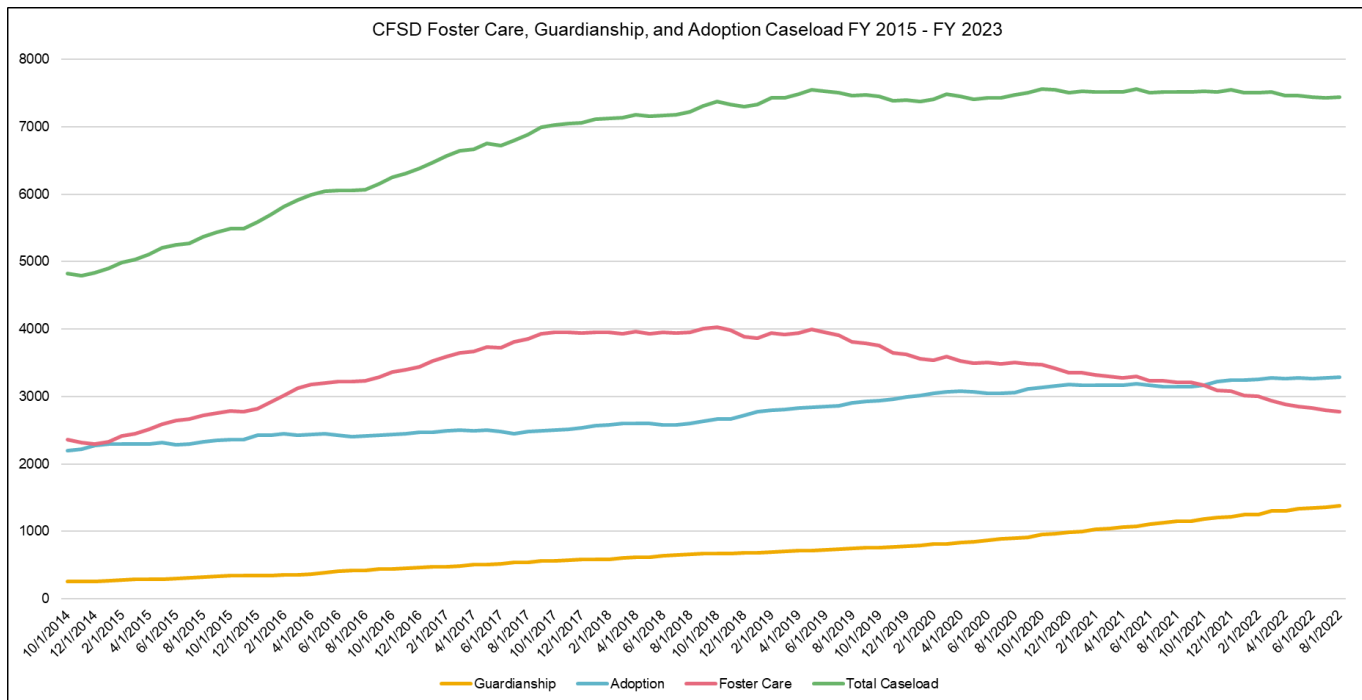


The graph below provides additional detail on the nature of child abuse and neglect allegations in Montana from 2010-21. This graph includes both substantiated and unsubstantiated allegations. The large majority of allegations over this time period involve neglect. Neglect allegations have been increasing in real terms over this period as well proportionally as when compared to other types of maltreatment. Note that allegations of physical abuse (in gold) increased from 2017-2021 after declining through the 2012-2017 period. Physical abuse is the second most common allegation type after neglect.



A related trend is the rate at which children who are victims of abuse/neglect are removed from the home. This is generally referred to as “out-of-home-placement” (OOHP) and is an outcome that most research suggests should be avoided when possible as it generally has suboptimal long-run impacts on the child. The OOHP rate has been rising in Montana over the past decade. From the [CFSD 2020-2024 5 Year Plan](#): “Montana’s removal rate increased significantly between SFY14 (5.6 per 1000 children) and SFY18 (10.4). Over the past year [2019], it has decreased to 10.2, which is still one of the highest per capita rates in the nation. Currently in SFY19, 38% of children are returned home within three months; therefore, CFSD must strive to prevent removal and to increase safety resources to support families in a time of crisis.”

The graph below illustrates the caseload associated with OOHP. This graph shows monthly caseload broken down by type (foster care, guardianship, and adoption) from FY 2015 through the 1<sup>st</sup> quarter of FY 2023. Note that the total caseload has leveled off beginning in about the spring of 2019, and that foster care caseload has declined after years of increase, while guardianship and adoption numbers have slowly increased over this period.



The interim Children, Families, Health, and Human Services Committee completed interim studies on HJR 44 (which directs the study of the family foster care system) and HJR 45 (which directs the study of “the factors that lead to a child’s removal from and return to the home when child abuse or neglect is suspected.”). Detailed information may be found at <https://leg.mt.gov/committees/interim/cfhhs/>.

#### *Families First Prevention Services Act (FFPSA)*

FFPSA permits states to access federal funding for prevention services, or services that are intended to prevent OOHP. DPHHS has created a [webpage](#) summarizing their action on FFPSA. The Montana Title IV-E prevention plan is available at <https://dphhs.mt.gov/assets/cfsd/TitleIV-EPreventionPlan.pdf>. This plan was approved by The Administration for Children and Families (ACF) in January 2022.

The National Conference of State Legislatures (NCSL) summarizes FFPSA: “In February 2018 President Trump signed the Bipartisan Budget Act of 2018 (H.R. 1892). Included in the act is the Family First Prevention Services Act, which has the potential to dramatically change child welfare systems across the country. One of the major areas this legislation changes is the way Title IV-E funds can be spent by states. Title IV-E funds previously could be used only to help with the costs of foster care maintenance for eligible children; administrative expenses to manage the program; and training for staff, foster parents, and certain private agency staff; adoption assistance; and kinship guardianship assistance. Now states, territories, and tribes with an approved Title IV-E plan have the option to use these funds for prevention services that would allow

“candidates for foster care” to stay with their parents or relatives. States will be reimbursed for prevention services for up to 12 months. A written, trauma-informed prevention plan must be created, and services will need to be evidence-based.”

Additionally, the U.S. Congress passed the [Family First Transition Act](#) in 2019. According to NCSL, this act “provides financial relief for states as their child welfare systems develop prevention-focused infrastructure and is intended to encourage timely implementation of the 2018 Family First Act.” In FY 2022 CFSD spent \$429,588 of their \$1.7 million budget (federal funds) for FFPSA transition activities. CFSD has \$1.3 million of this funding remaining in FY 2023.

#### *5.0% Reduction Plan*

Statute requires that agencies submit plans to reduce general fund and certain state special revenue funds by 5.0%. A summary of the entire 2025 biennium 5.0% plan submitted for this agency is in the appendix.

CFSD has created a 5.0% reduction plan that includes total annual savings of \$2.8 million in general fund and \$5,099 in state special revenue. These savings are almost entirely realized by reducing operating expenses: “Reducing operating expenses would require delays in staffing, reduced travel and standard office expenditures. Program workload would have to be shifted and reduced resources would affect the delivery of program priorities.”

**Funding**

The following table shows proposed agency funding for all sources of authority.

Department of Public Health & Human Services, 03-Child & Family Services Funding by Source of Authority						
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	133,071,031	0	0	0	133,071,031	57.01 %
02209 Third Party Contributions-F.C.	2,900,000	0	0	0	2,900,000	86.41 %
02473 Assault Intervention & Trtmnt	105,626	0	0	0	105,626	3.15 %
02483 Adoption Services / SA	0	0	0	336,353	336,353	10.02 %
02496 Family Preservation Conference	14,166	0	0	0	14,166	0.42 %
02376 02 Indirect Activity Prog 03	0	0	0	0	0	0.00 %
<b>State Special Total</b>	<b>\$3,019,792</b>	<b>\$0</b>	<b>\$0</b>	<b>\$336,353</b>	<b>\$3,356,145</b>	<b>1.44 %</b>
03185 Caseworker Visits	38,952	0	0	0	38,952	0.04 %
03224 Access & Visitation Grt 93.597	202,566	0	0	0	202,566	0.21 %
03579 93.667 - SSBG - Benefits	0	0	0	0	0	0.00 %
03583 93.778 - Med Ben FMAP	0	0	0	0	0	0.00 %
03593 03 Indirect Activity Prog 03	23,081,009	0	0	0	23,081,009	23.80 %
03458 6901 - Chafee - ETV 93.599	796,562	0	0	0	796,562	0.82 %
03522 93.556 - Family Preservation	1,886,687	0	0	0	1,886,687	1.95 %
03526 93.643 - Child Justice	199,774	0	0	0	199,774	0.21 %
03527 93.645 - IV-B CWS	0	0	0	0	0	0.00 %
03529 IV-E Guardianship	9,455,750	0	0	0	9,455,750	9.75 %
03530 6901-Foster Care 93.658	22,244,735	0	0	0	22,244,735	22.94 %
03531 6901-Subsidized Adopt 93.659	30,668,400	0	0	0	30,668,400	31.63 %
03532 93.669 - Child Abuse	751,359	0	0	0	751,359	0.77 %
03533 93.671 - Domestic Violence	987,431	0	0	0	987,431	1.02 %
03536 93.674 Transition to Adlthd	2,703,688	0	0	0	2,703,688	2.79 %
03103 TANF Administration	0	0	0	0	0	0.00 %
03109 TANF Benefits	3,952,880	0	0	0	3,952,880	4.08 %
03964 Adoption Incentive Funds	0	0	0	0	0	0.00 %
03460 Kinship Navigator Program	0	0	0	0	0	0.00 %
03227 Family First Prevention Servic	0	0	0	0	0	0.00 %
03223 ICWA Family Court	0	0	0	0	0	0.00 %
03354 84.002 - Mntal Hlth - MSH ABE	0	0	0	0	0	0.00 %
<b>Federal Special Total</b>	<b>\$96,969,793</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$96,969,793</b>	<b>41.55 %</b>
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
<b>Total All Funds</b>	<b>\$233,060,616</b>	<b>\$0</b>	<b>\$0</b>	<b>\$336,353</b>	<b>\$233,396,969</b>	

This program receives general fund, state special revenue fund, and federal special revenue fund authority. The largest federal funds sources are matching funds for foster care, adoption, and guardianship benefits (and related indirect activity).

Statutory appropriations are made for adoption services. These revenues come from adoption services fees and fund personal services and operating expenses in CFSD. The executive request from this fund is \$336,353 over the biennium. This fund entered FY 2023 with a balance of \$632,928.

**Program Budget Summary by Category**

The following table summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget
2023 Base Budget	64,543,805	64,543,805	129,087,610	97.01 %	109,310,959	109,310,959	218,621,918	93.80 %
SWPL Adjustments	3,572,578	3,781,410	7,353,988	5.53 %	4,821,694	5,110,916	9,932,610	4.26 %
PL Adjustments	(6,127,576)	(5,069,785)	(11,197,361)	(8.41)%	(6,011,762)	(3,358,798)	(9,370,560)	(4.02)%
New Proposals	3,442,098	4,384,696	7,826,794	5.88 %	5,908,030	7,968,618	13,876,648	5.95 %
<b>Total Budget</b>	<b>\$65,430,905</b>	<b>\$67,640,126</b>	<b>\$133,071,031</b>		<b>\$114,028,921</b>	<b>\$119,031,695</b>	<b>\$233,060,616</b>	

### Present Law Adjustments

The "Present Law" Adjustments table shows the changes from the base appropriation to the proposed budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

Present Law Adjustments										
	-----Fiscal 2024-----					-----Fiscal 2025-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	3,339,925	0	1,146,057	4,485,982	0.00	3,467,446	0	1,191,161	4,658,607
DP 3 - Inflation Deflation	0.00	232,653	0	103,059	335,712	0.00	313,964	0	138,345	452,309
DP 3001 - Foster Care Caseload Adjustment	0.00	(7,712,255)	(337,716)	(5,135,990)	(13,185,961)	0.00	(8,008,017)	(337,716)	(5,252,770)	(13,598,503)
DP 3002 - Subsidized Adoption Caseload Adjustment	0.00	(1,116,873)	0	2,843,193	1,726,320	0.00	(976,290)	0	3,656,438	2,680,148
DP 3003 - Guardianship Caseload Adjustment	0.00	2,518,657	0	1,307,992	3,826,649	0.00	3,711,244	0	2,104,045	5,815,289
DP 3005 - Fund Overtime CFSD	0.00	407,660	0	104,268	511,928	0.00	428,043	0	109,481	537,524
DP 3008 - Match Appropriations with Chafee Grant Awards	0.00	0	0	1,109,302	1,109,302	0.00	0	0	1,206,744	1,206,744
DP 3996 - FMAP Adjustment CFSD Foster Care	0.00	(528,636)	0	528,636	0	0.00	(528,636)	0	528,636	0
DP 3997 - FMAP Adjustment CFSD Subsidized Adoption	0.00	246,404	0	(246,404)	0	0.00	246,404	0	(246,404)	0
DP 3998 - FMAP Adjustment CFSD Guardianship	0.00	57,467	0	(57,467)	0	0.00	57,467	0	(57,467)	0
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>(\$2,554,998)</b>	<b>(\$337,716)</b>	<b>\$1,702,646</b>	<b>(\$1,190,068)</b>	<b>0.00</b>	<b>(\$1,288,375)</b>	<b>(\$337,716)</b>	<b>\$3,378,209</b>	<b>\$1,752,118</b>

\*\*\*Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

### DP 1 - Personal Services -

The executive requests adjustments to the present law personal services budget. This request has been broken into the following categories, and further detail is shown in the agency summary:

- Legislatively approved changes
- Management decisions
- Budget modifications made to the personal services budget in the 2023 biennium

### DP 3 - Inflation Deflation -

The executive requests adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.



DP 3001 - Foster Care Caseload Adjustment -

The executive requests a caseload reduction in the Child and Family Services Division. There has been a decrease in the number of eligible individuals served, utilization and acuity levels, and cost per service for foster care services.

DP 3002 - Subsidized Adoption Caseload Adjustment -

The executive requests an adoption caseload increase to fund the projected caseload growth in the Subsidized Adoption Program in the Child and Family Services Division.

DP 3003 - Guardianship Caseload Adjustment -

The executive requests a guardianship caseload increase to fund the projected caseload growth in the Subsidized Guardianship Program in the Child and Family Services Division.

DP 3005 - Fund Overtime CFSD -

The executive requests funding for overtime pay in the Child and Family Services Division. The increase would fund overtime pay in addition to what is funded in SWPL 1.

DP 3008 - Match Appropriations with Chafee Grant Awards -

The executive requests an increase in federal funds for existing services in the Chafee Education Training Vouchers, the Chafee Transition to Adulthood, and the Child Abuse Prevention and Treatment Act Programs in CFSD.

DP 3996 - FMAP Adjustment CFSD Foster Care -

The executive requests funding to maintain existing services in the Foster Care Program in the Child and Family Services Division. The biennial funding decreases general fund and includes an offsetting increase in federal funds. The total cost for the program does not change.

DP 3997 - FMAP Adjustment CFSD Subsidized Adoption -

The executive requests a present law change to maintain existing services for the Subsidized Adoption program in the Child and Family Services Division. The biennial funding increases general fund and includes an offsetting decrease in federal funds.

DP 3998 - FMAP Adjustment CFSD Guardianship -

The executive requests a present law change to maintain existing services for the Guardianship program in the Child and Family Services Division. The biennial funding increases general fund and includes an offsetting decrease in federal funds.

**New Proposals**

The "New Proposals" table shows new proposals for spending.

New Proposals										
-----Fiscal 2024-----					-----Fiscal 2025-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 3004 - Modernize Foster Care Rates in Family-like Settings	0.00	1,702,768	0	476,974	2,179,742	0.00	1,759,466	0	479,681	2,239,147
DP 3006 - FTE Request for CFSD	20.00	823,416	0	352,893	1,176,309	20.00	821,752	0	352,179	1,173,931
DP 3007 - FVSP Grant Transfer to DOJ	0.00	0	0	0	0	0.00	(86,250)	(63,376)	(592,459)	(742,085)
DP 3015 - Prov Rate Adj - Foster Care	0.00	382,969	0	678,182	1,061,151	0.00	749,547	0	1,339,490	2,089,037
DP 3016 - Prov Rate Adj - Adoption	0.00	347,833	0	615,959	963,792	0.00	718,475	0	1,283,962	2,002,437
DP 3017 - Prov Rate Adj - Guardianship	0.00	142,823	0	252,917	395,740	0.00	336,289	0	600,970	937,259
DP 3018 - Prov Rate Adj - Grants and Contracts	0.00	42,289	0	89,007	131,296	0.00	85,417	0	183,475	268,892
<b>Total</b>	<b>20.00</b>	<b>\$3,442,098</b>	<b>\$0</b>	<b>\$2,465,932</b>	<b>\$5,908,030</b>	<b>20.00</b>	<b>\$4,384,696</b>	<b>(\$63,376)</b>	<b>\$3,647,298</b>	<b>\$7,968,618</b>

\*\*Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

**DP 3004 - Modernize Foster Care Rates in Family-like Settings -**

The executive requests funding to modernize and streamline the basic support rates in the Child and Family Services Division for family-like settings in the Foster Care System. The proposal establishes a single rate by bundling the rates for daily room and board, transportation, and the diaper allowance.

**DP 3006 - FTE Request for CFSD -**

The executive requests the transfer of 20.00 FTE and associated funding from the Healthcare Facilities Division for social workers and social service coordinators to provide services in the Child and Family Services Division.

**DP 3007 - FVSP Grant Transfer to DOJ -**

The executive requests to transfer the administration of the Family Violence Prevention Services Act (FVSPA) Grant to the Department of Justice (DOJ) effective October 1, 2024. This transfer would consolidate the administration of FVSPA with other domestic violence grants currently administered by Board of Crime Control at the DOJ.

**LFD  
COMMENT**

The legislature may wish to consider contingencies associated with the proposed transfer of the Family Violence Prevention Services Act (FVSPA) Grant to DOJ.

Leadership guidance to subcommittee generally indicates funding for new bills should not be included in HB2 until that bill has passed. If the subcommittee wishes to adopt this change package, the subcommittee may wish to consider adopting it contingent upon the passage of the proposed legislation and approve HB 2 language to do so.

**DP 3015 - Prov Rate Adj - Foster Care -**

The executive requests funding for provider rate adjustments. For provider types that were included in the 2023 Biennium provider rate study, the requested increase is a portion of the study's rate proposals. The requested increase for providers not included in the provider rate study is estimated at 4.0% in FY 2024 and an additional 4.0% in FY 2025. Those providers eligible for the statutory increases in 53-6-125, MCA, are not captured in this proposal as their adjustment is already included in the Medicaid caseload change packages.

DP 3016 - Prov Rate Adj - Adoption -

The executive requests funding for provider rate adjustments. For provider types that were included in the 2023 Biennium provider rate study, the requested increase is a portion of the study's rate proposals. The requested increase for providers not included in the provider rate study is estimated at 4.0% in FY 2024 and an additional 4.0% in FY 2025. Those providers eligible for the statutory increases in 53-6-125, MCA, are not captured in this proposal as their adjustment is already included in the Medicaid caseload change packages.

DP 3017 - Prov Rate Adj - Guardianship -

The executive requests funding for provider rate adjustments. For provider types that were included in the 2023 Biennium provider rate study, the requested increase is a portion of the study's rate proposals. The requested increase for providers not included in the provider rate study is estimated at 4.0% in FY 2024 and an additional 4.0% in FY 2025. Those providers eligible for the statutory increases in 53-6-125, MCA, are not captured in this proposal as their adjustment is already included in the Medicaid caseload change packages.

DP 3018 - Prov Rate Adj - Grants and Contracts -

The executive requests funding for provider rate adjustments. For provider types that were included in the 2023 Biennium provider rate study, the requested increase is a portion of the study's rate proposals. The requested increase for providers not included in the provider rate study is estimated at 4.0% in FY 2024 and an additional 4.0% in FY 2025. Those providers eligible for the statutory increases in 53-6-125, MCA, are not captured in this proposal as their adjustment is already included in the Medicaid caseload change packages.

### Program Biennium Comparison

The following table compares the 2023 biennium appropriated budget to the 2025 biennium budget request by type of expenditure and source of funding.

Program Biennium Comparison				
Budget Item	Appropriated Budget 22-23	Requested Budget 24-25	Biennium Change	Biennium % Change
Personal Services	16,345,723	15,761,432	(584,291)	(3.57)%
Operating Expenses	4,390,449	4,894,095	503,646	11.47 %
Grants	571,165	439,658	(131,507)	(23.02)%
Benefits & Claims	7,595,552	70,943,971	63,348,419	834.02 %
Transfers	136,200	136,200	0	0.00 %
Debt Service	20,803	11,272	(9,531)	(45.82)%
<b>Total Expenditures</b>	<b>\$29,059,892</b>	<b>\$92,186,628</b>	<b>\$63,126,736</b>	<b>217.23 %</b>
General Fund	16,836,914	33,364,038	16,527,124	98.16 %
State/Other Special Rev. Funds	1,961,844	2,321,567	359,723	18.34 %
Federal Spec. Rev. Funds	10,261,134	56,501,023	46,239,889	450.63 %
<b>Total Funds</b>	<b>\$29,059,892</b>	<b>\$92,186,628</b>	<b>\$63,126,736</b>	<b>217.23 %</b>
<b>Total Ongoing</b>	<b>\$20,307,877</b>	<b>\$21,247,755</b>	<b>\$939,878</b>	<b>4.63 %</b>
<b>Total OTO</b>	<b>\$8,752,015</b>	<b>\$70,938,873</b>	<b>\$62,186,858</b>	<b>710.54 %</b>

### Program Biennium Comparison -

The 2025 biennium budget requests an increase in funding of 217.2%, with an increase in general fund of 98.2%.

The 2023 biennium budget includes one-time-only (OTO) authority of \$8.8 million tied to the COVID enhanced FMAP (Federal Medical Assistance Percentage) contingency fund.

### Program Description

The Director's Office provides overall policy development and administrative guidance for the department. Included in the Director's Office are legal affairs, human resources, external relations, tribal relations, office of administrative hearings, health and human services innovation, and the state medical officer.

Statutory Authority - Title 2, Chapter 15, part 22 and Title 53, Chapter 19, part 3, MCA.

### Program Highlights

Director's Office Major Budget Highlights
<ul style="list-style-type: none"> <li>The requested budget is a 217.2% increase over the 2023 biennium budget, including: <ul style="list-style-type: none"> <li>A one-time-only request of \$70.9 million for provider rate adjustments</li> <li>The transfer of 4.00 FTE from the Healthcare Facilities Division</li> </ul> </li> </ul>

**Program Actuals and Budget Comparison**

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the expenditures requested for FY 2024 and FY 2025 by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2022	Approp. Fiscal 2022	Approp. Fiscal 2023	Request Fiscal 2024	Request Fiscal 2025
FTE	0.00	72.25	72.25	76.25	76.25
Personal Services	8,227,490	9,156,953	7,188,770	7,855,739	7,905,693
Operating Expenses	1,129,766	2,110,011	2,280,438	2,433,246	2,460,849
Grants	314,422	351,336	219,829	219,829	219,829
Benefits & Claims	23,096	7,593,003	2,549	35,471,985	35,471,986
Transfers	0	68,100	68,100	68,100	68,100
Debt Service	22,242	15,167	5,636	5,636	5,636
<b>Total Expenditures</b>	<b>\$9,717,016</b>	<b>\$19,294,570</b>	<b>\$9,765,322</b>	<b>\$46,054,535</b>	<b>\$46,132,093</b>
General Fund	4,212,289	12,973,535	3,863,379	16,659,317	16,704,721
State/Other Special Rev. Funds	549,392	890,724	1,071,120	1,159,951	1,161,616
Federal Spec. Rev. Funds	4,955,335	5,430,311	4,830,823	28,235,267	28,265,756
<b>Total Funds</b>	<b>\$9,717,016</b>	<b>\$19,294,570</b>	<b>\$9,765,322</b>	<b>\$46,054,535</b>	<b>\$46,132,093</b>
<b>Total Ongoing</b>	<b>\$9,717,381</b>	<b>\$10,542,555</b>	<b>\$9,765,322</b>	<b>\$10,585,099</b>	<b>\$10,662,656</b>
<b>Total OTO</b>	<b>(\$365)</b>	<b>\$8,752,015</b>	<b>\$0</b>	<b>\$35,469,436</b>	<b>\$35,469,437</b>

**Program Discussion -***FY 2022 Appropriation Compared to FY 2022 Actual Expenditures*

In FY 2022 the Director's Office expended 92.2% of its overall ongoing HB 2 budget, and 98.0% of its general fund budget.

*FY 2022 Appropriation Compared to FY 2023 Appropriation*

Director's Office ongoing FY 2023 total appropriations are 7.4% lower (\$777,233) than the FY 2022 total appropriation of \$10.5 million. This difference is primarily due to a lower budget in the office of human resources in FY 2023 and is related to the nature of termination costs. The OTO appropriation in FY 2022 is due to the COVID FMAP contingency fund. This appropriation has been carried over to FY 2023, though that is not reflected in this table.

*Comparison of FY 2023 Legislative Budget to FY 2023 Base*

Executive modifications increased the FY 2023 budget for the Director's Office by \$2.0 million. This change included an increase in personal services of \$1.4 million. This change was largely due to a series of reorganizations which transferred FTE and authority to the Director's Office from other areas of DPHHS in order to support the office of health and human services innovation, external relations functions, refugee/special populations functions, and office of American Indian health.

Director's Office Comparison of the FY 2023 Legislative Budget to the FY 2023 Base Budget				
	Legislative Budget	Executive Modification per Statutory Authority	Executive Base Budget	% Change from Legislative Action
Personal Services	5,782,004	1,406,766	7,188,770	24.3%
Operating Expenses	1,226,216	1,054,222	2,280,438	86.0%
Grants	688,051	(468,222)	219,829	-68.1%
Benefits & Claims		2,549	2,549	100.0%
Transfers	65,000	3,100	68,100	4.8%
Debt Service		5,636	5,636	100.0%
	<b>7,761,271</b>	<b>2,004,051</b>	<b>9,765,322</b>	<b>25.8%</b>

*Executive Request*

The executive request for the Director's Office 2025 biennium budget is considerably higher than the 2023 biennium budget: a requested increase of \$63.1 million, including \$16.5 million general fund. This requested increase is almost entirely due to DP 4444, which is a one-time-only/biennial request for \$70.9 million in order to provide supplemental provider rate adjustments.

All termination costs (sick leave payouts, etc.) are funded in this division. Other divisions transfer funds to make the payout. In FY 2022, \$2.1 million in total funds and \$1.0 million in general fund were transferred and paid from this division. As a consequence, FY 2022 has higher costs that are not included in either FY 2023 or the 2025 biennium but will be reflected in transfers from other divisions as the next biennium unfolds.

*5.0% Reduction Plan*

Statute requires that agencies submit plans to reduce general fund and certain state special revenue funds by 5%. A summary of the entire 2025 biennium 5.0% plan submitted for this agency is in the appendix.

The Director's Office has created a 5.0% reduction plan that includes a total savings of \$226,910 in general fund and \$58,052 in state special revenue. These savings are realized by reducing operating expenses. The agency includes a note indicating "Reducing operating expenses would require delays in staffing, reduced travel and standard office expenditures. Program workload would have to be shifted and reduced resources would affect the delivery of program priorities."

## Funding

The following table shows proposed agency funding for all sources of authority.

Department of Public Health & Human Services, 04-Director's Office Funding by Source of Authority						
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	8,364,038	25,000,000	0	0	33,364,038	36.19 %
02377 02 Indirect Activity Prog 04	2,321,567	0	0	0	2,321,567	100.00 %
02477 HCBS 10% MOE	0	0	0	0	0	0.00 %
<b>State Special Total</b>	<b>\$2,321,567</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,321,567</b>	<b>2.52 %</b>
03583 93.778 - Med Ben FMAP	0	0	0	0	0	0.00 %
03594 03 Indirect Activity Prog 04	9,807,268	45,938,873	0	0	55,746,141	98.66 %
03523 93.566 - Refugee Soc. Serv	163,370	0	0	0	163,370	0.29 %
03571 93.566 - Off Ref Reset Adm 10	591,512	0	0	0	591,512	1.05 %
03975 Medicaid Exp HELP Act Benefit	0	0	0	0	0	0.00 %
03942 COVID Provider Relief Stimulus	0	0	0	0	0	0.00 %
03920 ARPA State Recovery Sec 602	0	0	0	0	0	0.00 %
<b>Federal Special Total</b>	<b>\$10,562,150</b>	<b>\$45,938,873</b>	<b>\$0</b>	<b>\$0</b>	<b>\$56,501,023</b>	<b>61.29 %</b>
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
<b>Total All Funds</b>	<b>\$21,247,755</b>	<b>\$70,938,873</b>	<b>\$0</b>	<b>\$0</b>	<b>\$92,186,628</b>	

This program receives general fund, state special revenue, and federal special revenue authority. Most functions within the Director's Office are cost allocated through indirect cost recoveries to the other divisions within DPHHS.

## Program Budget Summary by Category

The following table summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget
2023 Base Budget	3,863,379	3,863,379	7,726,758	23.16 %	9,765,322	9,765,322	19,530,644	21.19 %
SWPL Adjustments	140,660	182,873	323,533	0.97 %	412,439	490,909	903,348	0.98 %
PL Adjustments	0	0	0	0.00 %	0	0	0	0.00 %
New Proposals	12,655,278	12,658,469	25,313,747	75.87 %	35,876,774	35,875,862	71,752,636	77.83 %
<b>Total Budget</b>	<b>\$16,659,317</b>	<b>\$16,704,721</b>	<b>\$33,364,038</b>		<b>\$46,054,535</b>	<b>\$46,132,093</b>	<b>\$92,186,628</b>	

## Present Law Adjustments

The "Present Law" Adjustments table shows the changes from the base appropriation to the proposed budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

Present Law Adjustments										
-----Fiscal 2024-----						-----Fiscal 2025-----				
FTE	General Fund	State Special	Federal Special	Total Funds		FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	63,925	36,408	159,298	259,631	0.00	94,667	39,341	176,490	310,498
DP 2 - Fixed Costs	0.00	1,105	0	0	1,105	0.00	(2,534)	0	0	(2,534)
DP 3 - Inflation Deflation	0.00	75,630	12,274	63,799	151,703	0.00	90,740	14,916	77,289	182,945
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$140,660</b>	<b>\$48,682</b>	<b>\$223,097</b>	<b>\$412,439</b>	<b>0.00</b>	<b>\$182,873</b>	<b>\$54,257</b>	<b>\$253,779</b>	<b>\$490,909</b>

\*\*\*Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

#### DP 1 - Personal Services -

The executive requests adjustments to the present law personal services budget. This request has been broken into the following categories, and further detail is shown in the agency summary:

- Legislatively approved changes
- Management decisions
- Budget modifications made to the personal services budget in the 2023 biennium

#### DP 2 - Fixed Costs -

The executive requests adjustments to provide the funding required in the proposed budget for fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

#### DP 3 - Inflation Deflation -

The executive requests adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

### **New Proposals**

The "New Proposals" table shows new proposals for spending.

New Proposals										
-----Fiscal 2024-----						-----Fiscal 2025-----				
FTE	General Fund	State Special	Federal Special	Total Funds		FTE	General Fund	State Special	Federal Special	Total Funds
DP 4001 - FTE Request for HR and Legal	4.00	155,278	40,149	211,911	407,338	4.00	158,469	36,239	211,717	406,425
DP 4444 - Provider Rate Adjustment Pool OTO/BIEN	0.00	12,500,000	0	22,969,436	35,469,436	0.00	12,500,000	0	22,969,437	35,469,437
<b>Total</b>	<b>4.00</b>	<b>\$12,655,278</b>	<b>\$40,149</b>	<b>\$23,181,347</b>	<b>\$35,876,774</b>	<b>4.00</b>	<b>\$12,658,469</b>	<b>\$36,239</b>	<b>\$23,181,154</b>	<b>\$35,875,862</b>

\*\*\*Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

#### DP 4001 - FTE Request for HR and Legal -

The executive requests the transfer of 4.00 FTE from the Healthcare Facilities Division to the Director's Office to help address agencywide legal needs and to address staffing ratios, recruitment, retention, and turnover throughout the department.



DP 4444 - Provider Rate Adjustment Pool OTO/BIEN -

The executive requests biennial, one-time-only (OTO) funding for supplemental provider rate adjustments for both Medicaid and Non-Medicaid providers to support a portion of provider rates and subsequent indexed rates as studied during the 2023 Biennium.

**LFD  
COMMENT**

Provider rate enhancements, even if intended to be temporary, could create an ongoing fiscal obligation.

While this increase is being proposed as OTO, once established, reducing rates paid to providers after the 2025 biennium may be difficult, and the enhanced rates may create an ongoing fiscal obligation. As a result, since this increase would not be included in the base budget moving forward, a present law increase may be necessary during the 2025 Legislative Session to provide the funding on an ongoing basis. Additionally, the biennial nature of this request could significantly add to the future present law request, depending on what portion of the appropriation is used to increase rates in the second year of the biennium. If the legislature wishes to provide OTO funding to enhance payments to providers, they may wish to provide additional clarification on the use of this funding and consider avoiding a standard provider rate increase.

### Program Biennium Comparison

The following table compares the 2023 biennium appropriated budget to the 2025 biennium budget request by type of expenditure and source of funding.

Program Biennium Comparison				
Budget Item	Appropriated Budget 22-23	Requested Budget 24-25	Biennium Change	Biennium % Change
Personal Services	18,899,009	19,437,711	538,702	2.85 %
Operating Expenses	3,370,401	3,973,867	603,466	17.90 %
Equipment & Intangible Assets	35,912	42,912	7,000	19.49 %
Debt Service	342,825	35,980	(306,845)	(89.50)%
<b>Total Expenditures</b>	<b>\$22,648,147</b>	<b>\$23,490,470</b>	<b>\$842,323</b>	<b>3.72 %</b>
General Fund	6,495,903	6,753,389	257,486	3.96 %
State/Other Special Rev. Funds	730,624	726,624	(4,000)	(0.55)%
Federal Spec. Rev. Funds	15,421,620	16,010,457	588,837	3.82 %
<b>Total Funds</b>	<b>\$22,648,147</b>	<b>\$23,490,470</b>	<b>\$842,323</b>	<b>3.72 %</b>
<b>Total Ongoing</b>	<b>\$22,648,147</b>	<b>\$23,490,470</b>	<b>\$842,323</b>	<b>3.72 %</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>

### Program Biennium Comparison -

The 2025 biennium budget proposes an increase of 3.7%, with an increase in general fund of 4.0%.

### Program Description

The purpose of the Child Support Services Division (CSSD) is to improve the economic stability of families through the establishment and enforcement of child support and medical support orders. CSSD provides the following services:

- Locating parents
- Establishing paternity
- Establishing financial and medical support orders
- Enforcing child support orders, including medical support orders
- Modifying child support orders

The division is made up of three bureaus: Budget and Administrative Services, Field Services, and System, Program and Training. The Central Office and the Intergovernmental Regional Office are located in Helena. Four additional regional offices are located in Butte, Billings, Great Falls, and Missoula.

Statutory Authority - Title 40, Chapter 5, MCA, and are mandated by the federal government in accordance with Title IV-D of the Social Security Act, 42 USC 651 et seq., and 45 CFR, Chapter 3.

### Program Highlights

CSSD Major Budget Highlights
<ul style="list-style-type: none"> <li>• The proposed budget includes growth over the biennium of 3.7%, which is driven by growth in operating expenses and personal services</li> </ul>

**Program Actuals and Budget Comparison**

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the expenditures requested for FY 2024 and FY 2025 by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2022	Approp. Fiscal 2022	Approp. Fiscal 2023	Request Fiscal 2024	Request Fiscal 2025
FTE	0.00	129.81	129.81	129.81	129.81
Personal Services	8,914,727	9,112,799	9,786,210	9,690,283	9,747,428
Operating Expenses	1,219,199	1,427,778	1,942,623	1,982,128	1,991,739
Equipment & Intangible Assets	0	14,456	21,456	21,456	21,456
Debt Service	547,521	324,835	17,990	17,990	17,990
<b>Total Expenditures</b>	<b>\$10,681,447</b>	<b>\$10,879,868</b>	<b>\$11,768,279</b>	<b>\$11,711,857</b>	<b>\$11,778,613</b>
General Fund	3,097,482	3,111,374	3,384,529	3,365,346	3,388,043
State/Other Special Rev. Funds	350,971	367,312	363,312	363,312	363,312
Federal Spec. Rev. Funds	7,232,994	7,401,182	8,020,438	7,983,199	8,027,258
<b>Total Funds</b>	<b>\$10,681,447</b>	<b>\$10,879,868</b>	<b>\$11,768,279</b>	<b>\$11,711,857</b>	<b>\$11,778,613</b>
<b>Total Ongoing</b>	<b>\$10,681,447</b>	<b>\$10,879,868</b>	<b>\$11,768,279</b>	<b>\$11,711,857</b>	<b>\$11,778,613</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**Program Discussion -***FY 2022 Appropriation Compared to FY 2022 Actual Expenditures*

In FY 2022 CSSD expended 98.2% of its overall ongoing HB 2 budget, and 99.6% of its general fund budget.

*FY 2022 Appropriation Compared to FY 2023 Appropriation*

CSSD ongoing FY 2023 total appropriations are 8.2%, or \$888,411 higher than the FY 2022 total appropriation of \$10.9 million. This difference is primarily due to increases in personal services and operating expenses.

*Comparison of FY 2023 Legislative Budget to FY 2023 Base*

Executive modifications lowered operating expenses in CSSD by \$17,990 and increased debt service by a like amount.

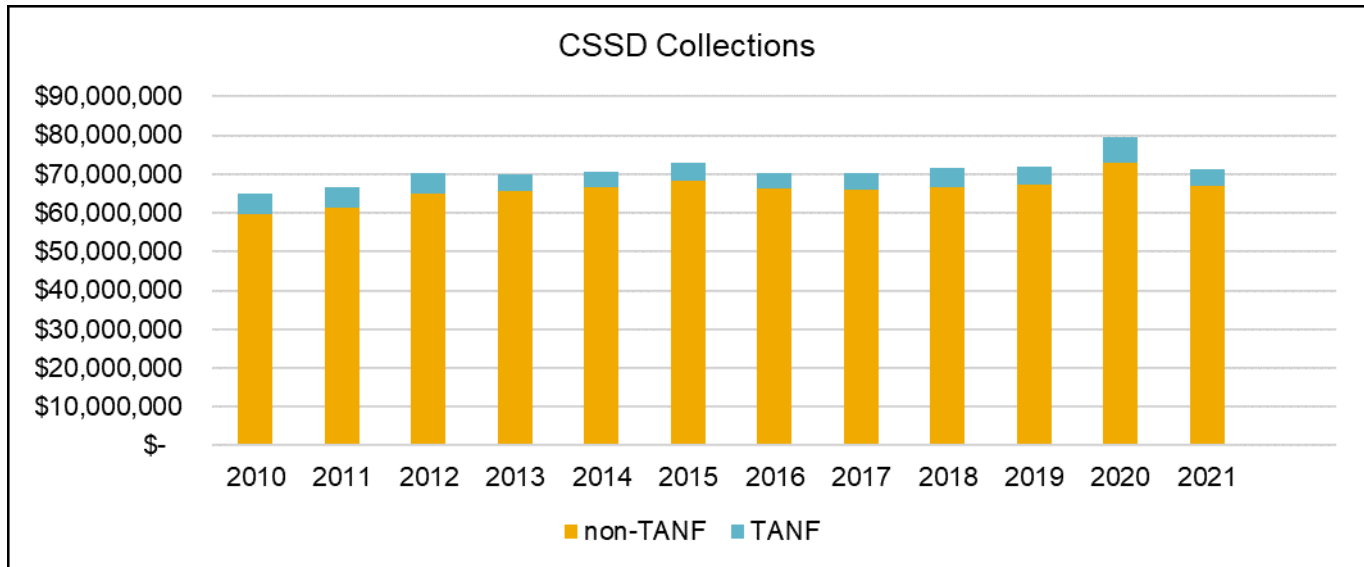
CSSD				
Comparison of the FY 2023 Legislative Budget to the FY 2023 Base Budget				
	Legislative Budget	Executive Modification per Statutory Authority	Executive Base Budget	% Change from Legislative Action
Personal Services	9,786,210		9,786,210	0.0%
Operating Expenses	1,960,613	(17,990)	1,942,623	-0.9%
Equipment & Intangible Assets	21,456		21,456	0.0%
Debt Service		17,990	17,990	100.0%
	<b>11,768,279</b>	<b>0</b>	<b>11,768,279</b>	<b>0.0%</b>

Federal regulation mandates a child support enforcement program under Title IV-D of the Social Security Act in order for states to maintain eligibility for the federal Temporary Assistance for Needy Families (TANF) block grant. Collection of child support owed to TANF families is automatically assigned to the state and is used to reimburse federal and state

governments for benefits paid to the families. Additionally, child support enforcement services must be provided to any applicant regardless of income level.

In FY 2021, CSSD collected \$71.4 million on behalf of both TANF and non-TANF children and their custodial parents (see chart below). Non-TANF collections were \$66.9 million and TANF collections were \$4.5 million, of which \$1.5 million went into the CSSD state special revenue fund.

The FY 2020 collection amount was a significant increase from FY 2019 and was due to CSSD's ability to access CARES (Coronavirus Aid, Relief, and Economic Security) Act individual economic impact payments in cases where child support payments were owed.



#### 5.0% Reduction Plan

Statute requires that agencies submit plans to reduce general fund and certain state special revenue funds by 5.0%. A summary of the entire 2025 biennium 5.0% plan submitted for this agency is in the appendix.

CSSD has created a 5.0% reduction plan that includes a total savings of \$152,664 in general fund and \$46,974 in state special revenue. These savings are realized by adopting a 5.0% vacancy savings rate. The agency has stated: "Existing staff would have an increased workload. The division would have to prioritize services, identifying and serving the needs of Montana families first and placing State of Montana cost recovery and cost avoidance second. This would protect families, but potentially cost the state several millions of dollars."

**Funding**

The following table shows proposed agency funding for all sources of authority.

Department of Public Health & Human Services, 05-Child Support Services Funding by Source of Authority						
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	6,753,389	0	0	0	6,753,389	28.75 %
02187 Child Support State Share	726,624	0	0	0	726,624	100.00 %
<b>State Special Total</b>	<b>\$726,624</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$726,624</b>	<b>3.09 %</b>
03269 Child Support Incentive	2,373,886	0	0	0	2,373,886	14.83 %
03570 93.563 - Child Support IVD 66%	13,636,571	0	0	0	13,636,571	85.17 %
<b>Federal Special Total</b>	<b>\$16,010,457</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$16,010,457</b>	<b>68.16 %</b>
06004 Electronic Government Services	0	0	0	0	0	0.00 %
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
<b>Total All Funds</b>	<b>\$23,490,470</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$23,490,470</b>	

This program is primarily federally funded. Title IV-D eligible expenditures are funded with 67.9% federal funds and 32.1% state funds. The non-IV-D federal funding is an incentive payment for reaching specified federal benchmarks. State match for the Title IV-D spending comes from the child support state special revenue fund and the general fund.

State special revenue is generated primarily from the retention of collections made on behalf of TANF participants in addition to small amounts from applications, genetic testing, and federal tax offset fees. Any child support recovered on behalf of TANF recipients is retained by the state at the state share according to the Federal Medical Assistance Percentage (FMAP). No revenue is retained from non-TANF collections, which are simply collected and sent on to the custodial parent.

**Program Budget Summary by Category**

The following table summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget
2023 Base Budget	3,384,529	3,384,529	6,769,058	100.23 %	11,768,279	11,768,279	23,536,558	100.20 %
SWPL Adjustments	(19,183)	3,514	(15,669)	(0.23)%	(56,422)	10,334	(46,088)	(0.20)%
PL Adjustments	0	0	0	0.00 %	0	0	0	0.00 %
New Proposals	0	0	0	0.00 %	0	0	0	0.00 %
<b>Total Budget</b>	<b>\$3,365,346</b>	<b>\$3,388,043</b>	<b>\$6,753,389</b>		<b>\$11,711,857</b>	<b>\$11,778,613</b>	<b>\$23,490,470</b>	

**Present Law Adjustments**

The "Present Law" Adjustments table shows the changes from the base appropriation to the proposed budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

Present Law Adjustments										
-----Fiscal 2024-----						-----Fiscal 2025-----				
FTE	General Fund	State Special	Federal Special	Total Funds		FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services										
0.00	(32,615)	0	(63,312)	(95,927)		0.00	(13,186)	0	(25,596)	(38,782)
DP 3 - Inflation Deflation										
0.00	13,432	0	26,073	39,505		0.00	16,700	0	32,416	49,116
<b>Grand Total All Present Law Adjustments</b>										
<b>0.00</b>	<b>(\$19,183)</b>	<b>\$0</b>	<b>(\$37,239)</b>	<b>(\$56,422)</b>		<b>0.00</b>	<b>\$3,514</b>	<b>\$0</b>	<b>\$6,820</b>	<b>\$10,334</b>

\*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

#### DP 1 - Personal Services -

The executive requests adjustments to the present law personal services budget. This request has been broken into the following categories, and further detail is shown in the agency summary:

- Legislatively approved changes
- Management decisions
- Budget modifications made to the personal services budget in the 2023 biennium

#### DP 3 - Inflation Deflation -

The executive requests adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

### Program Biennium Comparison

The following table compares the 2023 biennium appropriated budget to the 2025 biennium budget request by type of expenditure and source of funding.

Program Biennium Comparison				
Budget Item	Appropriated Budget 22-23	Requested Budget 24-25	Biennium Change	Biennium % Change
Personal Services	7,973,029	8,638,263	665,234	8.34 %
Operating Expenses	19,816,070	15,951,342	(3,864,728)	(19.50)%
Equipment & Intangible Assets	0	5,100	5,100	0.00 %
Debt Service	23,159	15,852	(7,307)	(31.55)%
<b>Total Expenditures</b>	<b>\$27,812,258</b>	<b>\$24,610,557</b>	<b>(\$3,201,701)</b>	<b>(11.51)%</b>
General Fund	9,950,705	8,130,324	(1,820,381)	(18.29)%
State/Other Special Rev. Funds	2,926,616	3,131,602	204,986	7.00 %
Federal Spec. Rev. Funds	14,934,937	13,348,631	(1,586,306)	(10.62)%
<b>Total Funds</b>	<b>\$27,812,258</b>	<b>\$24,610,557</b>	<b>(\$3,201,701)</b>	<b>(11.51)%</b>
<b>Total Ongoing</b>	<b>\$27,812,258</b>	<b>\$24,610,557</b>	<b>(\$3,201,701)</b>	<b>(11.51)%</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>

### Program Biennium Comparison -

The 2025 biennium budget proposes a decrease of 11.5%, with a decrease in general fund of 18.3%.

### Program Description

The Business and Financial Services Division (BFSD) provides leadership and guidance in the development and implementation of accounting policies, procedures, and best business practices that support the mission of the Department of Public Health and Human Services.

Statutory Authority - Business and Financial Services Division - Title 17, Chapter 1, part 1, and Chapter 2, MCA, and 45 CFR Subtitle A, Part 92, Subpart C92.2, and Title 50 Chapter 15 MCA.

### Program Highlights

Business and Financial Services Division Major Budget Highlights	
<ul style="list-style-type: none"> <li>• BFSD's 2025 HB 2 biennium budget request is a decrease of 11.5% from the 2023 biennium budget</li> <li>• The executive proposal includes: <ul style="list-style-type: none"> <li>◦ Increases in statewide present law adjustments for inflation/deflation</li> <li>◦ Decreases in statewide present law adjustments for personal services and fixed costs</li> <li>◦ The transfer of FTE and associated funding from the Healthcare Facilities Division for accounting process oversight</li> </ul> </li> </ul>	

### Program Actuals and Budget Comparison

**Program Actuals and Budget Comparison**

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the expenditures requested for FY 2024 and FY 2025 by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2022	Approp. Fiscal 2022	Approp. Fiscal 2023	Request Fiscal 2024	Request Fiscal 2025
FTE	0.00	54.00	54.00	57.00	57.00
Personal Services	3,648,282	3,850,683	4,122,346	4,306,649	4,331,614
Operating Expenses	10,380,332	10,787,155	9,028,915	8,210,563	7,740,779
Equipment & Intangible Assets	0	0	0	5,100	0
Debt Service	25,973	15,233	7,926	7,926	7,926
<b>Total Expenditures</b>	<b>\$14,054,587</b>	<b>\$14,653,071</b>	<b>\$13,159,187</b>	<b>\$12,530,238</b>	<b>\$12,080,319</b>
General Fund	5,161,836	5,355,082	4,595,623	4,185,805	3,944,519
State/Other Special Rev. Funds	1,223,180	1,368,707	1,557,909	1,570,247	1,561,355
Federal Spec. Rev. Funds	7,669,571	7,929,282	7,005,655	6,774,186	6,574,445
<b>Total Funds</b>	<b>\$14,054,587</b>	<b>\$14,653,071</b>	<b>\$13,159,187</b>	<b>\$12,530,238</b>	<b>\$12,080,319</b>
<b>Total Ongoing</b>	<b>\$14,054,587</b>	<b>\$14,653,071</b>	<b>\$13,159,187</b>	<b>\$12,530,238</b>	<b>\$12,080,319</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**Program Discussion -***FY 2022 Appropriation Compared to FY 2022 Actual Expenditures*

The BFSD expended 95.9% of the total FY 2022 appropriation. This includes 96.4% of the general fund, 89.4% of the state special revenue funds, and 96.7% of federal special revenue funds. The personal services and operating expenses utilized 94.7% and 96.2% of the appropriated budget, respectively.

*FY 2022 Appropriations Compared to FY 2023 Appropriations*

The FY 2023 appropriation is 10.2% lower than the FY 2022 appropriation. This is primarily due to transfers of authority at the end of FY 2022 from other DPHHS divisions to compensate for budget shortfalls.

*FY 2023 Legislative Budget compared to FY 2023 base*

The FY 2023 base budget is 4.6% higher than the FY 2023 legislative budget. This is primarily due to the reorganization that occurred in FY 2022.

Business and Financial Services Division			
FY 2023			
Account	Legislative Action	Executive Modifications	IBARS Base 2023
61000 Personal Services	\$ 3,886,345	\$ 236,001	\$ 4,122,346
62000 Operating Expenses	8,683,273	345,642	9,028,915
69000 Debt Service	5,676	2,250	7,926
<b>Total</b>	<b>\$ 12,575,294</b>	<b>\$ 583,893</b>	<b>\$ 13,159,187</b>

*The Executive Request*

The executive request for FY 2024 and FY 2025 proposes a total budget decrease of 4.8% and 8.2% respectively from the FY 2023 base appropriation.



*5.0% Reduction Plan*

Statute requires that agencies submit plans to reduce general fund and certain state special revenue funds by 5.0%. A summary of the entire 2025 biennium 5.0% plan submitted for this agency can be found in the appendix.

BFSD has created a 5.0% plan for 2025 biennium that includes a total savings of \$251,212 in general funds and \$60,846 in state special revenue funds. These savings are achieved through a reduction in operating costs for the division. This reduction would impact staffing and workload.

**Funding**

The following table shows proposed agency funding for all sources of authority.

Department of Public Health & Human Services, 06-Business & Financial Services Funding by Source of Authority						
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	8,130,324	0	0	0	8,130,324	33.04 %
02382 02 Indirect Activity Prog 06	3,131,602	0	0	0	3,131,602	100.00 %
02597 Healthy Montana Kids Plan	0	0	0	0	0	0.00 %
<b>State Special Total</b>	<b>\$3,131,602</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$3,131,602</b>	<b>12.72 %</b>
03580 6901-93.778 - Med Adm 50%	0	0	0	0	0	0.00 %
03591 03 Indirect Activity Prog 06	13,348,631	0	0	0	13,348,631	100.00 %
03426 CHIP Program Fed	0	0	0	0	0	0.00 %
03974 Medicaid Exp HELP Act Admin	0	0	0	0	0	0.00 %
03920 ARPA State Recovery Sec 602	0	0	0	0	0	0.00 %
<b>Federal Special Total</b>	<b>\$13,348,631</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$13,348,631</b>	<b>54.24 %</b>
06004 Electronic Government Services	0	0	0	0	0	0.00 %
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
<b>Total All Funds</b>	<b>\$24,610,557</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$24,610,557</b>	

BFSD receives general fund, state special revenue, and federal funds through a federally approved cost allocation formula that is generally referred to as indirect activity. The funding formula is derived from those funds expended on functions benefiting or serving other programs in the department. The general fund, like the state special revenue and federal state special revenue received from the cost allocation formula, is used to support internal BFSD functions.

BFSD functions include: accounts payable, audit coordination, cash management, contract management, facility reimbursement, financial and accounting oversight, lease management, mail handling, preparation and filing of federal financial reports, property management, purchasing of supplies and equipment, and records management. BFSD is also responsible for paying most fixed costs assessed by Department of Administration (DOA) on behalf of the department.

Many of BFSD activities are funded with indirect revenues from all fund types. The exception to this is facility reimbursement activities. General fund is used to support facility reimbursement staff who are responsible for collecting private funds, private insurance, Medicaid, and Medicare from patients receiving services at DPHHS facilities. Funds collected reimburse the general fund as well as state special funds used to support facilities such as the Montana Chemical Dependency Center (MCDC) cost recovery fund.

The 2025 biennium budget is split 33.0% general funds, 12.7% state special revenue funds, and 54.2% federal special revenue funds.

**Program Budget Summary by Category**

The following table summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget
2023 Base Budget	4,595,623	4,595,623	9,191,246	113.05 %	13,159,187	13,159,187	26,318,374	106.94 %
SWPL Adjustments	(575,179)	(810,288)	(1,385,467)	(17.04)%	(940,893)	(1,379,159)	(2,320,052)	(9.43)%
PL Adjustments	0	0	0	0.00 %	0	0	0	0.00 %
New Proposals	165,361	159,184	324,545	3.99 %	311,944	300,291	612,235	2.49 %
<b>Total Budget</b>	<b>\$4,185,805</b>	<b>\$3,944,519</b>	<b>\$8,130,324</b>		<b>\$12,530,238</b>	<b>\$12,080,319</b>	<b>\$24,610,557</b>	

### Present Law Adjustments

The "Present Law" Adjustments table shows the changes from the base appropriation to the proposed budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

Present Law Adjustments										
	-----Fiscal 2024-----					-----Fiscal 2025-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	(72,242)	8,177	(53,677)	(117,742)	0.00	(59,309)	9,556	(41,270)	(91,023)
DP 2 - Fixed Costs	0.00	(679,498)	(22,315)	(457,348)	(1,159,161)	0.00	(979,732)	(34,380)	(704,732)	(1,718,844)
DP 3 - Inflation Deflation	0.00	176,561	10,723	148,726	336,010	0.00	228,753	13,106	188,849	430,708
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>(\$575,179)</b>	<b>(\$3,415)</b>	<b>(\$362,299)</b>	<b>(\$940,893)</b>	<b>0.00</b>	<b>(\$810,288)</b>	<b>(\$11,718)</b>	<b>(\$557,153)</b>	<b>(\$1,379,159)</b>

\*\*Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

### DP 1 - Personal Services -

The executive requests adjustments to the present law personal services budget. This request has been broken into the following categories, and further detail is shown in the agency summary:

- Legislatively approved changes
- Management decisions
- Budget modifications made to the personal services budget in the 2023 biennium

### DP 2 - Fixed Costs -

The executive requests adjustments to provide the funding required in the proposed budget for fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

### DP 3 - Inflation Deflation -

The executive requests adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

### New Proposals

The "New Proposals" table shows new proposals for spending.

**New Proposals**

The "New Proposals" table shows new proposals for spending.

New Proposals											
-----Fiscal 2024-----						-----Fiscal 2025-----					
	FTE	General Fund	State Special	Federal Special	Total Funds		FTE	General Fund	State Special	Federal Special	Total Funds
DP 6001 - FTE Request - Quality Control and Workload Transformation	3.00	165,361	15,753	130,830	311,944		3.00	159,184	15,164	125,943	300,291
<b>Total</b>	<b>3.00</b>	<b>\$165,361</b>	<b>\$15,753</b>	<b>\$130,830</b>	<b>\$311,944</b>		<b>3.00</b>	<b>\$159,184</b>	<b>\$15,164</b>	<b>\$125,943</b>	<b>\$300,291</b>

\*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

**DP 6001 - FTE Request - Quality Control and Workload Transformation -**

The executive requests a transfer of 3.00 FTE and associated funding from the Healthcare Facilities Division. These positions will contribute oversight of accounting processes within the department.

### Program Biennium Comparison

The following table compares the 2023 biennium appropriated budget to the 2025 biennium budget request by type of expenditure and source of funding.

Program Biennium Comparison				
Budget Item	Appropriated Budget 22-23	Requested Budget 24-25	Biennium Change	Biennium % Change
Personal Services	24,194,559	25,157,522	962,963	3.98 %
Operating Expenses	16,175,649	17,112,309	936,660	5.79 %
Equipment & Intangible Assets	383,482	313,482	(70,000)	(18.25)%
Grants	28,164,722	28,484,722	320,000	1.14 %
Benefits & Claims	6,663,708	7,530,708	867,000	13.01 %
Transfers	1,542,200	1,542,200	0	0.00 %
Debt Service	29,250	17,188	(12,062)	(41.24)%
<b>Total Expenditures</b>	<b>\$77,153,570</b>	<b>\$80,158,131</b>	<b>\$3,004,561</b>	<b>3.89 %</b>
General Fund	6,311,762	6,501,387	189,625	3.00 %
State/Other Special Rev. Funds	26,825,229	28,435,226	1,609,997	6.00 %
Federal Spec. Rev. Funds	44,016,579	45,221,518	1,204,939	2.74 %
<b>Total Funds</b>	<b>\$77,153,570</b>	<b>\$80,158,131</b>	<b>\$3,004,561</b>	<b>3.89 %</b>
<b>Total Ongoing</b>	<b>\$77,153,570</b>	<b>\$80,158,131</b>	<b>\$3,004,561</b>	<b>3.89 %</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>

### Program Biennium Comparison -

The 2025 biennium budget proposes an increase of 3.9%, with an increase in general fund of 3.0%. When compared to the 2023 base the requested increase is 0.9% in FY 2024 and 1.3% in FY 2025.

### Program Description

The mission of the Public Health and Safety Division (PHSD) is to protect and improve the health of Montanans by advancing conditions for healthy living. The division provides a wide range of public health services to individuals and communities that are aimed at prevention of disease and promotion of health. Services are provided through nearly 300 contracts with a broad range of private and public providers, including local and tribal public health departments, clinics, hospitals, and other community-based organizations. Programs administered by the division include, but are not limited to:

- Clinical and environmental laboratory services
- Chronic and communicable disease prevention and control
- Public health emergency preparedness
- Public health system improvement
- Vital records
- Epidemiology and scientific support
- Emergency medical services and trauma services

Statutory authority for public health functions is in Title 50, MCA, including local public health activities. Rules concerning public health programs are in Title 37 of the Administrative Rules of Montana.

## Program Highlights

PHSD Major Budget Highlights	
<ul style="list-style-type: none"> <li>The requested budget includes an overall increase of 3.9% relative to the 2023 biennium budget</li> <li>The requested budget moves 1.50 FTE from DPHHS to the Department of Revenue</li> </ul>	

## Program Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the expenditures requested for FY 2024 and FY 2025 by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2022	Approp. Fiscal 2022	Approp. Fiscal 2023	Request Fiscal 2024	Request Fiscal 2025
FTE	0.00	155.25	155.25	153.75	153.75
Personal Services	12,035,919	11,575,547	12,619,012	12,536,056	12,621,466
Operating Expenses	9,502,688	8,088,992	8,086,657	8,509,294	8,603,015
Equipment & Intangible Assets	217,872	226,741	156,741	156,741	156,741
Grants	11,269,311	13,922,361	14,242,361	14,242,361	14,242,361
Benefits & Claims	1,991,493	2,898,354	3,765,354	3,765,354	3,765,354
Transfers	399,452	771,100	771,100	771,100	771,100
Debt Service	0	20,656	8,594	8,594	8,594
<b>Total Expenditures</b>	<b>\$35,416,735</b>	<b>\$37,503,751</b>	<b>\$39,649,819</b>	<b>\$39,989,500</b>	<b>\$40,168,631</b>
General Fund	3,038,530	3,082,127	3,229,635	3,239,669	3,261,718
State/Other Special Rev. Funds	11,724,649	12,505,313	14,319,916	14,203,916	14,231,310
Federal Spec. Rev. Funds	20,653,556	21,916,311	22,100,268	22,545,915	22,675,603
<b>Total Funds</b>	<b>\$35,416,735</b>	<b>\$37,503,751</b>	<b>\$39,649,819</b>	<b>\$39,989,500</b>	<b>\$40,168,631</b>
<b>Total Ongoing</b>	<b>\$35,416,735</b>	<b>\$37,503,751</b>	<b>\$39,649,819</b>	<b>\$39,989,500</b>	<b>\$40,168,631</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## Program Discussion -

*FY 2022 Appropriation Compared to FY 2022 Actual Expenditures*

In FY 2022 PHSD expended 94.4% of its overall HB2 budget, and 98.6% of its general fund budget.

*FY 2022 Appropriation Compared to FY 2023 Appropriation*

PHSD FY 2023 total appropriations are 5.7%, or \$2.1 million, higher than the FY 2022 total appropriation of \$37.5 million. This increase is driven by personal services and benefits and claims.

*Comparison of FY 2023 Legislative Budget to FY 2023 Base*

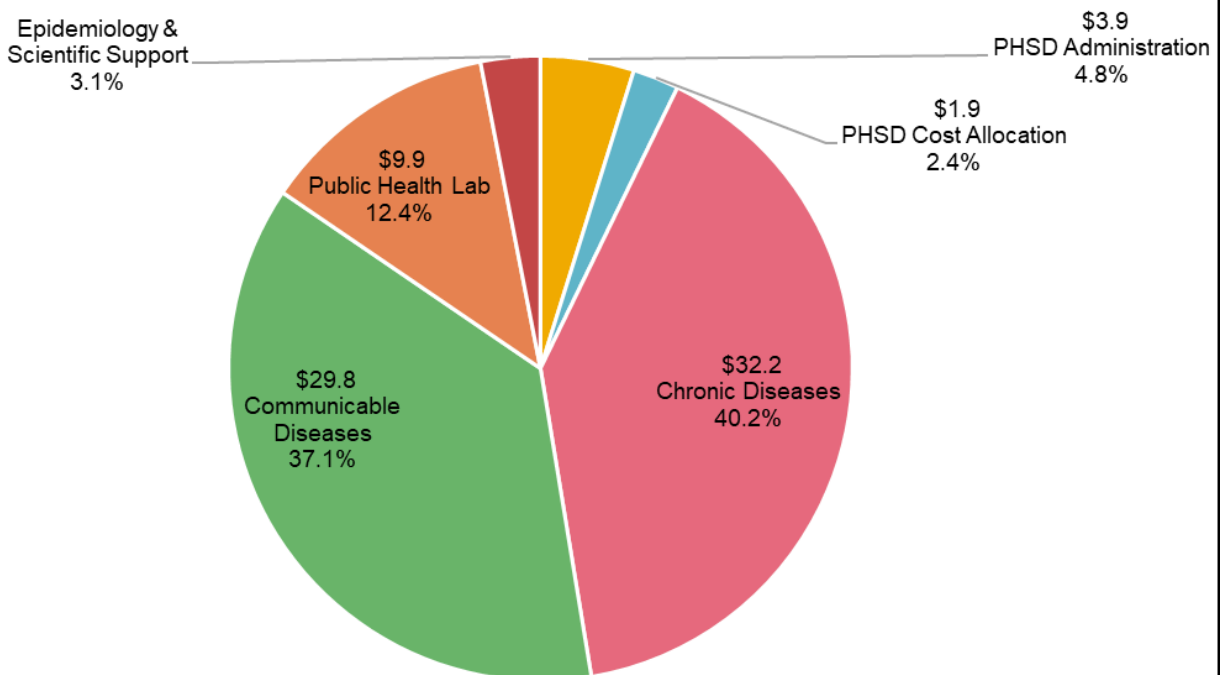
Executive modifications increased the FY 2023 budget for PHSD by \$16,621.

PHSD Comparison of the FY 2023 Legislative Budget to the FY 2023 Base Budget				
	Legislative Budget	Executive Modification per Statutory Authority	Executive Base Budget	% Change from Legislative Action
Personal Services	12,595,012	24,000	12,619,012	0.2%
Operating Expenses	8,045,251	41,406	8,086,657	0.5%
Equipment & Intangible Assets	141,741	15,000	156,741	10.6%
Grants	14,240,740	1,621	14,242,361	0.0%
Benefits & Claims	3,845,354	(80,000)	3,765,354	-2.1%
Transfers	765,100	6,000	771,100	0.8%
Debt Service		8,594	8,594	100.0%
	<b>39,633,198</b>	<b>16,621</b>	<b>39,649,819</b>	<b>0.0%</b>

### Executive Request

The executive request for the PHSD 2025 biennium budget is \$80.2 million total funds, with a general fund request of \$6.5 million, state special revenue request of \$28.4 million, and federal funds request of \$45.2 million. Grants are the largest component of the 2025 biennium request (35.5%) and represent funds provided to local entities that contract to provide broad-based public services. Examples include public health education and improvements in emergency preparedness. Benefits and claims are services to individuals who meet specific eligibility criteria and are 9.4% of the total. Personal services comprise 31.4% of the total while operating expenses make up 21.3%. Figure 1 below shows the 2025 biennium budget request by major function.

Figure 1: PHSD 2025 Biennium Budget Request by Major Function in Millions



Chronic disease prevention is the largest component of the budget request at 40.2% of the total and includes these programs:

- Cancer control
- Asthma, diabetes, and cardiovascular health
- Emergency medical services and trauma systems
- Tobacco control and prevention

Communicable disease prevention and health promotion is the second largest component of the budget request at 37.1% of the total and includes the following functions:

- Food and consumer safety
- Communicable disease and epidemiology
- Sexually transmitted disease and human immunodeficiency virus (HIV) prevention

The state public health laboratory is 12.4% of the total. Division administration is about 4.8%, and cost allocation is 2.4%. Epidemiology and scientific support functions make up 3.1% of the total.

#### *5.0% Reduction Plan*

Statute requires that agencies submit plans to reduce general fund and certain state special revenue funds by 5.0%. A summary of the entire 2025 biennium 5.0% plan submitted for this agency is in the appendix.

PHSD has created a 5.0% reduction plan that includes a total annual savings of \$152,956 in general fund and \$596,256 in state special revenue. These savings are realized by reducing some services related to vaccine support, emergency medical services, food and consumer safety, HIV prevention, communicable disease bureau, chronic disease program, tobacco prevention, and tribal tobacco prevention.

## Funding

The following table shows proposed agency funding for all sources of authority.

Department of Public Health & Human Services, 07-Public Health & Safety Funding by Source of Authority						
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	6,501,387	0	0	0	6,501,387	8.11 %
02032 Vets-I&I Lease	0	0	0	0	0	0.00 %
02199 DHES Food & Consumer	13,928	0	0	0	13,928	0.05 %
02366 Public Health Laboratory	6,759,004	0	0	0	6,759,004	23.77 %
02379 02 Indirect Activity Prog 07	633,128	0	0	0	633,128	2.23 %
02419 Vital Statistics	839,990	0	0	0	839,990	2.95 %
02462 Food/Lodging License	2,392,866	0	0	0	2,392,866	8.42 %
02512 BRFS Survey Fees	70,000	0	0	0	70,000	0.25 %
02765 Insurance Policies Fees SB278	67,600	0	0	0	67,600	0.24 %
02790 6901-Statewide Tobacco Sttlmnt	16,321,489	0	0	0	16,321,489	57.40 %
02987 Tobacco Interest	1,337,221	0	0	0	1,337,221	4.70 %
02442 Cannabis	0	0	0	0	0	0.00 %
<b>State Special Total</b>	<b>\$28,435,226</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$28,435,226</b>	<b>35.47 %</b>
03159 Tuberculosis Grant	394,650	0	0	0	394,650	0.87 %
03193 Childhood Lead Poisoning Preve	0	0	0	0	0	0.00 %
03274 Ryan White Act, Title II	2,049,910	0	0	0	2,049,910	4.53 %
03275 Adult Viral Hepatitis Prevent	224,506	0	0	0	224,506	0.50 %
03596 03 Indirect Activity Prog 07	1,988,192	0	0	0	1,988,192	4.40 %
03602 BRFS Program	968,310	0	0	0	968,310	2.14 %
03607 Tobacco Control Program	1,903,971	0	0	0	1,903,971	4.21 %
03712 6901-Cancer Registries 93.283	624,668	0	0	0	624,668	1.38 %
03788 MT Disability & Health	665,301	0	0	0	665,301	1.47 %
03336 Food Inspection Program	188,184	0	0	0	188,184	0.42 %
03346 Highway Safety/EMS Cont	0	0	0	0	0	0.00 %
03366 EMSC SPROC	403,196	0	0	0	403,196	0.89 %
03392 Colorectal Cancer Screening	1,251,274	0	0	0	1,251,274	2.77 %
03402 Addressing Asthma	795,946	0	0	0	795,946	1.76 %
03415 Breast and Cervical Health	3,773,833	0	0	0	3,773,833	8.35 %
03540 Ryan White Treatment Rebate	1,625,701	0	0	0	1,625,701	3.60 %
03551 Preventive Health Block Grant	1,958,632	0	0	0	1,958,632	4.33 %
03569 ACA-ELC Non-PPHF	1,862,956	0	0	0	1,862,956	4.12 %
03004 EMS Data Injury	374,920	0	0	0	374,920	0.83 %
03014 MT Retail Food Academy	16,000	0	0	0	16,000	0.04 %
03113 MT COVID-19 HEALTH DISPARITIES	0	0	0	0	0	0.00 %
03903 Emergency Preparedness	9,984,203	0	0	0	9,984,203	22.08 %
03904 Bioterr. Hospital Preparedness	1,863,741	0	0	0	1,863,741	4.12 %
03936 Vaccination Program	2,864,641	0	0	0	2,864,641	6.33 %
03937 STD Program	687,573	0	0	0	687,573	1.52 %
03938 Aids Fed. Cat. #13.118	2,428,354	0	0	0	2,428,354	5.37 %
03969 Ryan White ADAP Shortfall	2,135,280	0	0	0	2,135,280	4.72 %
03979 69010 Comprehnsv Cancer Contrl	754,608	0	0	0	754,608	1.67 %
03104 DLI MOU Adult Lead	0	0	0	0	0	0.00 %
03082 Environmental Health Program	128,751	0	0	0	128,751	0.28 %
03219 Project AWARE	0	0	0	0	0	0.00 %
03831 Prescription Drug Overdose	270,000	0	0	0	270,000	0.60 %
03431 Improve Health Diabetes Heart	3,034,217	0	0	0	3,034,217	6.71 %
03475 Innovative Diab Heart Stroke	0	0	0	0	0	0.00 %
03528 NVDRS Violent Death Data	0	0	0	0	0	0.00 %
03700 Innovative Approach Incl Hlth	0	0	0	0	0	0.00 %
03947 COVID-19 Supplemental Funding	0	0	0	0	0	0.00 %
03464 CORE SIPP	0	0	0	0	0	0.00 %
03488 MT Falls Prevention Program	0	0	0	0	0	0.00 %
03680 Public Health Workforce HB632	0	0	0	0	0	0.00 %
03272 NEHA FDA	0	0	0	0	0	0.00 %
<b>Federal Special Total</b>	<b>\$45,221,518</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$45,221,518</b>	<b>56.42 %</b>
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
<b>Total All Funds</b>	<b>\$80,158,131</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$80,158,131</b>	

The 2025 biennium PHSD budget request is funded by general fund (8.1%), state special revenue (35.5%), and federal funds (56.4%). General fund is used to fund a portion of each of the major functions discussed above. There are over 30 funding sources that support PHSD, with the majority being federal categorical grants that fund specific activities. The major sources of state special revenue are:



- Tobacco settlement funds and tobacco settlement trust fund interest (see the state special revenue fund balance table in the DPHHS Agency Summary for detail on these funds)
- Public health laboratory fees
- Licensing fees for food manufacturers or food sales establishments (5.0% of an annual license fee of \$115) and penalties for failure to renew licenses in a timely manner

### Program Budget Summary by Category

The following table summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary.

Budget Summary by Category								
-----General Fund-----					-----Total Funds-----			
Budget Item	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget
2023 Base Budget	3,229,635	3,229,635	6,459,270	99.35 %	39,649,819	39,649,819	79,299,638	98.93 %
SWPL Adjustments	10,034	32,083	42,117	0.65 %	634,180	813,311	1,447,491	1.81 %
PL Adjustments	0	0	0	0.00 %	(91,605)	(91,605)	(183,210)	(0.23)%
New Proposals	0	0	0	0.00 %	(202,894)	(202,894)	(405,788)	(0.51)%
<b>Total Budget</b>	<b>\$3,239,669</b>	<b>\$3,261,718</b>	<b>\$6,501,387</b>		<b>\$39,989,500</b>	<b>\$40,168,631</b>	<b>\$80,158,131</b>	

### Present Law Adjustments

The "Present Law" Adjustments table shows the changes from the base appropriation to the proposed budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

Present Law Adjustments										
-----Fiscal 2024-----						-----Fiscal 2025-----				
FTE	General Fund	State Special	Federal Special	Total Funds		FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services										
0.00	(3,966)	(34,400)	135,208	96,842		0.00	16,083	(19,982)	187,501	183,602
DP 3 - Inflation Deflation										
0.00	14,000	212,899	310,439	537,338		0.00	16,000	225,875	387,834	629,709
DP 7001 - Align Appropriation with Revenue										
0.00	0	(91,605)	0	(91,605)		0.00	0	(91,605)	0	(91,605)
Grand Total All Present Law Adjustments										
0.00	\$10,034	\$86,894	\$445,647	\$542,575		0.00	\$32,083	\$114,288	\$575,335	\$721,706

\*\*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

### DP 1 - Personal Services -

The executive requests adjustments to the present law personal services budget. This request has been broken into the following categories, and further detail is shown in the agency summary:

- Legislatively approved changes
- Management decisions
- Budget modifications made to the personal services budget in the 2023 biennium

DP 3 - Inflation Deflation -

The executive requests adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

DP 7001 - Align Appropriation with Revenue -

This present law change package aligns state special revenue authority with anticipated revenue in the Public Health and Safety Division.

**New Proposals**

The "New Proposals" table shows new proposals for spending.

New Proposals										
-----Fiscal 2024-----						-----Fiscal 2025-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 99 - New Fixed Costs										
	0.00	0	0	0	0	0.00	0	0	0	0
DP 7002 - Cannabis Transfer to DOR										
	(1.50)	0	(202,894)	0	(202,894)	(1.50)	0	(202,894)	0	(202,894)
<b>Total</b>	<b>(1.50)</b>	<b>\$0</b>	<b>(\$202,894)</b>	<b>\$0</b>	<b>(\$202,894)</b>	<b>(1.50)</b>	<b>\$0</b>	<b>(\$202,894)</b>	<b>\$0</b>	<b>(\$202,894)</b>

\*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 99 - New Fixed Costs -

The executive requests appropriations of \$31,752 for the agency to provide funding for a new fixed cost for the State Management Training Center. This appropriation is offset by a reduction to the existing training budget in the agency. The rates charged for this service are approved in the section of the budget that provides the services.

DP 7002 - Cannabis Transfer to DOR -

This new proposal reduces 1.50 FTE and associated personal services and operating costs established as part of the implementation of HB 598 from the 2019 Session. HB 598 required DPHHS to review applications for, and inspection of, marijuana testing laboratories. This change package decreases state special marijuana funds by \$202,894 each fiscal year of the biennium. This change package is contingent on passage and approval of LC0162, which transfers the laboratory inspection and application review work to the Department of Revenue.

**LFD  
COMMENT**

The Legislative Finance Committee generally recommends that subcommittees not pass contingent DPs until the corresponding bill has passed.

**Program Biennium Comparison**

The following table compares the 2023 biennium appropriated budget to the 2025 biennium budget request by type of expenditure and source of funding.

Program Biennium Comparison				
Budget Item	Appropriated Budget 22-23	Requested Budget 24-25	Biennium Change	Biennium % Change
Personal Services	13,467,278	14,367,763	900,485	6.69 %
Operating Expenses	3,419,016	3,712,949	293,933	8.60 %
Grants	1,459,882	1,459,882	0	0.00 %
Debt Service	11,204	5,200	(6,004)	(53.59)%
<b>Total Expenditures</b>	<b>\$18,357,380</b>	<b>\$19,545,794</b>	<b>\$1,188,414</b>	<b>6.47 %</b>
General Fund	5,445,329	5,511,838	66,509	1.22 %
State/Other Special Rev. Funds	1,562,782	1,905,237	342,455	21.91 %
Federal Spec. Rev. Funds	11,349,269	12,128,719	779,450	6.87 %
<b>Total Funds</b>	<b>\$18,357,380</b>	<b>\$19,545,794</b>	<b>\$1,188,414</b>	<b>6.47 %</b>
<b>Total Ongoing</b>	<b>\$18,357,380</b>	<b>\$19,545,794</b>	<b>\$1,188,414</b>	<b>6.47 %</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>

**Program Biennium Comparison -**

The 2025 biennium budget proposes an increase of 6.5% from the 2023 biennium, with an increase in general fund of 1.2%.

**Program Description**

The Office of the Inspector General (OIG), formerly the Quality Assurance Division, promotes and protects the safety and well-being of people in Montana by providing responsive and independent assessment and monitoring of human services. This includes activities related to licensing, fraud, waste, and abuse, and ensuring federal compliance.

Statutory Authority – Office of Inspector General - 42 U.S.C. 1818 and 42 U.S.C. 1919; 45 U.S.C.; Title 50, Chapter 5, parts 1 and 2; Title 50, Chapter 5, part 11; and Title 53, Chapter 2, section 501, MCA; CFR 21, CFR 49, CFR 10; P.L.

## Program Highlights

Office of the Inspector General Major Budget Highlights	
<ul style="list-style-type: none"> <li>OIG requests a budget increase of 6.5% from the 2023 biennium to the 2025 biennium primarily due to an increase in personal services</li> <li>The executive proposal includes: <ul style="list-style-type: none"> <li>Decreases in statewide present law adjustments for personal services</li> <li>Increases in statewide present law adjustments for inflation/deflation</li> <li>Decreases to align federal authority with anticipated revenue</li> <li>Increases to make 3.00 modified FTE permanent which were originally created to meet federal Medicaid Eligibility Quality Control (MEQC) mandates</li> </ul> </li> </ul>	

## Program Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the expenditures requested for FY 2024 and FY 2025 by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2022	Approp. Fiscal 2022	Approp. Fiscal 2023	Request Fiscal 2024	Request Fiscal 2025
FTE	0.00	89.50	89.50	92.50	92.50
Personal Services	6,244,000	6,428,568	7,038,710	7,161,633	7,206,130
Operating Expenses	1,228,299	1,629,099	1,789,917	1,848,838	1,864,111
Grants	756,367	729,941	729,941	729,941	729,941
Debt Service	50,926	8,604	2,600	2,600	2,600
<b>Total Expenditures</b>	<b>\$8,279,592</b>	<b>\$8,796,212</b>	<b>\$9,561,168</b>	<b>\$9,743,012</b>	<b>\$9,802,782</b>
General Fund	2,677,693	2,709,151	2,736,178	2,749,570	2,762,268
State/Other Special Rev. Funds	200,251	505,630	1,057,152	947,140	958,097
Federal Spec. Rev. Funds	5,401,648	5,581,431	5,767,838	6,046,302	6,082,417
<b>Total Funds</b>	<b>\$8,279,592</b>	<b>\$8,796,212</b>	<b>\$9,561,168</b>	<b>\$9,743,012</b>	<b>\$9,802,782</b>
<b>Total Ongoing</b>	<b>\$8,279,592</b>	<b>\$8,796,212</b>	<b>\$9,561,168</b>	<b>\$9,743,012</b>	<b>\$9,802,782</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## Program Discussion -

*FY 2022 Appropriation Compared to FY 2022 Actual Expenditures*

OIG expended 94.1% of the FY 2022 appropriation. This includes 98.8% of general fund, 39.6% of state special revenue funds, and 96.8% of federal special revenue funds. The division utilized 97.1% of personal services, 75.4% of operating expenses, and grants and debt services were both overutilized.

*FY 2022 Appropriations Compared to FY 2023 Appropriations*

The FY 2023 appropriation is 8.7% higher than the FY 2022 appropriation. This was largely due to transfers of authority to other DPHHS divisions in FY 2022. There was also a transfer of authority from the Senior and Long-Term Care Division to the Audit Bureau in BFSD to meet increased personal service expenditures in FY 2023.

*FY 2023 Legislative Budget compared to FY 2023 base*

The FY 2023 base budget is 12.7% higher than the FY 2023 legislative budget. This difference is primarily due to the reorganization that moved the Internal Audit Bureau from the Operation Services Division (OSD). This bureau was subsequently renamed Internal Control and Risk Management.

Office of the Inspector General FY 2023			
Account	Legislative Action	Executive Modifications	IBARS Base 2023
61000 Personal Services	\$ 6,459,750	\$ 578,960	\$ 7,038,710
62000 Operating Expenses	1,439,564	350,353	1,789,917
63000 Equipment & Intangible Assets	525	(525)	-
66000 Grants	584,941	145,000	729,941
69000 Debt Service	-	2,599	2,600
<b>Total</b>	<b>\$ 8,484,780</b>	<b>\$ 1,076,387</b>	<b>\$ 9,561,168</b>

*Executive Request*

The executive request for the OIG 2025 biennium HB 2 budget includes a 1.9% increase in FY 2024 and a 2.5% increase in FY 2025 over the FY 2023 base appropriation. The total proposed biennium budget amounts to \$19.5 million or an increase of 6.5% from the last biennium. Most of this increase comes from growth in personal services of 6.7% and growth in operating expenses of 8.6%.

*5.0% Reduction Plan*

Statute requires that agencies submit plans to reduce general fund and certain state special revenue funds by 5.0%. A summary of the entire 2025 biennium 5.0% plan submitted for this agency can be found in the appendix.

OIG has created a 5.0% plan for 2025 biennium that includes a total savings of \$133,885 in general funds and \$10,013 in state special revenue funds. These savings are achieved through a reduction in operating costs for the division. This reduction would impact staffing and workload.

## Funding

The following table shows proposed agency funding for all sources of authority.

Department of Public Health & Human Services, 08-Office of Inspector General Funding by Source of Authority						
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	5,511,838	0	0	0	5,511,838	28.20 %
02034 Earmarked Alcohol Funds	162,129	0	0	0	162,129	8.51 %
02043 Med Provider Revalidation Fees	1,000	0	0	0	1,000	0.05 %
02380 02 Indirect Activity Prog 08	1,050,491	0	0	0	1,050,491	55.14 %
02497 6901-Lien & Estate - SLTCD	143,646	0	0	0	143,646	7.54 %
02585 Recovery Audit Contract	186,528	0	0	0	186,528	9.79 %
02597 Healthy Montana Kids Plan	0	0	0	0	0	0.00 %
02760 Private Alt Adoi Res Programs	361,443	0	0	0	361,443	18.97 %
<b>State Special Total</b>	<b>\$1,905,237</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,905,237</b>	<b>9.75 %</b>
03303 Title 18 CLIA	238,958	0	0	0	238,958	1.97 %
03580 6901-93.778 - Med Adm 50%	1,525,068	0	0	0	1,525,068	12.57 %
03597 03 Indirect Activity Prog 08	2,972,883	0	0	0	2,972,883	24.51 %
03335 FDA Mammography Inspections	190,260	0	0	0	190,260	1.57 %
03359 Recovery Audit Program	82,668	0	0	0	82,668	0.68 %
03426 CHIP Program Fed	0	0	0	0	0	0.00 %
03530 6901-Foster Care 93.658	157,696	0	0	0	157,696	1.30 %
03934 Title 19	1,314,612	0	0	0	1,314,612	10.84 %
03935 Title 18	3,997,560	0	0	0	3,997,560	32.96 %
03960 Rural Hospital Flexibility Prog	1,649,014	0	0	0	1,649,014	13.60 %
03974 Medicaid Exp HELP Act Admin	0	0	0	0	0	0.00 %
<b>Federal Special Total</b>	<b>\$12,128,719</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$12,128,719</b>	<b>62.05 %</b>
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
<b>Total All Funds</b>	<b>\$19,545,794</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$19,545,794</b>	

General fund accounts for 28.2% of OIG's authority. This gets funneled into a wide range of administrative functions including:

- State match for eligible Medicaid costs
- Title IV-E (foster care)
- Federal discretionary childcare funds
- Community residential facilities
- Program compliance

State special revenues make up 9.8% of the proposed budget. State special revenues used by OIG include:

- Alcohol taxes allocated to OIG are used to fund staff and operational costs for the Chemical Dependency Licensure Program
- Lien and estate funds are used to support services to pursue recoveries for Medicaid costs, mainly for nursing home services
- Recovery audit contract funds are used to support audits performed by the program to identify waste, fraud, or abuse in Medicaid

Federal special revenue funds account for the remaining 62.1% of the proposed biennium budget. This funding comes from a variety of federal sources and supports activities pertaining to certifications, licensure, and program compliance. Some of these sources support multiple functions.

The two of the larger federal funds in the division are 18 and Title 19, which fund quality assurance certifications. Title 18 covers skilled nursing facilities (SNF) and long-term care (LTC) facilities. Title 19 covers the certification of home health providers. Federal Medicaid and Medicare funds are used to support multiple activities including certification of nursing homes and home health services, a Department of Justice fraud surveillance contract, federal match for the Recovery Audit Program, the nurse aide registry, and more. Clinical laboratory improvement amendments (CLIA) support reviews of laboratories that wish to qualify for federal funding. Rural hospital flexibility grants are used to help local hospitals maintain their critical access hospital (CAH) status.

### Program Budget Summary by Category

The following table summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget
2023 Base Budget	2,736,178	2,736,178	5,472,356	99.28 %	9,561,168	9,561,168	19,122,336	97.83 %
SWPL Adjustments	(78,565)	(66,736)	(145,301)	(2.64)%	(34,801)	22,798	(12,003)	(0.06)%
PL Adjustments	0	0	0	0.00 %	(13,249)	(13,249)	(26,498)	(0.14)%
New Proposals	91,957	92,826	184,783	3.35 %	229,894	232,065	461,959	2.36 %
<b>Total Budget</b>	<b>\$2,749,570</b>	<b>\$2,762,268</b>	<b>\$5,511,838</b>		<b>\$9,743,012</b>	<b>\$9,802,782</b>	<b>\$19,545,794</b>	

### Present Law Adjustments

The "Present Law" Adjustments table shows the changes from the base appropriation to the proposed budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

Present Law Adjustments										
	-----Fiscal 2024-----					-----Fiscal 2025-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	(94,018)	(126,644)	123,098	(97,564)	0.00	(85,859)	(117,852)	148,473	(55,238)
DP 3 - Inflation Deflation	0.00	15,453	7,436	39,874	62,763	0.00	19,123	9,514	49,399	78,036
DP 8002 - Align Appropriation with Revenue	0.00	0	0	(13,249)	(13,249)	0.00	0	0	(13,249)	(13,249)
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>(\$78,565)</b>	<b>(\$119,208)</b>	<b>\$149,723</b>	<b>(\$48,050)</b>	<b>0.00</b>	<b>(\$66,736)</b>	<b>(\$108,338)</b>	<b>\$184,623</b>	<b>\$9,549</b>

\*\*Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

### DP 1 - Personal Services -

The executive requests adjustments to the present law personal services budget. This request has been broken into the following categories, and further detail is shown in the agency summary:

- Legislatively approved changes
- Management decisions
- Budget modifications made to the personal services budget in the 2023 biennium

DP 3 - Inflation Deflation -

The executive requests adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

DP 8002 - Align Appropriation with Revenue -

The executive requests a present law adjustment to align federal authority with anticipated revenue in OIG.

**New Proposals**

The "New Proposals" table shows new proposals for spending.

New Proposals										
-----Fiscal 2024-----						-----Fiscal 2025-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 8001 - FTE Quality Control Federal Mandate	3.00	91,957	9,196	128,741	229,894	3.00	92,826	9,283	129,956	232,065
<b>Total</b>	<b>3.00</b>	<b>\$91,957</b>	<b>\$9,196</b>	<b>\$128,741</b>	<b>\$229,894</b>	<b>3.00</b>	<b>\$92,826</b>	<b>\$9,283</b>	<b>\$129,956</b>	<b>\$232,065</b>

\*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 8001 - FTE Quality Control Federal Mandate -

The executive requests a change package to make permanent 3.00 modified FTE, created to meet the federal Medicaid Eligibility Quality Control (MEQC) mandates.



**Program Biennium Comparison**

The following table compares the 2023 biennium appropriated budget to the 2025 biennium budget request by type of expenditure and source of funding.

Program Biennium Comparison				
Budget Item	Appropriated Budget 22-23	Requested Budget 24-25	Biennium Change	Biennium % Change
Personal Services	12,527,607	13,539,418	1,011,811	8.08 %
Operating Expenses	114,405,745	138,107,677	23,701,932	20.72 %
Equipment & Intangible Assets	170,000	170,000	0	0.00 %
Grants	12,000	0	(12,000)	(100.00)%
Debt Service	71,989	10,000	(61,989)	(86.11)%
<b>Total Expenditures</b>	<b>\$127,187,341</b>	<b>\$151,827,095</b>	<b>\$24,639,754</b>	<b>19.37 %</b>
General Fund	43,866,261	51,120,526	7,254,265	16.54 %
State/Other Special Rev. Funds	4,506,164	4,671,024	164,860	3.66 %
Federal Spec. Rev. Funds	78,814,916	96,035,545	17,220,629	21.85 %
<b>Total Funds</b>	<b>\$127,187,341</b>	<b>\$151,827,095</b>	<b>\$24,639,754</b>	<b>19.37 %</b>
<b>Total Ongoing</b>	<b>\$127,187,341</b>	<b>\$151,827,095</b>	<b>\$24,639,754</b>	<b>19.37 %</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>

**Program Biennium Comparison -**

The 2025 biennium budget proposes an increase of 19.4%, with an increase in general fund of 16.5%.

**Program Description**

The overall mission of the Technology Service Division (TSD) is to use and improve information technology to protect the health, well-being, and self-reliance of all Montanans. TSD services include programming, help desk functions, database support, web development, enterprise architecture, security, project management, health and data analytics, and network management.

Statutory Authority - Technology Services Division - Title 17 and Title 40, MCA, and Title IV of the Social Security Act, Section 06, P.L. 96-265.

## Program Highlights

Technology Services Division Major Budget Highlights	
<ul style="list-style-type: none"> <li>TSD requests a budget increase of 19.4% from the 2023 biennium to the 2025 biennium primarily due to an increase in operating expenses</li> <li>The executive proposal includes: <ul style="list-style-type: none"> <li>Decreases in statewide present law adjustments for personal services</li> <li>Increases in statewide present law adjustments for fixed costs, and inflation/deflation</li> <li>Increases in authority to maintain existing services in the Montana Program for Automating and Transforming Healthcare (MPATH)</li> <li>Increases due to new fixed costs for the Chief Data Office in the Department of Administration</li> <li>A transfer of 2.00 FTE in FY 2024 and 3.00 FTE in FY 2025 and associated funding from Healthcare Facilities Division (HFD) to support MPATH</li> <li>A transfer of 2.00 FTE from HFD in FY 2024 and FY 2025 to provide data analytics support</li> </ul> </li> </ul>	

## Program Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the expenditures requested for FY 2024 and FY 2025 by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2022	Approp. Fiscal 2022	Approp. Fiscal 2023	Request Fiscal 2024	Request Fiscal 2025
FTE	0.00	68.00	68.00	72.00	73.00
Personal Services	6,232,467	6,116,124	6,411,483	6,693,479	6,845,939
Operating Expenses	53,660,387	54,569,871	59,835,874	67,784,448	70,323,229
Equipment & Intangible Assets	0	85,000	85,000	85,000	85,000
Grants	8,500	12,000	0	0	0
Debt Service	377,010	66,989	5,000	5,000	5,000
<b>Total Expenditures</b>	<b>\$60,278,364</b>	<b>\$60,849,984</b>	<b>\$66,337,357</b>	<b>\$74,567,927</b>	<b>\$77,259,168</b>
General Fund	21,629,437	21,648,809	22,217,452	25,179,343	25,941,183
State/Other Special Rev. Funds	2,388,329	2,456,165	2,049,999	2,322,503	2,348,521
Federal Spec. Rev. Funds	36,260,598	36,745,010	42,069,906	47,066,081	48,969,464
<b>Total Funds</b>	<b>\$60,278,364</b>	<b>\$60,849,984</b>	<b>\$66,337,357</b>	<b>\$74,567,927</b>	<b>\$77,259,168</b>
<b>Total Ongoing</b>	<b>\$60,278,364</b>	<b>\$60,849,984</b>	<b>\$66,337,357</b>	<b>\$74,567,927</b>	<b>\$77,259,168</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## Program Discussion -

## FY 2022 Appropriation Compared to FY 2022 Actual Expenditures

TSD expended 99.1% of the FY 2022 appropriated budget. This includes 99.9% of the general fund, 97.2% of the state special revenue funds, and 98.7% of the federal special revenue funds. Personal services appropriations were over expended by 1.9%. Operating expenses utilized 98.3% of the appropriated funds.

*FY 2022 Appropriations Compared to FY 2023 Appropriations*

The appropriation for FY 2023 is 9.0% higher than the appropriation for FY 2022. The reorganization that occurred in FY 2022 differed in the amount appropriated between FY 2022 and FY 2023, increasing FY 2023 appropriations relative to FY 2022. This, in combination with various transfers coming to the program in FY 2022, account for almost the entire difference.

*FY 2023 Legislative Budget compared to FY 2023 base*

The FY 2023 base budget is 115.5% higher than the 2023 legislative budget, primarily as a result of the reorganization. The expenditure category that increased the most was operating expenses, which increased by 135.1%.

Technology Services Division FY 2023			
Account	Legislative Action	Executive Modifications	IBARS Base 2023
61000 Personal Services	\$ 5,026,874	\$ 1,384,609	\$ 6,411,483
62000 Operating Expenses	25,455,426	34,380,448	59,835,874
63000 Equipment & Intangible Assets	209,206	(124,206)	85,000
66000 Grants	-	-	-
69000 Debt Service	91,266	(86,266)	5,000
<b>Total</b>	<b>\$ 30,782,772</b>	<b>\$ 35,554,585</b>	<b>\$ 66,337,357</b>

Most of the funding shift was due to the transfer of two programs — the Montana Program for Automating and Transforming Healthcare (MPATH) and the Medicaid Management Information System (MMIS) — from Medicaid And Health Services Management Division (MHSM) to TSD. MPATH is a series of modules and services DPHHS has commissioned to replace MMIS. These modules include premium and billing collection, systems integration services, data analytics for population health, provider services enhancements, care management, a claims module, and an electronic visit verification module. The shift of the MPATH system resulted in a \$33.8 million increase in TSD, more than doubling the division's base and accounting for around 95.1% of the increase.

*Executive Request*

The executive requests a total fund increase of 12.4% and 16.5% for FY 2024 and FY 2025, respectively, over the FY 2023 base appropriation.

*5.0% Reduction Plan*

Statute requires that agencies submit plans to reduce general fund and certain state special revenue funds by 5.0%. A summary of the entire 2025 biennium 5.0% plan submitted for this agency can be found in the appendix.

TSD has created a 5.0% plan for 2025 biennium that includes a total savings of \$1.1 million in general funds and \$119,416 in state special revenue funds. These savings are achieved through a reduction in operating costs for the division. This reduction would impact staffing and workload.

**Funding**

The following table shows proposed agency funding for all sources of authority.

Department of Public Health & Human Services, 09-Technology Services Division Funding by Source of Authority						
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	51,120,526	0	0	0	51,120,526	33.67 %
02381 02 Indirect Activity Prog 09	4,671,024	0	0	0	4,671,024	100.00 %
02597 Healthy Montana Kids Plan	0	0	0	0	0	0.00 %
02789 6901-CHIP/MCHA Tobacco Sett Fd	0	0	0	0	0	0.00 %
<b>State Special Total</b>	<b>\$4,671,024</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$4,671,024</b>	<b>3.08 %</b>
03580 6901-93.778 - Med Adm 50%	0	0	0	0	0	0.00 %
03598 03 Indirect Activity Prog 09	73,982,885	0	0	0	73,982,885	77.04 %
03426 CHIP Program Fed	0	0	0	0	0	0.00 %
03546 10.561 - FS Adm - Fed Exp 50%	0	0	0	0	0	0.00 %
03103 TANF Administration	0	0	0	0	0	0.00 %
03974 Medicaid Exp HELP Act Admin	22,052,660	0	0	0	22,052,660	22.96 %
<b>Federal Special Total</b>	<b>\$96,035,545</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$96,035,545</b>	<b>63.25 %</b>
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
<b>Total All Funds</b>	<b>\$151,827,095</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$151,827,095</b>	

TSD receives most of its federal funds and all of its state special revenue funds through a federally approved cost allocation formula that is generally referred to as indirect activity. The funding formula is derived from those funds expended on functions benefitting or serving other programs in the department.

About 33.7% of TSD's HB 2 authority is general fund and state special comprises around 3.1%. The percentage of federal funding increased from 53.8% in the 2023 biennium to 63.3% in the 2025 biennium. This was a result of the reorganization in FY 2022 that transferred federal funds to TSD for the purpose of Medicaid expansion administration.

**Program Budget Summary by Category**

The following table summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary.

Budget Summary by Category								
	-----General Fund-----				-----Total Funds-----			
Budget Item	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget
2023 Base Budget	22,217,452	22,217,452	44,434,904	86.92 %	66,337,357	66,337,357	132,674,714	87.39 %
SWPL Adjustments	2,277,598	2,576,402	4,854,000	9.50 %	5,929,840	6,861,472	12,791,312	8.42 %
PL Adjustments	495,802	935,050	1,430,852	2.80 %	1,799,832	3,463,951	5,263,783	3.47 %
New Proposals	188,491	212,279	400,770	0.78 %	500,898	596,388	1,097,286	0.72 %
<b>Total Budget</b>	<b>\$25,179,343</b>	<b>\$25,941,183</b>	<b>\$51,120,526</b>		<b>\$74,567,927</b>	<b>\$77,259,168</b>	<b>\$151,827,095</b>	

**Present Law Adjustments**

The "Present Law" Adjustments table shows the changes from the base appropriation to the proposed budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

Present Law Adjustments										
-----Fiscal 2024-----						-----Fiscal 2025-----				
FTE	General Fund	State Special	Federal Special	Total Funds		FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	(87,573)	(29,905)	44,305	(73,173)	0.00	(68,375)	(26,417)	68,689	(26,103)
DP 2 - Fixed Costs	0.00	1,124,022	164,392	1,196,603	2,485,017	0.00	1,092,946	159,847	1,163,519	2,416,312
DP 3 - Inflation Deflation	0.00	1,241,149	121,947	2,154,900	3,517,996	0.00	1,551,831	149,682	2,769,750	4,471,263
DP 9000 - MPATH Operations	0.00	495,802	0	1,304,030	1,799,832	0.00	935,050	0	2,528,901	3,463,951
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$2,773,400</b>	<b>\$256,434</b>	<b>\$4,699,838</b>	<b>\$7,729,672</b>	<b>0.00</b>	<b>\$3,511,452</b>	<b>\$283,112</b>	<b>\$6,530,859</b>	<b>\$10,325,423</b>

\*\*\*Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

#### DP 1 - Personal Services -

The executive requests adjustments to the present law personal services budget. This request has been broken into the following categories, and further detail is shown in the agency summary:

- Legislatively approved changes
- Management decisions
- Budget modifications made to the personal services budget in the 2023 biennium

#### DP 2 - Fixed Costs -

The executive requests adjustments to provide the funding required in the proposed budget for fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

#### DP 3 - Inflation Deflation -

The executive requests adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include: other services, supplies and materials, communications, in-state state motor pool, motor pool leased vehicles, and repair and maintenance.

#### DP 9000 - MPATH Operations -

The executive requests authority to maintain existing services in MPATH. The increase would fund MPATH Customer Care Operations and financial service shortfalls.

**New Proposals**

The "New Proposals" table shows new proposals for spending.

New Proposals	Fiscal 2024					Fiscal 2025				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 99 - New Fixed Costs	0.00	67,914	0	67,915	135,829	0.00	67,914	0	67,915	135,829
DP 9001 - MPATH FTE	2.00	56,297	0	148,071	204,368	3.00	82,724	0	223,733	306,457
DP 9009 - TSD Data Analysis FTE Request	2.00	64,280	16,070	80,351	160,701	2.00	61,641	15,410	77,051	154,102
<b>Total</b>	<b>4.00</b>	<b>\$188,491</b>	<b>\$16,070</b>	<b>\$296,337</b>	<b>\$500,898</b>	<b>5.00</b>	<b>\$212,279</b>	<b>\$15,410</b>	<b>\$368,699</b>	<b>\$596,388</b>

\*\*Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

**DP 99 - New Fixed Costs -**

The executive requests appropriations for the agency to provide funding for a new fixed cost for the Chief Data Office. The rates charged for this service are approved in the section of the budget that provides the services.

**DP 9001 - MPATH FTE -**

This new proposal requests the transfer of 2.00 FTE in FY 2024 and 3.00 FTE in FY 2025 from the Healthcare Facilities Division (HFD) to provide support MPATH operations. These FTE will be primarily responsible for module maintenance and changes to system operations, allowing existing FTE to focus on design, development, and implementation activities within MPATH.

**DP 9009 - TSD Data Analysis FTE Request -**

The executive requests a transfer of 2.00 FTE from the HFD to provide data analytics support to the department.

### Program Biennium Comparison

The following table compares the 2023 biennium appropriated budget to the 2025 biennium budget request by type of expenditure and source of funding.

Program Biennium Comparison				
Budget Item	Appropriated Budget 22-23	Requested Budget 24-25	Biennium Change	Biennium % Change
Personal Services	15,090,623	18,625,353	3,534,730	23.42 %
Operating Expenses	8,996,596	9,866,493	869,897	9.67 %
Grants	16,261,056	15,757,028	(504,028)	(3.10)%
Benefits & Claims	898,593,663	1,008,115,841	109,522,178	12.19 %
Transfers	9,672,449	0	(9,672,449)	(100.00)%
Debt Service	50,407	3,728	(46,679)	(92.60)%
<b>Total Expenditures</b>	<b>\$948,664,794</b>	<b>\$1,052,368,443</b>	<b>\$103,703,649</b>	<b>10.93 %</b>
General Fund	207,828,097	252,330,252	44,502,155	21.41 %
State/Other Special Rev. Funds	50,135,470	80,363,185	30,227,715	60.29 %
Federal Spec. Rev. Funds	690,701,227	719,675,006	28,973,779	4.19 %
<b>Total Funds</b>	<b>\$948,664,794</b>	<b>\$1,052,368,443</b>	<b>\$103,703,649</b>	<b>10.93 %</b>
<b>Total Ongoing</b>	<b>\$948,664,794</b>	<b>\$1,052,368,443</b>	<b>\$103,703,649</b>	<b>10.93 %</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>

### Program Biennium Comparison -

The biennium comparison table shows a 10.9% increase from the 2023 biennium, which includes a general fund increase of 21.4%. In total, this is an increase of 0.5% over the FY 2023 base across the biennium.

### Program Description

The Behavioral Health and Developmental Disabilities Division (BHDDD) administers a wide range of services to fulfill its mission of facilitating the efficient delivery of effective services to adults and children with behavioral health challenges and/or developmental disabilities. BHDDD's work is guided by a goal of providing Montanans with the support to live full lives within their communities. BHDDD consists of four bureaus and two programs: Prevention Bureau, Mental Health Services Bureau, Children's Mental Health Bureau, Operations Bureau, Suicide Prevention Program, and Developmental Disabilities Program.

## Program Highlights

Behavioral Health and Developmental Disabilities Division Major Budget Highlights	
<ul style="list-style-type: none"> <li>BHDDD's 2025 biennium HB 2 budget includes an increase of 10.9% or \$103.7 million, primarily for benefits and claims</li> <li>The executive proposal includes: <ul style="list-style-type: none"> <li>Increases in statewide present law adjustments for personal services and inflation/deflation</li> <li>Medicaid caseload adjustments totaling a decrease of \$42.8 million in FY 2024 and \$26.9 million in FY 2025. If adopted, general fund obligations will decrease by \$8.9 million and \$4.8 million in FY 2024 and FY 2025 respectively</li> <li>A decrease in the Federal Medical Assistance Percentage resulting in an increase of state funding obligations by \$3.5 million in FY 2024 and \$2.2 million in FY 2025. General fund obligations would increase by \$2.6 million in FY 2024 and \$2.6 million in FY 2025</li> <li>Provider Rate Adjustments totaling \$7.8 million in FY 2024 and \$24.1 million in FY 2025. If adopted, general fund obligations would increase by \$2.1 million in FY 2024 and \$6.8 million in FY 2025</li> <li>An additional 12.00 FTE as well as associated funding across the biennium</li> </ul> </li> </ul>	

## Program Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the expenditures requested for FY 2024 and FY 2025 by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2022	Approp. Fiscal 2022	Approp. Fiscal 2023	Request Fiscal 2024	Request Fiscal 2025
FTE	0.00	104.00	104.00	116.00	116.00
Personal Services	7,781,888	7,408,153	7,682,470	9,283,669	9,341,684
Operating Expenses	3,073,111	4,321,065	4,675,531	4,903,429	4,963,064
Grants	11,888,159	10,207,028	6,054,028	7,878,514	7,878,514
Benefits & Claims	365,856,390	393,313,068	505,280,595	487,661,005	520,454,836
Transfers	9,672,448	9,672,449	0	0	0
Debt Service	318,919	48,543	1,864	1,864	1,864
<b>Total Expenditures</b>	<b>\$398,590,915</b>	<b>\$424,970,306</b>	<b>\$523,694,488</b>	<b>\$509,728,481</b>	<b>\$542,639,962</b>
General Fund	81,306,586	81,880,855	125,947,242	121,795,681	130,534,571
State/Other Special Rev. Funds	16,835,177	22,374,220	27,761,250	39,879,117	40,484,068
Federal Spec. Rev. Funds	300,449,152	320,715,231	369,985,996	348,053,683	371,621,323
<b>Total Funds</b>	<b>\$398,590,915</b>	<b>\$424,970,306</b>	<b>\$523,694,488</b>	<b>\$509,728,481</b>	<b>\$542,639,962</b>
<b>Total Ongoing</b>	<b>\$398,590,915</b>	<b>\$424,970,306</b>	<b>\$523,694,488</b>	<b>\$509,728,481</b>	<b>\$542,639,962</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>



**Program Discussion -**

BHDDD is a new program resulting from the consolidation of the non-institutional functions of the former Developmental Services Division (DSD) and the former Addictive and Mental Disorders Division (AMDD).

DSD was responsible for the delivery of services to adults and children with developmental disabilities and children with serious emotional disturbances. DSD oversaw the Developmental Disabilities Program, the Intensive Behavior Center (IBC) at Boulder, and the Children's Mental Health Bureau. The division provided or contracted institutional care, inpatient care, residential services, home and community-based services, and case management.

AMDD was responsible for the implementation and improvement of an appropriate statewide system of prevention, treatment, care, and rehabilitation for Montanans with mental disorders or addictions to drugs or alcohol. The Prevention Bureau, Mental Health Services Bureau and the Suicide Prevention Program were originally housed in this division.

The responsibilities of these two divisions are now managed by BHDDD within the four bureaus and two programs mentioned previously in the Program Description: Prevention Bureau, Mental Health Services Bureau, Children's Mental Health Bureau, Operations Bureau, Suicide Prevention Program and Developmental Disabilities Program.

Furthermore, BHDDD manages five different Medicaid Waivers: the Waiver for Additional Services and Populations (WASP), Mental Health Service Plan (MHSP) waiver, Severe Disabling Mental Illness (SDMI) waiver, the Home and Community Based Services (HCBS) waiver, and the Healing and Ending Addiction Through Recovery and Treatment (HEART) waiver. For more information on Medicaid waivers, please reference LFD's Resources and Guides.

The majority of BHDDD's funding is a result of traditional Medicaid and Medicaid expansion funding, specifically the distribution of benefits and claims which accounts for 95.8% of the requested 2025 biennium budget.

*FY 2022 Appropriation Compared to FY 2022 Actual Expenditures*

BHDDD expended 93.8% of the FY 2022 appropriation. This includes 99.3% of general fund, 75.2% of state special revenue, and 93.7% of federal appropriations. Personal services spending exceeded appropriations by 5.0%, operating expenses were 71.1% utilized, grants spending exceeded appropriations by 16.5%, and benefits and claims utilized 93.0% of appropriation authority.

*FY 2022 Appropriations Compared to FY 2023 Appropriations*

The FY 2023 appropriation is 23.2% higher than the appropriation for FY 2022. A large portion of this difference can be accounted for through transfers of authority made in FY 2022 to various divisions throughout the department. The three largest transfers went to the Health Resources Division for fiscal-year-end budget reconciliation.

*FY 2023 Legislative Budget compared to FY 2023 base*

The FY 2023 executive base is 50.0% higher than the FY 2023 legislative budget. This is mainly due to the reorganization that occurred which consolidated AMDD and DSD into a single division, BHDDD (see Program Discussion above).

Behavioral Health and Developmental Disabilities Division			
FY 2023			
Account	Legislative Action	Executive Modifications	IBARS Base 2023
61000 Personal Services	\$ 7,763,021	\$ (80,551)	\$ 7,682,470
62000 Operating Expenses	3,346,578	1,328,953	4,675,531
66000 Grants	2,545,155	3,508,873	6,054,028
67000 Benefits & Claims	335,496,560	169,784,035	505,280,595
69000 Debt Service	-	1,864	1,864
<b>Total</b>	<b>\$ 349,151,314</b>	<b>\$ 174,543,174</b>	<b>\$ 523,694,488</b>

*Executive Request*

The executive request for the BHDDD 2025 biennium HB 2 budget includes a decrease from the FY 2023 base of 2.7% in FY 2024 and an increase over the base of 3.6% in FY 2025. The total budget proposed amounts to \$1,052.4 million. The decrease in FY 2024, as well as the increase in FY 2025, are both fueled by the executive's requests for benefits and claims authority, much of which is funded through federal funds.

*5.0% Reduction Plan*

Statute requires that agencies submit plans to reduce general fund and certain state special revenue funds by 5.0%. A summary of the entire 2025 biennium 5.0% plan submitted for this agency can be found in the appendix.

BHDDD has created a 5.0% plan consisting of four different actions that result in a combined savings of \$4.1 million in general funds and \$153,645 in state special revenue funds.

According to the plan, the largest expected savings would come from a reduction in grants and contracts which would amount to \$2.7 million in general fund savings. This would involve a reduction in all behavioral health crisis programs, a reduction to the County and Tribal Matching Grant (CTMG) Program, and a reduction in Goal 189. According to the division, the reduction in the behavioral health crisis programs would likely result in the elimination of various programs and the closure of crisis facilities in the state. Communities would likely end up having to send more individuals to the Montana State Hospital (MSH). It would also limit communities and their ability to fund crisis mitigation training for law enforcement officers, also resulting in more MSH referrals and potentially worse outcomes for the individual experiencing the crisis. The reduction of Goal 189 would eliminate programs addressing homelessness.

The next largest expected savings would be from the elimination of the substance abuse general fund. This fund was originally created to supplement block grant obligations. Because the substance abuse block grant funds are used first, the general fund appropriation was not needed in FY 2022 and was instead used elsewhere in the department. This would amount to \$1.0 million in general fund savings. No services would be eliminated.

The third potential action would be to reduce the developmental disabilities case manager appropriation to be more in line with FY 2022 expenditures. This would result in a reduction of \$350,000 in general funds.

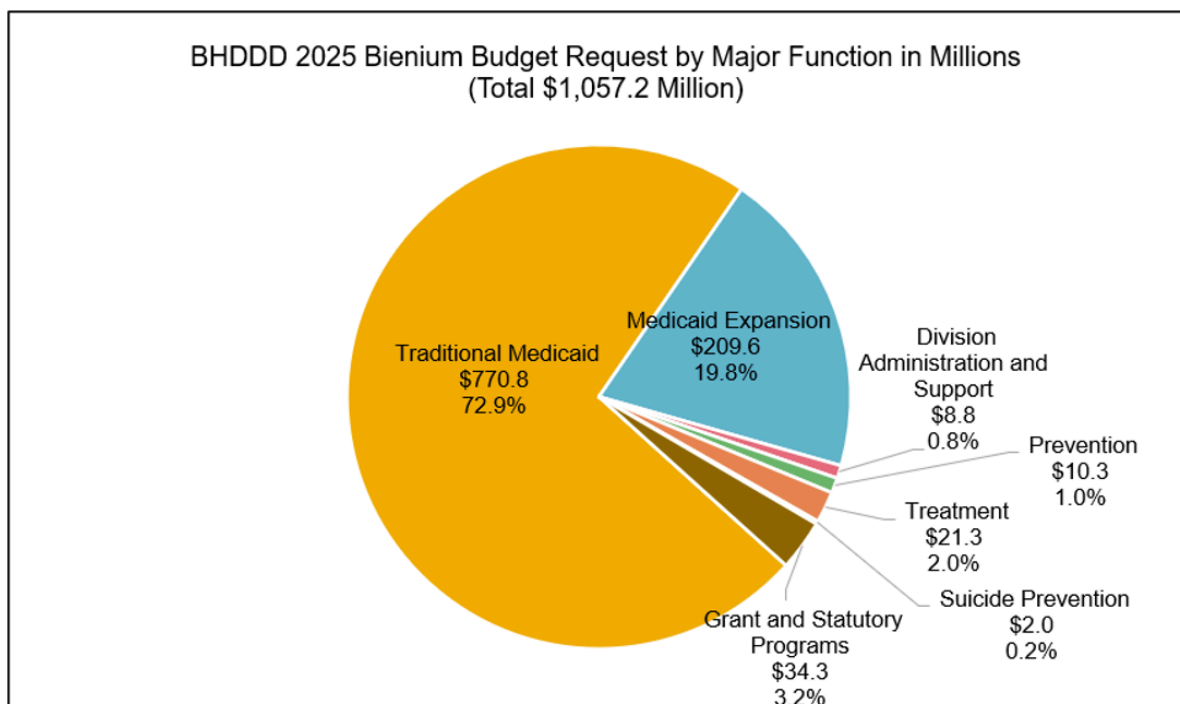
The fourth and final potential action would result in \$153,645 savings in state special revenue funds. No services would be eliminated. Instead, the department would shift appropriate substance abuse expenses from the alcohol tax fund to the federal substance abuse block grant fund.

## Funding

The following table shows proposed agency funding for all sources of authority.

Department of Public Health & Human Services, 10-Behavioral Hth & Dev Disabilities						
Funding by Source of Authority						
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	252,330,252	0	0	0	252,330,252	23.87 %
02034 Earmarked Alcohol Funds	7,266,044	0	0	4,860,884	12,126,928	14.23 %
02142 Medicaid Third Party Revenue	0	0	0	0	0	0.00 %
02164 MT Univ System Grad Med Ed	0	0	0	0	0	0.00 %
02338 CSCT OPI State Match	18,259,926	0	0	0	18,259,926	21.43 %
02597 Healthy Montana Kids Plan	2,152,586	0	0	0	2,152,586	2.53 %
02772 Tobacco Hlth and Medicaid Init	31,649,799	0	0	0	31,649,799	37.14 %
02987 Tobacco Interest	2,495,618	0	0	0	2,495,618	2.93 %
02064 HEART-Healing RECOVERY TRTMT	18,324,644	0	0	0	18,324,644	21.50 %
02517 02 Indirect Activity Prog 10	214,568	0	0	0	214,568	0.25 %
<b>State Special Total</b>	<b>\$80,363,185</b>	<b>\$0</b>	<b>\$0</b>	<b>\$4,860,884</b>	<b>\$85,224,069</b>	<b>8.06 %</b>
03171 Data Infrastructure Developmnt	307,553	0	0	0	307,553	0.04 %
03319 988 ST & TERRITORY COOP AGRMT	0	0	0	0	0	0.00 %
03579 93.667 - SSBG - Benefits	3,540,449	0	0	0	3,540,449	0.49 %
03580 6901-93.778 - Med Adm 50%	10,556,676	0	0	0	10,556,676	1.47 %
03583 93.778 - Med Ben FMAP	492,457,223	0	0	0	492,457,223	68.43 %
03599 03 Indirect Activity Prog 10	1,174,438	0	0	0	1,174,438	0.16 %
03491 Tobacco Retail Inspctn Program	0	0	0	0	0	0.00 %
03505 93.150 - Mntal Hlth - Homeless	621,157	0	0	0	621,157	0.09 %
03507 93.958 - Mntal Hlth - Blk Grt	6,036,544	0	0	0	6,036,544	0.84 %
03508 93.959 - ADAD - Blk Grt 100%	15,029,262	0	0	0	15,029,262	2.09 %
03004 EMS Data Injury	0	0	0	0	0	0.00 %
03974 Medicaid Exp HELP Act Admin	0	0	0	0	0	0.00 %
03975 Medicaid Exp HELP Act Benefit	189,951,704	0	0	0	189,951,704	26.39 %
03386 SPF PFS AMDD	0	0	0	0	0	0.00 %
03538 Zero Suicide	0	0	0	0	0	0.00 %
03684 State Opioid Response Grant	0	0	0	0	0	0.00 %
03605 Emergency Mntl Disorders COVID	0	0	0	0	0	0.00 %
03126 CSM Mobile Crisis Planning	0	0	0	0	0	0.00 %
03388 AMDD Emergency COVID2	0	0	0	0	0	0.00 %
03600 PPW-PLT 93.243	0	0	0	0	0	0.00 %
03794 RSP Crisis Counseling	0	0	0	0	0	0.00 %
<b>Federal Special Total</b>	<b>\$719,675,006</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$719,675,006</b>	<b>68.07 %</b>
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
<b>Total All Funds</b>	<b>\$1,052,368,443</b>	<b>\$0</b>	<b>\$0</b>	<b>\$4,860,884</b>	<b>\$1,057,229,327</b>	

Funding for BHDDD is made up of a combination of general funds, state special revenue funds, and federal funds. Of BHDDD's total funding, 92.7% is requested for Traditional Medicaid or Medicaid Expansion. Only 7.3% of funding goes towards non-Medicaid programs.



Just over 68.1% of BHDDD's funding is federal funds. The largest portion of this funding, 68.4%, is from Medicaid benefits and claims at the standard FMAP. Medicaid expansion benefits and claims contribute 26.4% of federal funding that BHDDD receives. Medicaid administration costs are also matched by the federal government at a rate of 50.0%, which contributes about \$10.6 million to BHDDD's federal fund.

BHDDD also receives and administers non-competitive federal block grants, which are applied for annually and must be approved, conditional on demonstration of statutory and regulatory compliance, to receive the formula-based funding. Montana receives \$15.0 million dollars in block grant funding for substance abuse treatment and prevention; \$6.0 million in block grant funding to provide community-based mental health services; \$3.5 million for the Title XX Social Services block grant; and \$621,157 in block grant funding for Projects for Assistance in Transition from Homelessness (PATH) program.

State special revenue funds make up 8.1% of the executive's funding request. Most state funds come from the Tobacco Health and Medicaid Initiative. This fund source makes up 37.1% of the funding request for BHDDD and goes towards funding the HCBS and the WASP Medicaid waivers. About 21.5% of state special revenues fund the HEART act Medicaid waiver.

The earmarked alcohol funds, which make up 14.2% of state special revenues, are tax revenues from alcohol consumption taxes. These funds are given to the Department of Public Health and Human Services for state programs that target prevention and treatment related directly to the use or abuse of these products. The majority of funds go to the Prevention Bureau or the Montana Chemical Dependency Center. The rest of state special revenues come from Healthy Montana Kids (HMK) and the tobacco interest.

A small portion of both state special revenue, and federal funds come to BHDDD through a federally approved cost allocation formula that is generally referred to as indirect activity. The funding formula is derived from those funds expended on functions benefiting or serving other programs in the department.

The bulk of general funds in BHDDD fund the state portion of Medicaid and Medicaid Expansion benefits administered by the division including waivers, targeted case management, adult and child mental health services, case management services, suicide prevention efforts and chemical dependency care.

### Program Budget Summary by Category

The following table summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary.

-----General Fund-----					-----Total Funds-----			
Budget Item	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget
2023 Base Budget	125,947,242	125,947,242	251,894,484	99.83 %	523,694,488	523,694,488	1,047,388,976	99.53 %
SWPL Adjustments	505,360	555,890	1,061,250	0.42 %	856,018	961,912	1,817,930	0.17 %
PL Adjustments	(6,225,017)	(2,230,307)	(8,455,324)	(3.35)%	(40,764,295)	(24,841,338)	(65,605,633)	(6.23)%
New Proposals	1,568,096	6,261,746	7,829,842	3.10 %	25,942,270	42,824,900	68,767,170	6.53 %
<b>Total Budget</b>	<b>\$121,795,681</b>	<b>\$130,534,571</b>	<b>\$252,330,252</b>		<b>\$509,728,481</b>	<b>\$542,639,962</b>	<b>\$1,052,368,443</b>	

### Present Law Adjustments

The "Present Law" Adjustments table shows the changes from the base appropriation to the proposed budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

Present Law Adjustments										
-----Fiscal 2024-----						-----Fiscal 2025-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	406,229	(247,289)	499,716	658,656	0.00	425,488	(245,300)	522,016	702,204
DP 3 - Inflation Deflation	0.00	99,131	10,712	87,519	197,362	0.00	130,402	14,208	115,098	259,708
DP 10002 - SABG Restore Base Benefits Services BHDDD	0.00	0	0	595,114	595,114	0.00	0	0	595,114	595,114
DP 10003 - MHBG Restore Base Benefits Services BHDDD	0.00	0	0	1,416,209	1,416,209	0.00	0	0	1,416,209	1,416,209
DP 10891 - Medicaid Expansion Core Services AMH BHDDD	0.00	1,647,215	0	14,824,935	16,472,150	0.00	1,818,546	0	16,366,917	18,185,463
DP 10892 - Medicaid Waiver Expansion Services BHDDD	0.00	11,867	0	106,806	118,673	0.00	12,436	0	111,923	124,359
DP 10990 - Medicaid Waiver Services AMH BHDDD	0.00	(274,097)	(1,207,367)	(2,623,452)	(4,104,916)	0.00	(274,097)	(629,548)	(1,614,876)	(2,518,521)
DP 10991 - Medicaid Core Services DSD BHDDD	0.00	(4,491,657)	0	(7,954,055)	(12,445,712)	0.00	(2,091,788)	0	(3,738,167)	(5,829,955)
DP 10992 - Medicaid Waiver Services DSD BHDDD	0.00	(5,106,184)	0	(9,042,290)	(14,148,474)	0.00	(4,002,375)	0	(7,152,516)	(11,154,891)
DP 10993 - Medicaid Federal Services DSD BHDDD	0.00	0	0	(28,637,191)	(28,637,191)	0.00	0	0	(27,086,097)	(27,086,097)
DP 10994 - Medicaid Federal Services AMH BHDDD	0.00	0	0	208,526	208,526	0.00	0	0	208,526	208,526
DP 10995 - Medicaid Waiver FMAP Adjustment AMH BHDDD	0.00	0	311,914	(311,914)	0	0.00	0	241,596	(241,596)	0
DP 10996 - Medicaid Waiver FMAP Adjustment DSD BHDDD	0.00	1,694,224	0	(1,694,224)	0	0.00	1,377,152	0	(1,377,152)	0
DP 10997 - Medicaid Core FMAP Adjustment AMH BHDDD	0.00	(212,433)	597,846	(385,413)	0	0.00	313,144	(590,235)	277,091	0
DP 10998 - Medicaid Core FMAP Adjustment DSD BHDDD	0.00	1,152,226	0	(1,152,226)	0	0.00	907,808	0	(907,808)	0
DP 10999 - Medicaid Core Services AMH BHDDD	0.00	(646,178)	560,041	(152,537)	(238,674)	0.00	(291,133)	728,315	781,273	1,218,455
Grand Total All Present Law Adjustments	0.00	(\$5,719,657)	\$25,857	(\$34,214,477)	(\$39,908,277)	0.00	(\$1,674,417)	(\$480,964)	(\$21,724,045)	(\$23,879,426)

\*\*Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

**DP 1 - Personal Services -**

The executive requests adjustments to the present law personal services budget. This request has been broken into the following categories, and further detail is shown in the agency summary:

- Legislatively approved changes
- Management decisions
- Budget modifications made to the personal services budget in the 2023 biennium

**DP 3 - Inflation Deflation -**

The executive requests adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

**DP 10002 - SABG Restore Base Benefits Services BHDDD -**

The executive requests authority to maintain existing services for the Substance Abuse Block Grant.

**DP 10003 - MHBG Restore Base Benefits Services BHDDD -**

The executive requests authority to maintain existing services for the Mental Health Block Grant Program.

**DP 10891 - Medicaid Expansion Core Services AMH BHDDD -**

The executive requests an increase for caseload growth based on estimated eligible individuals, utilization, acuity levels, and cost per service for medical care.

**DP 10892 - Medicaid Waiver Expansion Services BHDDD -**

The executive requests an increase for caseload growth based on estimated eligible individuals, utilization, acuity levels, and cost per service for medical care.

**DP 10990 - Medicaid Waiver Services AMH BHDDD -**

The executive requests a decrease for caseload changes based on estimated eligible individuals, utilization, acuity levels, and cost per service for medical care.

**DP 10991 - Medicaid Core Services DSD BHDDD -**

The executive requests a decrease for caseload changes based on estimated eligible individuals, utilization, acuity levels, and cost per service for medical care.

**DP 10992 - Medicaid Waiver Services DSD BHDDD -**

The executive requests a decrease for caseload changes based on estimated eligible individuals, utilization, acuity levels, and cost per service for medical care.

**DP 10993 - Medicaid Federal Services DSD BHDDD -**

The executive requests a decrease for caseload changes based on estimated eligible individuals, utilization, acuity levels, and cost per service for medical care.

DP 10994 - Medicaid Federal Services AMH BHDDD -

The executive requests an increase for caseload growth based on estimated eligible individuals, utilization, acuity levels, and cost per service for medical care.

DP 10995 - Medicaid Waiver FMAP Adjustment AMH BHDDD -

The executive requests an adjustment in the state/federal funding mix to maintain existing services for the Adult Mental Health Waiver Program based on new federal matching rates.

DP 10996 - Medicaid Waiver FMAP Adjustment DSD BHDDD -

This present law adjustment is necessary to maintain existing services for the Developmental Disabilities Waiver Program in the Behavioral Health and Developmental Disabilities Division. The biennial funding increases general fund by \$3,071,376 and includes an offsetting decrease in federal funds. The total cost for the program does not change.

DP 10997 - Medicaid Core FMAP Adjustment AMH BHDDD -

The executive requests an adjustment in the state/federal funding mix to maintain existing services for the Adult Mental Health Program based on new federal matching rates.

DP 10998 - Medicaid Core FMAP Adjustment DSD BHDDD -

The executive requests an adjustment in the state/federal funding mix to maintain existing services for the Children's Mental Health Program based on new federal matching rates.

DP 10999 - Medicaid Core Services AMH BHDDD -

The executive requests an adjustment for caseload changes based on estimated eligible individuals, utilization, acuity levels, and cost per service for medical care.

## New Proposals

The "New Proposals" table shows new proposals for spending

New Proposals										
-----Fiscal 2024-----						-----Fiscal 2025-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 99 - New Fixed Costs	0.00	0	0	0	0	0.00	0	0	0	0
DP 10001 - FTE Request BHDDD	11.00	441,101	0	441,102	882,203	11.00	448,234	0	448,234	896,468
DP 10004 - School Based Medical Services CSCT Admin	1.00	45,438	8,851,077	45,438	8,941,953	1.00	44,183	9,408,849	44,184	9,497,216
DP 10005 - HEART Fund Increase	0.00	(1,000,000)	3,000,000	6,332,332	8,332,332	0.00	(1,000,000)	3,000,000	6,332,332	8,332,332
DP 10015 - Prov Rate Adj - Medicaid Core	0.00	779,858	11,715	1,401,758	2,193,331	0.00	2,214,267	45,871	4,039,019	6,299,157
DP 10016 - Prov Rate Adj - Medicaid Waiver	0.00	1,195,606	229,218	2,523,152	3,947,976	0.00	4,301,617	749,062	9,025,906	14,076,585
DP 10017 - Prov Rate Adj - Medicaid Federal	0.00	0	0	988,375	988,375	0.00	0	0	2,016,285	2,016,285
DP 10018 - Prov Rate Adj - Division Administration and Support	0.00	23,108	0	113,058	136,166	0.00	47,902	0	247,699	295,601
DP 10019 - Prov Rate Adj - Treatment	0.00	34,627	0	0	34,627	0.00	71,970	0	0	71,970
DP 10020 - Prov Rate Adj - Supplemental Grants and Services	0.00	0	0	1,729	1,729	0.00	0	0	3,558	3,558
DP 10021 - Prov Rate Adj - Medicaid Expansion	0.00	48,358	0	435,220	483,578	0.00	133,573	0	1,202,155	1,335,728
<b>Total</b>	<b>12.00</b>	<b>\$1,568,096</b>	<b>\$12,092,010</b>	<b>\$12,282,164</b>	<b>\$25,942,270</b>	<b>12.00</b>	<b>\$6,261,746</b>	<b>\$13,203,782</b>	<b>\$23,359,372</b>	<b>\$42,824,900</b>

\*\*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

### DP 99 - New Fixed Costs -

The executive requests appropriations of \$30,012 for the agency to provide funding for a new fixed cost for the State Management Training Center. This appropriation is offset by a reduction to the existing training budget in the agency. The rates charged for this service are approved in the section of the budget that provides the services.

### DP 10001 - FTE Request BHDDD -

The executive requests 11.00 FTE to conduct waiver assurance activities to complete required federal reporting.

<b>LFD COMMENT</b>	In the 2021 Legislative Session, 11.00 FTE were removed from BHDDD, formerly the Developmental Services Division, all quality improvement specialists. In addition, of the 104.00 total FTE in BHDDD, 17.00 FTE remained vacant as of the summer of CY 2022.
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### DP 10004 - School Based Medical Services CSCT Admin -

The executive requests funding and 1.00 FTE to administer the Comprehensive School and Community Treatment Program (CSCT) in the Behavioral Health and Developmental Disorders Division. HB 671 from the 2021 Session moved the administration of the CSCT Program to the Office of Public Instruction for the 2023 biennium on a onetime basis.

### DP 10005 - HEART Fund Increase -

The executive requests additional funding for the Helping End Addiction Through Recovery and Treatment (HEART) fund. Additional funding would come from the cannabis tax revenue. This change package is contingent on passage and approval of (LCXXX).

<b>LFD COMMENT</b>	The Legislative Finance Committee generally recommends that subcommittees not pass contingent DPs until the corresponding bill has passed.
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DP 10015 - Prov Rate Adj - Medicaid Core -

The executive requests funding increases over the biennium for provider rate adjustments. For provider types that were included in the 2023 biennium provider rate study, the requested increase is a portion of the study's rate proposals. The requested increase for providers not included in the provider rate study is estimated at 4.0% in FY 2024 and an additional 4.0% in FY 2025. Those providers eligible for the statutory increases in 53-6-125, MCA, are not captured in this proposal as their adjustment is already included in the Medicaid caseload change packages.

DP 10016 - Prov Rate Adj - Medicaid Waiver -

The executive requests funding increases over the biennium for provider rate adjustments. For provider types that were included in the 2023 biennium provider rate study, the requested increase is a portion of the study's rate proposals. The requested increase for providers not included in the provider rate study is estimated at 4.0% in FY 2024 and an additional 4.0% in FY 2025. Those providers eligible for the statutory increases in 53-6-125, MCA, are not captured in this proposal as their adjustment is already included in the Medicaid caseload change packages.

DP 10017 - Prov Rate Adj - Medicaid Federal -

The executive requests funding increases over the biennium for provider rate adjustments. For provider types that were included in the 2023 biennium provider rate study, the requested increase is a portion of the study's rate proposals. The requested increase for providers not included in the provider rate study is estimated at 4.0% in FY 2024 and an additional 4.0% in FY 2025. Those providers eligible for the statutory increases in 53-6-125, MCA, are not captured in this proposal as their adjustment is already included in the Medicaid caseload change packages.

DP 10018 - Prov Rate Adj - Division Administration and Support -

The executive requests funding increases over the biennium for provider rate adjustments. For provider types that were included in the 2023 biennium provider rate study, the requested increase is a portion of the study's rate proposals. The requested increase for providers not included in the provider rate study is estimated at 4.0% in FY 2024 and an additional 4.0% in FY 2025. Those providers eligible for the statutory increases in 53-6-125, MCA, are not captured in this proposal as their adjustment is already included in the Medicaid caseload change packages.

DP 10019 - Prov Rate Adj - Treatment -

The executive requests funding increases over the biennium for provider rate adjustments. For provider types that were included in the 2023 biennium provider rate study, the requested increase is a portion of the study's rate proposals. The requested increase for providers not included in the provider rate study is estimated at 4.0% in FY 2024 and an additional 4.0% in FY 2025. Those providers eligible for the statutory increases in 53-6-125, MCA, are not captured in this proposal as their adjustment is already included in the Medicaid caseload change packages.

DP 10020 - Prov Rate Adj - Supplemental Grants and Services -

The executive requests funding increases over the biennium for provider rate adjustments. For provider types that were included in the 2023 biennium provider rate study, the requested increase is a portion of the study's rate proposals. The requested increase for providers not included in the provider rate study is estimated at 4.0% in FY 2024 and an additional 4.0% in FY 2025. Those providers eligible for the statutory increases in 53-6-125, MCA, are not captured in this proposal as their adjustment is already included in the Medicaid caseload change packages.

DP 10021 - Prov Rate Adj - Medicaid Expansion -

The executive requests funding increases over the biennium for provider rate adjustments. For provider types that were included in the 2023 biennium provider rate study, the requested increase is a portion of the study's rate proposals. The requested increase for providers not included in the provider rate study is estimated at 4.0% in FY 2024 and an additional 4.0% in FY 2025. Those providers eligible for the statutory increases in 53-6-125, MCA, are not captured in this proposal as their adjustment is already included in the Medicaid caseload change packages.

### Program Biennium Comparison

The following table compares the 2023 biennium appropriated budget to the 2025 biennium budget request by type of expenditure and source of funding.

Program Biennium Comparison				
Budget Item	Appropriated Budget 22-23	Requested Budget 24-25	Biennium Change	Biennium % Change
Personal Services	6,836,139	6,536,238	(299,901)	(4.39)%
Operating Expenses	31,943,865	31,398,722	(545,143)	(1.71)%
Benefits & Claims	2,979,263,275	3,589,567,177	610,303,902	20.49 %
Transfers	2,044,964	0	(2,044,964)	(100.00)%
Debt Service	8,553	5,748	(2,805)	(32.80)%
<b>Total Expenditures</b>	<b>\$3,020,096,796</b>	<b>\$3,627,507,885</b>	<b>\$607,411,089</b>	<b>20.11 %</b>
General Fund	388,369,505	519,758,328	131,388,823	33.83 %
State/Other Special Rev. Funds	266,092,007	280,483,035	14,391,028	5.41 %
Federal Spec. Rev. Funds	2,365,635,284	2,827,266,522	461,631,238	19.51 %
<b>Total Funds</b>	<b>\$3,020,096,796</b>	<b>\$3,627,507,885</b>	<b>\$607,411,089</b>	<b>20.11 %</b>
<b>Total Ongoing</b>	<b>\$3,018,695,761</b>	<b>\$3,627,507,885</b>	<b>\$608,812,124</b>	<b>20.17 %</b>
<b>Total OTO</b>	<b>\$1,401,035</b>	<b>\$0</b>	<b>(\$1,401,035)</b>	<b>(100.00)%</b>

### Program Biennium Comparison -

The 2025 biennium budget proposes an increase of 20.1%, with an increase in general fund of 33.8%.

The general fund budget in HRD was reduced by \$24.3 million in FY 2022 due to the enhanced Medicaid FMAP associated with the Families First Coronavirus Response Act. The proposed budget is a general fund increase of 23.6% in FY 2024 when compared to the base year, and 21.0% in FY 2025.

### Program Description

The Health Resources Division (HRD) administers Medicaid primary care services, Healthy Montana Kids (Medicaid and Children's Health Insurance Program services for children in low-income families), the Montana Medicaid Expansion Program, and Big Sky Rx.

The division reimburses private and public providers for a wide range of preventive, primary, and acute care services. The major service providers include: physicians, public health departments, clinics, hospitals, dentists, pharmacies, durable medical equipment, and mental health providers. The division develops tools, measurements, and reports necessary to allow management to administer and control programs and expenditures in the division, and to report those results in an accurate and timely manner to others. The majority of services in the division are funded through Medicaid. Medicaid is a voluntary state/federal partnership that reimburses for medical services for the aged, blind, disabled, children, and low-income families and individuals.

The division administers Healthy Montana Kids (HMK) as a separate health insurance program and contracts with Blue Cross Blue Shield to provide third party administrator services. HMK dental and eyeglasses benefits are reimbursed directly by the department. HMK, also known as CHIP, is a voluntary state/federal partnership that reimburses for medical services for children at or below 261.0% of the federal poverty level (about \$72,400 for a family of four).

The Montana Medicaid Expansion Program is administered by the division to provide Medicaid coverage to Montanans whose income is below 138% of the federal poverty level (about \$38,300 for a family of four). Big Sky Rx is a state funded program that helps Montanans at or below 200% of poverty and who are eligible for the Medicare Part D prescription drug program, pay for their Medicare premium. Big Sky Rx eligibility is determined by division staff. A related program, PharmAssist, pays for prescription drug counseling by a pharmacist and provides drug information and technical assistance to all Montanans.

## Program Highlights

HRD Major Budget Highlights	
<ul style="list-style-type: none"> <li>The requested budget is a biennial increase of 20.1%, with an increase in general fund of 33.8%, including: <ul style="list-style-type: none"> <li>\$548.5 million total funds in Medicaid caseload adjustments</li> <li>\$89.4 million total funds for provider rate increases</li> <li>FMAP changes led to an increased general fund request of \$6.6 million with an offsetting decrease in federal authority</li> </ul> </li> </ul>	

## Program Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the expenditures requested for FY 2024 and FY 2025 by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2022	Approp. Fiscal 2022	Approp. Fiscal 2023	Request Fiscal 2024	Request Fiscal 2025
FTE	0.00	41.62	41.62	41.62	41.62
Personal Services	2,940,670	3,320,439	3,515,700	3,259,472	3,276,766
Operating Expenses	14,756,086	15,777,810	16,166,055	15,573,272	15,825,450
Benefits & Claims	1,493,462,020	1,502,795,364	1,476,467,911	1,770,177,188	1,819,389,989
Transfers	2,044,964	2,044,964	0	0	0
Debt Service	0	5,679	2,874	2,874	2,874
<b>Total Expenditures</b>	<b>\$1,513,203,740</b>	<b>\$1,523,944,256</b>	<b>\$1,496,152,540</b>	<b>\$1,789,012,806</b>	<b>\$1,838,495,079</b>
General Fund	179,837,124	180,089,420	208,280,085	257,469,979	262,288,349
State/Other Special Rev. Funds	135,742,649	137,159,416	128,932,591	134,247,468	146,235,567
Federal Spec. Rev. Funds	1,197,623,967	1,206,695,420	1,158,939,864	1,397,295,359	1,429,971,163
<b>Total Funds</b>	<b>\$1,513,203,740</b>	<b>\$1,523,944,256</b>	<b>\$1,496,152,540</b>	<b>\$1,789,012,806</b>	<b>\$1,838,495,079</b>
<b>Total Ongoing</b>	<b>\$1,511,802,705</b>	<b>\$1,522,543,221</b>	<b>\$1,496,152,540</b>	<b>\$1,789,012,806</b>	<b>\$1,838,495,079</b>
<b>Total OTO</b>	<b>\$1,401,035</b>	<b>\$1,401,035</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## Program Discussion -

*FY 2022 Appropriation Compared to FY 2022 Actual Expenditures*

In FY 2022 HRD expended 99.3% of its overall HB 2 budget, and 99.9% of its general fund budget. FY 2022 HRD general fund authority decreased by \$24.3 million due to the required reduction of general fund authority associated with the COVID-19-related increased federal match for Medicaid.

*FY 2022 Appropriation Compared to FY 2023 Appropriation*

HRD FY 2023 total appropriations are 1.8% lower, or \$27.8 million lower, than the FY 2022 total appropriation of \$1,523.9 million. The FY 2023 total appropriation will likely increase as the executive processes budget changes in order to increase federal authority tied to Medicaid expansion. In FY 2022 the executive increased such authority by \$154.2 million.

*Comparison of FY 2023 Legislative Budget to FY 2023 Base*

Executive modifications decreased the HRD FY 2023 base budget by \$3.2 million. This was due to the movement of home and community-based services direct care worker recruitment and retention authority to the Senior and Long-Term Care Division and the Behavioral Health and Developmental Disabilities Division.

HRD				
Comparison of the FY 2023 Legislative Budget to the FY 2023 Base Budget				
	Legislative Budget	Executive Modification per Statutory Authority	Executive Base Budget	% Change from Legislative Action
Personal Services	3,602,398	(86,698)	3,515,700	-2.4%
Operating Expenses	16,168,929	(2,874)	16,166,055	0.0%
Benefits & Claims	1,479,547,105	(3,079,194)	1,476,467,911	-0.2%
Debt Service		2,874	2,874	100.0%
	<b>1,499,318,432</b>	<b>(3,165,892)</b>	<b>1,496,152,540</b>	<b>-0.2%</b>

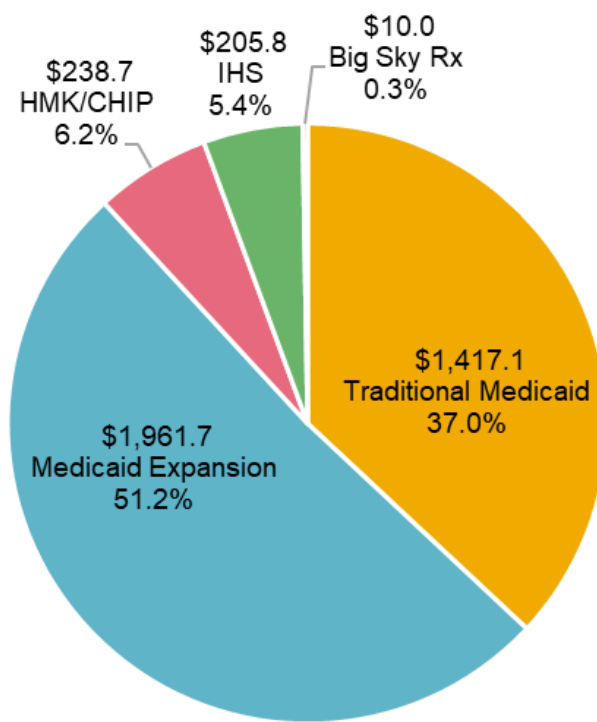
*Executive Request*

The Health Resources Division (HRD) 2025 biennium HB 2 budget request is \$3,627.5 million.

The majority (99.0%) of the HRD budget request supports benefits and claims, or payments for medical services. Operating costs are 0.9% and personal services are 0.2% of the total. Other DPHHS divisions include personal services and operating costs that support administration of some HRD programs. For instance, eligibility determination for Medicaid and Healthy Montana Kids (HMK) services is managed by the Human and Community Services Division, and funding for MMIS (Medicaid Management Information System) claims payment is budgeted in the Technology Services Division.

The figure below shows the HRD 2025 biennium budget request (including statutory funding) by major function. Traditional Medicaid services (including Medicaid administration) are 37.0% of the budget request, while Medicaid expansion makes up 51.2% of the request. HMK services funded from the federal Children's Health Insurance Program (CHIP) are 6.2% of the total. Indian Health Services Medicaid, which is 100.0% federal and statutorily funded is 5.4% of the request. Big Sky Rx, a program which helps low-income Medicare eligible persons pay the premium cost for Medicare Part D drug coverage, is 0.3% of the total.

HRD 2025 Biennium Budget Request by Major Function in Millions (Total \$3,812.2 Million Including Statutory Request)

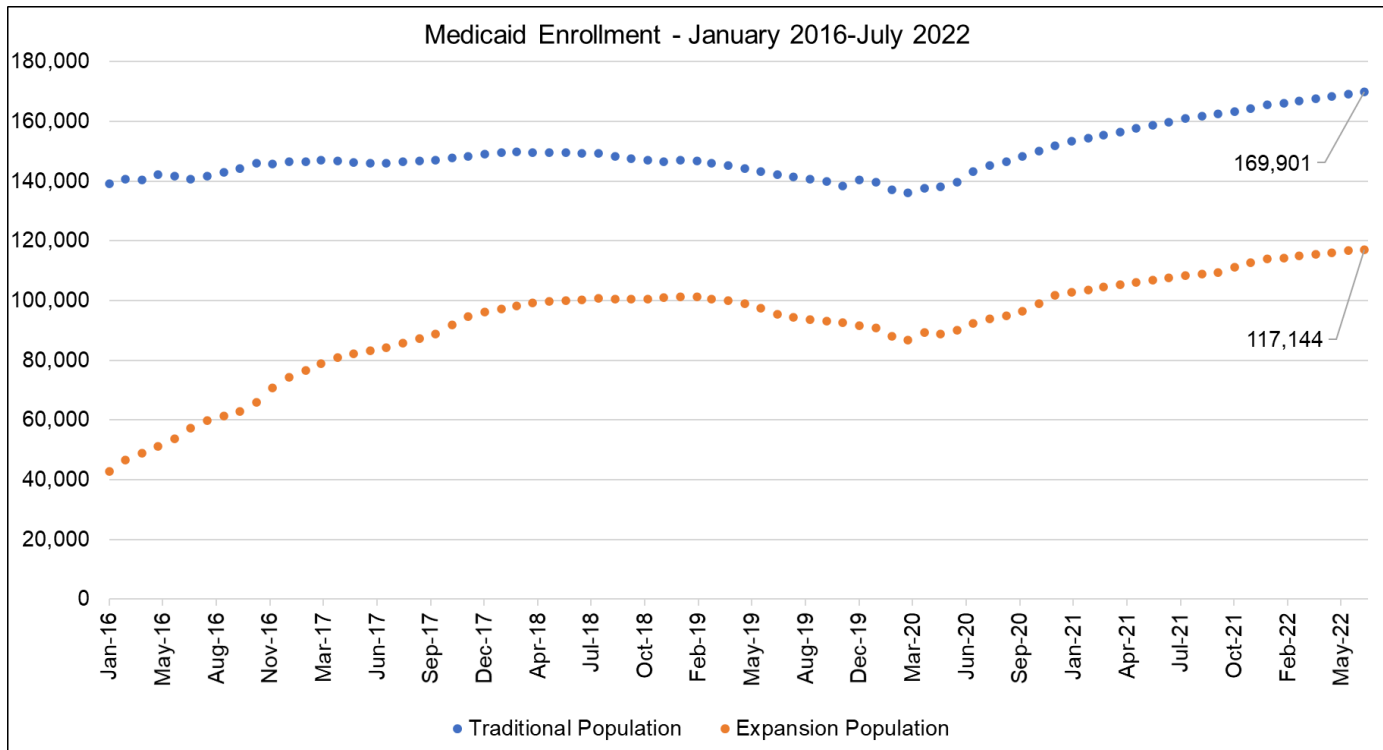


The table below presents recent and current Montana FMAPs by federal fiscal year (FFY). CHIP is funded with an enhanced federal FMAP, also detailed in the table below. Note that the COVID-enhanced FMAP (tied to the federal Families First Coronavirus Response Act) increased the FMAP for all states by 6.2 percentage points, retroactive to January 1, 2020, and changed the Montana FMAP from 64.78% to 70.98% for FFY 2020. This lowers the state share of traditional Medicaid expenditures. While the duration of this enhanced rate is unknown, as long as it continues it will result in additional federal Medicaid funding of approximately \$17.0 million per quarter (and lower matching state costs). The enhanced FMAP will persist until the end of the quarter in which the Secretary of Health and Human Services declares an end to the COVID-19 public health emergency (PHE).

	Montana FMAPs										
	FFY 2014	FFY 2015	FFY 2016	FFY 2017	FFY 2018	FFY 2019	FFY 2020	FFY 2021	FFY 2022	FFY 2023	FFY 2024
Montana Standard FMAP	66.33%	65.90%	65.24%	65.56%	65.38%	65.54%	64.78%	65.60%	64.90%	64.12%	63.91%
Montana FFCRA (COVID) Enhanced FMAP							70.98%	71.80%	71.10%	70.32%	
Montana E- FMAP for CHIP	76.43%	76.13%	98.67%	98.89%	98.77%	98.88%	79.69%	75.92%	75.43%	74.88%	74.74%
Montana FFCRA (COVID) Enhanced E-FMAP for CHIP							91.19%	80.26%	79.77%	79.22%	
Source: FFIS											

*Enrollment in Medicaid and CHIP*

An important cost driver in Medicaid and CHIP services is the number of enrollees. The figure below shows total enrollment in Medicaid from 2016 to 2022. Medicaid enrollees fit into one or more eligibility categories: children, adults, blind/disabled, or elderly/aged.



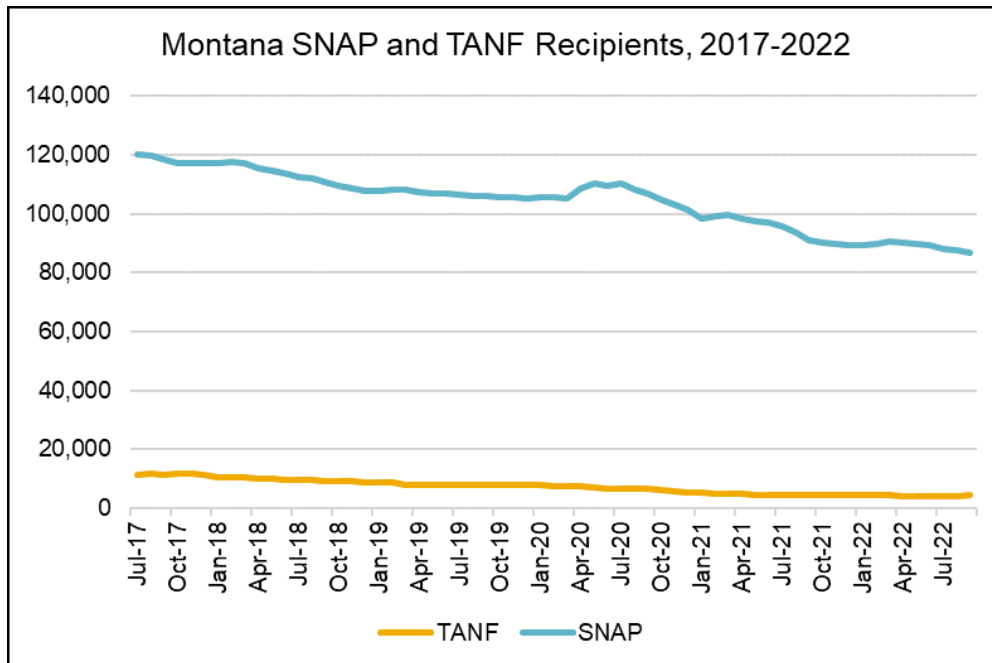
Several trends are apparent:

- Both traditional and expanded Medicaid enrollment increased from January 2016 (the first month of Medicaid expansion) through the spring of 2018. At the end of spring 2018 both began to flatten out
- Both traditional and expanded Medicaid experienced a decline in enrollment from the spring of 2019 up until the spring of 2020
- Both traditional and expanded Medicaid experienced an increase coinciding with the COVID-based economic contraction which occurred in the spring and summer of 2020

Enrollment has increased in both types of Medicaid since the spring of 2020. This increase aligns closely with the COVID-19 pandemic and corresponding impacts on enrollment linked to the 2020 Families First Coronavirus Response Act (FFCRA). FFCRA prohibits states from disenrolling individuals from Medicaid through the duration of the PHE. DPHHS has also applied this policy to the CHIP population.

Until the PHE is ended, and redeterminations of eligibility begin, enrollment in Medicaid and CHIP is essentially a one-way street – new persons can be added as they become eligible, but those who lose eligibility are not removed from the program unless they pass away, move out of state, or ask to be disenrolled.

While the enrollment in Medicaid has increased since early 2020 the enrollment in two other means-tested programs, the Supplemental Nutrition Assistance Program (SNAP) and the Temporary Assistance for Needy Families (TANF) program, has declined – in the case of SNAP after a brief rise in the first few months of the pandemic. These programs are not administered by HRD but are included as a comparison point for the Medicaid enrollment graphic above. See the adjacent graph for detail.



#### LFD COMMENT

#### Federal Action and Montana Medicaid

As of November 2022, Montana's Medicaid enrollment has reached a high, despite generally strong economic conditions in the state. The prohibitions on redetermination and disenrollment in the 2020 Families First Coronavirus Response Act (FFCRA) limit the state's ability to ensure all Medicaid enrollees are eligible. Montana has also chosen to apply the same continuous eligibility policy to the CHIP population. In exchange for accepting these limits the state receives an extra 6.2 percentage points in FMAP, which reduces the amount of state funds needed for Medicaid.

As of November 2022, the federal government has chosen to continue to renew the COVID Public Health Emergency (PHE) through at least Jan. 11, 2023. Federal Health and Human Services (HHS) has committed to a 60-day notice before allowing the PHE to expire, and the Congressional Budget Office is currently assuming the PHE will persist into the summer of 2023. It is possible that the provisions of FFCRA will still be present in the early stages of FY 2024. At the very least, the FY 2024-2025 period is likely to include the bulk of the "unwinding" of Montana's Medicaid and CHIP population. Under current policy, the state will be working through the backlog of redetermination cases without the benefit of the enhanced FMAP. States will have 12 months to initiate redeterminations of Medicaid and CHIP eligibility for all enrollees and two additional months (14 months total) to complete all pending actions.

A federal Health and Human Services (HHS) issue brief ([Unwinding the Medicaid Continuous Enrollment Provision: Projected Enrollment Effects and Policy Approaches](#), August 2022) estimates about 17.4% of the national Medicaid population will be disenrolled at the end of the PHE. This report indicates: "States are directly responsible for eligibility redeterminations, while CMS provides technical assistance and oversight of compliance with Medicaid regulations. Eligibility and renewal systems, staffing capacity, and investment in end-of-PHE preparedness vary across states. HHS is working with states to facilitate enrollment in alternative sources of health coverage and minimize administrative churning."

Expenditures in the Montana Medicaid program will be impacted by federal action during the 2025 biennium.

Note that the average per-enrollee annual cost varies significantly by eligibility category. See the table below for detail.

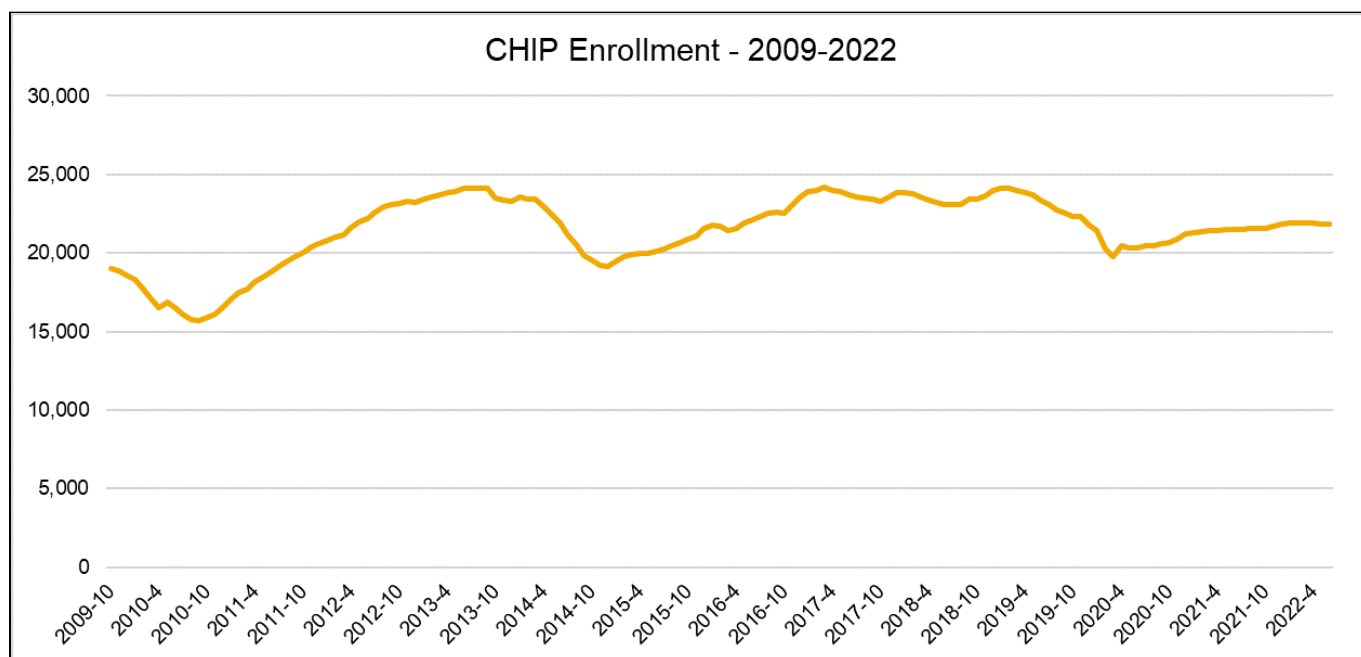


FY 2021 Average Per-User Annual Medicaid Expenditures		
Children	\$	3,813
Traditional Medicaid Adults	\$	6,374
Blind/Disabled	\$	25,583
Elderly	\$	27,900
Medicaid Expansion Adults	\$	9,204

Source: DPHHS Data

**CHIP**

The following graph shows CHIP enrollment from 2015-2022. Note that enrollment in CHIP declined over the calendar year 2019 period before leveling out and slightly increasing during the COVID-19 period.



The executive request for CHIP is detailed in the table below. General fund growth in the request for CHIP is associated with a lower federal match for CHIP.

CHIP Expenditures, Base Budget, and 2025 Biennium Request				
	FY 2022 Actuals	FY 2023 Base	FY 2024 Request	FY 2025 Request
General Fund	\$ 6,141,173	\$ 17,410,000	\$ 18,433,595	\$ 24,607,067
State Special Funds	15,096,739	11,841,719	10,281,894	11,863,547
Federal Funds	81,198,234	89,802,897	86,341,328	87,205,869
<b>Total</b>	<b>\$ 102,436,146</b>	<b>\$ 119,054,616</b>	<b>\$ 115,056,817</b>	<b>\$ 123,676,483</b>

**5.0% Reduction Plan**

Statute requires that agencies submit plans to reduce general fund and certain state special revenue funds by 5.0%. A summary of the entire 2025 biennium 5.0% plan submitted for this agency is in the appendix.

HRD has created a 5.0% reduction plan that includes a total annual savings of \$9.0 million in general fund and \$4.7 million in state special revenue. These savings are realized by reducing provider rates and removing the Big Sky Rx program. The agency states: "The provider rate reduction could affect both adult and children Medicaid/CHIP beneficiaries, providers could decide not to provide services for medical visits. Also, this change could cause a cost shift to other services categories such as hospitals, FQHC's [Federally Qualified Health Centers] and RHC's [Rural Health Centers]. Medicaid is not allowed to reduce FQHC's and RHC's reimbursement."

On the Big Sky Rx removal, the agency states: "Elimination of this program will cause the clients to pay for the Part D pharmacy benefit and increase the client's out of pocket expenditures for pharmaceuticals. Currently, 9,055 Montanans benefit from the program and is a benefit for clients up to 200.0% of the federal poverty level who are enrolled in a Part D plan. The change would reduce 2.00 FTE and eliminate the contract with Northrup Grumman."

## Funding

The following table shows proposed agency funding for all sources of authority.

Department of Public Health & Human Services, 11-Health Resources Division Funding by Source of Authority						
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	519,758,328	0	0	0	519,758,328	13.63 %
02053 Medicaid IGT's	241,540	0	0	0	241,540	0.09 %
02142 Medicaid Third Party Revenue	1,521,924	0	0	0	1,521,924	0.54 %
02164 MT Univ System Grad Med Ed	0	0	0	0	0	0.00 %
02311 02 Indirect Activity Prog 11	314,200	0	0	0	314,200	0.11 %
02338 CSCT OPI State Match	0	0	0	0	0	0.00 %
02597 Healthy Montana Kids Plan	76,450,405	0	0	0	76,450,405	27.26 %
02772 Tobacco Hlth and Medicaid Init	13,686,635	0	0	0	13,686,635	4.88 %
02789 6901-CHIP/MCHA Tobacco Sett Fd	10,099,643	0	0	0	10,099,643	3.60 %
02987 Tobacco Interest	5,665,944	0	0	0	5,665,944	2.02 %
02989 69010-Hospital Utilization Fee	114,581,868	0	0	0	114,581,868	40.85 %
02067 Montana HELP Act	57,920,876	0	0	0	57,920,876	20.65 %
<b>State Special Total</b>	<b>\$280,483,035</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$280,483,035</b>	<b>7.36 %</b>
03580 6901-93.778 - Med Adm 50%	12,632,236	0	0	0	12,632,236	0.42 %
03582 93.778 - Med Ben 100%	0	0	0	168,039,462	168,039,462	5.58 %
03583 93.778 - Med Ben FMAP	863,832,961	0	0	16,672,925	880,505,886	29.23 %
03611 03 Indirect Activity Prog 11	1,462,834	0	0	0	1,462,834	0.05 %
03426 CHIP Program Fed	173,617,761	0	0	0	173,617,761	5.76 %
03974 Medicaid Exp HELP Act Admin	2,208,455	0	0	0	2,208,455	0.07 %
03975 Medicaid Exp HELP Act Benefit	1,585,399,581	0	0	0	1,585,399,581	52.64 %
03977 Med Exp HELP Act Indian Health	188,112,694	0	0	0	188,112,694	6.25 %
03480 HRSA Safeguarding Two Lives	0	0	0	0	0	0.00 %
<b>Federal Special Total</b>	<b>\$2,827,266,522</b>	<b>\$0</b>	<b>\$0</b>	<b>\$184,712,387</b>	<b>\$3,011,978,909</b>	<b>79.01 %</b>
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
<b>Total All Funds</b>	<b>\$3,627,507,885</b>	<b>\$0</b>	<b>\$0</b>	<b>\$184,712,387</b>	<b>\$3,812,220,272</b>	

The 2025 biennium HRD HB 2 budget request is funded by general fund (14.3% of HB 2 funding authority), state special revenue (7.7% of HB 2 funding authority), and federal funds (77.9% of HB2 funding authority). General fund pays for the state Medicaid match, state CHIP match, and Medicare buy-in.

State special revenue is about 7.4% of the total proposed budget (including statutory expenditures) and includes several sources of revenue. State special revenue is used towards the state match for Medicaid and CHIP, and in the proposed budget it fully funds the Big Sky Rx program in the 2025 biennium. Federal funds include Medicaid and CHIP funds. Medicaid is an entitlement fund source, meaning that the federal government will match all eligible expenditures at a certain rate. This rate, known as the Federal Medical Assistance Percentage (FMAP), is determined by comparing the average per capita income of a state to the national average per capita income. The FMAP for Medicaid expansion is 90.0%, meaning that the federal government reimburses the state for 90.0% of the expenditures incurred under this program.

Refer to the state special revenue fund balance table in the DPHHS Agency Summary for detail on the major state special funds used for DPHHS programs. HRD functions supported by state special revenue sources and the major sources of funds are:

#### State Medicaid match

- Hospital utilization fee (\$70 per day assessed for each day of an inpatient stay)
- Outpatient hospital tax
- Tobacco revenue from the health and Medicaid initiatives account
- Insurance tax proceeds allocated to the HMK account
- Tobacco settlement trust fund interest

#### State CHIP match

- Insurance tax proceeds allocated to the HMK account
- Tobacco state special revenue from the health and Medicaid initiatives account
- Tobacco settlement funds
- Tobacco settlement trust fund interest

#### Big Sky Rx (premium assistance for low-income persons to purchase Medicare Part D drug coverage)

- Tobacco revenue from the health and Medicaid initiatives account

Federal funds support 79.0% of the 2025 biennium budget proposal (including statutory expenditures). Federal funding sources include:

- Federal Medicaid matching funds: some at a 50.0% match (Medicaid program administration), some at 100.0% (Indian Health Services statutory expenditures), some at 90.0% (Medicaid expansion) and some at the FMAP rate discussed above (about 64.0% depending on the year)
- Federal CHIP matching funds: about 11 percentage points higher than the standard FMAP rate

### Program Budget Summary by Category

The following table summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget
2023 Base Budget	208,280,085	208,280,085	416,560,170	80.14 %	1,496,152,540	1,496,152,540	2,992,305,080	82.49 %
SWPL Adjustments	140,400	177,671	318,071	0.06 %	518,908	741,735	1,260,643	0.03 %
PL Adjustments	43,085,862	43,310,002	86,395,864	16.62 %	257,365,787	277,985,640	535,351,427	14.76 %
New Proposals	5,963,632	10,520,591	16,484,223	3.17 %	34,975,571	63,615,164	98,590,735	2.72 %
<b>Total Budget</b>	<b>\$257,469,979</b>	<b>\$262,288,349</b>	<b>\$519,758,328</b>		<b>\$1,789,012,806</b>	<b>\$1,838,495,079</b>	<b>\$3,627,507,885</b>	

### Present Law Adjustments

The "Present Law" Adjustments table shows the changes from the base appropriation to the proposed budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

Present Law Adjustments										
Fiscal 2024						Fiscal 2025				
FTE	General Fund	State Special	Federal Special	Total Funds		FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	34,069	(358,793)	221,378	(103,346)	0.00	36,454	(351,968)	229,462	(86,052)
DP 3 - Inflation Deflation	0.00	106,331	213,808	302,115	622,254	0.00	141,217	284,548	402,022	827,787
DP 11891 - Expansion Core Services HRD	0.00	13,376,348	0	120,387,130	133,763,478	0.00	13,463,218	0	121,168,964	134,632,182
DP 11893 - Expansion Federal Services HRD IHS	0.00	0	0	33,657,888	33,657,888	0.00	0	0	34,632,680	34,632,680
DP 11894 - Expansion Other Services HRD	0.00	208,826	0	0	208,826	0.00	208,826	0	0	208,826
DP 11896 - Expansion Core FMAP Adjustment HRD	0.00	647,657	0	(647,657)	0	0.00	647,657	0	(647,657)	0
DP 11897 - Expansion Supplemental Payments HRD HUF	0.00	0	2,718,812	24,469,311	27,188,123	0.00	0	2,718,812	24,469,311	27,188,123
DP 11990 - HMK Caseload HRD	0.00	0	(2,146,335)	(6,397,992)	(8,544,327)	0.00	0	(1,164,771)	(3,472,058)	(4,636,829)
DP 11991 - Medicaid Core Services HRD	0.00	17,798,732	583,452	32,402,068	50,784,252	0.00	11,982,038	11,083,452	41,221,069	64,286,559
DP 11992 - Medicaid Core FMAP Adj for Supplemental	0.00	0	676,068	(676,068)	0	0.00	0	532,660	(532,660)	0
DP 11994 - Medicaid Other Services HRD	0.00	10,804,572	0	0	10,804,572	0.00	11,951,526	0	0	11,951,526
DP 11995 - Medicaid Federal Services HRD Schools	0.00	0	0	979,774	979,774	0.00	0	0	1,199,372	1,199,372
DP 11996 - FMAP Adjustment HRD	0.00	(405,074)	0	405,074	0	0.00	(1,407,929)	0	1,407,929	0
DP 11997 - Medicaid Supplemental Payments HRD	0.00	0	3,076,023	5,447,178	8,523,201	0.00	0	3,058,125	5,465,076	8,523,201
DP 11998 - FMAP Adjustment HRD HMK	0.00	654,801	0	(654,801)	0	0.00	6,464,666	0	(6,464,666)	0
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$43,226,262</b>	<b>\$4,763,035</b>	<b>\$209,895,398</b>	<b>\$257,884,695</b>	<b>0.00</b>	<b>\$43,487,673</b>	<b>\$16,160,858</b>	<b>\$219,078,844</b>	<b>\$278,727,375</b>

\*\*\*Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

#### DP 1 - Personal Services -

The executive requests adjustments to the present law personal services budget. This request has been broken into the following categories, and further detail is shown in the agency summary:

- Legislatively approved changes
- Management decisions
- Budget modifications made to the personal services budget in the 2023 biennium

#### DP 3 - Inflation Deflation -

The executive requests adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

#### DP 11891 - Expansion Core Services HRD -

The executive requests funding for caseload growth in the Health Resources Division. This request adjusts for increase in the number of eligible individuals, utilization, acuity levels, and cost per service for medical care.

**DP 11893 - Expansion Federal Services HRD IHS -**

The executive requests funding for caseload growth in the Health Resources Division. This request adjusts for the increase in the number of eligible individuals, utilization, acuity levels, and cost per service for medical care.

**DP 11894 - Expansion Other Services HRD -**

The executive requests funding for existing services for Medicaid Expansion in the Health Resources Division.

**DP 11896 - Expansion Core FMAP Adjustment HRD -**

The executive requests funding for existing services for the Medicaid Expansion Program in the Health Resources Division. The biennial funding increases general fund by \$1,295,314 and includes an offsetting decrease in federal funds. The total cost for the program does not change.

**DP 11897 - Expansion Supplemental Payments HRD HUF -**

The executive requests funding for Medicaid supplemental payments to hospitals in the Health Resources Division.

**DP 11990 - HMK Caseload HRD -**

The executive requests funding changes for a caseload change in CHIP in the Health Resources Division.

**DP 11991 - Medicaid Core Services HRD -**

The executive requests funding for caseload growth in the Health Resource Division to adjust for the increase in the number of eligible individuals, utilization, acuity levels, and cost per services for medical care.

**DP 11992 - Medicaid Core FMAP Adj for Supplemental -**

The executive requests funding for existing services for Medicaid supplemental payments (HUF) in the Health Resources Division. The biennial funding increases state special revenue funds by \$1,065,320 and includes an offsetting decrease in federal funds. The total cost for the program does not change.

**DP 11994 - Medicaid Other Services HRD -**

The executive requests funding for existing services for the Medicaid Clawback and Quarterly Rebate Offset Amount (QROA) Programs in the Health Resource Division.

**DP 11995 - Medicaid Federal Services HRD Schools -**

The executive requests funding for existing services in the Medicaid School Based Services Program in the Health Resources Division.

**DP 11996 - FMAP Adjustment HRD -**

The executive requests funding for existing services for the Medicaid Program in the Health Resources Division. The biennial funding decreases general fund by \$1,183,003 and includes an offsetting increase in federal funds. The total cost for the program does not change.

DP 11997 - Medicaid Supplemental Payments HRD -

The executive requests funding for Medicaid supplemental payments to hospitals in the Health Resources Division.

DP 11998 - FMAP Adjustment HRD HMK -

The executive requests funding for existing services for the Healthy Montana Kids Program (CHIP) in the Health Resources Division. The biennial funding increases general fund by \$7,119,467 and includes an offsetting decrease in federal funds. The total cost for the program does not change.

**New Proposals**

The "New Proposals" table shows new proposals for spending.

New Proposals										
-----Fiscal 2024-----						-----Fiscal 2025-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 11010 - Extend Postpartum Coverage to 12 Months	0.00	1,379,240	0	3,138,905	4,518,145	0.00	1,434,822	0	3,265,400	4,700,222
DP 11015 - Prov Rate Adj - Med Core HRD	0.00	3,343,458	0	5,920,764	9,264,222	0.00	6,920,311	0	12,367,066	19,287,377
DP 11016 - Prov Rate Adj - Healthy Montana Kids	0.00	330,626	551,842	3,476,477	4,358,945	0.00	684,279	1,142,118	7,195,078	9,021,475
DP 11018 - Prov Rate Adj - Expansion Federal	0.00	0	0	3,685,525	3,685,525	0.00	0	0	7,514,225	7,514,225
DP 11019 - Prov Rate Adj - Expansion Core	0.00	910,308	0	8,192,769	9,103,077	0.00	1,481,179	0	13,330,615	14,811,794
DP 11020 - Prov Rate Adj - Med Federal HRD	0.00	0	0	4,045,657	4,045,657	0.00	0	0	8,280,071	8,280,071
DP 11888 - Medicaid Expansion HUF Refinance	0.00	0	0	0	0	0.00	0	0	0	0
<b>Total</b>	<b>0.00</b>	<b>\$5,963,632</b>	<b>\$551,842</b>	<b>\$28,460,097</b>	<b>\$34,975,571</b>	<b>0.00</b>	<b>\$10,520,591</b>	<b>\$1,142,118</b>	<b>\$51,952,455</b>	<b>\$63,615,164</b>

\*\*\*Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 11010 - Extend Postpartum Coverage to 12 Months -

The executive requests funding in the Health Resources Division to extend the coverage of postpartum women enrolled in Montana's Medicaid and Children's Health Insurance Program (CHIP) from 60 days to 12 months under Sections 9812 and 9822 of the American Rescue Plan Act of 2021 (ARPA).

DP 11015 - Prov Rate Adj - Med Core HRD -

The executive requests funding for provider rate adjustments. For provider types that were included in the 2023 biennium provider rate study, the requested increase is a portion of the study's rate proposals. The requested increase for providers not included in the provider rate study is estimated at 4.0% in FY 2024 and an additional 4.0% in FY 2025. Those providers eligible for the statutory increases in 53-6-125, MCA, are not captured in this proposal as their adjustment is already included in the Medicaid caseload change packages.

DP 11016 - Prov Rate Adj - Healthy Montana Kids -

The executive requests funding for provider rate adjustments. For provider types that were included in the 2023 biennium provider rate study, the requested increase is a portion of the study's rate proposals. The requested increase for providers not included in the provider rate study is estimated at 4.0% in FY 2024 and an additional 4.0% in FY 2025. Those providers eligible for the statutory increases in 53-6-125, MCA, are not captured in this proposal as their adjustment is already included in the Medicaid caseload change packages.

DP 11018 - Prov Rate Adj - Expansion Federal -

The executive requests funding for provider rate adjustments. For provider types that were included in the 2023 biennium provider rate study, the requested increase is a portion of the study's rate proposals. The requested increase for providers not included in the provider rate study is estimated at 4.0% in FY 2024 and an additional 4.0% in FY 2025. Those providers eligible for the statutory increases in 53-6-125, MCA, are not captured in this proposal as their adjustment is already included in the Medicaid caseload change packages.

DP 11019 - Prov Rate Adj - Expansion Core -

The executive requests funding for provider rate adjustments. For provider types that were included in the 2023 biennium provider rate study, the requested increase is a portion of the study's rate proposals. The requested increase for providers not included in the provider rate study is estimated at 4.0% in FY 2024 and an additional 4.0% in FY 2025. Those providers eligible for the statutory increases in 53-6-125, MCA, are not captured in this proposal as their adjustment is already included in the Medicaid caseload change packages.

DP 11020 - Prov Rate Adj - Med Federal HRD -

The executive requests funding for provider rate adjustments. For provider types that were included in the 2023 biennium provider rate study, the requested increase is a portion of the study's rate proposals. The requested increase for providers not included in the provider rate study is estimated at 4.0% in FY 2024 and an additional 4.0% in FY 2025. Those providers eligible for the statutory increases in 53-6-125, MCA, are not captured in this proposal as their adjustment is already included in the Medicaid caseload change packages.

DP 11888 - Medicaid Expansion HUF Refinance -

The executive requests a refinance of the Medicaid expansion hospital utilization fee (Medicaid supplemental payments) in the Health Resources Division. This fund switch will increase state special revenue I-149 funds (Tobacco Health and Medicaid Initiatives fund) and decrease state special hospital utilization fee revenue by \$839,331 each year of the biennium. The total cost for the program is not impacted by this change package.

### Program Biennium Comparison

The following table compares the 2023 biennium appropriated budget to the 2025 biennium budget request by type of expenditure and source of funding.

Program Biennium Comparison				
Budget Item	Appropriated Budget 22-23	Requested Budget 24-25	Biennium Change	Biennium % Change
Personal Services	810,972	1,530,543	719,571	88.73 %
Operating Expenses	7,570,513	9,572,546	2,002,033	26.45 %
Debt Service	12,198	0	(12,198)	(100.00)%
<b>Total Expenditures</b>	<b>\$8,393,683</b>	<b>\$11,103,089</b>	<b>\$2,709,406</b>	<b>32.28 %</b>
General Fund	2,263,129	2,901,861	638,732	28.22 %
State/Other Special Rev. Funds	48,328	98,779	50,451	104.39 %
Federal Spec. Rev. Funds	6,082,226	8,102,449	2,020,223	33.22 %
<b>Total Funds</b>	<b>\$8,393,683</b>	<b>\$11,103,089</b>	<b>\$2,709,406</b>	<b>32.28 %</b>
<b>Total Ongoing</b>	<b>\$8,393,683</b>	<b>\$11,103,089</b>	<b>\$2,709,406</b>	<b>32.28 %</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>

### Program Biennium Comparison -

The 2025 biennium budget proposes an increase of 32.3%, with an increase in general fund of 28.2%.

### Program Description

The Medicaid & Health Services Management (MHSM) division is led by the Medicaid and Health Services Executive Director. MHSM works in conjunction with the state Medicaid director and division administrators by providing oversight and guidance on management of the Medicaid programs. This division includes the Medicaid and Health Services Executive Director, the Medicaid and Children's Health Insurance Program (CHIP) State Plan Amendment & Waiver Coordinator, and the Medicaid Chief Financial Officer.

### Program Highlights

MHSM Major Budget Highlights	
<ul style="list-style-type: none"> <li>The requested budget is a 32.3% increase over the 2023 biennium budget.</li> <li>The requested budget transfers to MHSM 4.50 FTE and associated funding from the Healthcare Facilities Division to continue the work of the 2023 biennium DPHHS provider rate study</li> </ul>	

### Program Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the expenditures requested for FY 2024 and FY 2025 by type of expenditure and source of funding.



Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2022	Approp. Fiscal 2022	Approp. Fiscal 2023	Request Fiscal 2024	Request Fiscal 2025
FTE	0.00	3.00	3.00	7.50	7.50
Personal Services	287,608	353,061	457,911	763,989	766,554
Operating Expenses	3,387,587	3,451,763	4,118,750	4,756,108	4,816,438
Grants	31,388	0	0	0	0
Debt Service	12,200	12,198	0	0	0
<b>Total Expenditures</b>	<b>\$3,718,783</b>	<b>\$3,817,022</b>	<b>\$4,576,661</b>	<b>\$5,520,097</b>	<b>\$5,582,992</b>
General Fund	1,034,980	1,052,850	1,210,279	1,437,817	1,464,044
State/Other Special Rev. Funds	21,175	22,650	25,678	48,457	50,322
Federal Spec. Rev. Funds	2,662,628	2,741,522	3,340,704	4,033,823	4,068,626
<b>Total Funds</b>	<b>\$3,718,783</b>	<b>\$3,817,022</b>	<b>\$4,576,661</b>	<b>\$5,520,097</b>	<b>\$5,582,992</b>
<b>Total Ongoing</b>	<b>\$3,718,783</b>	<b>\$3,817,022</b>	<b>\$4,576,661</b>	<b>\$5,520,097</b>	<b>\$5,582,992</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

### Program Discussion -

#### *FY 2022 Appropriation Compared to FY 2022 Actual Expenditures*

In FY 2022 MHSM expended 97.4% of its overall HB2 budget, and 98.3% of its general fund budget.

#### *FY 2022 Appropriation Compared to FY 2023 Appropriation*

MHSM FY 2023 total appropriations are 19.9%, or \$759,639, higher than the FY 2022 total appropriation of \$3.8 million. This increase is mostly in operating expenses, with a smaller amount in personal services. Operating expenses in MHSM are tied to utilization review services for the state's Medicaid program.

#### *Comparison of FY 2023 Legislative Budget to FY 2023 Base*

Executive modifications decreased the FY 2023 budget for MHSM by \$34.9 million. This is due to a reorganization that transferred the Montana Medicaid Information System (MMIS) and the related MPATH (Montana Program for Automating and Transforming Healthcare) system to the Technology Services Division. This reorganization also transferred the special population/refugee function to the Director's Office, as well as the position of the State Medical Officer. This reorganization also moved authority from MHSM to the Director's Office for the office of health and human services innovation and external relations functions.

MHSM				
Comparison of the FY 2023 Legislative Budget to the FY 2023 Base Budget				
	Legislative Budget	Executive Modification per Statutory Authority	Executive Base Budget	% Change from Legislative Action
Personal Services	1,283,052	(825,141)	457,911	-64.3%
Operating Expenses	36,530,448	(32,411,698)	4,118,750	-88.7%
Grants	1,621,415	(1,621,415)	0	-100.0%
Benefits & Claims	2,549	(2,549)	0	-100.0%
Transfers	3,100	(3,100)	0	-100.0%
	<b>39,440,564</b>	<b>(34,863,903)</b>	<b>4,576,661</b>	<b>-88.4%</b>

*Executive Request*

The requested budget includes a 26.5% increase in operating expenses as compared to the 2023 biennium budget. The amount of this proposed increase is \$2.0 million. Operating expenses in MHSM are largely used for utilization review/Quality Improvement Organization (QIO) contracts which serve the Medicaid programs across the agency.

This division houses the leadership of Montana's Medicaid program and includes 3.00 FTE, with a request for an additional 4.50 FTE to be transferred from the Healthcare Facilities Division. The additional 4.50 FTE would be used to continue data collection and analysis tasks initiated with the 2023 biennium DPHHS provider rate study.

*5.0% Reduction Plan*

Statute requires that agencies submit plans to reduce general fund and certain state special revenue funds by 5.0%. A summary of the entire 2025 biennium 5.0% plan submitted for this agency is in the appendix.

MHSM is not included in the agency 5.0% plan.

**Funding**

The following table shows proposed agency funding for all sources of authority.

Department of Public Health & Human Services, 12-Medicaid & Health Svcs Mngmt						
Funding by Source of Authority						
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	2,901,861	0	0	0	2,901,861	26.14 %
02220 02 Indirect Activity Prog 12	98,779	0	0	0	98,779	100.00 %
02597 Healthy Montana Kids Plan	0	0	0	0	0	0.00 %
02789 6901-CHIP/MCHA Tobacco Sett Fd	0	0	0	0	0	0.00 %
<b>State Special Total</b>	<b>\$98,779</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$98,779</b>	<b>0.89 %</b>
03305 03 Indirect Activity Prog 12	5,764,201	0	0	0	5,764,201	71.14 %
03580 6901-93.778 - Med Adm 50%	155,978	0	0	0	155,978	1.93 %
03583 93.778 - Med Ben FMAP	0	0	0	0	0	0.00 %
03426 CHIP Program Fed	0	0	0	0	0	0.00 %
03571 93.566 - Off Ref Reset Adm 10	0	0	0	0	0	0.00 %
03974 Medicaid Exp HELP Act Admin	2,182,270	0	0	0	2,182,270	26.93 %
<b>Federal Special Total</b>	<b>\$8,102,449</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$8,102,449</b>	<b>72.97 %</b>
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
<b>Total All Funds</b>	<b>\$11,103,089</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$11,103,089</b>	

MHSM receives general fund, state special revenue, and federal special revenue authority. The majority of MHSM funding is federal authority from Medicaid Administration (50.0% federal match) or Indirect Activity from the Cost Allocation Plan (CAP). General fund is used for Medicaid administration. Federal funds for Medicaid expansion administration, Medicaid administration, and federal indirect activities are tied to utilization review/Quality Improvement Organization (QIO) contracts which serve the Medicaid programs across the agency.

**Program Budget Summary by Category**

The following table summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget
2023 Base Budget	1,210,279	1,210,279	2,420,558	83.41 %	4,576,661	4,576,661	9,153,322	82.44 %
SWPL Adjustments	63,342	93,165	156,507	5.39 %	145,964	218,848	364,812	3.29 %
PL Adjustments	24,977	24,977	49,954	1.72 %	410,752	410,752	821,504	7.40 %
New Proposals	139,219	135,623	274,842	9.47 %	386,720	376,731	763,451	6.88 %
<b>Total Budget</b>	<b>\$1,437,817</b>	<b>\$1,464,044</b>	<b>\$2,901,861</b>		<b>\$5,520,097</b>	<b>\$5,582,992</b>	<b>\$11,103,089</b>	

### Present Law Adjustments

The "Present Law" Adjustments table shows the changes from the base appropriation to the proposed budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

Present Law Adjustments										
	-----Fiscal 2024-----					-----Fiscal 2025-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	(24,999)	(3,472)	(40,971)	(69,442)	0.00	(24,512)	(3,404)	(40,172)	(68,088)
DP 3 - Inflation Deflation	0.00	88,341	6,915	120,150	215,406	0.00	117,677	9,211	160,048	286,936
DP 12995 - Medicaid Administration UR MHSB	0.00	24,977	0	385,775	410,752	0.00	24,977	0	385,775	410,752
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$88,319</b>	<b>\$3,443</b>	<b>\$464,954</b>	<b>\$556,716</b>	<b>0.00</b>	<b>\$118,142</b>	<b>\$5,807</b>	<b>\$505,651</b>	<b>\$629,600</b>

\*\*\*Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

### DP 1 - Personal Services -

The executive requests adjustments to the present law personal services budget. This request has been broken into the following categories, and further detail is shown in the agency summary:

- Legislatively approved changes
- Management decisions
- Budget modifications made to the personal services budget in the 2023 biennium

### DP 3 - Inflation Deflation -

The executive requests adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

### DP 12995 - Medicaid Administration UR MHSB -

The executive requests funding to maintain existing services for Medicaid administration in MHSM. DPHHS contracts with Quality Improvement Organizations (QIO) for both pre-service and post service Utilization Review (UR).

**New Proposals**

The "New Proposals" table shows new proposals for spending.

New Proposals											
-----Fiscal 2024-----						-----Fiscal 2025-----					
	FTE	General Fund	State Special	Federal Special	Total Funds		FTE	General Fund	State Special	Federal Special	Total Funds
DP 12001 - Cost Reporting Program Structure											
	4.50	139,219	19,336	228,165	386,720		4.50	135,623	18,837	222,271	376,731
Total	4.50	\$139,219	\$19,336	\$228,165	\$386,720		4.50	\$135,623	\$18,837	\$222,271	\$376,731

\*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

**DP 12001 - Cost Reporting Program Structure -**

The executive requests the transfer of 4.50 FTE from the Healthcare Facilities Division to MHSM to implement a cost reporting structure to continue the data collection and analysis efforts from the 2023 biennium provider rate study.

### Program Biennium Comparison

The following table compares the 2023 biennium appropriated budget to the 2025 biennium budget request by type of expenditure and source of funding.

Program Biennium Comparison				
Budget Item	Appropriated Budget 22-23	Requested Budget 24-25	Biennium Change	Biennium % Change
Personal Services	1,692,551	1,634,633	(57,918)	(3.42)%
Operating Expenses	717,960	1,170,180	452,220	62.99 %
<b>Total Expenditures</b>	<b>\$2,410,511</b>	<b>\$2,804,813</b>	<b>\$394,302</b>	<b>16.36 %</b>
General Fund	670,909	490,871	(180,038)	(26.83)%
State/Other Special Rev. Funds	685,009	1,247,693	562,684	82.14 %
Federal Spec. Rev. Funds	1,054,593	1,066,249	11,656	1.11 %
<b>Total Funds</b>	<b>\$2,410,511</b>	<b>\$2,804,813</b>	<b>\$394,302</b>	<b>16.36 %</b>
<b>Total Ongoing</b>	<b>\$2,410,511</b>	<b>\$2,804,813</b>	<b>\$394,302</b>	<b>16.36 %</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>

### Program Biennium Comparison -

The 2025 biennium budget proposes an increase of 16.4%, with a decrease in general fund of 26.8%.

### Program Description

The Operations Services Division (OSD) is responsible for oversight, management and support of the Operations Services Branch of the Department of Public Health and Human Services. The Operations Services Branch provides leadership for the implementation and operation of the department's programs and services for Montanans through the provision of budgetary, financial, and information management oversight.

Statutory Authority - Management and Fair Hearings - Title 17, Chapter 1, part 1 and Chapter 2, MCA.

### Program Highlights

Operations Services Division Major Budget Highlights
<ul style="list-style-type: none"> <li>OSD's 2025 HB 2 biennium budget request is an increase of 16.4% from the 2023 biennium budget, which overall is an 11.1% decrease in FY 2024 and a 10.1% decrease in FY 2025 compared to the FY 2023 base</li> <li>The executive proposal includes: <ul style="list-style-type: none"> <li>Decreases in statewide present law adjustments for personal services</li> <li>Increases in statewide present law adjustments for inflation/deflation</li> </ul> </li> </ul>

**Program Actuals and Budget Comparison**

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the expenditures requested for FY 2024 and FY 2025 by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2022	Approp. Fiscal 2022	Approp. Fiscal 2023	Request Fiscal 2024	Request Fiscal 2025
FTE	0.00	7.60	7.60	7.60	7.60
Personal Services	755,437	666,463	1,026,088	813,897	820,736
Operating Expenses	24,623	175,303	542,657	580,122	590,058
Debt Service	(651)	0	0	0	0
<b>Total Expenditures</b>	<b>\$779,409</b>	<b>\$841,766</b>	<b>\$1,568,745</b>	<b>\$1,394,019</b>	<b>\$1,410,794</b>
General Fund	337,537	352,526	318,383	240,927	249,944
State/Other Special Rev. Funds	23,549	55,580	629,429	622,883	624,810
Federal Spec. Rev. Funds	418,323	433,660	620,933	530,209	536,040
<b>Total Funds</b>	<b>\$779,409</b>	<b>\$841,766</b>	<b>\$1,568,745</b>	<b>\$1,394,019</b>	<b>\$1,410,794</b>
<b>Total Ongoing</b>	<b>\$779,409</b>	<b>\$841,766</b>	<b>\$1,568,745</b>	<b>\$1,394,019</b>	<b>\$1,410,794</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**Program Discussion -***FY 2022 Appropriation Compared to FY 2022 Actual Expenditures*

The OSD expended 92.6% of the total FY 2022 appropriation. Personal services were over expended by 13.4% and only 14.0% of operating expenses were utilized in FY 2022. Appropriated federal funds were almost entirely utilized at 96.5%, whereas only 42.4% of state special revenue funds were utilized.

*FY 2022 Appropriations Compared to FY 2023 Appropriations*

The FY 2023 appropriation is 86.4% higher than the FY 2022 appropriation. The largest portion of which is an increase of 1032.5% in state special revenue funds. In FY 2022, various divisions had to balance their use of state special funds, resulting in a lower state special appropriation in FY 2022 in OSD. The largest transfer of authority went to the Health Resources Division for Hospital Utilization Fees, as well as to compensate for budget shortfalls in the Operation Branch Divisions and the Montana State Hospital.

*FY 2023 Legislative Budget Compared to FY 2023 Base Budget*

The FY 2023 OSD base budget is 71.4% lower than the FY 2023 legislative budget amounting to a difference of \$3.9 million. A reorganization moved the Project Management Bureau to the Technology Services Division (TSD). The Forecasting Bureau was moved to TSD and renamed Health Data Analytics and Financial Reporting. The Internal Audit Bureau was moved to the Office of the Inspector General and renamed Internal Control and Risk Management. Budget authority and FTE were transferred from OSD to the Director's Office for the Office of Health and Human Services Innovation and External Relations functions.

Operations Services Divisions FY 2023			
Account	Legislative Action	Executive Modifications	IBARS Base 2023
61000 Personal Services	\$ 3,518,019	\$(2,491,931)	\$ 1,026,088
62000 Operating Expenses	1,966,235	(1,423,578)	542,657
63000 Equipment & Intangible Assets	5,240	(5,240)	-
<b>Total</b>	<b>\$ 5,489,494</b>	<b>\$(3,920,749)</b>	<b>\$ 1,568,745</b>

*Executive Request*

The executive requests an 11.1% decrease in FY 2024 and a 10.1% decreased in FY 2025 compared to the FY 2023 base budget for OSD's 2025 biennium HB 2 budget.

*5.0% Reduction Plan*

Statute requires that agencies submit plans to reduce general fund and certain state special revenue funds by 5.0%. A summary of the entire 2025 biennium 5.0% plan submitted for this agency can be found in the appendix.

OSD has created a 5.0% plan for the 2025 biennium that includes a total savings of \$16,877 in general funds and \$1,177 in state special revenue funds. These savings are achieved through a reduction in operating costs for the division. This reduction would impact staffing and workload.

**Funding**

The following table shows proposed agency funding for all sources of authority.

Department of Public Health & Human Services, 16-Operations Services Division						
Funding by Source of Authority						
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	490,871	0	0	0	490,871	17.50 %
02221 02 Indirect Activity Prog 16	1,247,693	0	0	0	1,247,693	100.00 %
02566 Medical Marijuana	0	0	0	0	0	0.00 %
02081 Pain Management Education	0	0	0	0	0	0.00 %
<b>State Special Total</b>	<b>\$1,247,693</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,247,693</b>	<b>44.48 %</b>
03304 03 Indirect Activity Prog 16	1,066,249	0	0	0	1,066,249	100.00 %
<b>Federal Special Total</b>	<b>\$1,066,249</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,066,249</b>	<b>38.02 %</b>
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
<b>Total All Funds</b>	<b>\$2,804,813</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,804,813</b>	

OSD receives general fund, state special revenue, and federal funds through a federally approved cost allocation formula that is generally referred to as indirect activity. The funding formula is derived from those funds expended on functions benefiting or serving other programs in the department. General funds are used to meet the match requirement for federally funded activities. The largest funding source is the indirect activity from state special revenue funding. This changed from the 2023 biennium as a result of the reorganization.

General fund constitutes 17.5% of total appropriation authority while state special revenue and federal funds constitute 44.5% and 38.0% of the authority, respectively.

**Program Budget Summary by Category**

The following table summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget
2023 Base Budget	318,383	318,383	636,766	129.72 %	1,568,745	1,568,745	3,137,490	111.86 %
SWPL Adjustments	(77,456)	(68,439)	(145,895)	(29.72)%	(174,726)	(157,951)	(332,677)	(11.86)%
PL Adjustments	0	0	0	0.00 %	0	0	0	0.00 %
New Proposals	0	0	0	0.00 %	0	0	0	0.00 %
<b>Total Budget</b>	<b>\$240,927</b>	<b>\$249,944</b>	<b>\$490,871</b>		<b>\$1,394,019</b>	<b>\$1,410,794</b>	<b>\$2,804,813</b>	

### Present Law Adjustments

The "Present Law" Adjustments table shows the changes from the base appropriation to the proposed budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

Present Law Adjustments										
	-----Fiscal 2024-----					-----Fiscal 2025-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	(99,378)	(12,319)	(100,494)	(212,191)	0.00	(96,175)	(11,922)	(97,255)	(205,352)
DP 3 - Inflation Deflation	0.00	21,922	5,773	9,770	37,465	0.00	27,736	7,303	12,362	47,401
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>(\$77,456)</b>	<b>(\$6,546)</b>	<b>(\$90,724)</b>	<b>(\$174,726)</b>	<b>0.00</b>	<b>(\$68,439)</b>	<b>(\$4,619)</b>	<b>(\$84,893)</b>	<b>(\$157,951)</b>

\*\*\*Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

### DP 1 - Personal Services -

The executive requests adjustments to the present law personal services budget. This request has been broken into the following categories, and further detail is shown in the agency summary:

- Legislatively approved changes
- Management decisions
- Budget modifications made to the personal services budget in the 2023 biennium

### DP 3 - Inflation Deflation -

The executive requests adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.



### Program Biennium Comparison

The following table compares the 2023 biennium appropriated budget to the 2025 biennium budget request by type of expenditure and source of funding.

Program Biennium Comparison				
Budget Item	Appropriated Budget 22-23	Requested Budget 24-25	Biennium Change	Biennium % Change
Personal Services	10,884,324	10,869,562	(14,762)	(0.14)%
Operating Expenses	4,684,466	5,205,154	520,688	11.12 %
Grants	28,653,032	28,628,036	(24,996)	(0.09)%
Benefits & Claims	558,862,652	646,053,925	87,191,273	15.60 %
Transfers	6,862,495	65,000	(6,797,495)	(99.05)%
Debt Service	6,154	3,268	(2,886)	(46.90)%
<b>Total Expenditures</b>	<b>\$609,953,123</b>	<b>\$690,824,945</b>	<b>\$80,871,822</b>	<b>13.26 %</b>
General Fund	130,518,409	174,304,064	43,785,655	33.55 %
State/Other Special Rev. Funds	66,527,920	66,265,160	(262,760)	(0.39)%
Federal Spec. Rev. Funds	412,906,794	450,255,721	37,348,927	9.05 %
<b>Total Funds</b>	<b>\$609,953,123</b>	<b>\$690,824,945</b>	<b>\$80,871,822</b>	<b>13.26 %</b>
<b>Total Ongoing</b>	<b>\$609,953,123</b>	<b>\$690,674,945</b>	<b>\$80,721,822</b>	<b>13.23 %</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$150,000</b>	<b>\$150,000</b>	<b>100.00 %</b>

### Program Biennium Comparison -

The 2025 biennium budget proposes an increase of 13.3%, with an increase in general fund of 33.6%. When compared to the 2023 base the increase is 1.3% in FY 2024 and 12.4% in FY 2025.

### Program Description

The Senior and Long-Term Care Division (SLTC) plans, administers, and provides publicly funded long term care services for Montana's senior citizens and persons with disabilities. In addition, the division provides education and support regarding aging and long-term care issues to Montanans of all ages. The division makes services available through four major programs:

- The Office on Aging manages the Older Americans Act which contracts through ten Area Agencies on Aging to provide meals, transportation, public education, information, and assistance. The Long-Term Care Ombudsman program provides resident centered advocacy in Montana long term care facilities. Other services include Medicare counseling, legal development and life span respite.
- The Medicaid Community Services develops and manages programs to pay for in-home care, the Big Sky Waiver, home health and hospice. The Medicaid residential facility section pays for care to Medicaid-eligible individuals in 65 Montana nursing homes as well as manages the assisted living benefit under the Big Sky Waiver.
- The Adult Protective Services Program (APS) investigates abuse, neglect, and exploitation of Montanans over the age of 60, individuals over 18 with mental health or developmental disabilities. The guardianship unit provides oversight of the wards of the state placed with APS by the court system. The bureau also provides public education and training on the topics of abuse, neglect, exploitation, and reporting
- The State Supplemental Payments Program pays for a portion of the room and board costs for Supplemental Security Income (SSI) eligible individuals residing in designated residential care facilities.

Statutory References: Aging Services, 52-3-201 et seq., MCA, (Protection Services Act for Aged Persons or Disabled Adults), 52-3-501 et seq., MCA, (Montana Older Americans Act), 52-3-801 et seq., MCA, (Montana Elder and Developmentally Disabled Abuse Prevention Act); P.L.89-75 (Federal Older Americans Act), P.L. 93-66 Section 212, P.L. 93-233 (authorizes states to supplement the Supplemental Security Income Amendments to the (SSI) Payments Program Social Security Act); Medicaid, Title 53, Chapter 6, MCA; Title 19, Social Security Act 42 USC 1396 et. seq. (establishes and authorizes Medicaid Program).

## Program Highlights

SLTC Major Budget Highlights	
<ul style="list-style-type: none"> <li>The proposed budget includes an overall increase of 13.3% total funds relative to the 2023 biennium budget, an increase of \$80.9 million. The executive proposal includes: <ul style="list-style-type: none"> <li>General fund increase of 33.6% or \$43.8 million</li> <li>Provider rates increase of \$42.9 million</li> </ul> </li> </ul>	

## Program Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the expenditures requested for FY 2024 and FY 2025 by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2022	Approp. Fiscal 2022	Approp. Fiscal 2023	Request Fiscal 2024	Request Fiscal 2025
FTE	0.00	74.75	74.75	74.75	74.75
Personal Services	5,039,651	5,216,445	5,667,879	5,417,488	5,452,074
Operating Expenses	2,159,997	2,654,048	2,030,418	2,588,605	2,616,549
Grants	13,769,077	14,339,014	14,314,018	14,314,018	14,314,018
Benefits & Claims	254,639,446	257,635,491	301,227,161	305,233,434	340,820,491
Transfers	6,797,494	6,829,995	32,500	32,500	32,500
Debt Service	234,543	4,520	1,634	1,634	1,634
<b>Total Expenditures</b>	<b>\$282,640,208</b>	<b>\$286,679,513</b>	<b>\$323,273,610</b>	<b>\$327,587,679</b>	<b>\$363,237,266</b>
General Fund	52,198,476	52,477,676	78,040,733	81,479,398	92,824,666
State/Other Special Rev. Funds	31,096,728	33,172,761	33,355,159	33,137,160	33,128,000
Federal Spec. Rev. Funds	199,345,004	201,029,076	211,877,718	212,971,121	237,284,600
<b>Total Funds</b>	<b>\$282,640,208</b>	<b>\$286,679,513</b>	<b>\$323,273,610</b>	<b>\$327,587,679</b>	<b>\$363,237,266</b>
<b>Total Ongoing</b>	<b>\$282,640,208</b>	<b>\$286,679,513</b>	<b>\$323,273,610</b>	<b>\$327,512,679</b>	<b>\$363,162,266</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$75,000</b>	<b>\$75,000</b>

## Program Discussion -

*FY 2022 Appropriation Compared to FY 2022 Actual Expenditures*

In FY 2022 SLTC expended 98.6% of its overall HB2 budget, and 99.5% of its general fund budget.

*FY 2022 Appropriation Compared to FY 2023 Appropriation*

SLTC FY 2023 total appropriations are 12.8%, or \$36.6 million, higher than the FY 2022 total appropriation of \$286.7 million. Transfers to other DPHHS divisions during FY 2022 reduced the FY 2022 SLTC budget by \$21.7 million. A budget change in FY 2022 shifted \$6.8 million in transfers expenditures to benefits and claims expenditures to conform with federal requirements for enhanced Home and Community-Based Services FMAP contained in the federal ARPA legislation.

*Comparison of FY 2023 Legislative Budget to FY 2023 Base*

Executive modifications decreased the FY 2023 budget for SLTC by \$20.4 million. This was due to a reorganization which moved administration of the three veterans' homes to the Healthcare Facilities Division (HFD).

SLTC				
Comparison of the FY 2023 Legislative Budget to the FY 2023 Base Budget				
	Legislative Budget	Executive Modification per Statutory Authority	Executive Base Budget	% Change from Legislative Action
Personal Services	14,881,921	(9,214,042)	5,667,879	-61.9%
Operating Expenses	14,666,528	(12,036,110)	2,630,418	-82.1%
Equipment & Intangible Assets	31,093	(31,093)	0	-100.0%
Grants	14,419,338	(105,321)	14,314,017	-0.7%
Benefits & Claims	300,171,051	1,056,110	301,227,161	0.4%
Transfers	4,000	28,500	32,500	712.5%
Debt Service	91,099	(89,465)	1,634	-98.2%
	<b>344,265,030</b>	<b>(20,391,421)</b>	<b>323,873,609</b>	<b>-5.9%</b>

### *Executive Request*

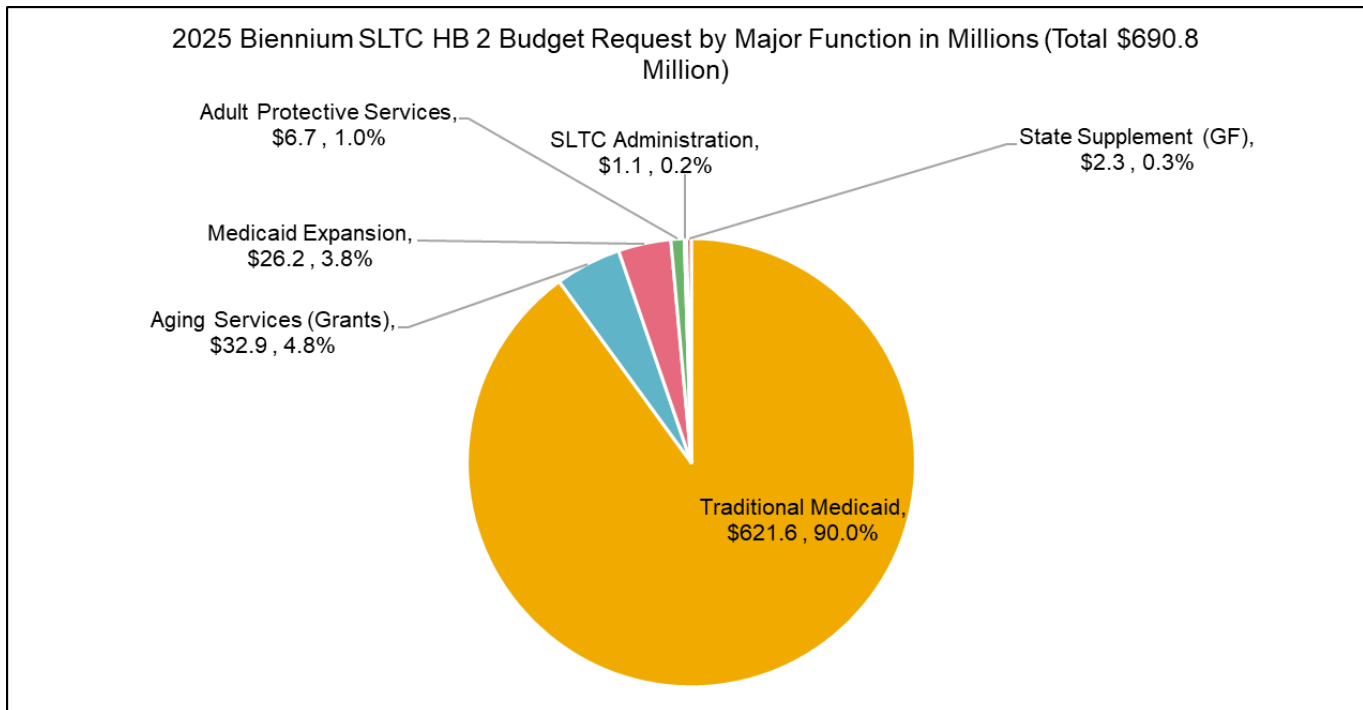
The executive request for the SLTC 2025 biennium HB 2 budget is \$80.9 million, or 13.3% higher than the FY 2023 appropriated budget. The 2025 biennium request is \$43.8 million, or 33.6% higher in general fund. The majority of this change is due to benefits and claims, which are proposed to increase by \$87.2 million relative to the 2023 biennium budget.

### *Discussion*

This section discusses the SLTC budget and activities. Some general SLTC budget discussion follows, with more detail provided on the 2025 biennium request in subsequent subsections, along with a discussion of major programs and services within SLTC.

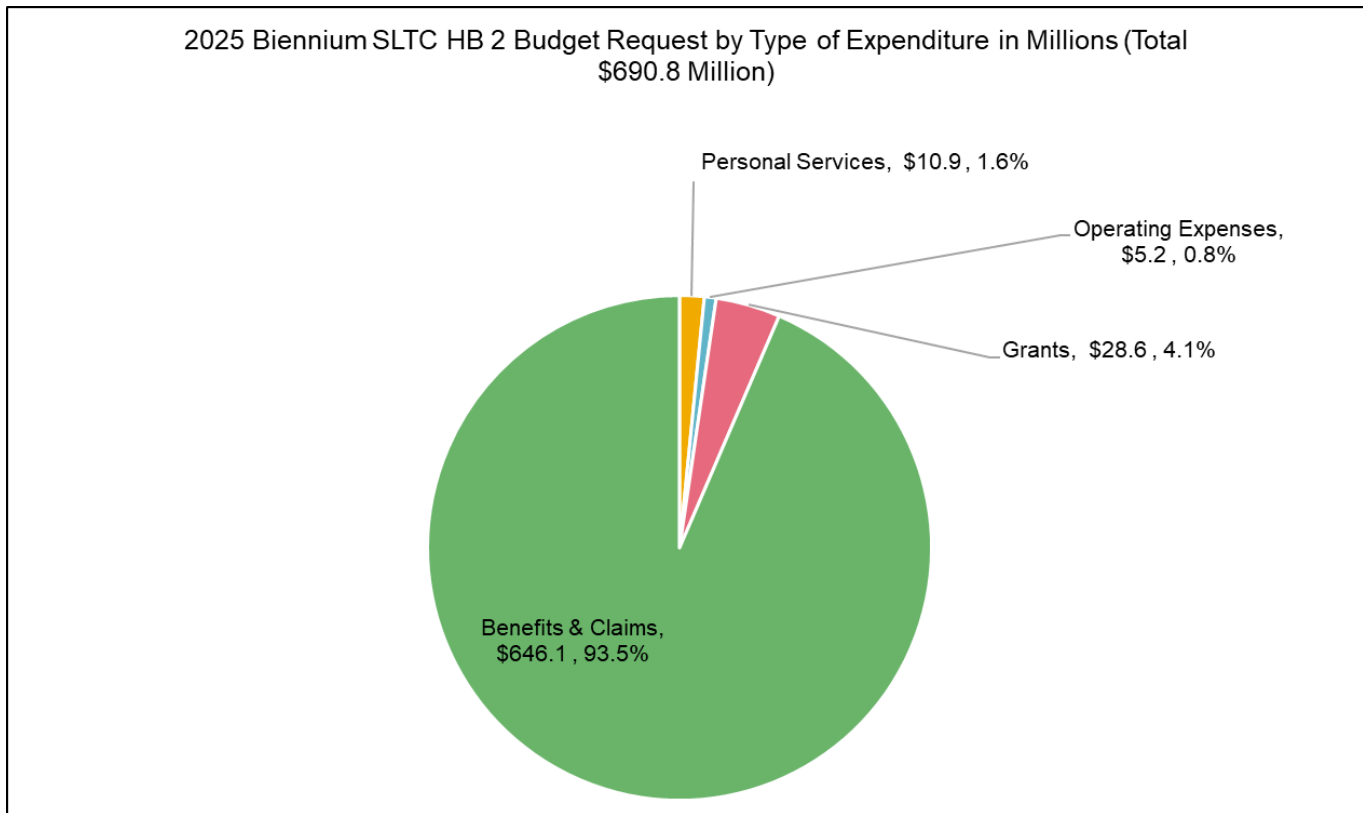
### **Biennium Budget by Major Function**

The figure below shows the SLTC 2025 biennium budget request by major function. Appropriations for Medicaid services are the most significant budgetary item, comprising 93.8% of the 2025 biennium SLTC budget request. Aging services are 4.8% of the request and adult protective services are 1.0%, with division administration making up 0.2% of the total.

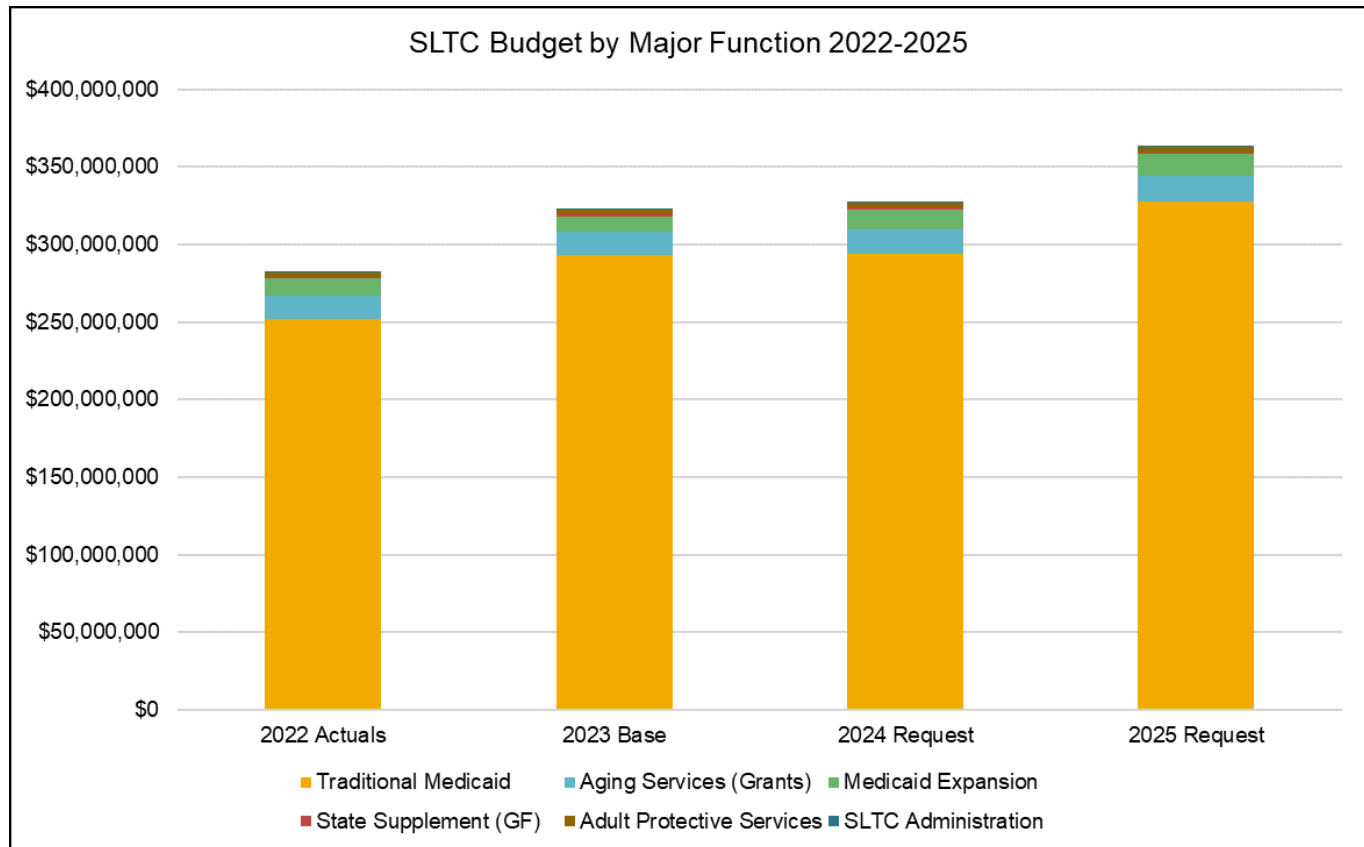


### Biennium Budget by Expenditure Type

The chart below presents the SLTC 2025 biennium budget request by major expenditure. Benefits and claims, which are payments for services provided to persons who meet specific eligibility criteria, are 93.5% of the total request. Grants are 4.1% of the total and are primarily federal categorical grants for aging services. Most of these grant funds support contracts with Area Agencies on Aging to provide services such as Meals on Wheels, congregate meals, and other support services. Personal services are 1.6% of the total and fund the cost of state employees. Operating costs are 0.8%. Debt service and transfers combine for less than 1.0% of the total and are not reflected in the figure below.

**SLTC Budget by Major Function: FY 2022-2025**

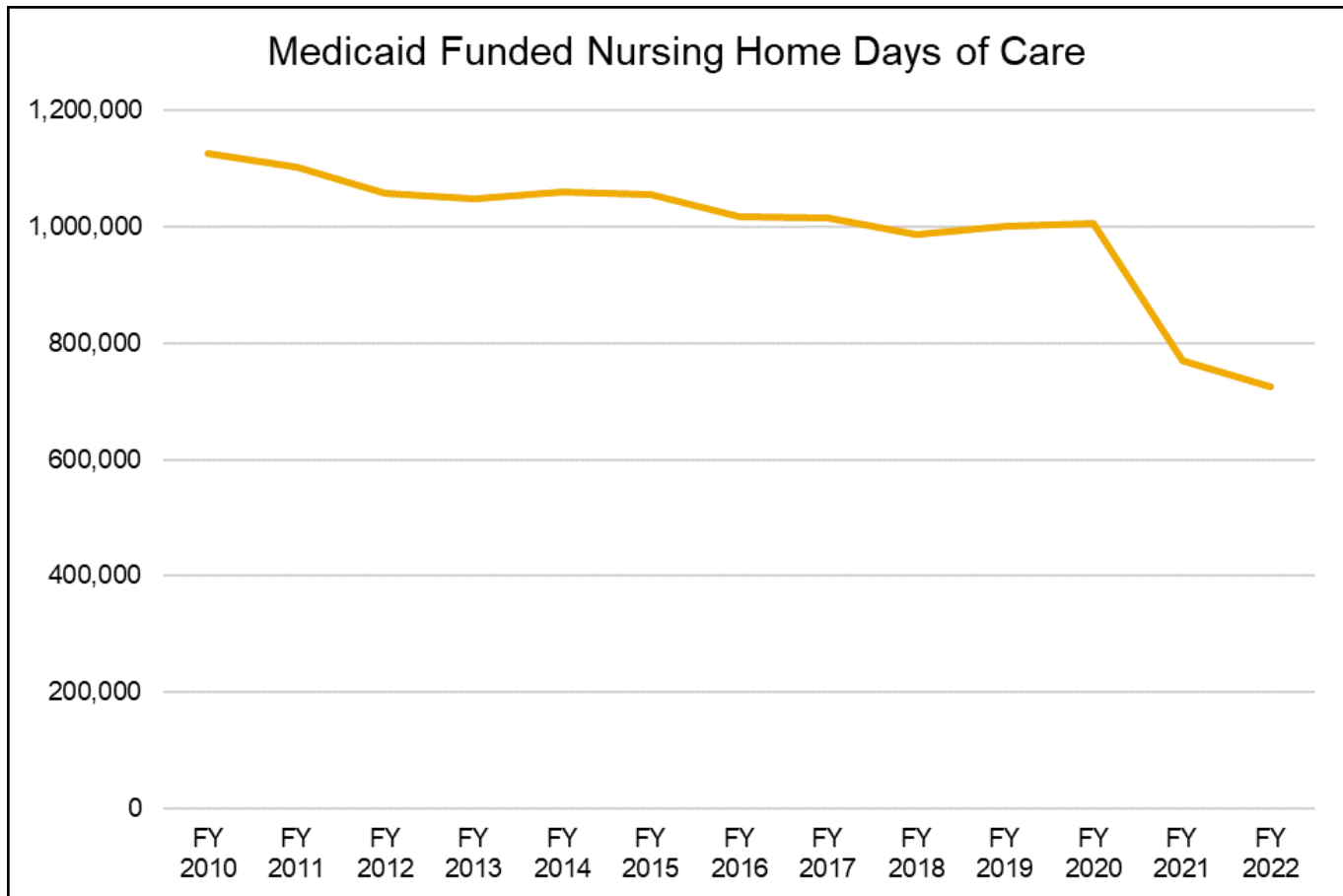
The figure below presents the SLTC budget by major function by fiscal year. Note that this chart does not include every function performed by SLTC but highlights the major functions.



Nursing home services (including intergovernmental transfer payments, or IGT payments) are the majority of Medicaid services expenditures for the division. For the most part, other Medicaid services support the ability of persons, who might otherwise be served in facility-based care, to live in home and community settings while receiving services.

### Nursing Home Days of Care

The figure below shows the DPHHS/SLTC figures for Medicaid funded days of nursing home services. Nursing home days of care funded by Medicaid have been declining over the past several biennia.



### Community First Choice

The 2013 Legislature implemented Community First Choice (CFC), an optional Medicaid service. Prior to FY 2014, most Medicaid funded personal care services were provided in the home-based services category but shifted to the CFC program. CFC has an enhanced federal match, which is 6.0 percentage points above a state's regular federal match rate.

In addition to provision of personal care, CFC requires developing a person-centered service plan, including an emergency contact/response component in the plan, establishing and maintaining a comprehensive continuous quality assurance system specifically for the CFC benefit, collecting and reporting information for federal oversight, and completing an evaluation of the program. As of FYE 2022 Community First Choice served 2,771 persons.

Services available to recipients include case management, homemaker, personal care, adult day care, respite, habilitation, medical alert monitor, meals, transportation, environmental modification, respiratory therapy, nursing services, adult residential care provided in a personal care or assisted living facility, or adult foster home, as well as a number of specialized services for recipients with a traumatic brain injury. The community-based waiver is managed through allocation of various types of services depending on the health and needs of the individual.

### The Big Sky Waiver

The Big Sky Home and Community Based Services Program/Waiver, as defined by DPHHS: "allows people, who would otherwise be institutionalized, to live in their own home and community. The services are made available through the Department of Public Health & Human Services (DPHHS) and the Senior and Long-Term Care Division (SLTC)." DPHHS indicates the Big Sky Waiver served 2,774 persons at FYE 2022 (preliminary estimate).

As of December 2022, the waiting list for the Big Sky Waiver stood at 405 persons, and the average days on the waitlist was 102. The 2025 DPHHS biennium request for Medicaid waiver services is \$124.2 million total funds.

*5.0% Reduction Plan*

Statute requires that agencies submit plans to reduce general fund and certain state special revenue funds by 5.0%. A summary of the entire 2025 biennium 5.0% plan submitted for this agency is in the Budget Analysis Appendix.

SLTC has created a 5.0% reduction plan that includes a total savings of \$2.6 million in general fund and \$956,609 million in state special revenue. These savings are realized by reducing Medicaid rates, reducing operating expenses, reducing personal services, and reducing grants for aging support. The reduction in Medicaid rates is the largest component. The agency states: "This would include reduction to Home Health, Hospice, CFC/PAS, Swing Bed, and Big Sky Waiver. This could result in reduced services to vulnerable Montanans."



## Funding

The following table shows proposed agency funding for all sources of authority.

Department of Public Health & Human Services, 22-Senior & Long Term Care Svcs						
Funding by Source of Authority						
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	174,304,064	0	0	0	174,304,064	25.23 %
02023 Private Ins. Medicaid Reim.-Ve	0	0	0	0	0	0.00 %
02053 Medicaid IGT's	4,507,648	0	0	0	4,507,648	6.80 %
02260 Cigarette Tax Revenue	327,728	0	0	0	327,728	0.49 %
02497 6901-Lien & Estate - SLTCD	2,337,214	150,000	0	0	2,487,214	3.75 %
02772 Tobacco Hlth and Medicaid Init	28,370,424	0	0	0	28,370,424	42.81 %
02783 6901-Traumatic Brain Injury Dn	32,216	0	0	0	32,216	0.05 %
02987 Tobacco Interest	2,224,760	0	0	0	2,224,760	3.36 %
02990 69010-Nursing Home Utilization	26,819,000	0	0	0	26,819,000	40.47 %
02367 Older Montanans Trust Distrib	1,496,170	0	0	0	1,496,170	2.26 %
<b>State Special Total</b>	<b>\$66,115,160</b>	<b>\$150,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$66,265,160</b>	<b>9.59 %</b>
03279 SLTC Lifespan Respite	0	0	0	0	0	0.00 %
03579 93.667 - SSBG - Benefits	725,684	0	0	0	725,684	0.16 %
03580 6901-93.778 - Med Adm 50%	3,010,488	0	0	0	3,010,488	0.67 %
03583 93.778 - Med Ben FMAP	399,755,029	0	0	0	399,755,029	88.78 %
03666 Aging - Caregiver III-E	2,136,948	0	0	0	2,136,948	0.47 %
03350 Aging-SHIP-ACL	1,001,590	0	0	0	1,001,590	0.22 %
03368 MIPPA CMS - SHIP	0	0	0	0	0	0.00 %
03372 MIPPA CMS - ADRC	0	0	0	0	0	0.00 %
03381 MIPPA CMS - AAA	0	0	0	0	0	0.00 %
03456 69010-AOA Aging One-Stop Shop	2	0	0	0	2	0.00 %
03512 MFP Demonstration Grant	2,866,776	0	0	0	2,866,776	0.64 %
03514 10.570 - Elderly Feeding 100%	2,090,053	0	0	0	2,090,053	0.46 %
03515 93.041 - Elder Abuse Prev 100%	49,132	0	0	0	49,132	0.01 %
03516 93.042 - Ombudsman Activity 10	214,060	0	0	0	214,060	0.05 %
03517 93.043 - Preventive Hlth 100%	265,360	0	0	0	265,360	0.06 %
03518 93.044 - Aging Sup S & Train 1	4,529,610	0	0	0	4,529,610	1.01 %
03519 93.045 - Aging Meals 100%	5,458,075	0	0	0	5,458,075	1.21 %
03073 Aging - Farmers Market	197,696	0	0	0	197,696	0.04 %
03074 Aging - Nutrition Services HDM	2,874,907	0	0	0	2,874,907	0.64 %
03112 Vets-V.A. Reimb	0	0	0	0	0	0.00 %
03116 Nursing Home Civil Penalties	960,000	0	0	0	960,000	0.21 %
03974 Medicaid Exp HELP Act Admin	0	0	0	0	0	0.00 %
03975 Medicaid Exp HELP Act Benefit	24,120,311	0	0	0	24,120,311	5.36 %
03141 MBCC_Financial Exploitation	0	0	0	0	0	0.00 %
03277 Lifespan Respite Expansion	0	0	0	0	0	0.00 %
03105 APS ARP	0	0	0	0	0	0.00 %
03041 No Wrg Door S C19 Vac Supp	0	0	0	0	0	0.00 %
03175 CRSSA Act Ombudsman	0	0	0	0	0	0.00 %
03216 Enhance APS COVID-19	0	0	0	0	0	0.00 %
03394 AGING Network Access to C19Vac	0	0	0	0	0	0.00 %
03708 Alzheimers Disease Pgm 93.470	0	0	0	0	0	0.00 %
03824 Elder Abuse Prevention Pgm	0	0	0	0	0	0.00 %
03347 APS Pathway to Safety	0	0	0	0	0	0.00 %
<b>Federal Special Total</b>	<b>\$450,255,721</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$450,255,721</b>	<b>65.18 %</b>
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
<b>Total All Funds</b>	<b>\$690,674,945</b>	<b>\$150,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$690,824,945</b>	

The table above shows the distribution of funding for the SLTC division. SLTC is funded by general fund, state special revenue, and federal special revenue funds.

The general fund supports:

- State Medicaid match
- Aging services
- Adult protective services
- Administrative costs

General fund expenditures can increase due to:

- Provider rate increases for Medicaid and aging services
- An increased number of Medicaid enrollees
- Higher costs of care for Medicaid enrollees
- Direct care worker wage increases
- Higher state Medicaid matching costs due to the reduction in the federal match rate (FMAP)

Most state revenue sources are used as a match for Medicaid services, including:

- Nursing home utilization fee
- Health and Medicaid initiative tobacco tax revenue
- County intergovernmental transfer revenues (IGT)

#### *Nursing Home Utilization Fee*

A portion of the state Medicaid match for nursing homes is paid from a fee assessed for each day of nursing home care. The number of days of nursing home care has fallen since the mid-1990s, with the exception of FY 2010 and FY 2014.

#### **Program Budget Summary by Category**

The following table summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary.

Budget Summary by Category								
	-----General Fund-----				-----Total Funds-----			
Budget Item	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget
2023 Base Budget	78,040,733	78,040,733	156,081,466	89.55 %	323,273,610	323,273,610	646,547,220	93.59 %
SWPL Adjustments	(10,092)	31,445	21,353	0.01 %	(97,035)	(34,505)	(131,540)	(0.02)%
PL Adjustments	475,123	4,035,931	4,511,054	2.59 %	(4,839,825)	7,028,001	2,188,176	0.32 %
New Proposals	2,973,634	10,716,557	13,690,191	7.85 %	9,250,929	32,970,160	42,221,089	6.11 %
<b>Total Budget</b>	<b>\$81,479,398</b>	<b>\$92,824,666</b>	<b>\$174,304,064</b>		<b>\$327,587,679</b>	<b>\$363,237,266</b>	<b>\$690,824,945</b>	

#### **Present Law Adjustments**

The "Present Law" Adjustments table shows the changes from the base appropriation to the proposed budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

Present Law Adjustments										
-----Fiscal 2024-----						-----Fiscal 2025-----				
FTE	General Fund	State Special	Federal Special	Total Funds		FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	(62,355)	(41,190)	(101,496)	(205,041)	0.00	(37,756)	(40,905)	(91,794)	(170,455)
DP 3 - Inflation Deflation	0.00	52,263	1,608	54,135	108,006	0.00	69,201	2,143	64,606	135,950
DP 22003 - Ombudsman Caseload	0.00	0	124,995	124,995	249,990	0.00	0	124,995	124,995	249,990
DP 22006 - Increase Capacity of CMP Grant Program	0.00	0	0	79,841	79,841	0.00	0	0	79,841	79,841
DP 22100 - Med Core CFC Caseload SLTC	0.00	172,729	0	401,313	574,042	0.00	496,046	0	1,170,775	1,666,821
DP 22101 - FMAP Adjustment CFC SLTC	0.00	132,565	0	(132,565)	0	0.00	(5,021)	0	5,021	0
DP 22891 - Expansion Core Caseload SLTC	0.00	14,606	0	131,456	146,062	0.00	29,008	0	261,072	290,080
DP 22892 - Expansion CFC Core Caseload SLTC	0.00	91,377	0	2,193,042	2,284,419	0.00	86,910	0	2,085,836	2,172,746
DP 22991 - Med Core Caseload SLTC	0.00	(2,109,738)	0	(3,736,031)	(5,845,769)	0.00	1,213,900	0	2,169,322	3,383,222
DP 22992 - FMAP Adjustment Med Core SLTC	0.00	1,690,522	0	(1,690,522)	0	0.00	1,356,059	0	(1,356,059)	0
DP 22993 - Med Federal Caseload SLTC	0.00	0	0	(474,765)	(474,765)	0.00	0	0	(474,765)	(474,765)
DP 22994 - Med Other IGT Caseload SLTC	0.00	0	(476,752)	(844,256)	(1,321,008)	0.00	0	(473,978)	(847,030)	(1,321,008)
DP 22995 - FMAP Adjustment IGT SLTC	0.00	0	98,340	(98,340)	0	0.00	0	85,586	(85,586)	0
DP 22996 - Med Waiver Caseload SLTC	0.00	(192,229)	0	(340,408)	(532,637)	0.00	352,009	0	629,065	981,074
DP 22997 - FMAP Adjustment Med Waiver SLTC	0.00	181,388	0	(181,388)	0	0.00	61,105	0	(61,105)	0
DP 22998 - FMAP Adjustment Med Other DCW HCHCW SLTC	0.00	338,218	0	(338,218)	0	0.00	308,686	0	(308,686)	0
DP 22999 - FMAP Adjustment Med Other CFC DCW HCHCW SLTC	0.00	155,685	0	(155,685)	0	0.00	137,229	0	(137,229)	0
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$465,031</b>	<b>(\$292,999)</b>	<b>(\$5,108,892)</b>	<b>(\$4,936,860)</b>	<b>0.00</b>	<b>\$4,067,376</b>	<b>(\$302,159)</b>	<b>\$3,228,279</b>	<b>\$6,993,496</b>

\*\*\*Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

#### DP 1 - Personal Services -

The executive requests adjustments to the present law personal services budget. This request has been broken into the following categories, and further detail is shown in the agency summary:

- Legislatively approved changes
- Management decisions
- Budget modifications made to the personal services budget in the 2023 biennium

#### DP 3 - Inflation Deflation -

The executive requests adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

#### DP 22003 - Ombudsman Caseload -

The executive requests funding for existing services for the Long-Term Care Ombudsman Program in the Senior and Long-Term Care Division.

DP 22006 - Increase Capacity of CMP Grant Program -

The executive requests funding for existing services for the Civil Monetary Penalty (CMP) Program in the Senior and Long-Term Care Division.

DP 22100 - Med Core CFC Caseload SLTC -

The executive requests funding for caseload growth in the Community First Choice Program in the Senior and Long-Term Care Division. This request covers the increase in the number of eligible individuals, utilization, acuity levels, and cost per service for medical care.

DP 22101 - FMAP Adjustment CFC SLTC -

The executive requests funding for existing services for the Community First Choice (CFC) Program in the Senior and Long-Term Care Division. The biennial funding increases general fund by \$127,544 and includes an offsetting decrease in federal funds. The total cost for the program does not change.

DP 22891 - Expansion Core Caseload SLTC -

The executive requests funding for caseload growth in the Senior and Long-Term Care Division. This request covers the increase in the number of eligible individuals, utilization, acuity levels, and cost per service for medical care.

DP 22892 - Expansion CFC Core Caseload SLTC -

The executive requests funding for caseload growth in the Expansion Community First Choice (CFC) Program in the Senior and Long-Term Care Division. This request covers the increase in the number of eligible individuals, utilization, acuity levels, and cost per service for medical care.

DP 22991 - Med Core Caseload SLTC -

The executive requests funding changes for a caseload reduction in the Senior and Long-Term Care Division. These changes adjust for reductions in the number of eligible individuals, utilization, acuity levels, and cost per service for medical care.

DP 22992 - FMAP Adjustment Med Core SLTC -

The executive requests funding for existing services for the Senior and Long-Term Care Division. The biennial funding increases general fund by \$3,046,581 and includes an offsetting decrease in federal funds. The total cost for the program does not change.

DP 22993 - Med Federal Caseload SLTC -

The executive requests funding changes for a caseload reduction in the Senior and Long-Term Care Division. These changes adjust for reductions in the number of eligible individuals, utilization, acuity levels, and cost per service for medical care.

DP 22994 - Med Other IGT Caseload SLTC -

The executive requests funding changes for a caseload reduction for the Medicaid IGT Program in the Senior and Long-Term Care Division, including the changes in the number of eligible individuals, utilization, acuity levels, and cost per service for medical care.

DP 22995 - FMAP Adjustment IGT SLTC -

The executive requests funding for existing services for the Intergovernmental Transfer (IGT) Program in the Senior and Long-Term Care Division. The biennial funding increases state special funds by \$183,296 and includes an offsetting decrease in federal funds. The total cost for the program does not change.

DP 22996 - Med Waiver Caseload SLTC -

The executive requests funding for caseload growth in the Home and Community Based Waiver Program (Big Sky Waiver) in the Senior and Long-Term Care Division. This request covers the increase in the number of eligible individuals, utilization, acuity levels, and cost per service for medical care.

DP 22997 - FMAP Adjustment Med Waiver SLTC -

The executive requests funding for existing services for the Home and Community Based Waiver Program (Big Sky Waiver) in the Senior and Long-Term Division. The biennial funding increases general funds by \$242,493 and includes an offsetting decrease in federal funds. The total cost for the program does not change.

DP 22998 - FMAP Adjustment Med Other DCW HCHCW SLTC -

The executive requests funding for existing services for the Direct Care Wage and Healthcare for the Healthcare Workers Program in the Senior and Long-Term Care Division. The biennial funding increases general funds by \$646,904 and includes an offsetting decrease in federal funds. The total cost for the program does not change.

DP 22999 - FMAP Adjustment Med Other CFC DCW HCHCW SLTC -

The executive requests funding for existing services for the Community First Choice (CFC) Direct Care Wage and Health Care for Health Care Workers (HCHCW) Program in the Senior and Long-Term Care Division. The biennial funding increases general fund by \$292,914 and includes an offsetting decrease in federal funds. The total cost for the program does not change.

**New Proposals**

The "New Proposals" table shows new proposals for spending.

New Proposals	Fiscal 2024					Fiscal 2025				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 22001 - MED Core Nursing Home Refinance	0.00	0	0	0	0	0.00	0	0	0	0
DP 22015 - Prov Rate Adj - Medicaid Core	0.00	2,334,427	0	4,539,460	6,873,887	0.00	8,621,828	0	16,915,407	25,537,235
DP 22016 - Prov Rate Adj - Medicaid Waiver	0.00	466,129	0	840,196	1,306,325	0.00	1,705,495	0	3,077,804	4,783,299
DP 22017 - Prov Rate Adj - Aging Services	0.00	139,841	0	419,520	559,361	0.00	279,679	0	839,042	1,118,721
DP 22018 - Prov Rate Adj - Medicaid Expansion Core	0.00	26,325	0	237,230	263,555	0.00	85,592	0	771,246	856,838
DP 22019 - Prov Rate Adj - Medicaid Expansion Core CFC	0.00	6,912	0	165,889	172,801	0.00	23,963	0	575,104	599,067
DP 22555 - Develop APS Guardianship Program OTO/BIEN	0.00	0	75,000	0	75,000	0.00	0	75,000	0	75,000
<b>Total</b>	<b>0.00</b>	<b>\$2,973,634</b>	<b>\$75,000</b>	<b>\$6,202,295</b>	<b>\$9,250,929</b>	<b>0.00</b>	<b>\$10,716,557</b>	<b>\$75,000</b>	<b>\$22,178,603</b>	<b>\$32,970,160</b>

\*\*\*Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 22001 - MED Core Nursing Home Refinance -

The executive requests a refinance for Medicaid core nursing homes caseload in the Senior and Long-Term Care Division. This fund switch will increase state special revenue I-149 funds (Tobacco Health and Medicaid Initiatives fund) and decrease state special revenue (nursing home utilization) funds by \$2,850,305 in FY 2024 and \$3,087,305 in FY 2025. The total cost for the program does not change.

DP 22015 - Prov Rate Adj - Medicaid Core -

The executive requests funding for provider rate adjustments. For provider types that were included in the 2023 biennium provider rate study, the requested increase is a portion of the study's rate proposals. The requested increase for providers not included in the provider rate study is estimated at 4.0% in FY 2024 and an additional 4.0% in FY 2025. Those providers eligible for the statutory increases in 53-6-125, MCA, are not captured in this proposal as their adjustment is already included in the Medicaid caseload change packages.

DP 22016 - Prov Rate Adj - Medicaid Waiver -

The executive requests funding for provider rate adjustments. For provider types that were included in the 2023 biennium provider rate study, the requested increase is a portion of the study's rate proposals. The requested increase for providers not included in the provider rate study is estimated at 4.0% in FY 2024 and an additional 4.0% in FY 2025. Those providers eligible for the statutory increases in 53-6-125, MCA, are not captured in this proposal as their adjustment is already included in the Medicaid caseload change packages.

DP 22017 - Prov Rate Adj - Aging Services -

The executive requests funding for provider rate adjustments. For provider types that were included in the 2023 biennium provider rate study, the requested increase is a portion of the study's rate proposals. The requested increase for providers not included in the provider rate study is estimated at 4.0% in FY 2024 and an additional 4.0% in FY 2025. Those providers eligible for the statutory increases in 53-6-125, MCA, are not captured in this proposal as their adjustment is already included in the Medicaid caseload change packages.

DP 22018 - Prov Rate Adj - Medicaid Expansion Core -

The executive requests funding for provider rate adjustments. For provider types that were included in the 2023 biennium provider rate study, the requested increase is a portion of the study's rate proposals. The requested increase for providers not included in the provider rate study is estimated at 4.0% in FY 2024 and an additional 4.0% in FY 2025. Those providers eligible for the statutory increases in 53-6-125, MCA, are not captured in this proposal as their adjustment is already included in the Medicaid caseload change packages.

DP 22019 - Prov Rate Adj - Medicaid Expansion Core CFC -

The executive requests funding for provider rate adjustments. For provider types that were included in the 2023 biennium provider rate study, the requested increase is a portion of the study's rate proposals. The requested increase for providers not included in the provider rate study is estimated at 4.0% in FY 2024 and an additional 4.0% in FY 2025. Those providers eligible for the statutory increases in 53-6-125, MCA, are not captured in this proposal as their adjustment is already included in the Medicaid caseload change packages.

DP 22555 - Develop APS Guardianship Program OTO/BIEN -

The executive requests biennial, one-time-only (OTO) funding for contracted legal services to review current guardianships to identify policy and programmatic issues related to the guardianship process. The contractor would

propose solutions and assist Adult Protective Service (APS) Guardianship staff with developing training for case managers, protective services, attorneys, and judges. Additionally, the contractor, in collaboration with APS Guardianship staff, would manage the legal process required to correct, refine, or dismiss current guardianships as appropriate. Funding supports contracted services, travel, equipment, and access to department data.

### Program Biennium Comparison

The following table compares the 2023 biennium appropriated budget to the 2025 biennium budget request by type of expenditure and source of funding.

Program Biennium Comparison				
Budget Item	Appropriated Budget 22-23	Requested Budget 24-25	Biennium Change	Biennium % Change
Personal Services	10,346,953	10,174,272	(172,681)	(1.67)%
Operating Expenses	6,736,866	7,943,697	1,206,831	17.91 %
Equipment & Intangible Assets	180,000	150,000	(30,000)	(16.67)%
Grants	41,908,061	49,329,866	7,421,805	17.71 %
Benefits & Claims	108,634,938	102,585,534	(6,049,404)	(5.57)%
Transfers	18,750	10,000	(8,750)	(46.67)%
Debt Service	78,429	4,378	(74,051)	(94.42)%
<b>Total Expenditures</b>	<b>\$167,903,997</b>	<b>\$170,197,747</b>	<b>\$2,293,750</b>	<b>1.37 %</b>
General Fund	22,965,861	25,101,068	2,135,207	9.30 %
State/Other Special Rev. Funds	8,583,720	8,444,030	(139,690)	(1.63)%
Federal Spec. Rev. Funds	136,354,416	136,652,649	298,233	0.22 %
<b>Total Funds</b>	<b>\$167,903,997</b>	<b>\$170,197,747</b>	<b>\$2,293,750</b>	<b>1.37 %</b>
<b>Total Ongoing</b>	<b>\$167,903,997</b>	<b>\$170,197,747</b>	<b>\$2,293,750</b>	<b>1.37 %</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>

### Program Biennium Comparison -

The 2025 biennium budget proposes an increase of 1.4%. The general fund would increase by 9.3%, state special revenues would decrease by 1.6% and the federal special revenue funds would increase by 0.2%.

### Program Description

The Early Childhood and Family Support Division (ECFSD) is comprised of three bureaus:

- Early Childhood Services Bureau
- Family and Community Health Bureau
- Fiscal and Operations Bureau

In addition to the three bureaus, this division includes the No Kid Hungry Project, Prevention and Early Intervention Team, and the Children's Trust Fund.

The Early Childhood and Family Support Division partners with local community-based organizations, businesses, and clinics across the state.

The Early Childhood Services Bureau (ECSB) manages the funds which pay for childcare for Temporary Assistance for Needy Families (TANF) participants, child protective services childcare, working caretaker relatives, and low-income working families. In addition, the ECSB team licenses childcare facilities across the state and provides training and technical assistance through community partners. Other programs within ECSB include the Child and Adult Care Food Program which provides reimbursement to childcare providers and Head Starts for the cost of meals served to eligible children and adults, the Head Start Collaboration Grant, and the Montana Milestones Program which works with community partners to support children 0-3 with developmental delays.

The Family and Community Health Bureau (FCHB) provides a variety of programs targeted at improving the lives of women, infants, children, adolescents, and families. This includes universal newborn screenings and other support for parents and children through the Maternal Child Health Block Grant. Nutrition and breastfeeding support and education is provided across the state through the Women, Infants, and Children Supplemental Nutrition Program (WIC). In addition, FCHB supports children with special health care needs through parent mentoring, financial assistance, and technical assistance.



Other programs include the Healthy Montana Families Program that provides home visiting services.

The Fiscal and Operations Bureau coordinates, analyzes, implements, and monitors the division budget; purchases supplies and equipment; assists with grant reporting and contracts; manages the division's data systems, and provides internal control oversight for the division.

### Program Highlights

Early Childhood and Family Support Division Major Budget Highlights	
<ul style="list-style-type: none"> <li>ECFSD's 2025 biennium budget request is an increase of 1.4% or \$2.3 million over the previous biennium</li> <li>The executive proposal includes: <ul style="list-style-type: none"> <li>Increases in statewide present law adjustments for personal services and inflation/deflation</li> <li>Increases in authority for provider rate adjustments</li> </ul> </li> </ul>	

### Program Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the expenditures requested for FY 2024 and FY 2025 by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2022	Approp. Fiscal 2022	Approp. Fiscal 2023	Request Fiscal 2024	Request Fiscal 2025
FTE	0.00	60.24	60.24	60.24	60.24
Personal Services	6,045,171	5,488,420	4,858,533	5,074,166	5,100,106
Operating Expenses	4,326,639	2,988,411	3,748,455	3,950,579	3,993,118
Equipment & Intangible Assets	25,960	105,000	75,000	75,000	75,000
Grants	18,686,594	17,243,128	24,664,933	24,664,933	24,664,933
Benefits & Claims	52,933,600	57,743,451	50,891,487	51,155,487	51,430,047
Transfers	8,750	13,750	5,000	5,000	5,000
Debt Service	370,435	76,240	2,189	2,189	2,189
<b>Total Expenditures</b>	<b>\$82,397,149</b>	<b>\$83,658,400</b>	<b>\$84,245,597</b>	<b>\$84,927,354</b>	<b>\$85,270,393</b>
General Fund	10,772,485	10,908,711	12,057,150	12,423,334	12,677,734
State/Other Special Rev. Funds	3,504,140	4,289,497	4,294,223	4,223,456	4,220,574
Federal Spec. Rev. Funds	68,120,524	68,460,192	67,894,224	68,280,564	68,372,085
<b>Total Funds</b>	<b>\$82,397,149</b>	<b>\$83,658,400</b>	<b>\$84,245,597</b>	<b>\$84,927,354</b>	<b>\$85,270,393</b>
<b>Total Ongoing</b>	<b>\$82,397,149</b>	<b>\$83,658,400</b>	<b>\$84,245,597</b>	<b>\$84,927,354</b>	<b>\$85,270,393</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

### Program Discussion -

#### *FY 2022 Appropriation Compared to FY 2022 Actual Expenditures*

The ECFSD expended 98.5% of the FY 2022 appropriation. Personal Services were over expended by 10.1%. Operating expenses were over expended by 44.8%. About 24.7% of the equipment appropriations were used. Grants were over utilized by 8.4%. Benefits and claims only utilized 91.7% of appropriated funds. By fund type, 98.8% of general funds were

used, 81.7% of state special revenues were used and 99.5% of federal special revenue funds were used.

#### *FY 2022 Appropriations Compared to FY 2023 Appropriations*

The FY 2023 requested appropriation is 0.7% higher than the FY 2022 appropriation. This is primarily due to a combination of authority transfers to and from the program, the largest of which was transferred to the Health Facilities Division and the Office of the Inspector General for fiscal-year-end appropriations.

#### *FY 2023 Legislative Budget compared to FY 2023 base*

The FY 2023 base budget is 0.0% lower than the FY 2023 legislative budget. Though some funds have been transferred within the program to other expenditure accounts, the FY 2023 base is only \$16,621 lower than the FY 2023 legislative budget.

Early Childhood and Family Support Division FY 2023			
Account	Legislative Action	Executive Modifications	IBARS Base 2023
61000 Personal Services	\$ 4,832,745	\$ 25,788	\$ 4,858,533
62000 Operating Expenses	3,750,644	(2,189)	3,748,455
63000 Equipment & Intangible Assets	75,000	-	75,000
66000 Grants	16,719,002	7,945,931	24,664,933
67000 Benefits & Claims	58,879,827	(7,988,340)	50,891,487
68000 Transfers-out	5,000	-	5,000
69000 Debt Service	-	2,189	2,189
<b>Total</b>	<b>\$ 84,262,218</b>	<b>\$ (16,621)</b>	<b>\$ 84,245,597</b>

#### *Executive Request*

The executive request for the ECFSD biennium HB 2 budget includes a 0.8% increase in FY 2024 and a 1.2% increase in FY 2025 over the base budget. The total proposed biennium budget amounts to \$170.2 million or an increase of 1.4% from the last biennium. Most of this increase comes from grants, which rose 17.7%, or \$7.4 million, from the 2023 biennium. This is mostly offset by the 5.6% decrease in benefits and claims totaling over \$6.0 million.

#### *5.0% Reduction Plan*

Statute requires that agencies submit plans to reduce general fund and certain state special revenue funds by 5.0%. A summary of the entire 2025 biennium 5.0% plan submitted for this agency can be found in the appendix.

ECFSD has created a 5.0% plan for 2025 biennium that includes a total savings of \$538,624 in general funds and \$173,924 in state special revenue funds. This plan includes three parts. The first part is the elimination of Family Planning (Title X) match funding due to the loss of federal funding in FY 2022. This was because of the competitive award process and resulted in a savings of \$499,999 in general funds. The second is the elimination of provider contracts for physicians seeing children with cleft disorders. They will no longer receive minimal compensation. This would result in \$173,924 in savings of state special revenue funds. Lastly, the program proposes a reduction in contract amounts available to Part C (IDEA) providers resulting in \$38,625 of general fund savings.

#### **LFD COMMENT**

The portion of the proposed ECFSD 5.0% reduction plan pertaining to the elimination of Family Planning (Title X) match funding is not a valid program reduction since the grant funding was already lost and statutory authority has been removed. This issue has been addressed with the agency and an updated plan should be forthcoming.

## Funding

The following table shows proposed agency funding for all sources of authority.

Department of Public Health & Human Services, 25-Early Childhood & Fam Support Funding by Source of Authority						
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	25,101,068	0	0	0	25,101,068	14.75 %
02089 Child Abuse & Neglect Program	315,028	0	0	0	315,028	3.73 %
02698 69010-Prevention&Stabilization	1,665,164	0	0	0	1,665,164	19.72 %
02765 Insurance Policies Fees SB278	2,581,790	0	0	0	2,581,790	30.58 %
02772 Tobacco Hlth and Medicaid Init	51,338	0	0	0	51,338	0.61 %
02773 Childrens Special Health Svc.	727,530	0	0	0	727,530	8.62 %
02790 6901-Statewide Tobacco Sttlmnt	773,098	0	0	0	773,098	9.16 %
02987 Tobacco Interest	1,931,030	0	0	0	1,931,030	22.87 %
02076 PRAMS Suvy Fees	9,388	0	0	0	9,388	0.11 %
02225 02 Indirect Activity Prog 25	389,664	0	0	0	389,664	4.61 %
<b>State Special Total</b>	<b>\$8,444,030</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$8,444,030</b>	<b>4.96 %</b>
03146 10.577 WIC BF Peer Counseling	446,580	0	0	0	446,580	0.33 %
03198 MT Maternal Mortality Review	0	0	0	0	0	0.00 %
03236 Child Nutrition	22,893,952	0	0	0	22,893,952	16.75 %
03246 WIC Admin	11,015,949	0	0	0	11,015,949	8.06 %
03250 Child Care Manditory/MOE	3,597,650	0	0	0	3,597,650	2.63 %
03251 Child Care Admin	0	0	0	0	0	0.00 %
03252 Child Care Matching	11,040,374	0	0	0	11,040,374	8.08 %
03273 Primary Care Services	267,278	0	0	0	267,278	0.20 %
03579 93.667 - SSBG - Benefits	6,371,346	0	0	0	6,371,346	4.66 %
03677 6901-CACFP 10.558 & 10.560	1,858,526	0	0	0	1,858,526	1.36 %
03690 6901-Rape Prev & Educ 93.126	713,404	0	0	0	713,404	0.52 %
03713 6901-WIC Farmer Market 10.572	104,388	0	0	0	104,388	0.08 %
03362 Data Integration	130,120	0	0	0	130,120	0.10 %
03511 COVID19 PRAMS SUP	0	0	0	0	0	0.00 %
03530 6901-Foster Care 93.658	2,149,146	0	0	0	2,149,146	1.57 %
03534 93.672 - Child Abuse Challenge	493,660	0	0	0	493,660	0.36 %
03539 93.600 Headstart	259,962	0	0	0	259,962	0.19 %
03541 State Loan Repayment Program	300,228	0	0	0	300,228	0.22 %
03556 84.181 - Part H - Early Interv	3,225,502	0	0	0	3,225,502	2.36 %
03026 Family Planning Title X	0	0	0	0	0	0.00 %
03027 WIC (Women,Infants & Children)	13,948,800	0	0	0	13,948,800	10.21 %
03031 Maternal & Child Health	4,100,628	0	0	0	4,100,628	3.00 %
03057 Newborn Hearing Screening	504,334	0	0	0	504,334	0.37 %
03096 Discretionary Child Care	48,641,820	0	0	0	48,641,820	35.60 %
03823 Oral Health Workforce	684,692	0	0	0	684,692	0.50 %
03827 Personal Resp Education Prgm	401,346	0	0	0	401,346	0.29 %
03206 MIECHV - Service Delivery	428,770	0	0	0	428,770	0.31 %
03417 PRAMS Pregnancy Risk Assesment	314,260	0	0	0	314,260	0.23 %
03121 Maternal Health Innov Prgm	0	0	0	0	0	0.00 %
03473 Pediatric MH Care Access Prg	0	0	0	0	0	0.00 %
03525 Sexual Risk Avoidance Educatio	0	0	0	0	0	0.00 %
03625 03 Indirect Activity Prog 25	2,759,934	0	0	0	2,759,934	2.02 %
03804 CACFP Technology Innov Grant	0	0	0	0	0	0.00 %
03950 WIC ARPA Fruit Veg	0	0	0	0	0	0.00 %
<b>Federal Special Total</b>	<b>\$136,652,649</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$136,652,649</b>	<b>80.29 %</b>
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
<b>Total All Funds</b>	<b>\$170,197,747</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$170,197,747</b>	

ECFSD receives general fund, state special revenue fund, and federal special revenue fund authority. The 2025 biennium ECFS budget request is funded 14.8% general fund, 5.0% state special revenue fund, and 80.3% federal funds. The major sources of state special revenue are:

- Tobacco settlement funds and tobacco settlement trust fund interest - For additional information see the state special revenue fund balance table in the DPHHS Agency Summary

- Insurance policies fees - \$1.00 annually for each Montana resident insured under any individual or group disability or health insurance policy

The major sources of federal funding include the Discretionary Child Care fund at 28.6% of all funding, the Child Nutrition fund at 13.5%, and WIC (Women, Infants and Children) fund at 8.2%.

### Program Budget Summary by Category

The following table summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary.

Budget Summary by Category								
-----General Fund-----					-----Total Funds-----			
Budget Item	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget
2023 Base Budget	12,057,150	12,057,150	24,114,300	96.07 %	84,245,597	84,245,597	168,491,194	99.00 %
SWPL Adjustments	102,184	82,024	184,208	0.73 %	417,757	486,236	903,993	0.53 %
PL Adjustments	0	0	0	0.00 %	0	0	0	0.00 %
New Proposals	264,000	538,560	802,560	3.20 %	264,000	538,560	802,560	0.47 %
<b>Total Budget</b>	<b>\$12,423,334</b>	<b>\$12,677,734</b>	<b>\$25,101,068</b>		<b>\$84,927,354</b>	<b>\$85,270,393</b>	<b>\$170,197,747</b>	

### Present Law Adjustments

The "Present Law" Adjustments table shows the changes from the base appropriation to the proposed budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

Present Law Adjustments										
-----Fiscal 2024-----						-----Fiscal 2025-----				
	FTE	General Fund	State Special	Federal Special	Total Funds		FTE	General Fund	State Special	Total Funds
DP 1 - Personal Services	0.00	101,973	(70,866)	184,526	215,633	0.00	81,760	(73,784)	233,597	241,573
DP 3 - Inflation Deflation	0.00	211	99	201,814	202,124	0.00	264	135	244,264	244,663
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$102,184</b>	<b>(\$70,767)</b>	<b>\$386,340</b>	<b>\$417,757</b>	<b>0.00</b>	<b>\$82,024</b>	<b>(\$73,649)</b>	<b>\$477,861</b>	<b>\$486,236</b>

\*\*\*Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

### DP 1 - Personal Services -

The executive requests adjustments to the present law personal services budget. This request has been broken into the following categories, and further detail is shown in the agency summary:

- Legislatively approved changes
- Management decisions
- Budget modifications made to the personal services budget in the 2023 biennium

### DP 3 - Inflation Deflation -

The executive requests adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

## New Proposals

The "New Proposals" table shows new proposals for spending.

New Proposals	Fiscal 2024					Fiscal 2025				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 99 - New Fixed Costs	0.00	0	0	0	0	0.00	0	0	0	0
DP 25015 - Prov Rate Adj - Early Childhood Services Bureau	0.00	264,000	0	0	264,000	0.00	538,560	0	0	538,560
<b>Total</b>	<b>0.00</b>	<b>\$264,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$264,000</b>	<b>0.00</b>	<b>\$538,560</b>	<b>\$0</b>	<b>\$0</b>	<b>\$538,560</b>

\*\*\*Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

### DP 99 - New Fixed Costs -

The executive requests appropriations of \$8,190 for the agency to provide funding for a new fixed cost for the State Management Training Center. This appropriation is offset by a reduction to the existing training budget in the agency. The rates charged for this service are approved in the section of the budget that provides the services.

### DP 25015 - Prov Rate Adj - Early Childhood Services Bureau -

The executive requests funding increases for provider rate adjustments. For provider types that were included in the 2023 biennium provider rate study, the requested increase is a portion of the study's rate proposals. The requested increase for providers not included in the provider rate study is estimated at 4.0% in FY 2024 and an additional 4.0% in FY 2025. Those providers eligible for the statutory increases in 53-6-125, MCA, are not captured in this proposal as their adjustment is already included in the Medicaid caseload change packages. This change package is funded with 100.0% general funds.

### Program Biennium Comparison

The following table compares the 2023 biennium appropriated budget to the 2025 biennium budget request by type of expenditure and source of funding.

Program Biennium Comparison				
Budget Item	Appropriated Budget 22-23	Requested Budget 24-25	Biennium Change	Biennium % Change
Personal Services	121,249,071	131,871,796	10,622,725	8.76 %
Operating Expenses	75,025,040	73,441,159	(1,583,881)	(2.11)%
Equipment & Intangible Assets	355,906	347,106	(8,800)	(2.47)%
Benefits & Claims	429,998	179,998	(250,000)	(58.14)%
Transfers	567,326	45,000	(522,326)	(92.07)%
Debt Service	417,215	394,664	(22,551)	(5.41)%
<b>Total Expenditures</b>	<b>\$198,044,556</b>	<b>\$206,279,723</b>	<b>\$8,235,167</b>	<b>4.16 %</b>
General Fund	141,530,688	130,151,093	(11,379,595)	(8.04)%
State/Other Special Rev. Funds	37,631,336	41,618,897	3,987,561	10.60 %
Federal Spec. Rev. Funds	18,882,532	34,509,733	15,627,201	82.76 %
<b>Total Funds</b>	<b>\$198,044,556</b>	<b>\$206,279,723</b>	<b>\$8,235,167</b>	<b>4.16 %</b>
<b>Total Ongoing</b>	<b>\$190,042,556</b>	<b>\$206,279,723</b>	<b>\$16,237,167</b>	<b>8.54 %</b>
<b>Total OTO</b>	<b>\$8,002,000</b>	<b>\$0</b>	<b>(\$8,002,000)</b>	<b>(100.00)%</b>

### Program Biennium Comparison -

The 2025 biennium budget proposes an increase of 4.2%, with a decrease in general fund of 8.0%.

### Program Description

The Healthcare Facilities Division (HFD) currently operates seven healthcare facilities. They include the following: Montana State Hospital (MSH), Montana Mental Health Nursing Care Center (MMHNCC), Montana Chemical Dependency Center (MCDC), Montana Veteran's Home (MVH), Southwest Montana Veteran's Home (SWMVH), Eastern Montana Veteran's Home (EMVH) and the Intensive Behavior Center (IBC). HFD is responsible for the implementation of the department's strategic goal of creating a health system consisting of the state-run healthcare facilities to best serve the citizens of Montana living with mental illness, intellectual or developmental disabilities, and aging related health conditions, including veterans and those with substance use disorders.

### Program Highlights

HFD Major Budget Highlights
<ul style="list-style-type: none"> <li>The proposed budget includes an overall increase of 4.2%, or \$8.2 million relative to the 2023 biennium budget. The ongoing budget is an increase of 8.5%</li> <li>50.50 FTE are transferred out of the Healthcare Facilities Division to other DPHHS divisions reducing the personal services budget by \$5.1 million, which is offset by a personal services statewide present law increase of \$8.1 million</li> </ul>

**Program Actuals and Budget Comparison**

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the expenditures requested for FY 2024 and FY 2025 by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2022	Approp. Fiscal 2022	Approp. Fiscal 2023	Request Fiscal 2024	Request Fiscal 2025
FTE	0.00	914.46	914.46	864.86	864.86
Personal Services	47,059,975	57,903,902	63,345,169	65,778,164	66,093,632
Operating Expenses	54,618,090	45,889,339	29,135,701	36,282,180	37,158,979
Equipment & Intangible Assets	83,947	182,353	173,553	173,553	173,553
Benefits & Claims	(9)	339,999	89,999	89,999	89,999
Transfers	8,500	544,826	22,500	22,500	22,500
Debt Service	2,093,138	219,883	197,332	197,332	197,332
<b>Total Expenditures</b>	<b>\$103,863,641</b>	<b>\$105,080,302</b>	<b>\$92,964,254</b>	<b>\$102,543,728</b>	<b>\$103,735,995</b>
General Fund	78,144,979	78,234,481	63,296,207	64,876,600	65,274,493
State/Other Special Rev. Funds	17,770,632	18,505,853	19,125,483	20,727,791	20,891,106
Federal Spec. Rev. Funds	7,948,030	8,339,968	10,542,564	16,939,337	17,570,396
<b>Total Funds</b>	<b>\$103,863,641</b>	<b>\$105,080,302</b>	<b>\$92,964,254</b>	<b>\$102,543,728</b>	<b>\$103,735,995</b>
<b>Total Ongoing</b>	<b>\$95,861,639</b>	<b>\$97,078,302</b>	<b>\$92,964,254</b>	<b>\$102,543,728</b>	<b>\$103,735,995</b>
<b>Total OTO</b>	<b>\$8,002,002</b>	<b>\$8,002,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**Program Discussion -***FY 2022 Appropriation Compared to FY 2022 Actual Expenditures*

In FY 2022 HFD expended 98.8% of its overall HB 2 budget, and 99.9% of its general fund budget.

*FY 2022 Appropriation Compared to FY 2023 Appropriation*

HFD FY 2023 total appropriations are 11.5% lower, or \$12.1 million lower, than the FY 2022 total appropriation of \$105.1 million. The FY 2023 total appropriation will likely increase as the executive processes budget changes in order to increase authority tied to the Montana State Hospital. In FY 2022 the executive increased such authority by \$14.7 million of general fund.

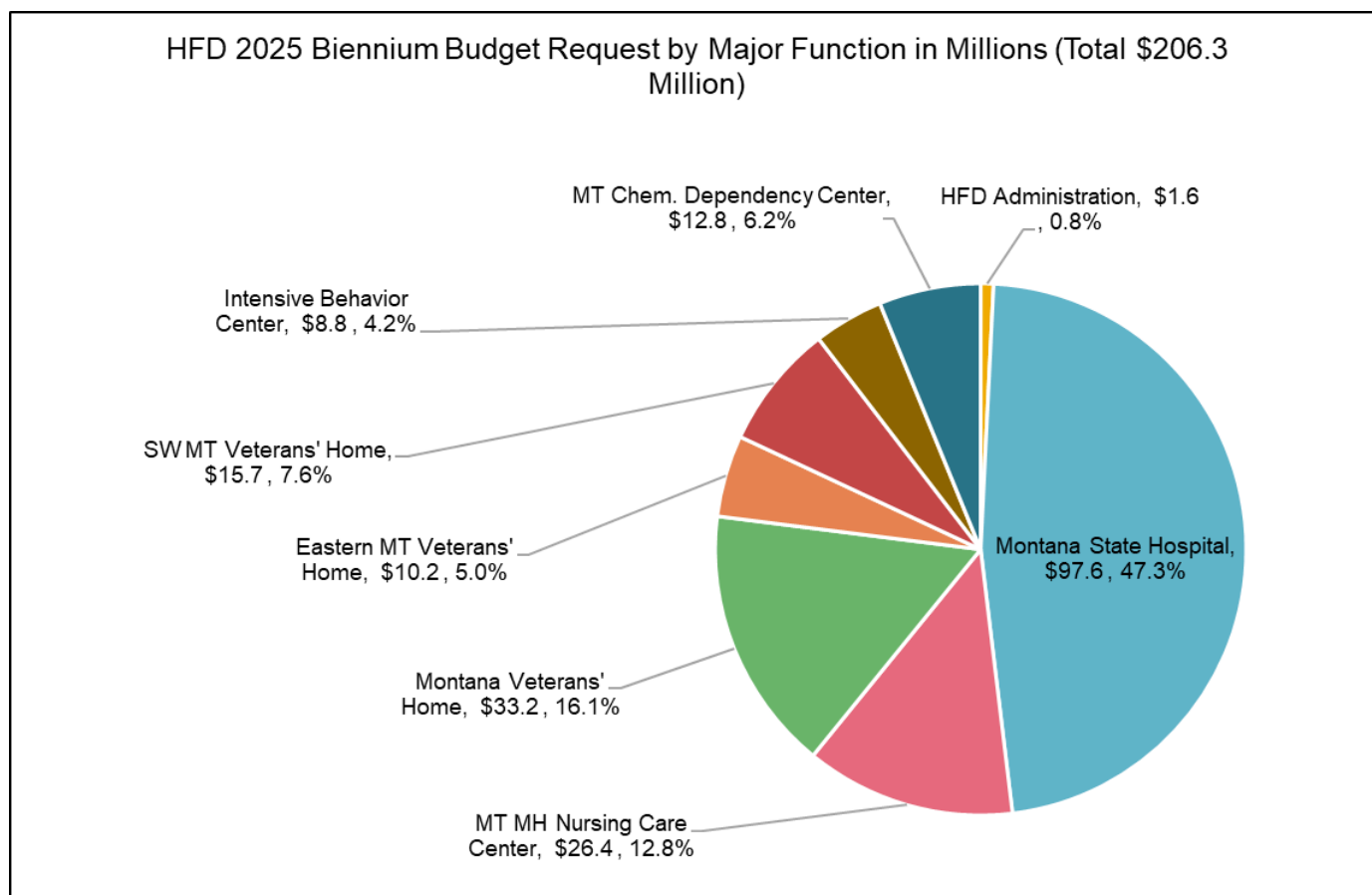
*Comparison of FY 2023 Legislative Budget to FY 2023 Base*

Executive modifications decreased the HFD FY 2023 base budget by \$151.5 million. This was due to a reorganization which created HFD by centralizing the operation of all state-owned facilities in HFD and moving the functions of the former Addictive and Mental Disorders Division to the Behavior Health and Developmental Disability Division.

HFD				
Comparison of the FY 2023 Legislative Budget to the FY 2023 Base Budget				
	Legislative Budget	Executive Modification per Statutory Authority	Executive Base Budget	% Change from Legislative Action
Personal Services	54,474,559	8,870,610	63,345,169	16.3%
Operating Expenses	18,152,567	10,383,134	28,535,701	57.2%
Equipment & Intangible Assets	142,460	31,093	173,553	21.8%
Grants	3,508,873	(3,508,873)	0	-100.0%
Benefits & Claims	167,479,450	(167,389,451)	89,999	-99.9%
Transfers	22,500		22,500	0.0%
Debt Service	80,387	116,945	197,332	145.5%
	<b>243,860,796</b>	<b>(151,496,542)</b>	<b>92,364,254</b>	<b>-62.1%</b>

### Executive Request

The Healthcare Facilities Division (HFD) 2025 biennium HB 2 budget request is \$206.3 million. The table below illustrates the HFD budget request by major function.

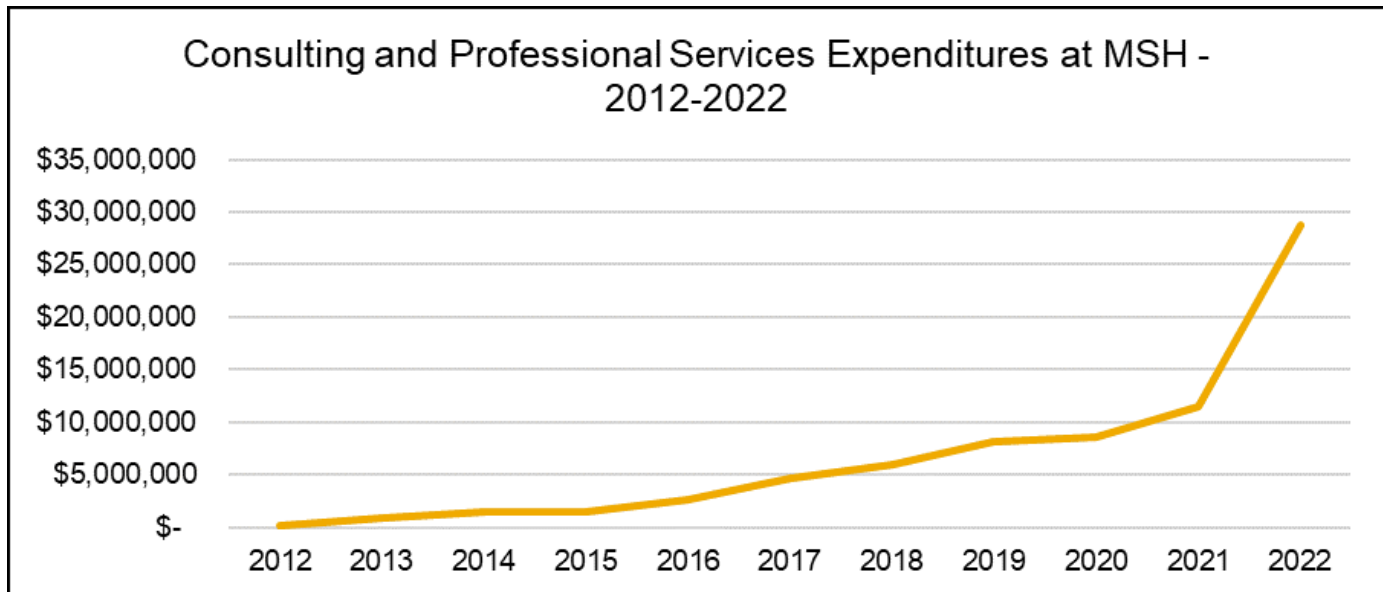


The majority of the HFD budget request supports the seven facilities. Division administration makes up 0.8% of the total. The largest request is for MSH, followed by MVH, MMHNCC, SWMVH, MCDC, EMVH, and the IBC.

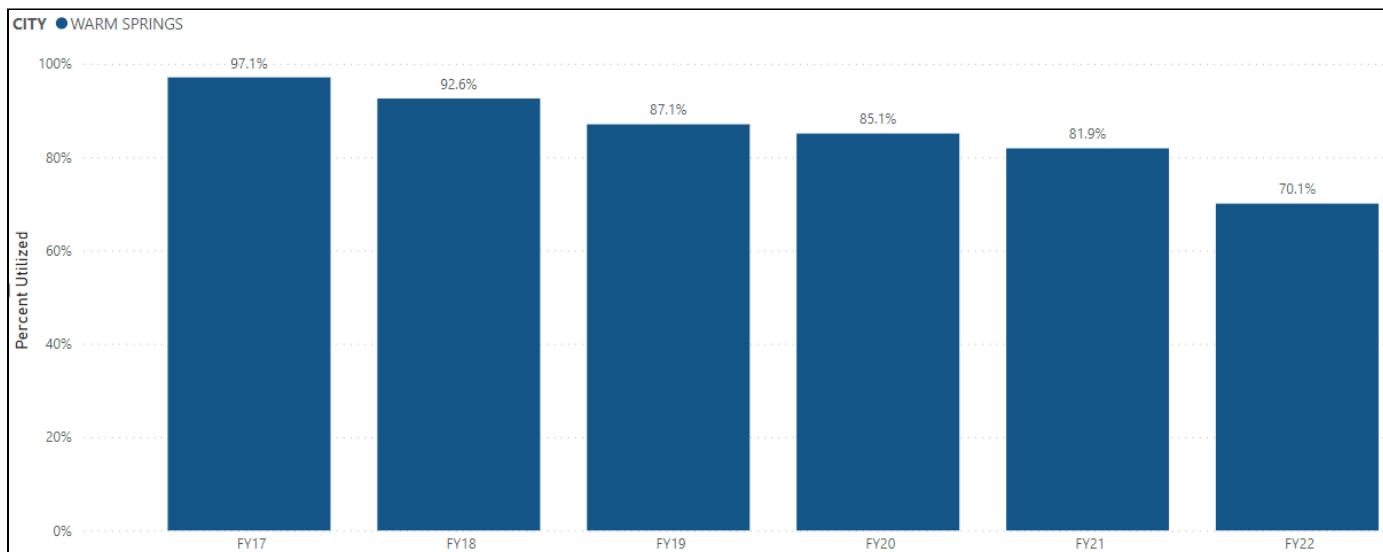


*The Montana State Hospital*

The requested HB 2 budget for the Montana State Hospital is a 1.1% decrease in FY 2024 and 0.5% decrease in FY 2025 as compared to the 2023 biennium legislative budget for the same facility. During the 2023 interim (April 2022) MSH lost its CMS Medicare/Medicaid reimbursable facility status due to being “out of compliance with CMS basic health and safety requirements.” Difficulties at MSH predate this most recent action by CMS. The facility has had difficulty maintaining adequate staffing levels over the past few biennia. The graph below shows expenditures at MSH on consulting and professional services. Most, though not all, of this category of expenditure at MSH is on contract labor. Contract labor (traveling nurses and similar types of roles) is used to fill gaps in staffing when state employees are not sufficient to meet staffing level requirements.



The column graph below shows the percentage of appropriated hours of labor that were utilized at MSH in the FY 2017-2022 period. The drop in utilized hours over time indicates elevated levels of vacancies at the facility.



DPHHS has retained the services of Alvarez and Marsal, a professional services consulting firm, in order to assess and improve operations at MSH and other state-run healthcare facilities.

The bullet list below includes a timeline of notable events at MSH, mostly centered around interactions with CMS. This is not an all-inclusive list but does include most of the major CMS findings and actions.

- January 2017 - CMS places MSH in “immediate jeopardy” status due to patient health and safety issues; CMS reimbursement status is reinstated the same month. CMS concerns revolved around adequate staffing levels; DPHHS responded by hiring contract staff and approving overtime pay
- December 2018 – DPHHS conducts a survey focusing on the treatment of geriatric patients at the behest of CMS; the survey finds deficiencies in the treatment of some geriatric patients
- July 2019 – Governor’s office indicates it will hire an independent expert to review operations at MSH following reporting on the MSH Spratt Unit
- January 2020 – The Western Interstate Commission for Higher Education (WICHE) issues a report on geriatric care (Spratt Unit) at MSH. The report referenced the relatively low staffing levels for geriatric care at MSH
- June 2021 – DPHHS increases wages for MSH employees, including nurses
- February 2022 – CMS places MSH in “immediate jeopardy” status due to patient health and safety issues
- April 2022 – CMS removes federal Medicare and Medicaid reimbursement status from MSH after finding that “Montana State Hospital is out of compliance with CMS basic health and safety requirements”
- June 2022 – Alvarez and Marsal reports the three veterans’ homes and MCDC rated as “challenges exist” while MDC, MHNCC, and MSH were found to have “significant deficiencies”

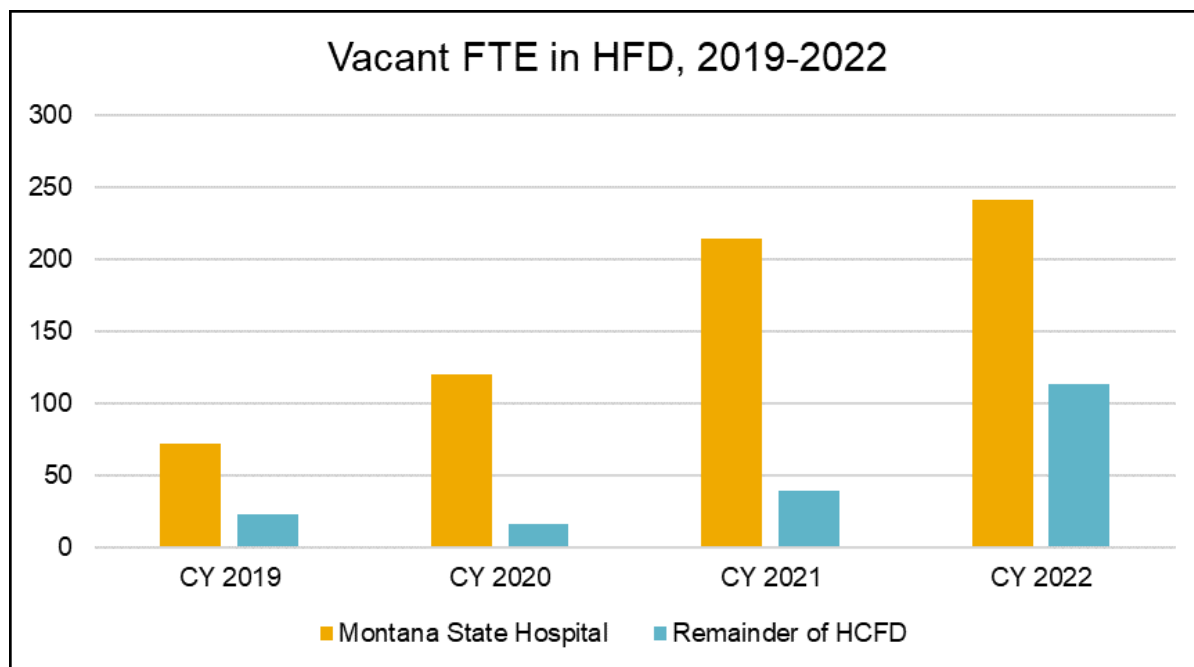
**LFD  
COMMENT**

The executive is proposing significant funding for the Montana State Hospital and the behavioral health system in general through HB 5 and other bills yet to be specified. In order for the legislature to make an informed HB 2 budget decision regarding MSH, they may want to consider the overall impact of these bills.

*Personal Services*

HFD has the highest vacancy rate of any DPHHS division. As of the end of August 2022 the division had 335.75 vacant FTE out of a total of 890.73 FTE for a vacancy rate of 37.7%. Most of these vacancies are associated with the Montana State Hospital, as seen in the graph below.

As of the end of August 2022 all of DPHHS had 554.89 vacant FTE, so HFD made up 60.5% of agency vacancies at this time. The most common vacant position types across DPHHS were psychiatric technicians (110.00 vacant FTE), registered nurses (45.00), and certified nurse aides (40.60).



#### *5.0% Reduction Plan*

Statute requires that agencies submit plans to reduce general fund and certain state special revenue funds by 5.0%. A summary of the entire 2025 biennium 5.0% plan submitted for this agency is in the appendix.

HFD has created a 5.0% reduction plan that includes a total annual savings of \$3.5 million in general fund and \$888,532 in state special revenue. These savings are realized by reducing facility operations.

The agency states: "The primary impact would be to our ability to provide care to the citizens of Montana. The hospital would reduce available capacity which is already limited given we are the only state-funded psychiatric facility for Montana. The census reduction at the facility would also create additional pressure on the limited ability of both counties / municipalities and the private sector to provide mental health treatment to severely ill Montanans. Locally, there is the risk of employment loss for those either seeking work, or currently employed at the hospital, along with the associated loss of revenue within local communities. The reduction in available beds would further strain the ability of the facility to manage patient admissions, and certainly would lead to an increase in management concerns related to patient acuity and staff / patient safety."

## Funding

The following table shows proposed agency funding for all sources of authority.

Department of Public Health & Human Services, 33-Healthcare Facilities Funding by Source of Authority						
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	130,151,093	0	0	0	130,151,093	63.09 %
02023 Private Ins. Medicaid Reim.-Ve	12,982,047	0	0	0	12,982,047	31.19 %
02032 Vets-I&I Lease	35,782	0	0	0	35,782	0.09 %
02034 Earmarked Alcohol Funds	9,455,187	0	0	0	9,455,187	22.72 %
02035 IBC Vocational	2,552	0	0	0	2,552	0.01 %
02260 Cigarette Tax Revenue	11,920,107	0	0	0	11,920,107	28.64 %
02384 02 Indirect Activity Prog 33	582,341	0	0	0	582,341	1.40 %
02394 Montana State Hospital Rev Acc	0	0	0	0	0	0.00 %
02598 MCDC Cost Recovery	5,865,710	0	0	0	5,865,710	14.09 %
02691 6901-MSH/DOC Maint Agreement	280,162	0	0	0	280,162	0.67 %
02959 EMVH Clinic Rent	104,737	0	0	0	104,737	0.25 %
02987 Tobacco Interest	390,272	0	0	0	390,272	0.94 %
<b>State Special Total</b>	<b>\$41,618,897</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$41,618,897</b>	<b>20.18 %</b>
03171 Data Infrastructure Developmnt	0	0	0	0	0	0.00 %
03580 6901-93.778 - Med Adm 50%	0	0	0	0	0	0.00 %
03583 93.778 - Med Ben FMAP	0	0	0	0	0	0.00 %
03601 03 Indirect Activity Prog 33	402,739	0	0	0	402,739	1.17 %
03491 Tobacco Retail Inspctn Program	0	0	0	0	0	0.00 %
03501 64.014 - Vets St. Domic Care 1	763,988	0	0	0	763,988	2.21 %
03505 93.150 - Mntal Hlth - Homeless	0	0	0	0	0	0.00 %
03507 93.958 - Mntal Hlth - Blk Grt	0	0	0	0	0	0.00 %
03508 93.959 - ADAD - Blk Grt 100%	0	0	0	0	0	0.00 %
03005 EMVH V-A Nursing Reimbursement	8,732,447	0	0	0	8,732,447	25.30 %
03112 Vets-V.A. Reimb	11,785,088	0	0	0	11,785,088	34.15 %
03974 Medicaid Exp HELP Act Admin	0	0	0	0	0	0.00 %
03386 SPF PFS AMDD	0	0	0	0	0	0.00 %
03538 Zero Suicide	0	0	0	0	0	0.00 %
03684 State Opioid Response Grant	0	0	0	0	0	0.00 %
03605 Emergency Mntl Disorders COVID	0	0	0	0	0	0.00 %
03976 SWMVH Vets VA reimbursement	12,825,471	0	0	0	12,825,471	37.16 %
03388 AMDD Emergency COVID2	0	0	0	0	0	0.00 %
03600 PPW-PLT 93.243	0	0	0	0	0	0.00 %
<b>Federal Special Total</b>	<b>\$34,509,733</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$34,509,733</b>	<b>16.73 %</b>
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
<b>Total All Funds</b>	<b>\$206,279,723</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$206,279,723</b>	

The 2025 biennium HFD HB 2 budget request is funded by general fund (63.1% of HB 2 funding authority), state special revenue (20.2% of HB 2 funding authority), and federal funds (16.7% of HB2 funding authority).

General fund pays for administration and facility costs, including personal services and operating expenses.

State special revenue is about 20.2% of the total request and includes several sources of revenue:

- Cigarette Tax Revenue: By statute, 8.3% of cigarette taxes collected are deposited into a state special revenue account for support of veterans' nursing home costs at state operated veterans' homes. Statute requires that funds in excess of \$2.0 million in the veterans' portion of the cigarette tax revenue be transferred to the general fund at the end of the fiscal year. Cigarette taxes are a declining revenue source
- Earmarked Alcohol funds support the MCDC in Butte

Federal funds support 16.7% of the 2025 biennium budget request. Federal funds in the proposed budget are associated with the three veterans' homes.

### Program Budget Summary by Category

The following table summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary.

-----General Fund-----					-----Total Funds-----			
Budget Item	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget
2023 Base Budget	63,296,207	63,296,207	126,592,414	97.27 %	92,964,254	92,964,254	185,928,508	90.13 %
SWPL Adjustments	3,186,724	3,591,672	6,778,396	5.21 %	4,800,773	5,484,540	10,285,313	4.99 %
PL Adjustments	917,682	917,682	1,835,364	1.41 %	6,701,618	7,221,468	13,923,086	6.75 %
New Proposals	(2,524,013)	(2,531,068)	(5,055,081)	(3.88)%	(1,922,917)	(1,934,267)	(3,857,184)	(1.87)%
<b>Total Budget</b>	<b>\$64,876,600</b>	<b>\$65,274,493</b>	<b>\$130,151,093</b>		<b>\$102,543,728</b>	<b>\$103,735,995</b>	<b>\$206,279,723</b>	

### Present Law Adjustments

The "Present Law" Adjustments table shows the changes from the base appropriation to the proposed budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

Present Law Adjustments										
-----Fiscal 2024-----					-----Fiscal 2025-----					
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
DP 1 - Personal Services										
0.00	3,086,979	503,866	309,478	3,900,323	0.00	3,310,056	561,953	338,416	4,210,425	
DP 2 - Fixed Costs										
0.00	(791,381)	(204,851)	(63,266)	(1,059,498)	0.00	(791,381)	(204,851)	(63,266)	(1,059,498)	
DP 3 - Inflation Deflation										
0.00	891,126	705,723	363,099	1,959,948	0.00	1,072,997	805,274	455,342	2,333,613	
DP 33001 - Fund Overtime MSH										
0.00	565,552	0	0	565,552	0.00	565,552	0	0	565,552	
DP 33002 - MVH Per Diem Request HFD										
0.00	0	0	8,521	8,521	0.00	0	0	47,914	47,914	
DP 33003 - EMVH Per Diem Request HFD										
0.00	0	0	276,890	276,890	0.00	0	0	450,256	450,256	
DP 33004 - Fund Overtime-MVH HFD										
0.00	0	197,947	197,947	395,894	0.00	0	204,655	204,655	409,310	
DP 33014 - SWMVH Per Diem Request HFD										
0.00	0	0	5,102,631	5,102,631	0.00	0	0	5,396,306	5,396,306	
DP 33015 - Intensive Behavioral Center Budget Restoration										
0.00	352,130	0	0	352,130	0.00	352,130	0	0	352,130	
Grand Total All Present Law Adjustments										
0.00	\$4,104,406	\$1,202,685	\$6,195,300	\$11,502,391	0.00	\$4,509,354	\$1,367,031	\$6,829,623	\$12,706,008	

\*\*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

### DP 1 - Personal Services -

The executive requests adjustments to the present law personal services budget. This request has been broken into the following categories, and further detail is shown in the agency summary:

- Legislatively approved changes
- Management decisions
- Budget modifications made to the personal services budget in the 2023 biennium

DP 2 - Fixed Costs -

The executive requests adjustments to provide the funding required in the proposed budget for fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 3 - Inflation Deflation -

The executive requests adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

DP 33001 - Fund Overtime MSH -

The executive requests funding for overtime for the Montana State Hospital Program in the Healthcare Facility Division. The increase will fully fund overtime to maintain required staffing levels at MSH in addition to what is funded in SWPL 1.

DP 33002 - MVH Per Diem Request HFD -

The executive requests funding for an increase in the Veterans Administration per diem rates at the Montana Veterans' Home in the Healthcare Facilities Division. This is based off of the number of nursing facility days of care and is adjusted on the first of October each year.

DP 33003 - EMVH Per Diem Request HFD -

The executive requests funding for an increase in the Veterans Administration per diem rates at the Eastern Montana Veterans' Home in the Healthcare Facilities Division. This is based off of the number of nursing facility days of care and is adjusted on the first of October each year.

DP 33004 - Fund Overtime-MVH HFD -

The executive requests funding for overtime for the Montana Veterans Home in the Healthcare Facility Division. The increase will fully fund overtime to maintain required staffing levels at MVH in addition to what is funded in SWPL 1.

DP 33014 - SWMVH Per Diem Request HFD -

The executive requests funding for an increase in the Veterans Administration per diem rates at the Southwest Montana Veterans' Home in the Healthcare Facilities Division. This is based off of the number of nursing facility days of care and is adjusted on the first of October each year.

DP 33015 - Intensive Behavioral Center Budget Restoration -

The executive requests funding for the Intensive Behavioral Center (IBC) budget in the Healthcare Facilities Division.

**New Proposals**

The "New Proposals" table shows new proposals for spending.

New Proposals										
-----Fiscal 2024-----						-----Fiscal 2025-----				
FTE	General Fund	State Special	Federal Special	Total Funds		FTE	General Fund	State Special	Federal Special	Total Funds
DP 33005 - Montana Veterans Home Infection Control Nurse FTE										
0.90	0	24,263	76,833	101,096		0.90	0	23,232	73,569	96,801
DP 33013 - HFD Training Programs										
0.00	0	375,360	124,640	500,000		0.00	0	375,360	124,640	500,000
DP 33333 - Transfer of Existing FTE from HFD										
(50.50)	(2,524,013)	0	0	(2,524,013)		(50.50)	(2,531,068)	0	0	(2,531,068)
<b>Total</b>	<b>(49.60)</b>	<b>(\$2,524,013)</b>	<b>\$399,623</b>	<b>\$201,473</b>	<b>(\$1,922,917)</b>	<b>(49.60)</b>	<b>(\$2,531,068)</b>	<b>\$398,592</b>	<b>\$198,209</b>	<b>(\$1,934,267)</b>

\*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

**DP 33005 - Montana Veterans Home Infection Control Nurse FTE -**

The executive requests the transfer of 0.90 FTE from the Montana State Hospital for an infection control nurse position in the Montana Veterans Home in Columbia Falls.

**DP 33013 - HFD Training Programs -**

The executive requests funding for a division-wide training program to support state-run healthcare facilities. Historically, training has been managed within each facility but their recent and increased need for uniform and specialized curriculum at key points in the onboarding process, resulted in this request for funding to operate an existing or new learning management system to track training compliance. This request would also establish funding to hire contractors to provide onsite and/or virtual training.

**DP 33333 - Transfer of Existing FTE from HFD -**

The executive requests a transfer of 50.50 FTE from the Montana State Hospital and the Intensive Behavior Center in the Healthcare Facilities Division, to the Disability Employment and Transitions Division, the Child and Family Services Division, the Director's Office Division, the Business and Financial Services Division, the Office of the Inspector General Division, the Technology Services Division, and the Montana Veterans' Home in the Healthcare Facilities Division. Due to the extended position vacancies and staffing issues at the Montana State Hospital and the Intensive Behavior Center, these FTE are not needed in the Healthcare Facilities Division for the 2025 biennium.