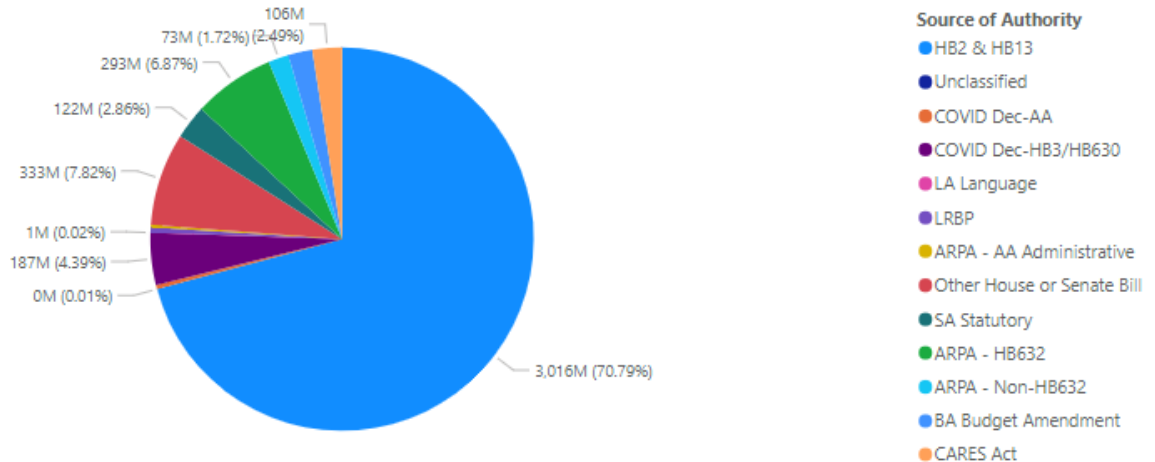


# DEPARTMENT OF PUBLIC HEALTH AND HUMAN SERVICES

## TOTAL APPROPRIATION AUTHORITY

The total appropriation authority for the Department of Public Health and Human Services (DPHHS) is shown in the chart below. HB 2 and HB 13 provide 70.8% of the total authority for this agency. All types of appropriation authority for this agency are shown below, including total budget and the percent expended by source of authority.

Total Modified Budget by Source of Authority



Source of Authority	FYE23 Modified Budget	FYE23 Expended Budget	Percent Expended
HB2 & HB13	3,015,984,564	2,937,991,954	97.4%
BA Budget Amendment	86,532,017	32,178,237	37.2%
LA Language	775,000		
LRBP	18,530,518		
Other House or Senate Bill	333,209,825	244,427,869	73.4%
SA Statutory	121,791,950	116,968,135	96.0%
Unclassified	260,279		
CARES	106,142,919	84,594,760	79.7%
CARES II	201,788,780	22,804,918	11.3%
ARPA	375,261,164	125,738,290	33.5%
<b>Total</b>	<b>4,260,277,015</b>	<b>3,564,704,163</b>	<b>83.7%</b>

## Other Bills

After HB 2, the next largest portion of DPHHS's appropriation authority comes from other house or senate bills, which make up 7.8%, or \$333.2 million, of total appropriations. Of that total, \$218.6 million comes from federal special revenue funds, \$108.1 million comes from state special revenue funds and \$1.7 million comes from the general fund. This appropriation was 73.4% expended as of FYE 2023. Significant portions of this funding include (current appropriation expenditures below are as of FYE 2023):

- \$225.5 million to the Health Resources Division (HRD) and Healthcare Facilities Division (HFD) through the the Medicaid and 24/7 Facility Contingency fund created in HB 835 (2023 Session) to supplement the FY 2023 budget based on projected budget shortfalls. The HRD was appropriated \$182.5 million in contingency funding for traditional Medicaid and Medicaid expansion, of which

\$17.5 million was state special revenue funding and \$165.0 million was federal special revenue. Of the total appropriation to HRD, \$173.0 million has been spent and any funding not encumbered by September 30, 2023 must revert to the general fund. The HFD was appropriated \$43.0 million state special revenue to supplement the Intensive Behavioral Center (IBC) in Boulder, the Montana Mental Health Nursing Care Center (MMHNCC) in Lewistown and the Montana State Hospital (MSH) in Warm Springs. Of the total allocated to the HFD, \$39.2 million went to the MSH to support operations costs driven up mainly by the use of contract staff. The entire HFD appropriation was spent

- \$40.0 million to the Director's Office as a result of the passage of HB 872 for the Behavioral Health for Future Generations fund. This initial appropriation is for uses outlined in Section 3 of HB 872 as well as operational costs of the commission. These uses include Children's Health Insurance Program (CHIP) and Medicaid matching funds, statewide behavioral health infrastructure investments, as well as studying, planning and operation expenses for certain types of behavioral health settings and solutions. None of this appropriation has been spent
- \$38.5 million to Technology Services Division (TSD) for the Medicaid Management Information System (MMIS) long-range information technology project. Of this total, \$33.9 million comes from federal revenue sources and \$4.5 million comes from capital project funding. At FYE 2023, \$15.3 million has been expended from this appropriation
- \$25.0 million in Healing and Ending Addiction through Recovery and Treatment (HEART) funding was allocated as a result of HB 701 from the 2021 Legislative Session. Of the total appropriation, \$24.9 million went to the Behavioral Health and Developmental Disabilities Division (BHDD) for Medicaid expenditures covered through the HEART waiver and \$100,000 was allocated to the HRD for CHIP expenditures covered through the HEART waiver. In FY 2023, \$10.9 million of this appropriation was expended.

## **Statutory Appropriations**

Statutory appropriations make up 2.9% of total appropriations, or \$121.8 million in FY 2023. Medicaid Indian Health Services is the largest portion accounting for \$112.6 million, or 92.4% of total statutory appropriations in DPHHS. This funding goes to the HRD and was moved to statutory authority in 2017. Other statutory appropriations include the Alcohol Tax Program which is about \$5.1 million dollars, Title X Family Planning federal funding, MSH statutory bond debt transfer, and adoption service fees.

## **Budget Amendments**

Budget amendment authority totaled \$86.5 million and accounted for 2.5% of the total budget at FYE 2023. Expenditures in this category amounted to \$32.2 million which is 37.2% of the total budget. The largest area of authority was indirect activity funding for the Health Information Exchange in the TSD: this authority totaled \$25.0 with expenditures of \$5.4 million. Note that BAs involving COVID-19 are labeled as such in the graphic above and are discussed separately in the COVID-19 section below. BA authority also existed in the following divisions:

- Early Childhood and Family Support Division – spending of \$6.7 million from a budget of \$22.6 million mostly on maternal/infant home visiting, the Preschool Development Grant Birth through Five, pediatric mental health care access, and the Maternal Health Innovations Program
- Human and Community Services Division – spending of \$123,000 on a budget of \$2.0 million for food stamp performance bonuses, income verification, and emergency food assistance
- Child and Family Services Division – spending of \$2.1 million from a budget of \$3.2 million on caseworker visits, Family First Prevention Act, the Kinship Navigator Program, and adoption incentives
- Director’s Office – spending of \$326,000 on a budget of \$3.0 million for refugee cash and medical assistance and social security
- Public Health and Safety Division – spending of \$5.7 million from a budget of \$12.9 million, largely on prescription drug overdose activities, diabetes/heart health/stroke activities, and epidemiology and laboratory capacity
- Behavioral Health and Developmental Disabilities Division - spending of \$10.0 million from a budget of \$15.1 million, largely on opioid response, crisis counseling, the Partnerships for Success grant, and the Zero Suicide Program
- Health Resources Division – spending of \$816,000 from a budget of \$1.2 million on perinatal health
- Senior and Long Term Care Services Division – spending of \$944,000 from a budget of \$1.5 million, mostly on elder abuse prevention, Alzheimer’s activities, adult protective services systems, and lifespan respite

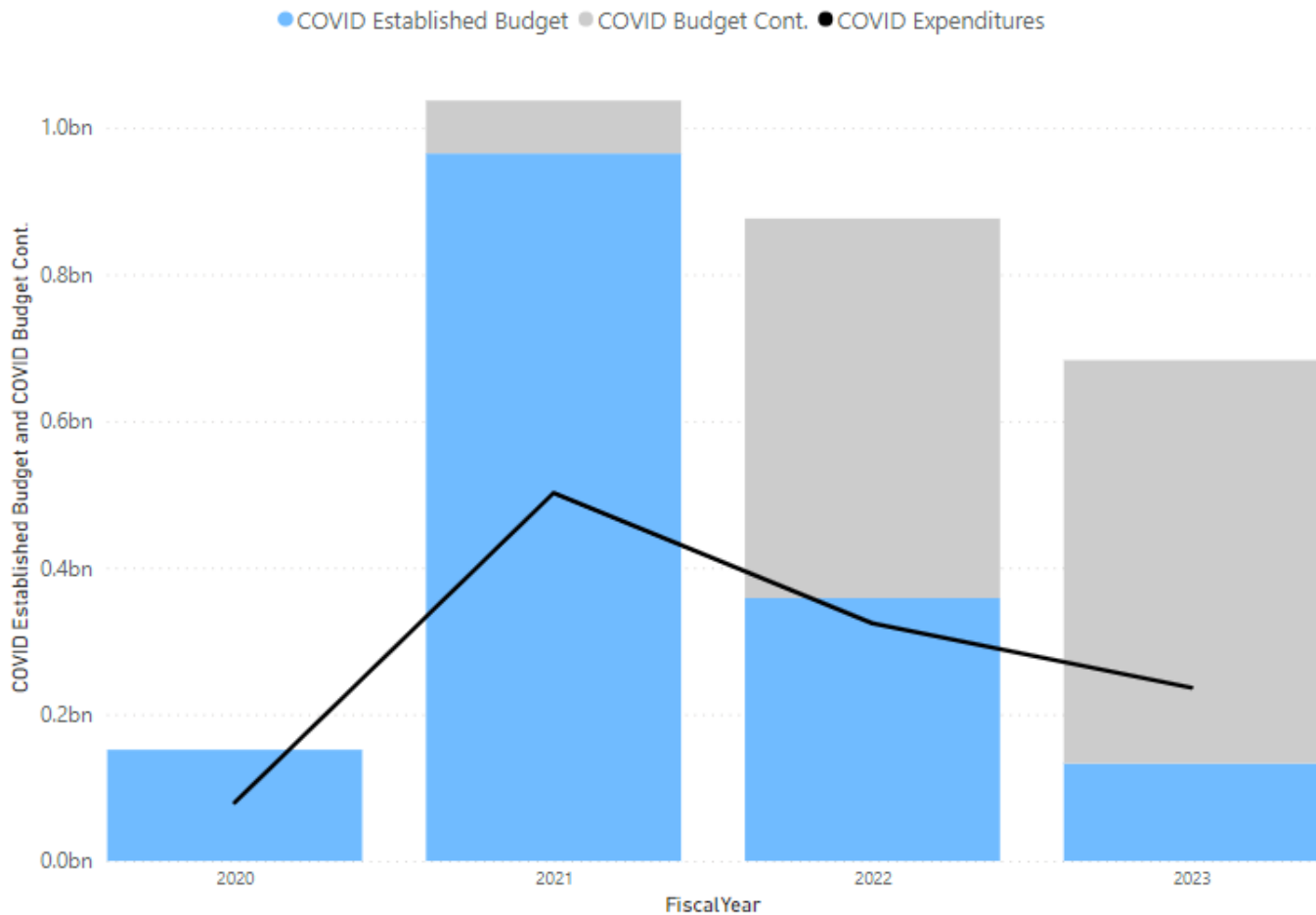
## **Language**

Language authority (LA) is associated with the Montana Telecommunications Access Program (MTAP). None of the \$775,000 in HB 2 language authority was expended in FY 2023.

## **COVID-19 Authority**

The following graphic summarizes funding available to DPPHS related to COVID-19, as well as expenditures from this funding as of FYE 2023.

### COVID Established Budget, COVID Continuing Budget, and COVID Expenditures by Fiscal Year



The FY 2023 established COVID budget was \$133.1 million and the continuing authority from previous fiscal years amounts to \$550.1 million for overall authority of \$683.2 million. Of the total authority, \$236.4 million or 34.6% was expended in FY 2023. This authority is tied to three different pieces of federal legislation: the American Rescue Plan Act of 2021 (ARPA), and the Coronavirus Aid, Relief and Economic Security Acts (CARES) I and II.

DPHHS established \$52.2 million in budget authority tied to ARPA/HB 632 from the 2021 Legislative Session. DPHHS also carried over \$323.1 million in unused ARPA authority from FY 2022. Total ARPA expenditures in FY 2023 were \$129.0 million. Significant expenditure areas included:

- \$15.6 million for epidemiology and laboratory capacity (budget of \$36.7 million)
- \$35.9 million for childcare stabilization and \$9.9 million for discretionary childcare spending (total childcare discretionary fund budget of \$85.6 million)
- \$10.3 million for home and community-based services (budget of \$32.2 million)
- \$8.0 million for SNAP (budget of \$32.6 million)
- \$7.2 million for immunizations (budget of \$13.1 million)
- \$3.2 million for the low-income energy assistance program (LIEAP) (budget of \$8.3 million)

DPHHS established \$79.6 million in budget authority tied to CARES I (plus Federal HR 6074, 6201, and 266). DPHHS also carried over \$26.6 million in unused CARES I authority from FY 2022. Total CARES I expenditures in FY 2023 were \$84.5 million. Significant expenditure areas included:

- \$77.9 million for enhanced federal medical assistance percentage (FMAP) (budget of \$77.9 million)
- \$2.1 million for epidemiology and laboratory capacity (budget of \$13.5 million)
- \$1.1 million for Community Services Block Grant (budget of \$2.7 million)
- \$1.0 million for the Housing and Urban Development (HUD) emergency shelter program (budget of \$1.3 million)

DPHHS established \$1.4 million in budget authority tied to CARES II (HB 3 and HB 630). DPHHS carried over \$200.4 million in unused CARES II authority from FY 2022. Total CARES II expenditures in FY 2023 were \$22.9 million. Significant expenditure areas included:

- \$4.9 million for epidemiology and laboratory capacity (budget of \$31.8 million)
- \$7.5 million to address issues related to health disparities in underserved communities (budget of \$23.4 million)
- \$3.8 million for the Substance Abuse Prevention and Treatment Block Grant (budget of \$5.6 million)
- \$2.3 million for the Mental Health Block Grant (budget of \$2.4 million)

#### Excess COVID Authority:

The DPHHS budget for FY 2023 contained \$225.2 million in “excess” COVID authority – authority for which federal funds have not been (and may not ever be) received. It is possible that supplemental awards could be granted by federal entities. The largest pieces of this authority are \$99.2 million for testing, \$97.9 million for testing, tracing, and mitigation, and \$15.9 million for vaccine distribution and immunization efforts.

## **HB 2 BUDGET MODIFICATIONS**

The following chart shows the HB 2 budget as passed by the legislature, including the pay plan, and the HB 2 modified budget from July 1, 2022 through June 30, 2023. Net modifications to the budget include operating plan changes from one expenditure account to another, program transfers, reorganizations, and agency transfers of authority. The **positive modifications** and **negative modifications** are shown by program, expenditure account, and fund type.

## Legislative Budget Compared to Modified Budget - HB 2 Only

Agency Name	Starting Budget	Prior Period Modifications	Legislative Budget	Net Modifications	Modified Budget
<b>Public Health &amp; Human Services</b>	<b>3,074,026,588</b>		<b>3,074,026,588</b>	<b>-58,042,024</b>	<b>3,015,984,564</b>
BEHAVIORAL HTH & DEV DISABILITY	324,151,314		324,151,314	91,458,382	415,609,696
HEALTH RESOURCES DIVISION	1,499,318,432		1,499,318,432	39,263,629	1,538,582,061
TECHNOLOGY SERVICES DIVISION	30,782,772		30,782,772	33,032,219	63,814,991
DIRECTORS OFFICE	7,761,271		7,761,271	4,487,725	12,248,996
EARLY CHILDHOOD & FAM SUPPORT	84,262,218		84,262,218	4,107,547	88,369,765
BUSINESS & FINANCIAL SERVICES	12,575,294		12,575,294	2,612,239	15,187,533
CHILD & FAMILY SERVICES	109,198,787		109,198,787	1,733,413	110,932,200
OFFICE OF INSPECTOR GENERAL	8,484,780		8,484,780	739,517	9,224,297
CHILD SUPPORT SERVICES	11,768,279		11,768,279	-175,739	11,592,540
PUBLIC HEALTH & SAFETY DIV	39,633,198		39,633,198	-460,413	39,172,785
HUMAN AND COMMUNITY SERVICES	284,145,560		284,145,560	-1,818,466	282,327,094
DISABILITY EMPLOYMENT & TRANSITNS	29,488,799		29,488,799	-3,833,613	25,655,186
OPERATIONS SERVICES DIVISION	5,489,494		5,489,494	-4,151,478	1,338,016
MEDICAID & HEALTH SVCS MNGMT	39,440,564		39,440,564	-34,944,157	4,496,407
SENIOR & LONG TERM CARE SVCS	343,665,030		343,665,030	-48,750,175	294,914,855
HEALTH CARE FACILITIES	243,860,796		243,860,796	-141,342,653	102,518,143
<b>Total</b>	<b>3,074,026,588</b>		<b>3,074,026,588</b>	<b>-58,042,024</b>	<b>3,015,984,564</b>

Acct & Lvl 1 DESC	Starting Budget	Prior Period Modifications	Legislative Budget	Net Modifications	Modified Budget
61000 Personal Services	205,651,171		205,651,171	-48,043	205,603,128
62000 Operating Expenses	158,431,567		158,431,567	19,174,920	177,606,487
63000 Equipment & Intangible Assets	651,721		651,721	-19,441	632,280
64000 Capital Outlay				300	300
66000 Grants	70,218,839		70,218,839	17,085,646	87,304,485
67000 Benefits & Claims	2,635,554,803		2,635,554,803	-99,848,319	2,535,706,484
68000 Transfers-out	3,248,901		3,248,901	2,551,327	5,800,228
69000 Debt Service	269,586		269,586	3,061,586	3,331,172

Fund Type	Starting Budget	Prior Period Modifications	Legislative Budget	Net Modifications	Modified Budget
01 General	624,665,669		624,665,669	-55,533,530	569,132,139
02 State/Other Spec Rev	232,681,731		232,681,731	-2,144,897	230,536,834
03 Fed/Other Spec Rev	2,216,679,188		2,216,679,188	-363,596	2,216,315,592

Significant modifications were made to the DPHHS HB 2 budget throughout FY 2023. The overall DPHHS HB2 budget decreased by \$58.0 million, nearly all of which was general fund. This reduction is due to the requirement in statute that DPHHS reduce state funds authority if the federal FMAP (federal medical assistance percentage) changes. The FMAP was reduced by 6.2% due to the Families First Coronavirus Response Act (2020), which led to significant state fund savings in the traditional Medicaid program. The additional federal funds needed for Medicaid in FY 2023, both traditional and expansion, were provided in HB 835. HB 835 is discussed in greater detail later in this report.

At the division level, these changes include:

- In the Behavioral Health and Developmental Disabilities Division (BHDD): There was a reorganization in the 2023 biennium that created the BHDD division from the Developmental Services Division (DSD) and the Addictive and Mental Disorders Division (AMDD). Part of the funding shift occurred in FY 2022 and the rest occurred in FY 2023. This funding shift consisted mainly of Medicaid funding coming into BHDD. This large increase was partially offset by some large Medicaid transfers out of the division to HRD to align the HRD budget with experienced expenditures
- In the Health Resources Division (HRD): There were significant transfers of Medicaid authority into HRD to align expenses with budget. Additionally, there was a significant budget amendment that added

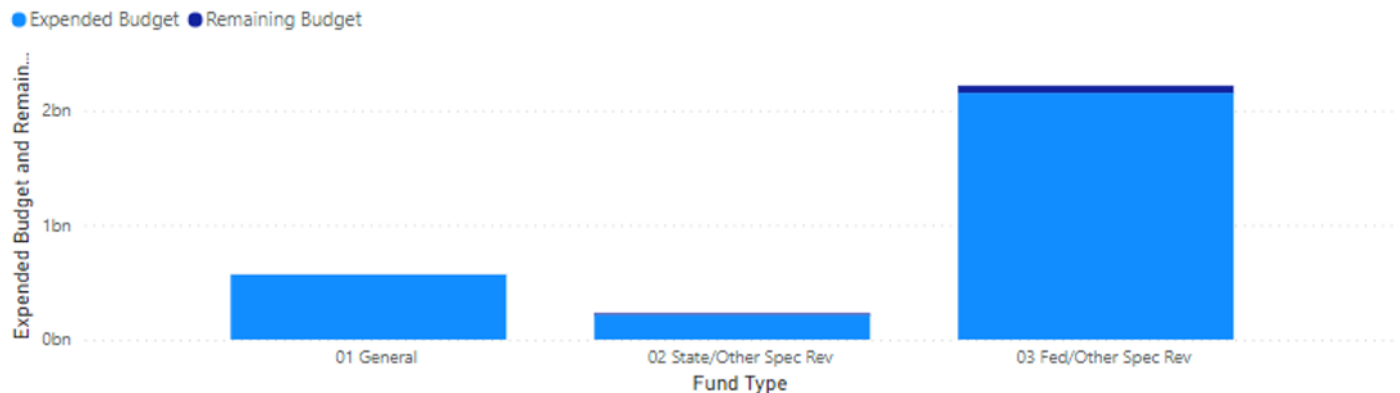
additional federal authority for Medicaid expenditures based on the continuation of the public health emergency enhanced federal medical assistance percentage (FMAP)

- In the Technology Services Division (TSD) and the Medicaid and Health Services Management Division (MHSM): There was a reorganization which transferred MPATH/MMIS operations and associated from MHSM to the TSD
- In the Senior and Long Term Services Division (SLTC): The reorganization that created the HFD moved funding for the various state run veterans' homes out of SLTC into the HFD. Additionally, there were significant Medicaid transfers out of SLTC to HRD to align the division budgets with expenditures in Medicaid
- In the Healthcare Facilities Division (HFD): Authority was transferred from the HFD (former AMDD) with the reorganization that transferred adult mental health services to the BHDD division. This budget decrease was partially offset by when state run veterans' homes were brought into the HFD from the STLTC division
- In the Operations Services Division (OSD): A reorganization occurred which moved the Project Management Bureau, the Forecasting Bureau, the Internal Audit Bureau, as well as budget authority for the Office of Health and Human Services Innovation and External Relations Functions to various other programs. This is the main contributor to the 75.6% decrease in the OSD budget

## **HB 2 APPROPRIATION AUTHORITY**

The following chart shows the appropriated budget for the agency compared to expenditures through the end of FY 2023.

## Expended Budget and Remaining Budget by Fund Type - HB 2 Only



acciv1_descr	Modified Budget	Expended Budget	Percent Expended
Personal Services	205,603,128	196,629,415	95.6%
Operating Expenses	177,606,487	169,999,569	95.7%
Equipment & Intangible Assets	632,280	285,243	45.1%
Capital Outlay	300		
Grants	87,304,485	88,704,354	101.6%
Benefits & Claims	2,535,706,484	2,465,581,611	97.2%
Transfers-out	5,800,228	4,451,661	76.7%
Debt Service	3,331,172	12,340,102	370.4%

Program Name	Modified Budget	Expended Budget	Percent Expended
BEHAVIORAL HTH & DEV DISABILITY	415,609,696	404,923,479	97.4%
BUSINESS & FINANCIAL SERVICES	15,187,533	14,376,922	94.7%
CHILD & FAMILY SERVICES	110,932,200	105,746,273	95.3%
CHILD SUPPORT SERVICES	11,592,540	11,384,509	98.2%
DIRECTORS OFFICE	12,248,996	11,148,004	91.0%
DISABILITY EMPLOYMNT & TRANSITNS	25,655,186	23,995,052	93.5%
EARLY CHILDHOOD & FAM SUPPORT	88,369,765	87,027,090	98.5%
HEALTH CARE FACILITIES	102,518,143	101,682,201	99.2%
HEALTH RESOURCES DIVISION	1,538,582,061	1,514,385,147	98.4%
HUMAN AND COMMUNITY SERVICES	282,327,094	269,264,520	95.4%
MEDICAID & HEALTH SVCS MNGMT	4,496,407	4,240,976	94.3%
OFFICE OF INSPECTOR GENERAL	9,224,297	8,809,739	95.5%
OPERATIONS SERVICES DIVISION	1,338,016	921,876	68.9%
PUBLIC HEALTH & SAFETY DIV	39,172,785	36,167,501	92.3%
SENIOR & LONG TERM CARE SVCS	294,914,855	282,764,219	95.9%
TECHNOLOGY SERVICES DIVISION	63,814,991	61,154,446	95.8%
<b>Total</b>	<b>3,015,984,564</b>	<b>2,937,991,954</b>	<b>97.4%</b>

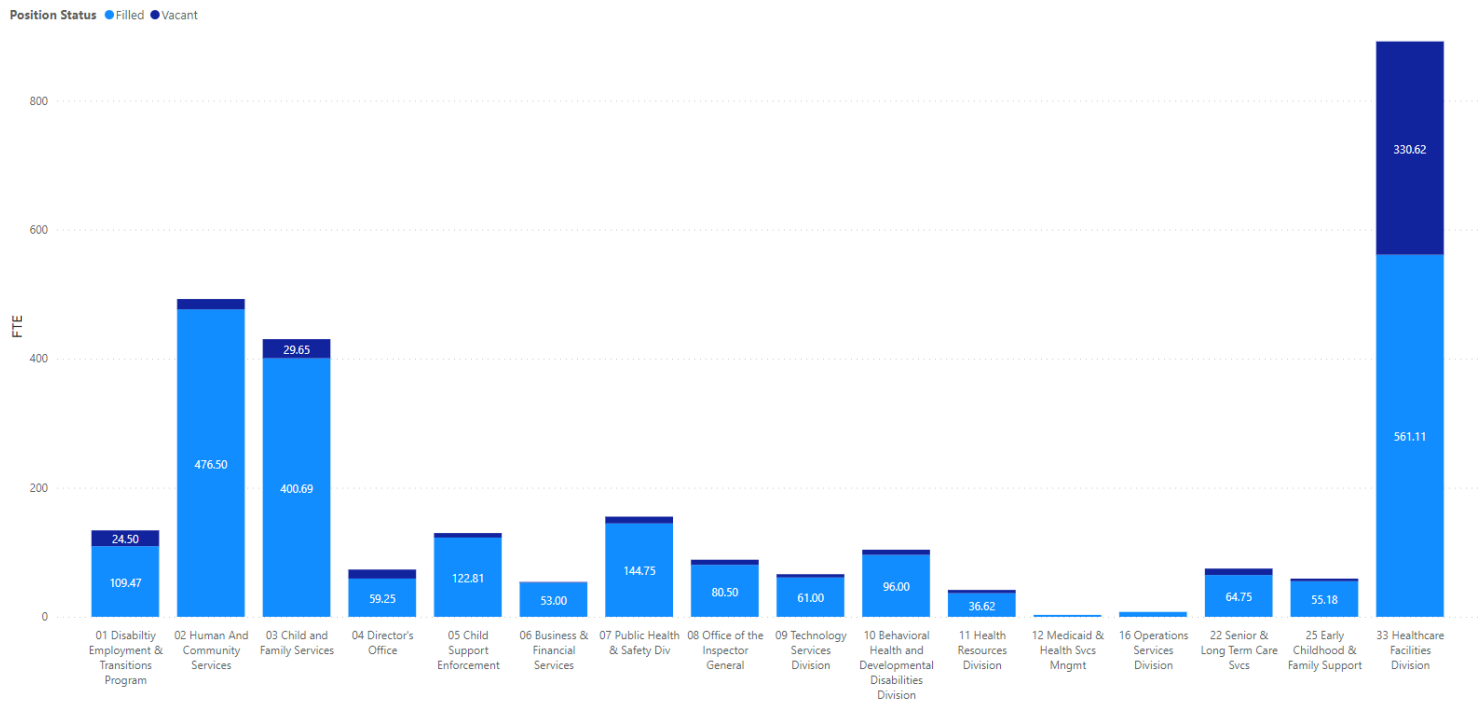
The lower percent expenditure in the Operations Services Division (OSD) was the result of lower state special revenue expenditures for indirect activity. The OSD formerly housed the Medical Marijuana Program which was 100% state special revenue. The program was moved to the Department of Revenue so the cost allocation statistic no longer summarizes that activity in state special funding but the authority still exists leaving a surplus in state special authority.



## Personal Services

The Department of Public Health and Human Services had a personal services budget of \$205.6 million in FY 2023. As of July 1, 2023, the personal services budget was 95.6% expended. The personal services budget for DPHHS funded 2,803.50 FTE, of which 16.87% or 473.27 FTE are vacant. The majority of the vacancies, 330.62 vacant FTE, are concentrated in the Healthcare Facilities Division which is running at a 37.1% vacancy rate. The 24/7 facilities under the management of this division are utilizing contract staff to make up for the lack of full-time state staff at significant additional cost in operating expenses.

### DPHHS Vacancies by Program



Since July 1<sup>st</sup>, 2022 there has been turnover of 579 positions: of those voluntary resignations, 78.8% or 456 individuals left state employment, 70 individuals retired, 52 individuals transferred to a new agency and 1 individual changed positions. From July 1, CY 2022 through July 1, CY 2023, the largest annual pay rate change category within the agency is retention adjustments amounting to \$4.9 million. Statutory adjustments are the next largest category which total \$2.8 million. At the time of this report, these statutory adjustments include the one-time-only lump sum payments to state employees which went into effect on the passage of HB 13 during the 2023 Legislative Session but it does not include the ongoing wage adjustment that went into effect at the start of FY 2024.

## OTHER ISSUES

Some of the issues below are not specific to FY 2023, but are included in this report as they relate to significant legislative action and will be of interest to the Section B Interim Budget Committee and other legislators throughout the 2025 biennium.

## Information Technology Project Expenditures

As of September 6<sup>th</sup>, 2023, detail on the projects in the tables below have been reported to the Legislative Finance Committee (LFC). Two projects are known to be missing from the State Information Technology Services Division (SITSD) information technology project dashboard: Provider Services (MPATH) and Montana Healthcare Programs Modularity Project Program (MPATH). DPHHS and SITSD are in discussions about how to best communicate the detail of these projects in the LFC dashboard, and will be available for questions at the LFC meeting on September 14th, 2023.

The Montana Program for Automating and Transforming Healthcare (MPATH) project is responsible for updating the current Medicaid Management Information System (MMIS) and keeping DPHHS federally compliant by replacing MMIS with modular and adaptable commercial-off-the-shelf (COTS) solutions. The replacement of MMIS is occurring in parts; though some modules are already completed and have been implemented, and the entire replacement has an estimated completion date near the end of CY 2026.

The tables below show expenditure information, budget information, and timeline information for the projects included in the State Information Technology Services Division information technology project dashboard.

Large Information Technology Projects Original and Revised Budgets			
Project	Original Budget	Revised Budget	Change from Original Budget
Montana Healthcare Programs Modularity Project (MPATH) Program	73,255,288	103,837,339	30,582,051
MPATH - Provider Services	7,405,542		(7,405,542)
MPATH - System Integration Services	34,660,000	34,660,000	-
CHIMES Quality Assurance and Accuracy	965,000		(965,000)
CHIMES Resource Referral Engine	1,874,250	1,874,250	-
MPATH - Care Management - Release 2	2,115,103	2,115,103	-
Care Management - Release 2.5	1,057,511	1,057,511	-
Electronic Visit Verification - Release 1	934,000	934,000	-
LIHEAP Phase 1 - Eligibility Integration	1,353,527	1,353,527	-

Large Information Technology Projects Original and Revised Delivery Date			
Project	Start Date	Original Delivery Date	Revised Delivery Date
Montana Healthcare Programs Modularity Project (MPATH) Program	1/2/2017	9/30/2022	.
MPATH - Provider Services	7/9/2018	8/5/2019	.
MPATH - System Integration Services	10/8/2018	9/30/2022	12/31/2025
CHIMES Quality Assurance and Accuracy	1/4/2022	12/31/2022	.
CHIMES Resource Referral Engine	2/28/2022	4/1/2023	8/31/2023
MPATH - Care Management - Release 2	3/1/2022	2/28/2023	N/A
Care Management - Release 2.5	3/1/2023	6/30/2024	N/A
Electronic Visit Verification - Release 1	1/10/2023	12/31/2023	N/A
LIHEAP Phase 1 - Eligibility Integration	8/1/2022	6/30/2023	N/A

## Contingency funding - HB 835

HB 835, of the 2023 Session, created a state special revenue fund (Medicaid and 24/7 Facility Contingency fund) from which the executive could support expenditures on Medicaid and state facilities, including the Montana State Hospital, in FY 2023. HB 835 directed that \$56.5 million of general fund be transferred into this fund by June 30, 2023. Additionally, HB 835 appropriated to OBPP \$56.5 million of state special revenue authority from the newly created fund, \$165.0 million of federal special revenue authority, and an additional \$4.0 million in state special revenue authority for FY 2023. The table below summarizes how these contingent funds were expended in FY 2023.

Use of Appropriations in HB 835 (2023 Session) in FY 2023				
	Budget	Expenditures	Balance	
Health Resources Division				
Traditional Medicaid				
State Contingency Funds	\$ 17,000,000	\$ 16,709,810	\$ 290,190	
Federal Funds	\$ 30,000,000	\$ 29,300,000	\$ 700,000	
Medicaid Expansion				
State Contingency Funds	\$ 500,000	\$ 499,318	\$ 682	
Federal Funds	\$ 135,000,000	\$ 126,530,863	\$ 8,469,137	
Healthcare Facilities Division				
Intensive Behavior Center				
State Contingency Funds	\$ 1,900,000	\$ 1,900,000	\$ -	
MT Mental Health Nursing Care Center				
State Contingency Funds	\$ 1,900,000	\$ 1,900,000	\$ -	
Montana State Hospital				
State Contingency Funds	\$ 39,200,000	\$ 39,200,000	\$ -	
Total	\$ 225,500,000	\$ 216,039,991	\$ 9,460,009	

## Provider Rates

The 2023 Session resulted in significant provider rate increases for both Medicaid and non-Medicaid providers. Provider rate increases for Medicaid providers totaled \$339.4 million over the 2025 biennium, with an additional \$31.6 million appropriated for non-Medicaid providers over the 2025 biennium.

Many of these increases were a result of the provider rate study funded during the 2021 Session: In the 2021 Session, the legislature recommended performing a study to conduct a provider cost and wage survey to help DPHHS establish informed provider rates and make recommendations to adjust those rates, if necessary, to maintain services. The study captured 18 specific provider types spanning the three Medicaid divisions. In

addition, both Medicaid and non-Medicaid providers who were not encompassed in the study received a 4.0% increase in each year of the biennium.

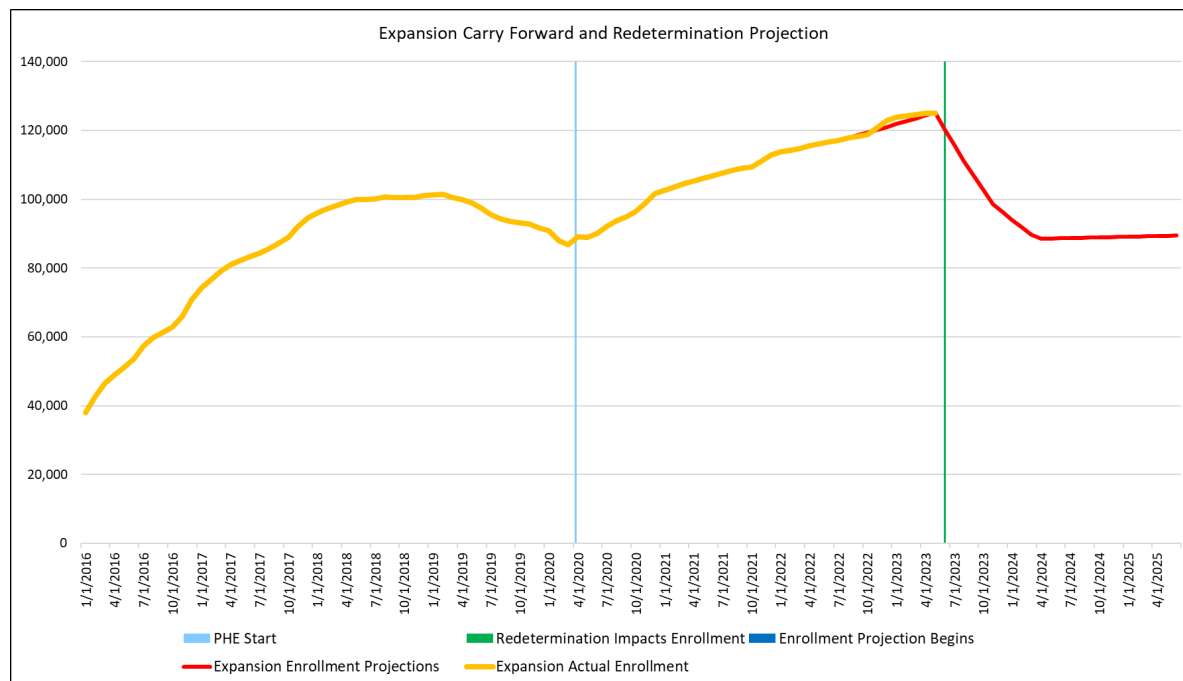
The legislature may wish to review the impact of these provider rates during the course of the 2025 biennium: in many cases, these rates were intended to stabilize providers and increase the supply of critical services for vulnerable populations and broadly improve access to those services. As of the publication of this document (September 2023) this analysis may be premature, but will be achievable later in the 2025 biennium.

## Medicaid Redetermination

DPHHS started the redetermination of Medicaid enrollees in April 2023 after a pause in Medicaid eligibility determination associated with the federal Families First Coronavirus Response Act (FFCRA, 2020). The agency is maintaining a Medicaid redetermination dashboard with a variety of metrics at:

<https://dphhs.mt.gov/InteractiveDashboards/MontanaMedicaidRedetermination>

The graphic below was created by DPHHS and illustrates the projected change in the Medicaid expansion population after the redetermination process is applied to the Medicaid expansion population.



## HB 872

HB 872 of the 2023 Session creates the behavioral health system for future generations fund and transfers \$225.0 million into the fund along with \$75.0 million into the capital development fund for the purpose of stabilizing, studying, and continuing to develop a viable and comprehensive statewide behavioral health and developmental disabilities care system. The Legislative Finance Committee is the administrative rule review committee for the administrative rules regarding the allocation and expenditure of the appropriation for capital projects (\$55.0 million).

HB 872 also creates a commission to study and recommend how the funds are to be used after various reporting and rule-making hurdles to ensure that the funds are used for their specified purpose effectively. This [commission](#) is staffed by DPHHS and had its first meeting on July 20, 2023. The second meeting was on September 8, 2023.

In addition, it removes the Comprehensive School and Community Treatment program from the Office of Public Instruction (OPI) and transfers any remaining unencumbered funds in OPI back into DPHHS.

# MEDICAID MONITORING

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

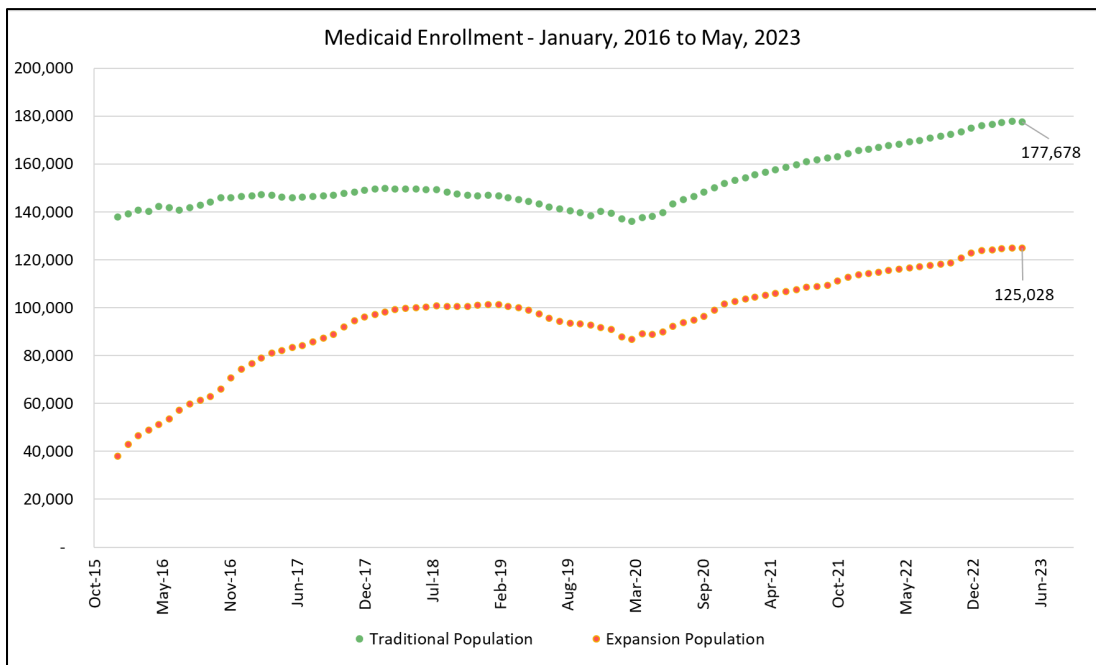
## SUMMARY

In the most recent statutorily required Budget Status Report for 2023 FYE, DPHHS is projecting a surplus in general fund authority of \$266,000 for traditional Medicaid benefits. The department is also projecting a surplus in state special funds of \$11.2 million, and a federal funds surplus of \$32.6 million.

According to this same report, Medicaid expansion is projected to have a general fund surplus of \$83,000, a state special revenue surplus of \$3.0 million, and a federal fund surplus of \$16.4 million.

## ENROLLMENT UPDATE

As of August 2023, DPHHS was reporting a total of 125,028 individuals covered by Medicaid expansion and 177,678 individuals covered by traditional Medicaid. While enrollment had been trending downward leading up to early 2020, the increase since then aligns closely with the COVID-19 pandemic and corresponding impacts on enrollment linked to the Families First Coronavirus Response Act (FFCRA). The public health emergency was ended officially on May 11, 2023 and DPHHS has started the redetermination process within their Medicaid rolls. The enrollment reporting for DPHHS has changed to a 90-day look back period to allow for application processing lag so the effects of this redetermination will take some time to manifest fully in the data. Enrollment numbers below are as of 8/18/2023, with the most recent month of data being May, 2023.



# TRADITIONAL MEDICAID

## FINANCIAL UPDATE

The table below illustrates the FYE 2023 status of the traditional Medicaid appropriation. Changes in appropriations are mostly due to the reorganization that combined the Addictive and Mental Disorders Division with the Behavioral Health and Developmental Disabilities Divisions as well as Medicaid contingency funding from HB 835 passed in the 2023 Legislative Session. Additionally, general fund was removed and replaced with federal funding due to the continued enhanced FMAP funding from the public health emergency. Also, funding was shifted between and within the Medicaid divisions to realign appropriations and expenditures.

FY 2023 Traditional Medicaid Benefits & Claims Appropriations Compared to Expenditures

	FY 2023 Legislative Appropriation	Executive Changes in Appropriation	FY 2023 Modified Appropriation	FY 2023 Expenditures	Projected Surplus (Deficit)	Surplus (Deficit) as a % of Modified Budget
<b><u>10 Behavioral Health and Developmental Disabilities Division</u></b>						
General Fund	87,732,424	(13,108,278)	74,624,146	74,423,569	200,577	0.3%
State Special Revenue	16,657,966	12,780,215	29,438,181	21,461,751	7,976,430	27.1%
Federal Funds	217,110,504	20,518,208	237,628,712	227,888,847	9,739,865	4.1%
Subtotal	321,500,894	20,190,145	341,691,039	323,774,167	17,916,872	5.2%
<b><u>11 Health Resources Division</u></b>						
General Fund	169,263,890	(16,056,859)	153,207,031	153,976,683	(769,652)	-0.5%
State Special Revenue	56,401,887	16,881,447	73,283,334	71,126,614	2,156,720	2.9%
Federal Funds	465,166,143	118,924,519	584,090,662	572,226,660	11,864,002	2.0%
Subtotal	690,831,920	119,749,107	810,581,027	797,329,957	13,251,070	1.6%
<b><u>22 Senior and Long Term Care</u></b>						
General Fund	65,436,250	(19,405,686)	46,030,564	45,315,842	714,722	1.6%
State Special Revenue	32,822,235	(421,221)	32,401,014	29,672,458	2,728,556	8.4%
Federal Funds	191,940,717	5,747,604	197,688,321	186,305,111	11,383,210	5.8%
Subtotal	290,199,202	(14,079,303)	276,119,899	261,293,412	14,826,487	5.4%
<b><u>33 Addictive and Mental Disorders Division</u></b>						
General Fund	16,029,098	(16,029,098)	-	-	-	
State Special Revenue	13,974,057	(13,974,057)	-	-	-	
Federal Funds	58,818,253	(58,818,253)	-	-	-	
Subtotal	88,821,408	(88,821,408)	-	-	-	
<b><u>Grand Total All Medicaid Services</u></b>						
General Fund	338,461,662	(64,599,921)	273,861,741	273,716,094	145,647	0.1%
State Special Revenue	119,856,145	15,266,384	135,122,529	122,260,824	12,861,705	9.5%
Federal Funds	933,035,617	86,372,078	1,019,407,695	986,420,617	32,987,078	3.2%
Grand Total All Funds	1,391,353,424	37,038,541	1,428,391,965	1,382,397,536	45,994,429	3.2%

## MAJOR SERVICE CATEGORIES

Data in the following table are taken from the FYE 2023 DPHHS BSR. The largest projected expenditure categories are hospital services (inpatient, outpatient, hospital utilization fees/supplemental payments, and other), nursing facilities, pharmacy, the developmental disability waiver, mental health services, and physician services. Totals vary slightly from the table on the previous page due to timing of LFD versus agency processing.

Category	FY23 Initial Budget	FY23 Current Budget	FY23 Expenditure Estimates	FY23 Projected Balance
Hospital Services	\$ 86,177,133	\$ 86,177,133	\$ 61,067,796	\$ 25,109,337
Hospital Utilization Fees / DSH	\$ 85,791,490	\$ 85,791,490	\$ 81,459,165	\$ 4,332,325
Inpatient Services	\$ 108,845,925	\$ 108,845,925	\$ 132,201,639	\$ (23,355,714)
Outpatient Services	\$ 9,433,756	\$ 9,433,756	\$ 11,183,406	\$ (1,749,650)
Physician and Professional Services	\$ 113,838,866	\$ 113,838,866	\$ 111,151,450	\$ 2,687,415
Pharmacy and Rebates	\$ 24,005,976	\$ 24,005,976	\$ 24,960,422	\$ (954,446)
Pharmacy	\$ 139,942,552	\$ 139,942,552	\$ 146,195,415	\$ (6,252,864)
Pharmacy Rebates	\$ (124,728,943)	\$ (124,728,943)	\$ (132,566,075)	\$ 7,837,132
Part D Clawback	\$ 34,645,061	\$ 34,645,061	\$ 34,084,617	\$ 560,444
Dental	\$ 58,560,193	\$ 58,560,193	\$ 54,678,707	\$ 3,881,486
Health Centers and Clinics	\$ 43,387,753	\$ 43,387,753	\$ 43,384,819	\$ 2,934
Medical Equipment and Supplies	\$ 25,258,500	\$ 25,258,500	\$ 25,257,658	\$ 842
Laboratory and Imaging Services	\$ 7,489,749	\$ 7,489,749	\$ 6,428,516	\$ 1,061,233
Medical Transportation	\$ 9,713,798	\$ 9,713,798	\$ 8,746,020	\$ 967,778
Other Services	\$ 4,163,100	\$ 4,163,100	\$ 4,158,975	\$ 4,125
Nursing Facility	\$ 155,854,826	\$ 155,854,826	\$ 148,288,463	\$ 7,566,363
Home and Community Based - Other Services	\$ 6,433,376	\$ 6,433,376	\$ 4,607,893	\$ 1,825,483
Home and Community Based - Community First Choice	\$ 49,815,207	\$ 49,815,207	\$ 49,130,913	\$ 684,294
Home and Community Based - Big Sky Waiver	\$ 61,008,392	\$ 61,008,392	\$ 59,211,710	\$ 1,796,682
Care and Case Management	\$ 18,901,146	\$ 18,901,146	\$ 17,803,204	\$ 1,097,942
Substance Use Disorder Services	\$ 5,000,409	\$ 5,000,409	\$ 4,449,852	\$ 550,557
Mental Health Services	\$ 132,958,999	\$ 132,958,999	\$ 128,505,015	\$ 4,453,984
Home and Community Based - SDMI Waiver	\$ 19,679,138	\$ 19,679,138	\$ 18,237,600	\$ 1,441,538
Mental Health Services - HIFA Waiver	\$ 8,016,152	\$ 8,016,152	\$ 6,900,001	\$ 1,116,151
Developmental Disability Services	\$ 1,674,679	\$ 1,674,679	\$ 1,457,888	\$ 216,791
Home and Community Based - DD Waiver	\$ 135,726,093	\$ 135,726,093	\$ 134,844,711	\$ 881,382
Indian and Tribal Health Services	\$ 112,556,231	\$ 112,556,231	\$ 112,084,785	\$ 471,446
School Based - Physical Health	\$ 5,065,131	\$ 5,065,131	\$ 5,064,155	\$ 976
School Based - Mental Health	\$ 24,339,101	\$ 24,339,101	\$ 16,559,322	\$ 7,779,779
Medicare Buy-In	\$ 58,149,165	\$ 58,149,165	\$ 58,149,164	\$ 1
Total	1,421,702,955	1,421,702,955	1,377,687,204	44,015,751



## MEDICAID EXPANSION

The Health and Economic Livelihood Partnership (HELP) Act of the 2015 Montana Legislature expanded Medicaid in Montana. Medicaid expansion provides Medicaid coverage for adults ages 19-64, with incomes less than 138.0% of the federal poverty level for Montana. Benefits and claims for the expansion population are funded with 90.0% federal dollars (less an adjustment made for continuous eligibility) and 10.0% state dollars. Unlike traditional Medicaid, there were no FMAP adjustments to the expansion population as a result of the FFCRA, and the federal match rate will remain at 90.0% barring any future federal statute changes.

### FINANCIAL UPDATE

The table below illustrates the total Medicaid expansion benefits & claims appropriation for FY 2023. Changes in appropriations are due to the reorganization which combined AMDD and BHDD, as well as Medicaid contingency funding from HB 835 passed in the 2023 Legislative Session. Additionally, small shifts were made between and within the Medicaid divisions to realign appropriations and expenditures.

FY 2023 Medicaid Expansion Benefits & Claims Appropriations Compared to Expenditures

	FY 2023 Legislative Appropriation	Executive Changes in Appropriation	FY 2023 Modified Appropriation	FY 2023 Expenditures	Projected Surplus (Deficit)	Surplus (Deficit) as a % of Modified Budget
<b>10 Behavioral Health and Developmental Disabilities Division</b>						
General Fund	545	7,904,450	7,904,995	7,679,371	225,624	2.9%
State Special Revenue	846,845		846,845	643,774	203,071	
Federal Funds	15,753,512	72,486,045	88,239,557	76,846,333	11,393,224	12.9%
Subtotal	16,600,902	80,390,495	96,991,397	85,169,477	11,821,920	12.2%
<b>11 Health Resources Division</b>						
General Fund	17,704,161	12,344,000	30,048,161	30,015,761	32,400	0.1%
State Special Revenue	52,272,705	2,340,298	54,613,003	54,061,231	551,772	1.0%
Federal Funds	690,798,777	159,402,699	850,201,476	841,200,084	9,001,392	1.1%
Subtotal	760,775,643	174,086,997	934,862,640	925,277,076	9,585,564	1.0%
<b>22 Senior and Long Term Care</b>						
General Fund	871,360	291,500	1,162,860	1,141,953	20,907	1.8%
State Special Revenue			-		-	
Federal Funds	8,849,718	3,256,000	12,105,718	12,078,520	27,198	0.2%
Subtotal	9,721,078	3,547,500	13,268,578	13,220,473	48,105	0.4%
<b>33 Addictive and Mental Disorders Division</b>						
General Fund	7,067,450	(7,067,450)	-	-	-	
State Special Revenue	-	-	-	-	-	
Federal Funds	61,870,045	(61,870,045)	-	-	-	
Subtotal	68,937,495	(68,937,495)	-	-	-	
<b>Grand Total All Medicaid Services</b>						
General Fund	25,643,516	13,472,500	39,116,016	38,837,085	278,931	0.7%
State Special Revenue	53,119,550	2,340,298	55,459,848	54,705,005	754,843	1.4%
Federal Funds	777,272,052	173,274,699	950,546,751	930,124,937	20,421,814	2.1%
<b>Grand Total All Funds</b>	<b>856,035,118</b>	<b>189,087,497</b>	<b>1,045,122,615</b>	<b>1,023,667,027</b>	<b>21,455,588</b>	<b>2.1%</b>

### MAJOR SERVICE CATEGORIES

Data in the following table are taken from the FYE 2023 DPHHS budget status report. The largest expenditure category for major services is hospital utilization fees/supplemental payments, followed by other types of

hospital services, pharmacy, physician services, Indian and tribal health services, and mental health services. Totals vary slightly from the table on the previous page due to timing of LFD versus agency processing.

Category	FY23 Initial Budget	FY23 Current Budget	FY23 Expenditure Estimates	FY23 Projected Balance
Hospital Services	\$ 74,234,227	\$ 74,234,227	\$ 74,234,226	\$ 2
Hospital Utilization Fees / DSH	\$ 290,156,611	\$ 290,156,611	\$ 290,108,351	\$ 48,260
Inpatient Services	\$ 78,555,639	\$ 78,555,639	\$ 78,555,638	\$ 1
Outpatient Services	\$ 74,180,777	\$ 74,180,777	\$ 74,180,776	\$ 1
Physician and Professional Services	\$ 99,229,746	\$ 99,229,746	\$ 99,002,542	\$ 227,205
Pharmacy	\$ 243,013,108	\$ 243,013,108	\$ 244,467,251	\$ (1,454,143)
Pharmacy Rebates	\$ (130,000,000)	\$ (130,000,000)	\$ (139,956,682)	\$ 9,956,682
Dental	\$ 21,097,484	\$ 21,097,484	\$ 21,013,712	\$ 83,772
Health Centers and Clinics	\$ 44,200,443	\$ 44,200,443	\$ 44,199,009	\$ 1,434
Medical Equipment and Supplies	\$ 13,942,211	\$ 13,942,211	\$ 13,862,498	\$ 79,713
Laboratory and Imaging Services	\$ 19,781,483	\$ 19,781,483	\$ 19,697,057	\$ 84,426
Medical Transportation	\$ 7,752,014	\$ 7,752,014	\$ 7,742,357	\$ 9,657
Other Services	\$ 869,617	\$ 869,617	\$ 842,980	\$ 26,637
Nursing Facility	\$ 8,313,104	\$ 8,313,104	\$ 8,287,066	\$ 26,038
Home and Community Based - Other Services	\$ 1,508,746	\$ 1,508,746	\$ 1,488,505	\$ 20,241
Home and Community Based - Community First Choice	\$ 3,341,757	\$ 3,341,757	\$ 3,340,260	\$ 1,497
Home and Community Based - Big Sky Waiver	\$ 104,971	\$ 104,971	\$ 104,642	\$ 329
Care and Case Management	\$ 6,909,115	\$ 6,909,115	\$ 6,894,255	\$ 14,860
Substance Use Disorder Services	\$ 15,762,986	\$ 15,762,986	\$ 15,754,414	\$ 8,572
Mental Health Services	\$ 79,999,744	\$ 79,999,744	\$ 69,735,219	\$ 10,264,525
Home and Community Based - SDMI Waiver	\$ 101,006	\$ 101,006	\$ 85,315	\$ 15,691
Mental Health Services - HIFA Waiver	\$ -	\$ -	\$ -	\$ -
Developmental Disability Services	\$ -	\$ -	\$ -	\$ -
Home and Community Based - DD Waiver	\$ -	\$ -	\$ -	\$ -
Indian and Tribal Health Services	\$ 92,054,954	\$ 92,054,954	\$ 92,048,119	\$ 6,835
School Based - Physical Health	\$ 7,421	\$ 7,421	\$ 246	\$ 7,175
School Based - Mental Health	\$ 5,452	\$ 5,452	\$ -	\$ 5,452
Medicare Buy-In	\$ -	\$ -	\$ -	\$ -
Total	1,045,122,615	1,045,122,615	\$ 1,025,687,754	\$ 19,434,861
Change from Initial Budget		-		