DEPARTMENT OF ADMINISTRATION

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DIRECTOR

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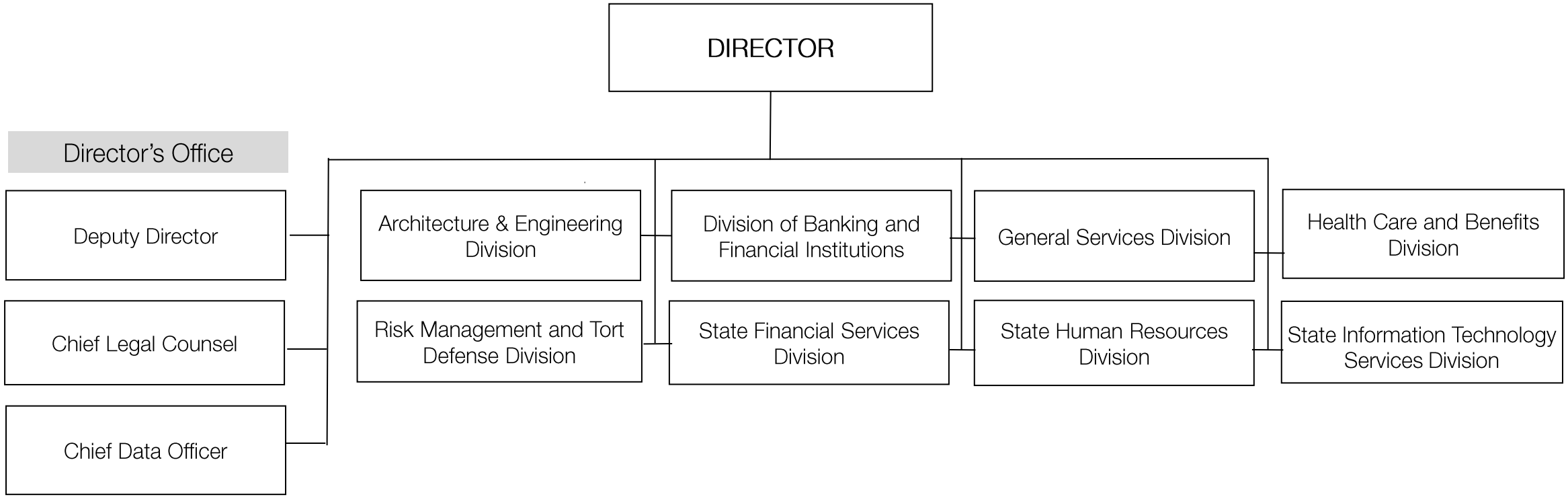
January 2023

DEPARTMENT OF ADMINISTRATION



GENERAL SERVICES DIVISION

STEPHEN BAIAMONTE
ADMINISTRATOR/
SECURITY DIRECTOR

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RESPONSIBILITIES / SERVICES

Capitol Facilities Management

Perform maintenance support services in a cost-effective manner to the Capitol Complex; ensuring the safety and comfort of State agencies and the public.

Real Property Leasing

Provides the allocation of real property for state agencies; efficiently and effectively addressing agency space needs while maximizing the value of agency funding.

State Print & Mail Services

Provides printing and mail services to all agencies within state government.

Surplus Property

Ensures the maximum return to State agencies; repurposing and recycling used goods for the benefit of the State, local governments, and the public.

# of FTE by Fund Type	
General Fund	0.0
Non-Budgeted Proprietary	72.35

KEY ACCOMPLISHMENTS

15% REDUCTION OF LEASE FOOTPRINT IN HELENA SINCE 2020

- Combining and downsizing lease spaces to accommodate current agency needs
- $ 1,154,122 in office rent saved per year

ENERGY SAVINGS THOUGH BUILDING AUTOMATION

- Automated HVAC controls to optimize air temperatures and circulation
- GSD has been able to increase energy efficiencies in the last two years, offsetting increases in utility costs due to inflation

IMPLEMENTATION OF FACILITY WORK ORDER SYSTEM

- Increased efficiencies in scheduling, billing and workflow.
- General Services handles over 6,000 work orders a year

DAILY MAIL ROUTE RECONFIGURATION

- Ability to repurpose 1 FTE
- Allowed for reclassification of print production staff for more standard operational efficiency

REAL PROPERTY AND LEASING

(MCA) 2- 17-1 REAL PROPERTY AND BUILDINGS

- Statewide Lease management 12/07/2022
  - 450 Statewide Leases
  - (77% of State portfolio)*
  - Average Statewide rate is $16.92/sq. ft.
  - 1.7 million sq. ft. of leased space
- Space utilization consultation
- Biennial Summaries & analysis
- Enforcement of contract terms & conditions

2 FTE

Senior Leasing Officer

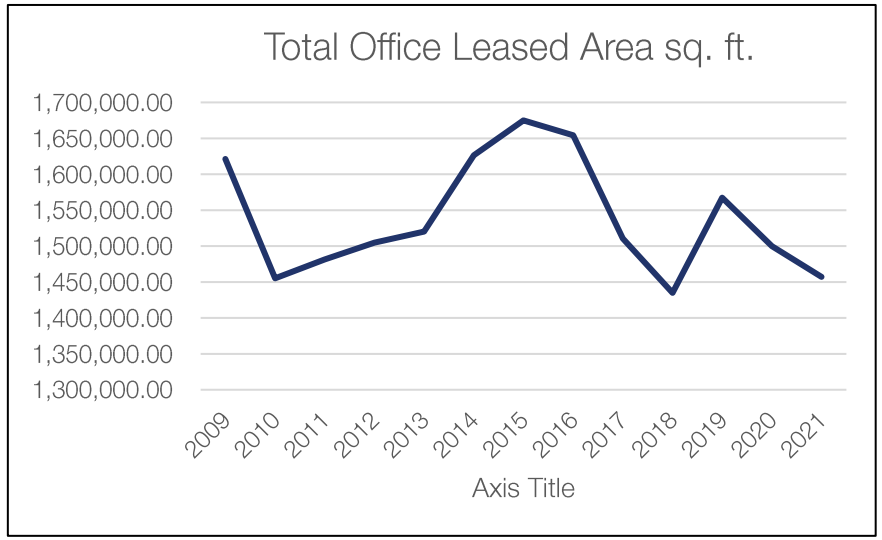
↓

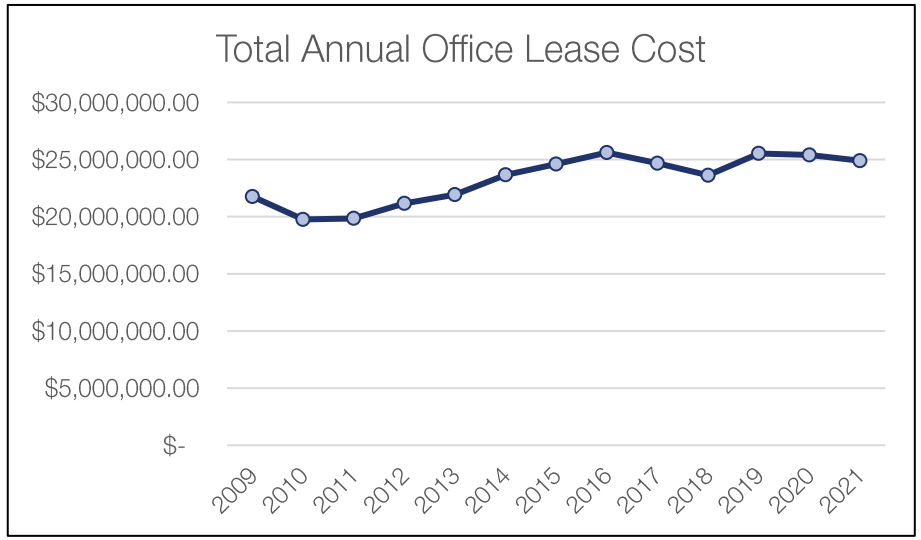
Property Manager

FUNDING SOURCE
Supported by CFM O/M rates

*Background on State Building major/ deferred maintenance and construction, LFD Report 2015
**For more information, see *'GSD RPL Lease & Rate Analysis for 2020'*, and *'GSD Response to SB236'* 2020

STATE LEASING FOOTPRINT

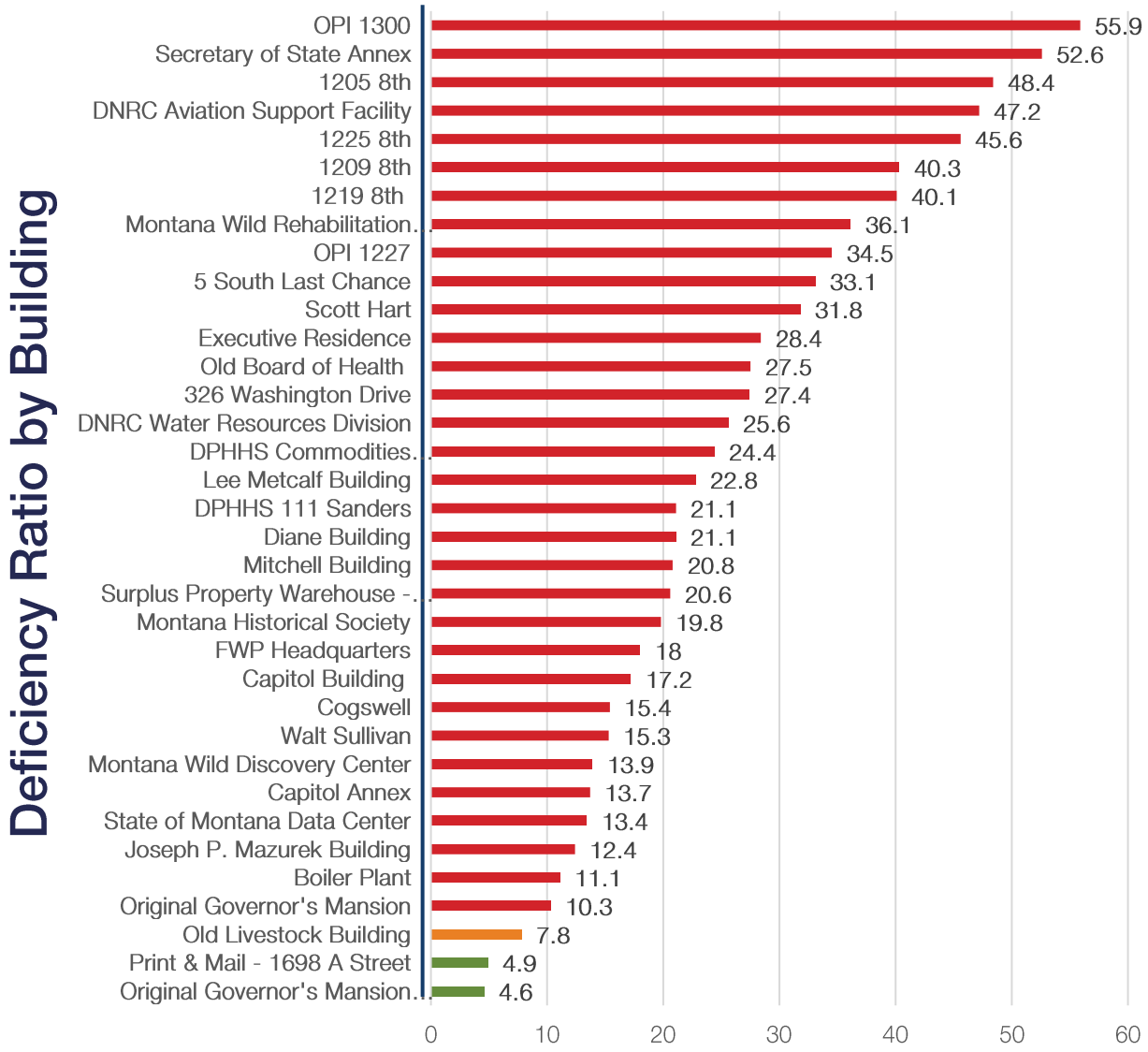




- Combining and downsizing lease spaces to accommodate current agency needs
- Offset increased lease rate cost to the State
  - Lease Costs have increased by **4.91%** in the last 3 years, but the States total lease costs have decreased by **3.67%***

*For the years 1/2019-1/2022

PRIOITIZING DEFERRED MAINTENANCE

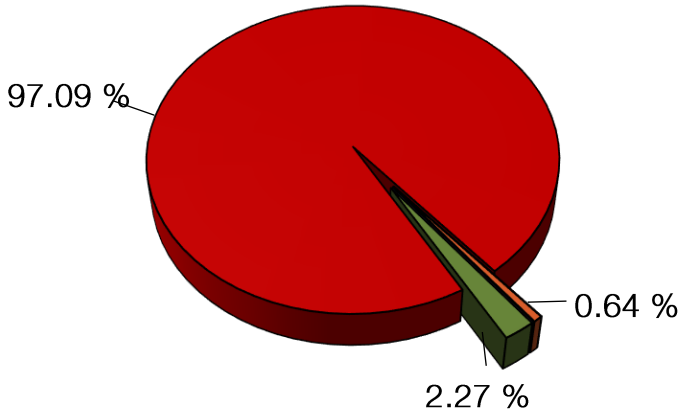


Building conditions based on Facilities Condition Assessment Report Fall 2022

SQUARE FOOTAGE CONDITION BREAKDOWN

1,236,291 SQ. FT.

Assessed by the general services team



- 97.09% of total area rated as poor
- 0.64% of total area rated as fair
- 2.27% of total area rated as good

FEES AND RATES

Proprietary Funds

INTERNAL SERVICE FUNDS

Facilities (Fund 06528)
Approximately .5% increase to office rent
8.6% increase to non-office rent

Print/Mail (Fund 06530)
$.05 increase for warrant printing
$.25 increase for the flat sorter rate

ENTERPRISE FUND

Surplus Property (Fund 06066)
No proposed changes

HEALTH CARE & BENEFITS DIVISION

AMY JENKS
ADMINISTRATOR

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RESPONSIBILITIES / SERVICES

Benefit Administration

- Self-Funded Health Plan providing coverage to 29,000 members via third-party administrators (TPAs)
- Vendors include:
  - BlueCross BlueShield of Montana (medical, life, disability)
  - Delta Dental
  - VSP Vision Care
  - Navitus Health Solutions (prescription)
  - ASIFlex (flexibility spending accounts)
  - ComPsych (employee assistance program)

Montana Health Centers (Premise Health)

Five Locations: Anaconda, Billings, Butte, Helena, Missoula

Workers' Compensation

Performs workers' compensation policy management and oversight via its workplace safety and return to work programs.

Voluntary Employees' Beneficiary Association (VEBA)

# of FTE by Fund Type	
General Fund	0.0
Non-Budgeted Proprietary	21.87

DIVISION ACCOMPLISHMENTS

- Modernization of Referenced Based Pricing Model – Immediate savings of $28M to the state in the first 3 years
- Rebid Vision, Dental, and Life Insurance contracts to reduce costs to the state and increase coverage for employees
- Implementation of Navitus Pharmacy Benefit Manager (PBM) Co-Pay Max Plus Program with additional 1.1M in savings in 2022
- Enhanced GPO Rebate Program – Anticipated additional rebates in excess of $2M in 2022
- Montana Health Centers – Expanded Services + Expanded Accountability with Contract Performance Guarantees
- Participated in RAND Corp. hospital reimbursement strategy

MONTANA'S STATE HEALTH PLAN

Background:

- Self-funded by employer contributions (state share), bi-weekly employee contributions, and monthly retiree contributions.
- Operated in accordance with state and federal law, HCBD sets monthly rates, out-of-pocket costs for benefits, and carries the liability for all 29,000 members.
- Medical benefits administered through a Third-Party Administrator (TPA) via a contract with the State of Montana
  - BCBSMT: 2003-2012
  - Cigna: 2013-2015
  - Allegiance: 2016-2022
- Request for Proposal (RFP) Released in March 2022, 5 companies submitted bids; RFP Committee selected Blue Cross Blue Shield of Montana.

Pricing Model:

- Referenced Based Pricing (RBP) which is a cost containment strategy that self-insured employers utilize to pay a set price for healthcare services rather than a price determined by the health plan.

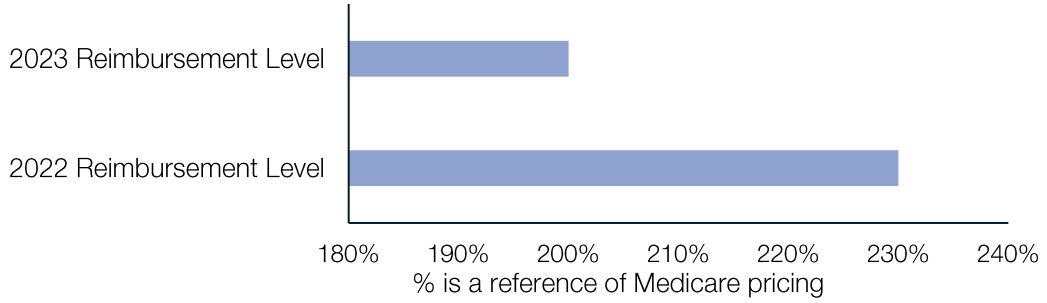
MONTANA'S STATE HEALTH PLAN - BCBSMT

- Immediate projected savings to the state of $28M in initial contract period.
  - Contract Performance Guarantees – Fees for failure to meet Multiple of Medicare Guarantees
  - Increased reporting on performance to the State for transparency and accountability
- Modernized Approach to Referenced Based Pricing (RFB)*
  - Historical: 1 size fits all approach, reimbursement targets at 230% of Medicare
  - New Model: Reduced Pricing Targets + Performance Based on State's "Bottom Line"
    - In-State and Out-of-State Facility Claims not to exceed 195-200% of Medicare in year 1
    - In-State and Out-of-State Professional Provider Claims not to exceed 139% of Medicare in year 1
    - Inpatient, Outpatient, and Professional Provider Claims not to exceed 180% of Medicare by year 3
- Expanded network to serve state employees
- Wellness and Employee Assistance Program Platforms

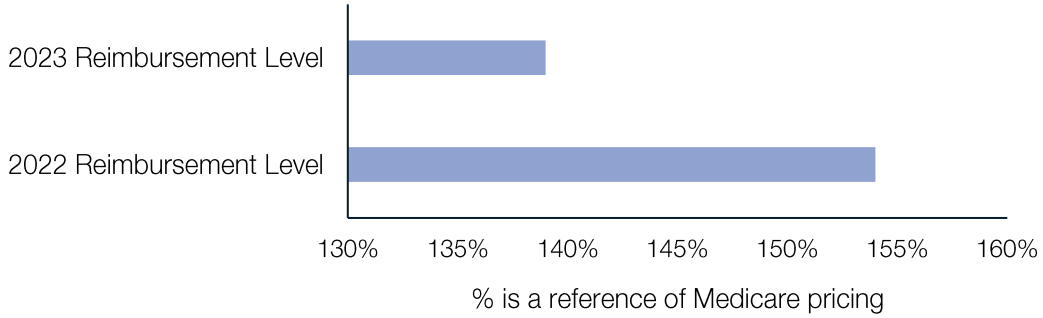
* RFB is a cost containment strategy where a self-insured employer pays a set price for healthcare services rather than a price determined by the health plan. Prices are typically established on benchmarks like Medicare, where applicable rates are available, or other pricing data.

MODERNIZATION OF REFERENCE BASED PRICING

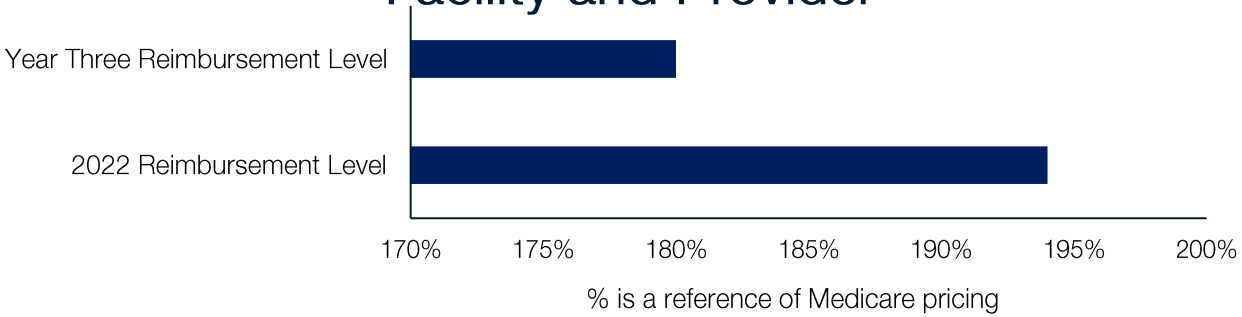
In-State and Out-of-State Facility Reimbursement



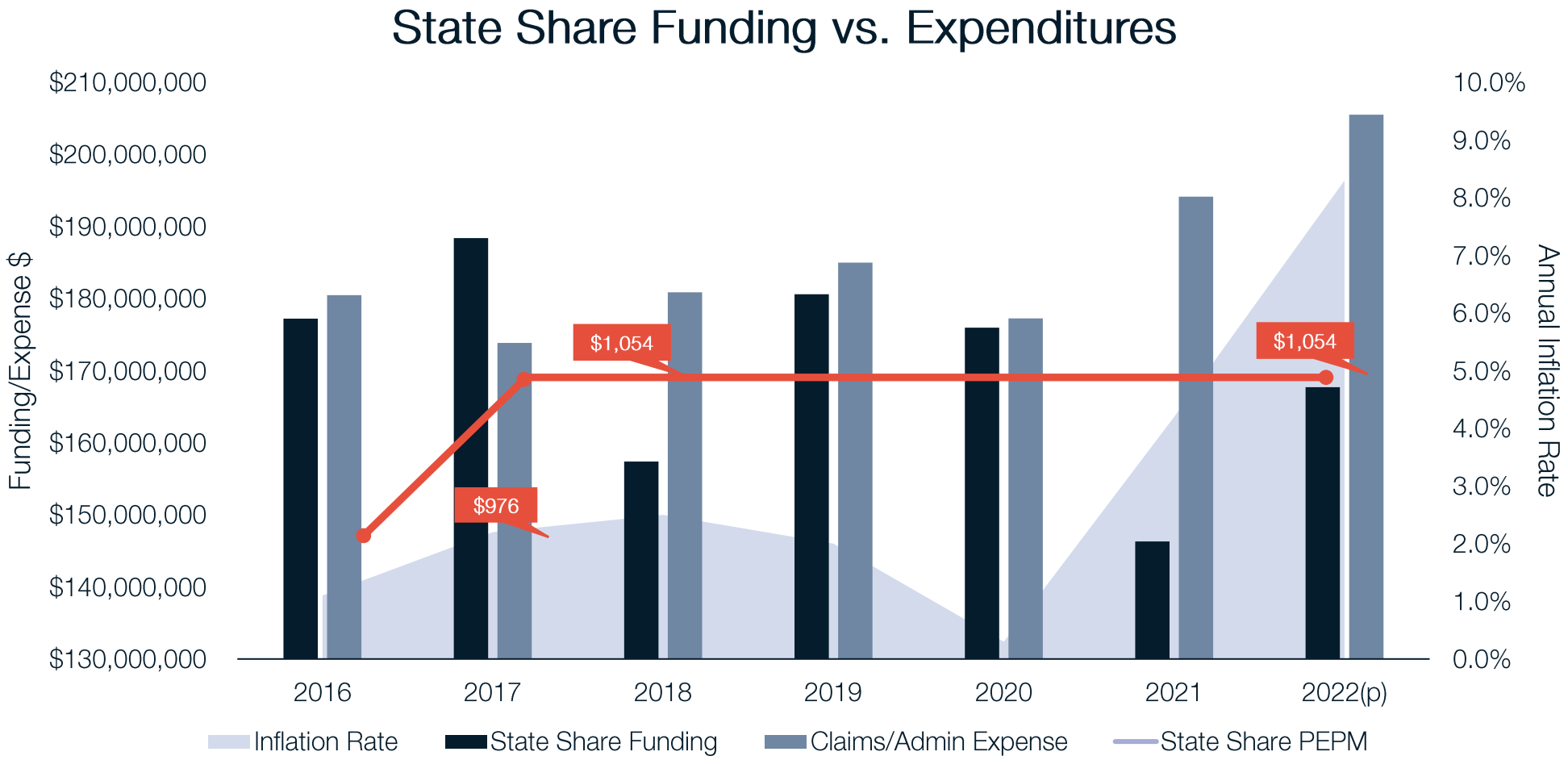
In-State and Out-of-State Professional Provider Reimbursement



Overall Aggregate Reimbursement by Year Three Facility and Provider



EXPENSE

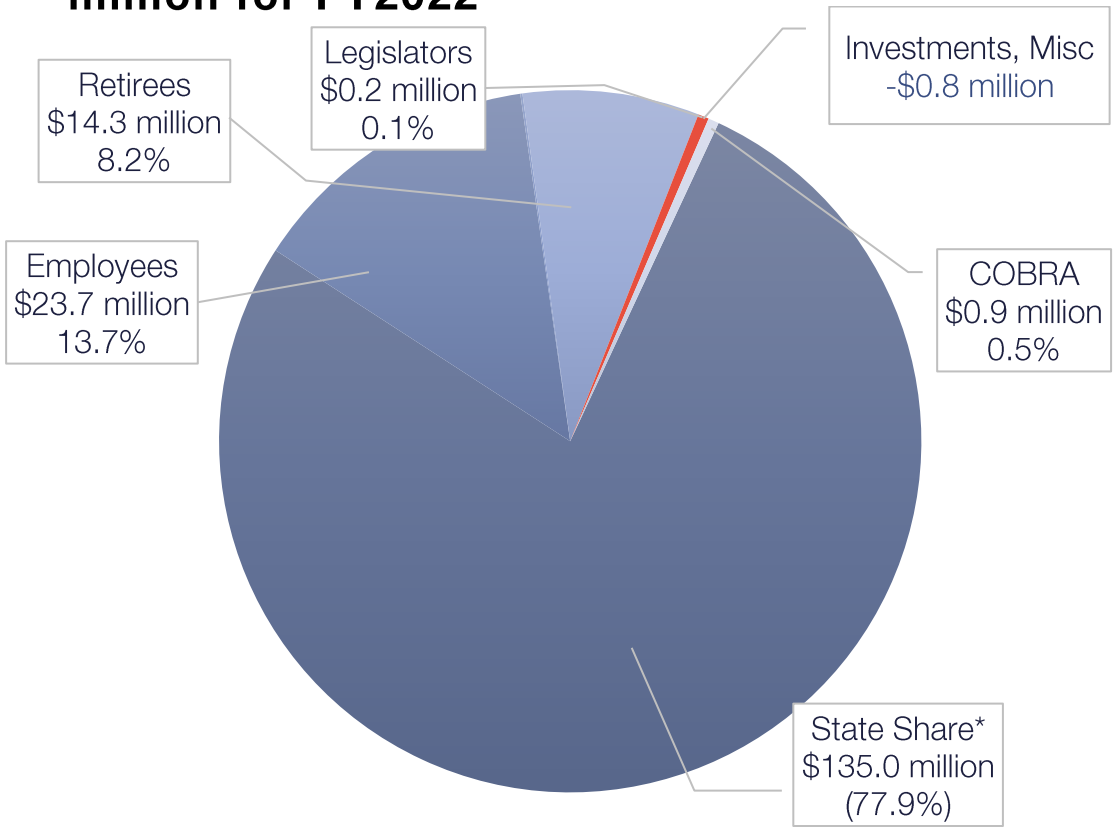


*** Funding bars include the state share holiday reductions of $26M in 2018 and $28M in 2021 ***

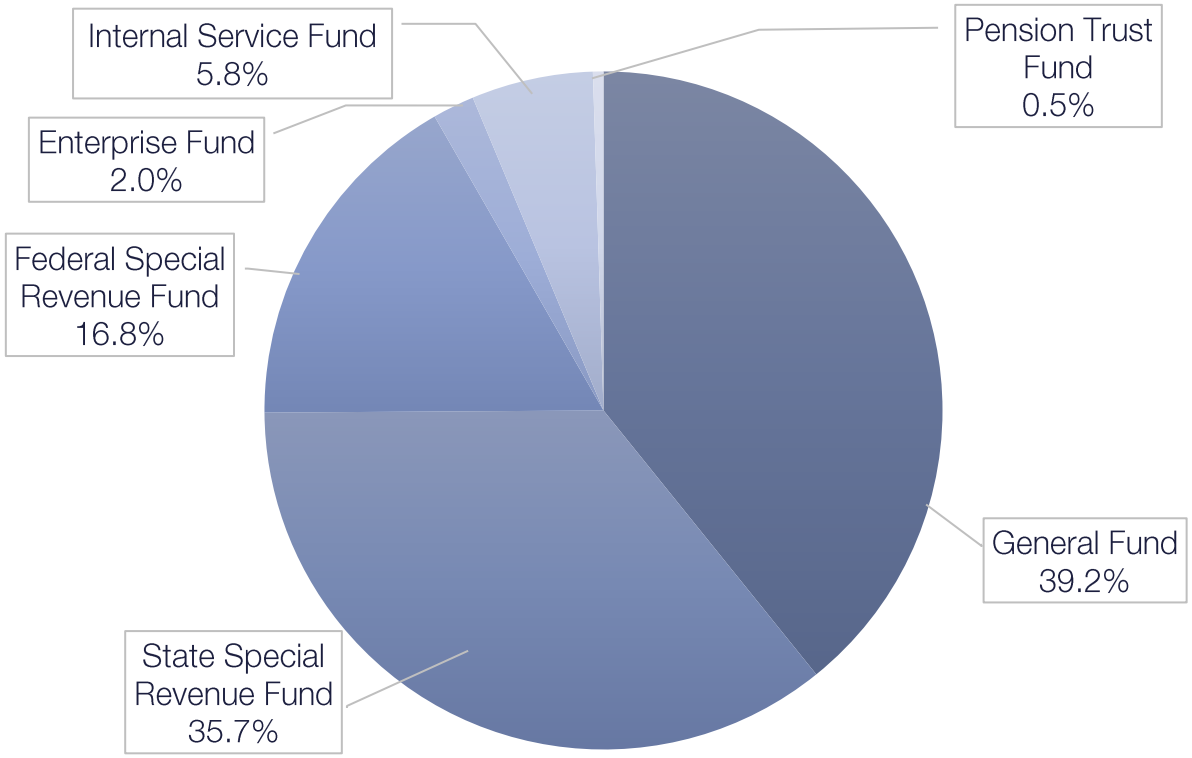
FUNDING

STATE OF MONTANA BENEFIT PLAN

Total revenue was $173.2 million for FY2022



State Share* by Fund Type



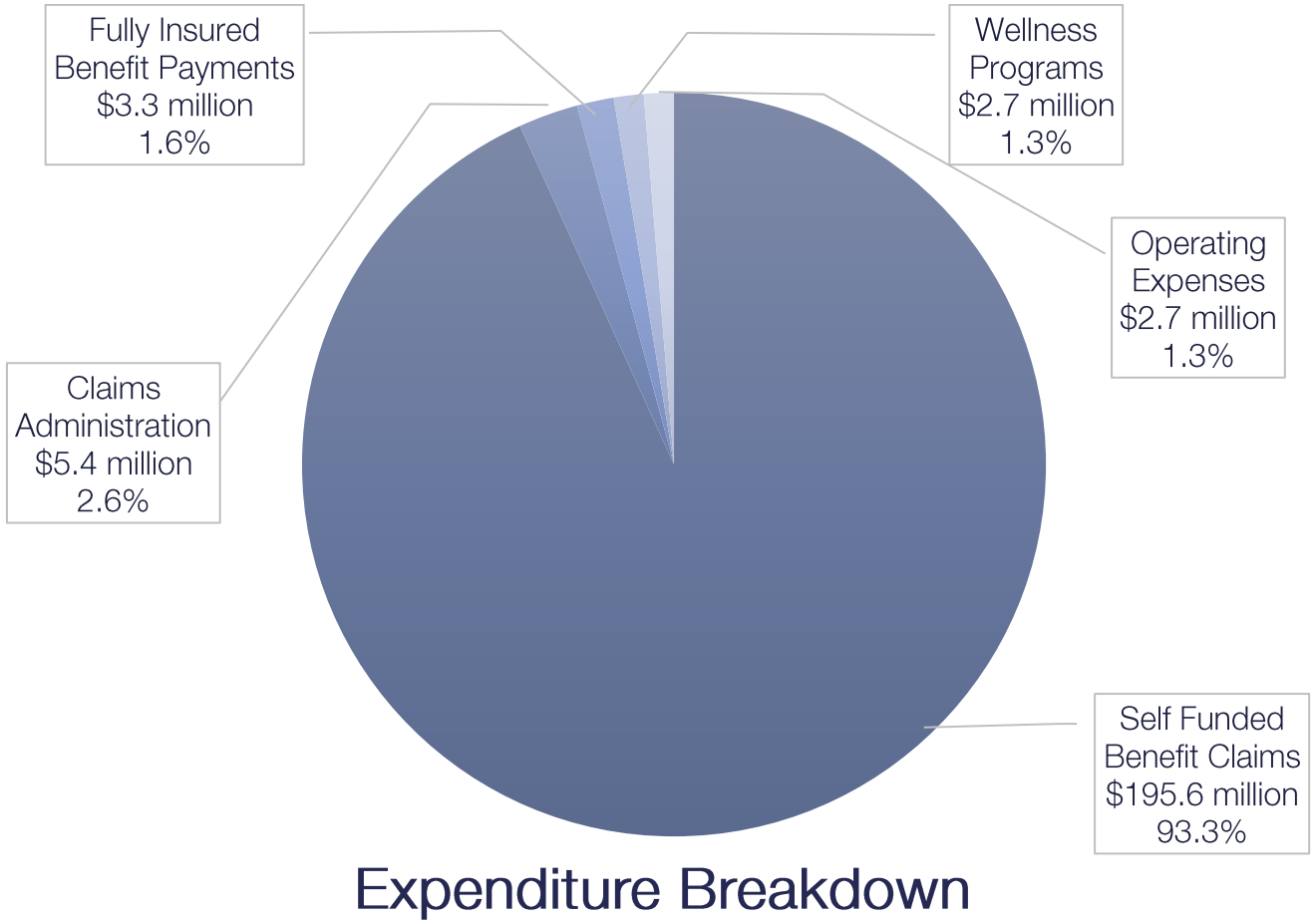
State Share Holiday enacted for October and November 2021. Equated to a reduction of $27.0 million in State Share funding for FY 2022.

State Share is $1,054 per month per filled benefits eligible position.

EXPENSE

STATE OF MONTANA BENEFIT PLAN

Total expenditures for benefits was $209.7 million for FY 2022



Expenditure Breakdown

STATE HUMAN RESOURCES DIVISION

ANJENETTE SCHAFER
ADMINISTRATOR

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RESPONSIBILITIES / SERVICES

Provides expertise and guidance on HR topics:

- Recruitment and Retention Strategies
- Employee Relations
- Employee Performance Management Processes
- Legal Guidance / Litigation Services

Job Classification and Compensation Standards

Workforce Training and Development

Labor Relations Services (60% of workforce / union members)

Human Resource Information Systems

- Core HR System – SABHRS
- Time Reporting / Payroll (360,000 paychecks annually)
- Recruitment / Applicant Tracking
- Performance Management System
- Learning Management System

# of FTE by Fund Type	
General Fund	16.25
Non-Budgeted Proprietary	25.75

KEY ACCOMPLISHMENTS

- Completed ROWS telework assessments and policy development and implemented telework for thousands of state employees.
- Conducted a compensation analysis that compared the state's compensation policy, philosophy, and wages to public-sector employers across the country.
- Successfully negotiated the terms of HB 13 with the labor unions.
- Expanded use of enterprise-wide performance management and goal setting system to include quarterly check-ins and annual reviews.
- Improved the candidate experience by streamlining our job application process.
- Completed upgrades of the SABHRS HR system and our cloud systems for recruitment and performance management and employee development.
- Conducted and published the 2022 labor market analysis.

UPCOMING PRIORITIES

- Redesign the Professional Development Center to include online course offerings and a robust leadership development program.
- Use information gathered through the compensation analysis project to make improvements to state pay policy.
- Develop readily available, real-time reporting functionality for workforce analytics and make the data easily accessible by agency staff. Work with agency HR professionals to use the data for improved employment practices.
- Launch standardized recruitment processes that will modernize our recruitment efforts and attract highly qualified applicants.

PROFESSIONAL DEVELOPMENT CENTER

The Professional Development Center (PDC) program provides training and related services to all state employees. During the 2021 legislative session, the legislature mandated the current PDC be closed effective June 30, 2023, and training needs for state employees be directed to the private sector or the university system.

CURRENT PROGRAM

- 3.0 FTE / Classroom Instruction
- Internal Service Fund
- $400,000 Avg. Annual Revenue

PROPOSED FUTURE MODEL

- Offer over 17,000 online courses—available to all state employees / enterprise-wide contract*
- 2.0 FTE / coordinate training requests and support enterprise-wide online learning tool**
- Training content would be created and provided by outside vendors in support of management training objectives**

***Executive Budget Decision Package**
New Proposal 2301 - Non-Budgeted Proprietary
Online Learning – $500,000 total for both years.
(Fixed Rate Increase – HRIS)

****Executive Budget Decision Package**
New Proposal 2303 - Non-Budgeted Proprietary
Annualize State Management Training Center– $800,000 total for both years.

RISK MANAGEMENT AND TORT DEFENSE DIVISION

BRETT DAHL
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RESPONSIBILITIES / SERVICES

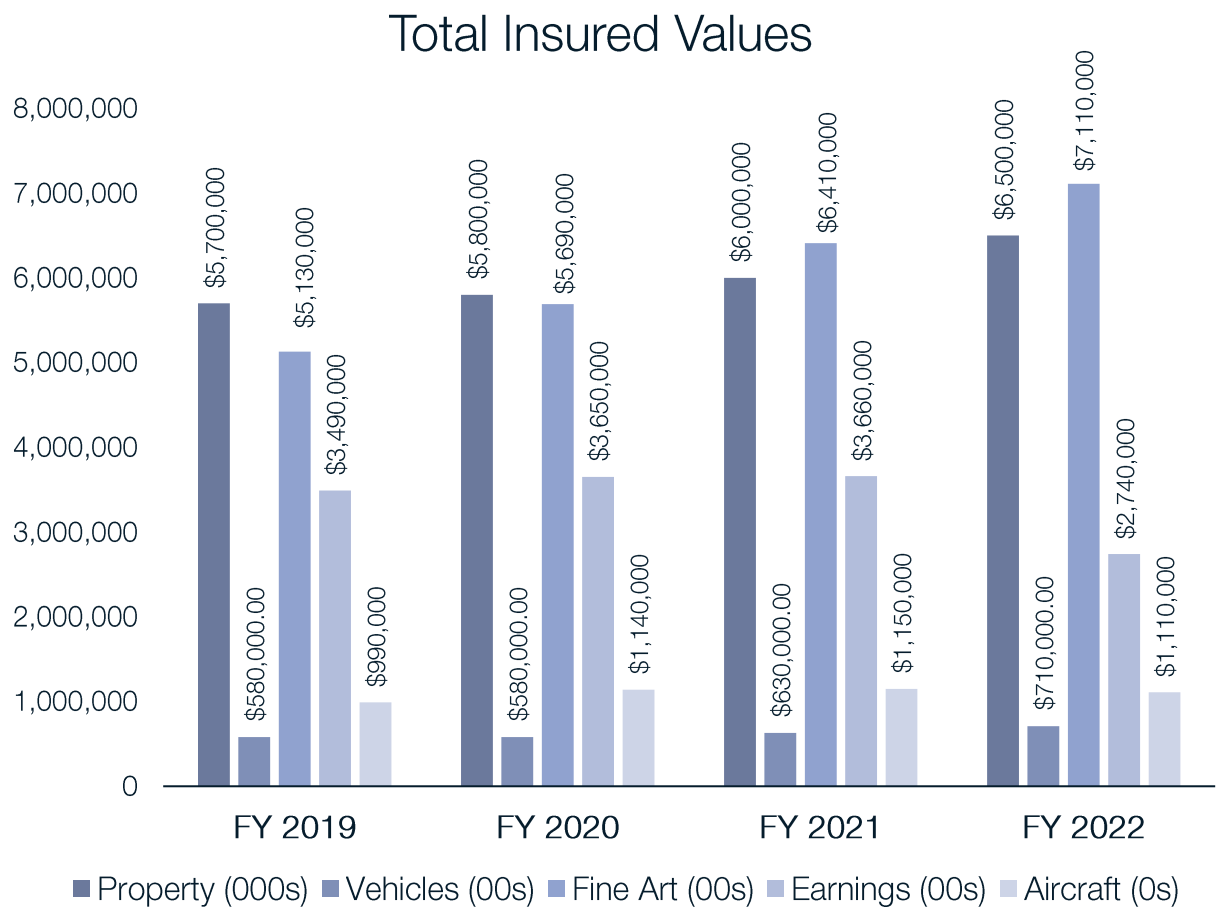
- Investigate, evaluate, and resolve claims/lawsuits.
- Administer commercial and self-insured programs for state agencies, universities, boards, councils, and commissions.
- Promote risk management and loss mitigation through consultation, training, and financial incentives.
- Rate Categories:
  - ✓ Auto
  - ✓ General Liability
  - ✓ Aviation
  - ✓ Property
- Insurance proceeds are used to fund operations, defend claims/lawsuits, pay settlement, judgements, and purchase insurance.

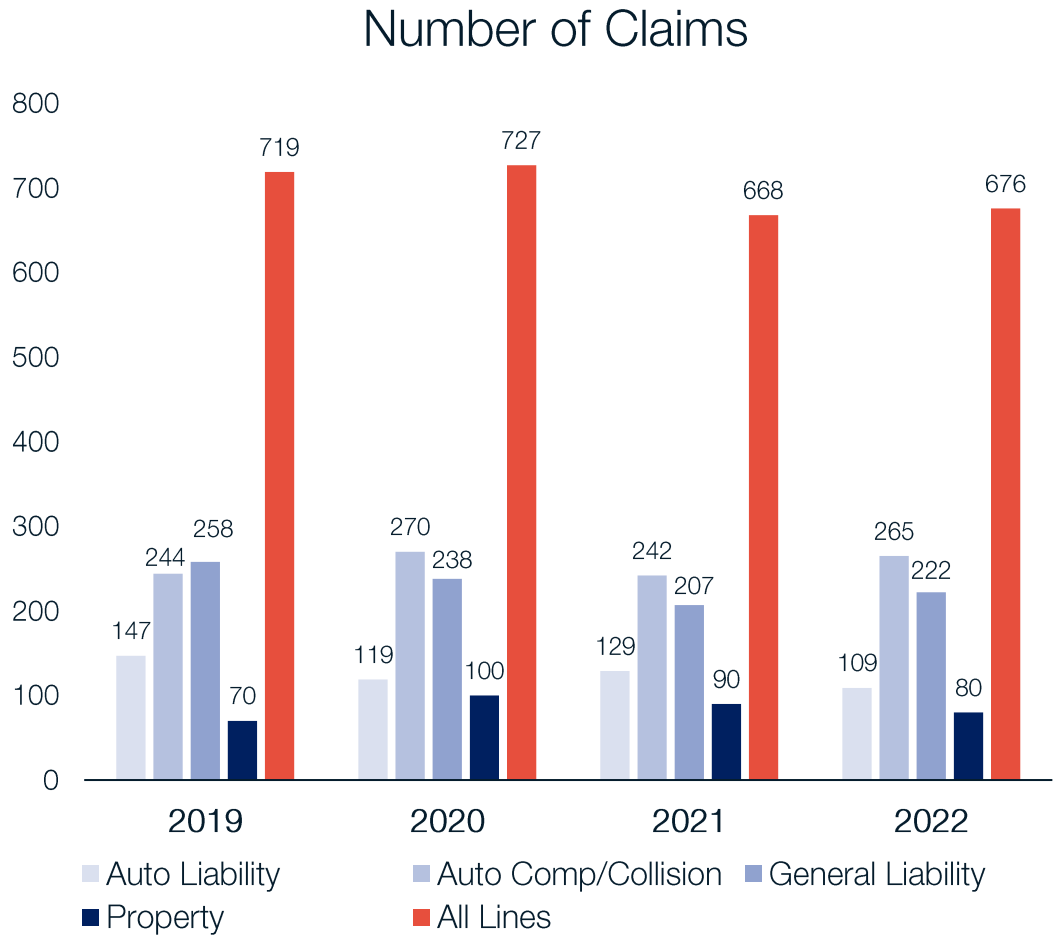
# of FTE by Fund Type	
General Fund	0.0
Non-Budgeted Proprietary	17.0

KEY ACCOMPLISHMENTS

- Offered $2,900,000 in insurance premium discounts through agency/university participation in loss mitigation programs.
  - resulted in reduction in claims.
  - achieved more favorable commercial insurance terms and conditions amidst historic worst insurance market conditions
- Paid $43 million (of $46 million insurance settlement) towards the ‘re-build’ of the Marga Hosaeus Student Fitness Center at Montana State University Bozeman believed to be one of the largest insured building losses in Montana history.
- Won a judgement/settlement of $141 million against the state’s former insurance carrier for recovery of expenses associated with Libby Asbestos litigation.
- Unexpected revenues from the Libby Asbestos recoveries in #3 above exceed actuarial funding targets and necessitate an insurance premium holiday (no premiums) for the 2025 biennium. Absent a premium holiday, the amount of the overage would be transferred to the general fund with an obligation to pay the federal government a portion of the recovery.

PORTFOLIO OVERVIEW

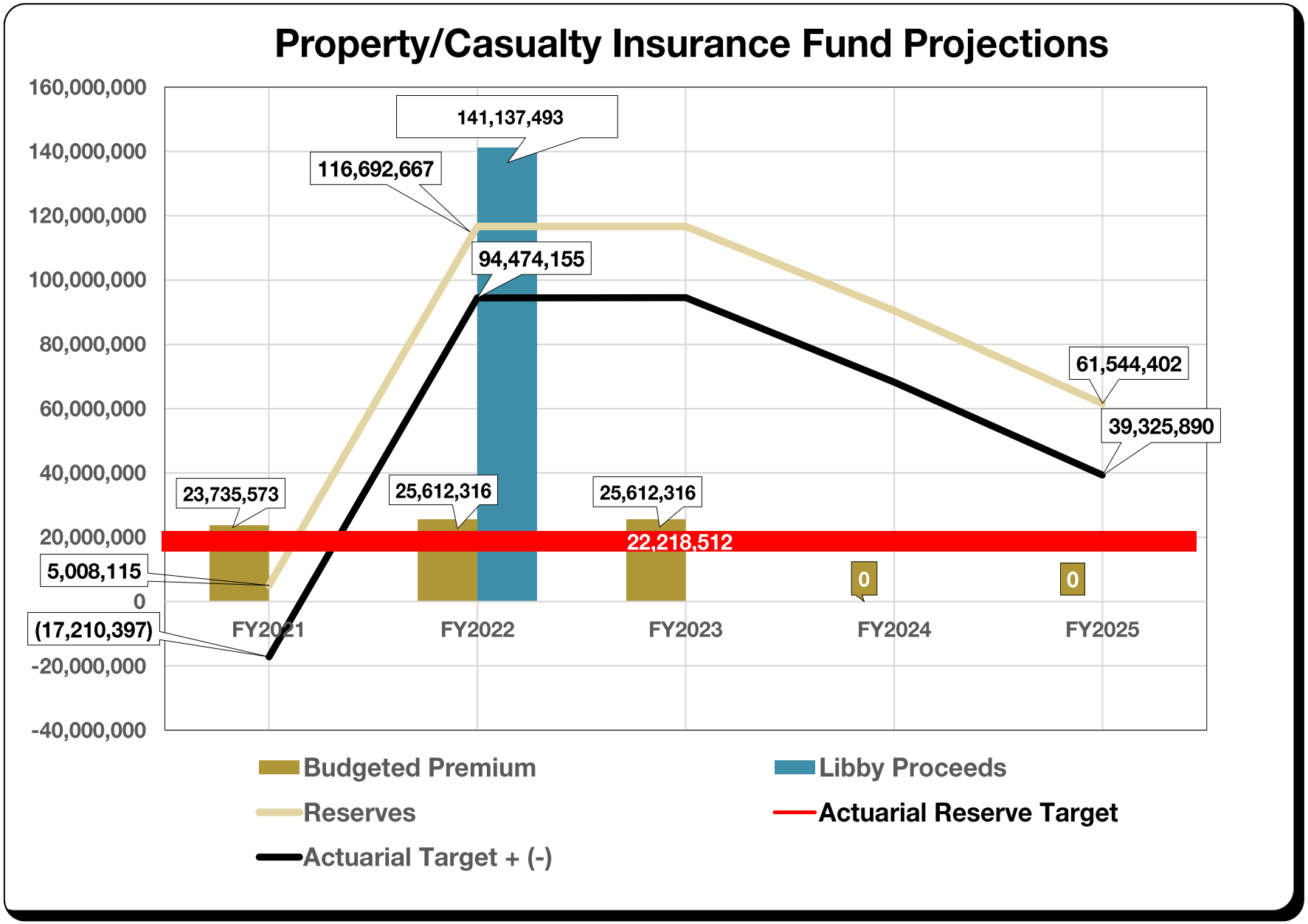




2025 BIENNIUM RATE SUMMARY

	FY 2022	FY 2023	FY 2024	FY 2025	FY2024/2025 $ change from FY 2022	FY 2024/2025 % change from FY 2022
Auto	$1,820,313	$1,820,313	$0	$0	($1,820,313)	-100%
Aviation	$169,961	$169,961	$0	$0	($169,961)	-100%
General Liability	$14,613,042	$14,613,042	$0	$0	($14,613,042)	-100%
Property	$9,009,000	$9,009,000	$0	$0	($9,009,000)	-100%
Total	$25,612,316	$25,612,316	$0	$0	($25,612,316)	-100%

2025 BIENNIUM PREMIUM HOLIDAY



MONTANA DEPARTMENT OF ADMINISTRATION

THANK YOU