

Agency Budget Comparison

The following table summarizes the total legislative budget for the agency by year, type of expenditure, and source of funding.

Agency Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	2,924.57	2,924.57	2,927.57	2,927.57	2,924.57	2,927.57	3.00	0.10%
Estimated Impact of HB 2*			(121.68)	(121.68)		(121.68)	(121.68)	
Net Estimated FTE*			2,805.89	2,805.89		2,805.89	(118.68)	
Personal Services	\$153,864,366	\$159,874,448	\$164,310,967	\$163,466,286	\$313,738,814	\$327,777,253	\$14,038,439	4.47%
Operating Expenses	111,109,855	103,664,824	121,795,043	126,069,489	214,774,679	247,864,532	33,089,853	15.41%
Equipment & Intangibles	712,994	670,318	740,994	802,994	1,383,312	1,543,988	160,676	11.62%
Grants	61,012,886	60,910,876	80,341,324	77,000,770	121,923,762	157,342,094	35,418,332	29.05%
Benefits & Claims	1,394,347,537	1,603,465,315	1,550,481,745	1,625,209,646	2,997,812,852	3,175,691,391	177,878,539	5.93%
Transfers-Out	2,650,614	3,597,289	2,612,219	2,610,419	6,247,903	5,222,638	-1,025,265	-16.41%
Debt Service	254,360	493,757	292,376	292,376	748,117	584,752	-163,365	-21.84%
Total Costs	\$1,723,952,612	\$1,932,676,827	\$1,920,574,668	\$1,995,451,980	\$3,656,629,439	\$3,916,026,648	\$259,397,209	7.09%
General Fund	398,337,886	422,356,927	443,972,724	462,908,431	820,694,813	906,881,155	86,186,342	10.50%
State Special	146,910,929	152,107,295	153,483,881	156,383,873	299,018,224	309,867,754	10,849,530	3.63%
Federal Special	1,178,703,797	1,358,212,605	1,323,118,063	1,376,159,676	2,536,916,402	2,699,277,739	162,361,337	6.40%
Total Funds	\$1,723,952,612	\$1,932,676,827	\$1,920,574,668	\$1,995,451,980	\$3,656,629,439	\$3,916,026,648	\$259,397,209	7.09%

*Estimated impact of HB 2 boilerplate language showing net FTE with reductions. See boilerplate language on the following pages.

Agency Description

Mission statement: Improving and protecting the health, well-being and self-reliance of all Montanans

The Department of Public Health and Human Services (DPHHS) administers a wide spectrum of programs and projects, including: public assistance, Medicaid, foster care and adoption, nursing home licensing, long-term care, aging services, alcohol and drug abuse programs, mental health services, vocational rehabilitation, disability services, child support enforcement activities, and public health functions (such as communicable disease control and preservation of public health through chronic disease prevention).

The department has three branches, the Public Health and Safety Division, and the Director's Office. The branches and the related divisions are:

- Economic Security Services Branch consisting of the Management and Disability Transition Program, Human and Community Services Division, Child and Family Services Division, and the Child Support Enforcement Division
- Operations Services Branch consisting of the Business and Financial Services Division, Quality Assurance Division, Technology Services Division, and the Management and Fair Hearings Program
- Medicaid and Health Services Branch consisting of the Disability Services Division, Health Resources Division, Medicaid and Health Services Program, Senior and Long-term Care Division, and the Addictive and Mental Disorders Division

The department is also responsible for all state facilities except correctional institutions. DPHHS facilities include: Montana State Hospital, Warm Springs; Montana Mental Health Nursing Care Center, Lewistown; Montana Chemical Dependency Center, Butte; Eastern Montana Veterans' Home, Glendive; Montana Veterans' Home, Columbia Falls; and Montana Developmental Center, Boulder.

Agency Highlights

Department of Public Health and Human Services Major Budget Highlights
<ul style="list-style-type: none"> ◆ The DPHHS 2015 biennium budget is \$259.4 million (\$86.2 million general fund) higher than the 2013 biennium ◆ Funding for benefits (direct services to eligible persons) adds \$177.9 million total funds over the biennium, with major increases including: <ul style="list-style-type: none"> • Medicaid service utilization and eligibility increases - \$126.2 million total funds including \$23.2 million general fund • Temporary Assistance for Needy Families (TANF) benefits, child care, and early childhood services - \$15.3 million including \$2.2 million general fund ◆ Provider rate increases, which are allocated to both benefits and grants, add \$67.6 million total funds including \$21.8 million general fund ◆ Operating costs increase primarily due to: <ul style="list-style-type: none"> • Agency-wide information technology systems supporting accounting, management, and reporting functions of Medicaid and public assistance programs • Training and program support for public assistance programs across the state • State facility operating cost and inflation increases ◆ Personal services increases are primarily due to the net increase of funding for 3.00 FTE and for statewide and present law adjustments

Summary of Legislative Action

The 2015 biennium appropriation for DPHHS is \$259.4 million total funds, including \$86.2 million general fund, higher than the 2013 biennium. However, the legislature considered changes from FY 2012 base budget expenditures, which total \$468.7 million, including \$110.2 million general fund. Total appropriation changes approved by the legislature are greater than the biennial difference because FY 2013 appropriations are higher than the FY 2014 appropriation, which causes the biennial difference to be lower than the comparison of each year of the 2015 biennium to the base budget year.

Major legislative changes are:

- Medicaid enrollment and service utilization changes to continue present law services - \$245.6 million total funds, \$64.9 million general fund
- A 2% annual provider rate increase - \$47.6 million total funds, including \$16.9 million general fund
- Additional rate increases for children's mental health case management, developmental disability services, and direct care worker wages - \$21.7 million total funds, \$7.0 million general fund
- Increases in TANF and child care eligibility, TANF payment standards, benefits and support across TANF and early childhood programs - \$20.0 million total funds, \$2.7 million general fund
- Adoption of the Medicaid Community First Choice Option - \$17.1 million federal funds
- Increases to support the present law adjustments for the eligibility system serving CHIMES Medicaid, Healthy Montana Kids, and the TEAMS system supporting public assistance programs including SNAP and TANF - \$6.7 million total funds, \$0.3 million general fund
- One-time-only funding of state special and federal special revenue to complete the planning process for the MACWIS system - \$0.4 million

Legislative appropriation increases are net of the following reductions:

- A 2% reduction in the present law Medicaid services appropriations for services administered by the Health Resources Division and children's mental health services - \$22.5 million total funds, \$6.1 million general fund
- An additional 2% vacancy savings for all personal services costs except state facilities - \$1.3 million total funds, \$0.4 million general fund

Vacancy Savings and FTE

The additional 2% vacancy savings reduction was assessed to the Business and Financial services Division with language in HB 2 allowing the agency to allocate the reduction among programs.

The legislature approved funding for 2,927.57 FTE, a net increase in funding for 3.00 FTE. Legislative funding changes include:

- Increases for:
 - 5.00 FTE for eligibility work in the Office of Public Assistance
 - 1.00 FTE to administer the new Southwest Montana Veterans' Home
 - 1.00 FTE to administer the new Medicaid option called Community First Choice to enhance community services, increase the number of persons served in the community and receive an additional 6% federal Medicaid match for services costs
- Reductions of:
 - 2.00 FTE at the Montana Chemical Dependency Center that had been vacant for more than two years and that the agency indicated it would not be filling
 - 1.00 FTE at the Montana Veterans' Home that had been vacant for more than a year
 - 1.00 FTE from the Montana Developmental Center (MDC) to the Department of Justice for a criminal investigator to conduct investigations related to mistreatment, neglect, and abuse of residents of MDC

Bills to Implement HB 2

The legislature passed HB 625 to implement HB 2; however, the Governor vetoed the bill. As of this writing legislators are being polled to vote to uphold or override the veto since HB 625. The vote will not be final until after the Fiscal Report is published.

HB 625 implemented language in HB 2 requiring DPHHS to raise provider rates by 2% annually. HB 625 required the department to raise the base rate for FY 2012 by 2% effective July 1, 2013, and by an additional 2% starting July 1, 2014. HB 625 also limited the rate increase for Medicaid services to only those providers who are paid at a rate that is less than the federally prescribed rates as of January 1, 2013. Additionally, HB 625 required HB 2 appropriations for children's mental health case management rate increases to be used for that purpose.

Boilerplate

The boilerplate section in HB 2 includes the following language:

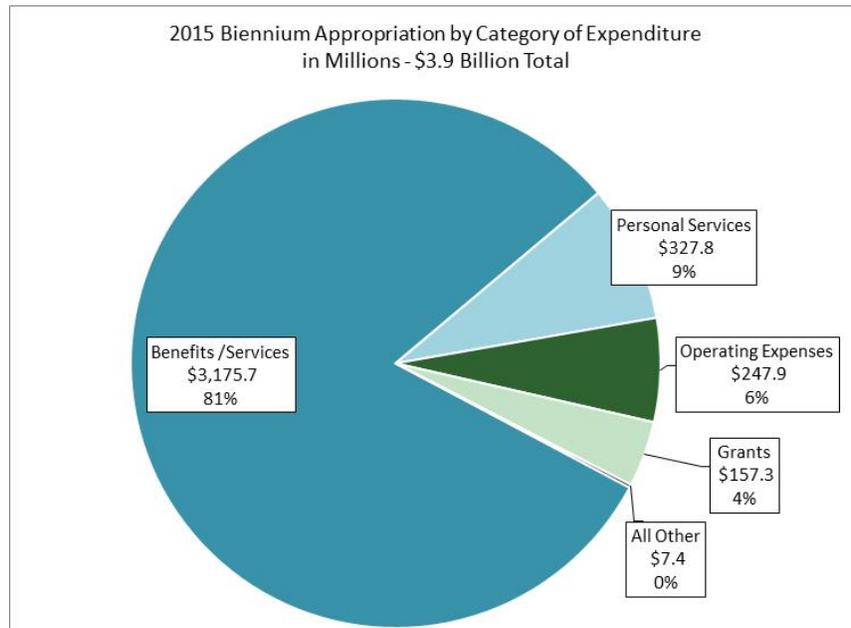
“It is the intent of the legislature that the appropriations for personal services contained in this bill for fiscal year 2014 and fiscal year 2015, except for the reductions contained in decision packages that remove an additional vacancy savings amount, are supported by only the number of FTE that are funded. It is the intent of the legislature that this net level of FTE is the level that will be used to calculate personal services funding in the next biennium.”

The LFD has calculated that this intent language would reduce the current biennium base FTE by 440.00 statewide and by 121.68 for this agency. The lower level of FTE will be the starting point or base the legislature will use for personal services budget deliberations in the 2017 biennium.

DPHHS Appropriation Characteristics

Figure 1 shows the major components of the DPHHS appropriation. Benefits and claims, which fund services for persons who meet specific program eligibility usually tied to household income and in some cases age or level of disability, are \$3.2 billion or 81% of the total. Personal services costs are 9% of the total followed by operating expenses at 6%. Grants, which are funds passed through to local governments or other entities, are 4% of the total. All other costs are less than 1%.

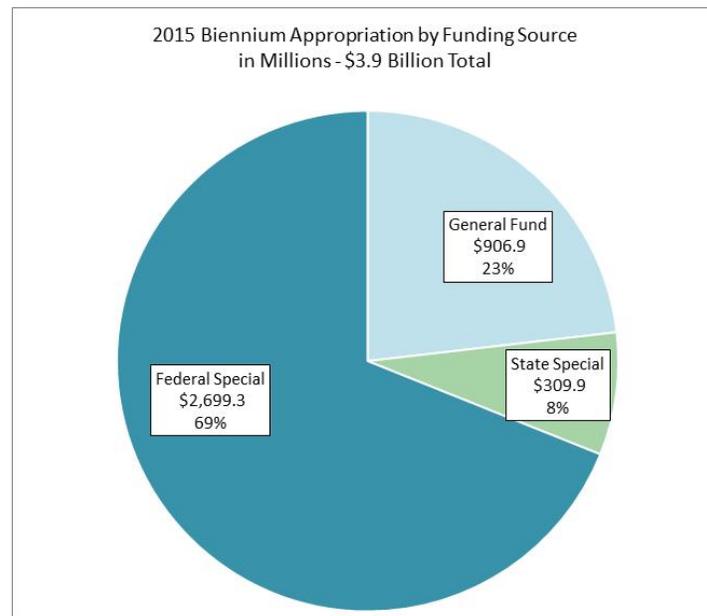
Figure 1



Appropriation by Fund

Figure 2 shows the DPHHS appropriation by fund. Federal funds are 69% of the total, with federal Medicaid funds comprising 40% of the agency appropriation. General fund is just under one-quarter of total funding. State special revenue is 8%. Funding is discussed in greater detail in the Funding section.

Figure 2

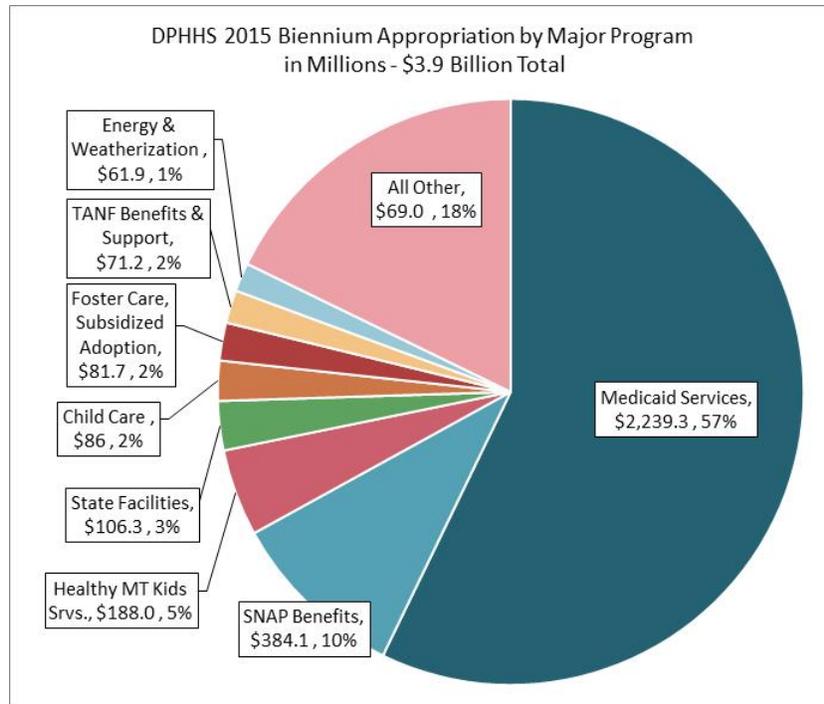


Appropriation by Major Function

Figure 3 shows the DPHHS appropriation by major function. The appropriation for Medicaid services for low-income children and some of their parents, elderly, and disabled persons is 57% of the total DPHHS appropriation. Medicaid

services are the major cost driver of the DPHHS budget, since most Medicaid services are entitlements, meaning that medically necessary services authorized in the Medicaid state plan must be provided to eligible persons.

Figure 3



Federally funded Supplemental Nutrition Assistance Program (SNAP) benefits are 10% of the total 2015 biennium appropriation. Healthy Montana Kids (HMK) services for children in families with incomes from 101% to 250% of the federal poverty level are 5% of the total.

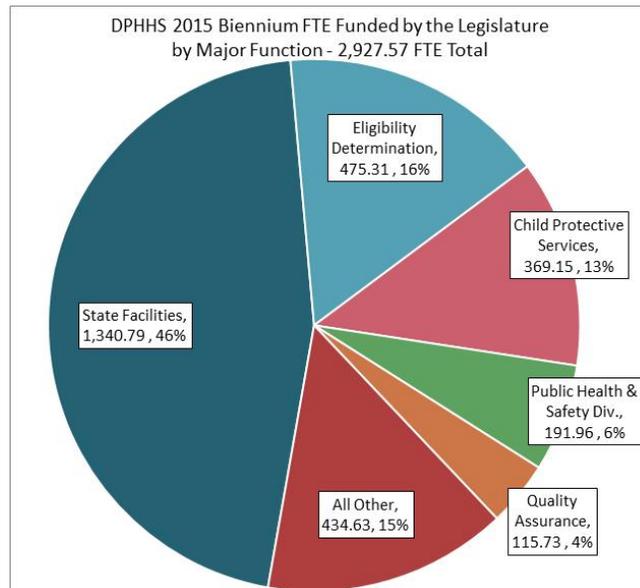
State facility costs are 3% of the total. Appropriations for child care, foster care and subsidized adoption, and Temporary Assistance for Needy Families (TANF) services are each about 2%. Energy and weatherization assistance are 1% of the total. The remaining 18% of the DPHHS appropriation includes other services and grant programs as well as program administrative costs. The aggregated cost for discrete, similar functions for the remaining programs is less than 1%. Examples of the types of costs and programs included in the “All Other” category, which are explained in greater detail in the following program narratives, are:

- Administrative costs for management of the appropriations for services listed in Figure 3, such as Medicaid, child care and foster care services
- Centralized administrative costs that support agency functions such as accounting, budgeting, personnel management and development and maintenance of information technology systems
- Other grant and benefit programs that provide state funded chemical dependency and adult mental health services, emergency preparedness, tobacco control, and prevention and nutrition programs such as the Women Infants and Children program

DPHHS FTE by Major Function

The legislature approved funding for 2,927.57 FTE, or 24% of the total FTE funded in HB 2. Figure 4 shows FTE by major program or function. Most of the DPHHS FTE are located outside Helena. The majority of DPHHS FTE – 46% - are employed by the seven state facilities administered by DPHHS.

Figure 4

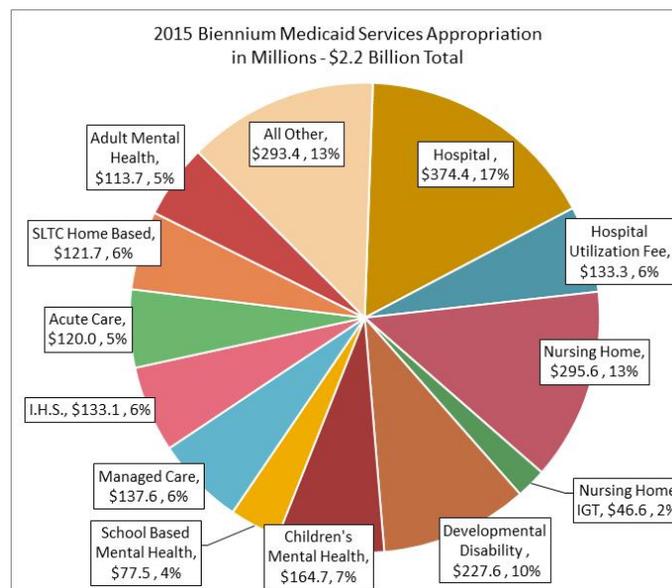


Eligibility determination for programs administered by DPHHS such as Medicaid, SNAP, and TANF are about 16% of the total, while the child protective services function is 13%. The Public Health and Safety Division has 6% of the agency FTE, while the Quality Assurance Division has 4%. The remaining programs and functions are 15% of the total. Personal services costs are proportional to the distribution of FTE.

Medicaid Services

As noted previously funding for medical services provided to low-income eligible children and some parents, elderly, and disabled persons is \$2.2 billion or 57% of the 2015 biennium appropriation. Figure 5 shows the Medicaid services appropriation by major category. Almost one half of the total appropriation supports three main service categories: hospital, nursing home, and developmental disability services. The single largest appropriation supports hospital and clinic services. Adding in the additional funds generated by the hospital utilization fee, the total appropriation for hospital services is \$507.7 million or 23% of the total.

Figure 5



Nursing home services plus the amount generated by the intergovernmental transfer (IGT) of county funds supporting nursing homes is 15% of the total with \$341.8 million. Services for the developmentally disabled, including group home, supported work, autism, and case management services is 10% of the total. Children's mental health services, including the 100% federal reimbursement for school based mental health services, is \$242.2 million or 12% of the total. Other service categories are less than 7% each and include:

- Managed care, which is primarily physician services
- Indian Health Services (I.H.S.), which is 100% federally funded reimbursement for I.H.S. services provided to Medicaid eligible persons
- Acute care services, such as dental; optometrist; ambulance; durable medical equipment; and physical, speech, and occupational therapy
- Home based services, including personal assistance, home health, and hospice services, administered by the Senior and Long Term Care Division (SLTC)
- Adult mental health services
- All other, such as chemical dependency, pharmacy, breast and cervical cancer, and community services managed by SLTC

Provider Rate Increases

The legislature appropriated \$69.3 million for a 2% rate annual increase for service providers as well as targeted rate increases for developmental disability services and children's mental health case management and ongoing funding to continue a one-time provider rate increase to support direct care worker wage increases in programs administered by the Senior and Long-Term Care Division. Figure 6 shows the total rate increases approved by the legislature.

Figure 6

Department of Health and Human Services									
Provider Rate Increases									
Provider Rate Increase Decision Packages	FY 2014				FY 2015				
	General Fund	State Special	Federal	Total	General Fund	State Special	Federal	Total	
6902 - Economic Securities and Services Branch									
1901 - PRI Vocation Rehabilitation	\$67,384	\$0	\$104,226	\$171,610	\$136,116	\$0	\$210,536	\$346,652	
20901 - PRI Child Care	489,482	0	0	489,482	988,754	0	0	988,754	
30901 - PRI - Foster Care	153,014	0	69,218	222,232	309,193	0	139,716	448,909	
30902 - PRI - Subsidized Adoption	23,746	0	28,261	52,007	48,009	0	57,045	105,054	
30903 - PRI - Subsidized Guardianship	2,686	0	1,823	4,509	5,429	0	3,679	9,108	
30904 - PRI - In Home Services	<u>31,976</u>	<u>0</u>	<u>0</u>	<u>31,976</u>	<u>64,591</u>	<u>0</u>	<u>0</u>	<u>64,591</u>	
Subtotal	768,288	0	203,528	971,816	1,552,092	0	410,976	1,963,068	
6911 - Medicaid and Health Services Branch									
10901 - DD Medicaid Provider Rate Incr.	638,857	0	1,258,551	1,897,408	1,295,474	0	2,537,290	3,832,764	
10902 - DDP Non-Medicaid PRI	87,944	0	0	87,944	177,646	0	0	177,646	
10903 - PRI - CMH Medicaid Core	467,987	0	921,935	1,389,922	948,983	0	1,858,660	2,807,643	
10904 - CMH Non-Medicaid PRI	19,882	0	0	19,882	40,161	0	0	40,161	
10905 - CMH 100% Federal Medicaid PRI	0	0	468,005	468,005	0	0	945,371	945,371	
10909 - Increase DD and Non Medicaid PRI*	726,801	0	1,258,551	1,985,352	1,473,120	0	2,537,290	4,010,410	
11901 - PRI - HMK Group	0	28,360	91,656	120,016	0	57,311	185,122	242,433	
11902 - PRI - Medicaid Core	1,341,245	222,362	3,086,642	4,650,249	2,929,087	229,555	6,230,405	9,389,047	
11903 - PRI - HMK Med CHIP Funded Grp.	0	46,739	151,057	197,796	0	94,454	305,097	399,551	
10915 - Targeted Case Management SED Youth	967,662	0	1,843,674	2,811,336	999,919	0	1,867,644	2,867,563	
22901 - PRI Med Ben Core Nursing Homes	958,145	0	1,882,487	2,840,632	1,938,322	0	3,799,755	5,738,077	
22902 - PRI Med Ben Core Home Services	276,720	0	543,679	820,399	559,804	0	1,097,401	1,657,205	
22903 - PRI Med Ben Waiver SLTC	246,745	0	484,784	731,529	499,163	0	978,526	1,477,689	
22904 - PRI - Aging Services	209,887	0	0	209,887	423,971	0	0	423,971	
22907 - Direct Care Worker Wage Increase	1,684,819	0	3,310,196	4,995,015	1,687,316	0	3,307,699	4,995,015	
33901 - PRI Med Ben Waiver AMDD	0	102,377	201,142	303,519	0	207,108	406,001	613,109	
33902 - PRI Med Ben Adult Mental Health	172,683	95,214	526,342	794,239	348,820	192,400	1,063,170	1,604,390	
33903 - PRI - HB 131 Crisis Beds	5,500	0	0	5,500	11,110	0	0	11,110	
33904 - PRI - CD SAPT Block Grant	0	0	82,718	82,718	0	0	167,091	167,091	
33905 - PRI - Mental Health Services Plan	175,744	0	0	175,744	355,002	0	0	355,002	
Subtotal	<u>7,980,621</u>	<u>495,052</u>	<u>16,111,419</u>	<u>24,587,092</u>	<u>13,687,898</u>	<u>780,828</u>	<u>27,286,522</u>	<u>41,755,248</u>	
Grand Total	<u>\$8,748,909</u>	<u>\$495,052</u>	<u>\$16,314,947</u>	<u>\$25,558,908</u>	<u>\$15,239,990</u>	<u>\$780,828</u>	<u>\$27,697,498</u>	<u>\$43,718,316</u>	
Biennial Total					<u>\$23,988,899</u>	<u>\$1,275,880</u>	<u>\$44,012,445</u>	<u>\$69,277,224</u>	

*The general fund for this rate increase is funded by a reduction in the general fund to operate the Montana Developmental Center.

Line Item Veto

The legislature approved three appropriations that were removed from HB 2 by the Governor via line item veto. The vetoes were made after the legislature adjourned. The appropriations that were stricken include:

- An additional rate increase for Medicaid nursing home services - \$5.7 million total funds, including \$2.0 million general fund
- One-time funding for additional mental health crisis jail diversion services - \$0.7 million
- Funds for reporting requirements on the procedures developed for the implementation of HB 131 and SB 65 and the cases that resulted in better outcomes for children and families - \$1,000 general fund

Funding

DPHHS is funded by general fund, state special revenue, and federal funds. Figure 7 shows the major fund sources and the biennial appropriation from each.

Figure 7

Department of Public Health and Human Services Total Funding By Source of Authority 2015 Biennium Budget					
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
General Fund	\$906,881,155	\$0	\$0	\$906,881,155	23.1%
State Special					
02772 Tobacco Hlth and Medicaid Init	\$77,822,359	\$0	\$0	\$77,822,359	2.0%
02989 69010-Hospital Utilization Fee	45,007,976	0	0	45,007,976	1.1%
02597 Healthy Montana Kids Plan	42,730,712	0	0	42,730,712	1.1%
02053 Medicaid IGTs	19,081,258	0	0	19,081,258	0.5%
02990 69010-Nursing Home Utilization	18,613,730	0	0	18,613,730	0.5%
02790 6901-Statewide Tobacco Sttlmnt	17,638,324	0	0	17,638,324	0.4%
02987 Tobacco Interest	14,765,504	0	0	14,765,504	0.4%
02034 Earmarked Alcohol Funds	12,207,100	0	3,821,174	16,028,274	0.4%
02023 Private Ins. Medicaid Reim.-Ve	9,912,842	0	0	9,912,842	0.3%
02789 6901-CHIP/MCHA Tobacco Sett Fd	8,528,659	0	0	8,528,659	0.2%
02366 Public Health Laboratory	6,327,691	0	0	6,327,691	0.2%
02260 Cigarette Tax Revenue	5,028,352	0	0	5,028,352	0.1%
02209 Third Party Contributions-F.C.	3,860,262	0	0	3,860,262	0.1%
02375 02 Indirect Activity Prog 02	3,181,289	0	0	3,181,289	0.1%
Other State Special Revenue	<u>25,161,696</u>	<u>0</u>	<u>5,817,948</u>	<u>30,979,644</u>	0.8%
State Special Total	\$309,867,754	\$0	\$9,639,122	\$319,506,876	8.1%
Federal Special					
03583 93.778 - Med Ben FMAP	\$1,423,806,693	\$0	\$0	\$1,423,806,693	36.3%
03678 6901-Food Stamp Benefits	381,884,068	0	0	381,884,068	9.7%
03426 CHIP Program Fed	146,894,307	0	0	146,894,307	3.7%
03582 93.778 - Med Ben 100%	133,074,183	0	0	133,074,183	3.4%
03109 TANF Benefits	58,159,467	0	0	58,159,467	1.5%
03572 93.568 - LIEAP Blk Grt Adm	47,106,850	0	0	47,106,850	1.2%
03598 03 Indirect Activity Prog 09	45,823,839	0	0	45,823,839	1.2%
03580 6901-93.778 - Med Adm 50%	29,756,501	0	0	29,756,501	0.8%
03096 Discretionary Child Care	28,836,285	-19,634	0	28,816,651	0.7%
03382 03 Indirect Activity Prog 02	27,442,056	0	0	27,442,056	0.7%
03604 84.126 - Rehab-Sec110 A 78.7%	26,386,239	0	0	26,386,239	0.7%
03168 ECIA Chapter 2	22,575,473	0	0	22,575,473	0.6%
03027 WIC (Women,Infants & Children)	20,816,041	0	0	20,816,041	0.5%
03530 6901-Foster Care 93.658	16,443,783	0	0	16,443,783	0.4%
03593 03 Indirect Activity Prog 03	15,486,199	0	0	15,486,199	0.4%
03531 6901-Subsidized Adopt 93.659	15,582,036	0	0	15,582,036	0.4%
Other Federal Special Revenue	<u>259,203,719</u>	<u>0</u>	<u>0</u>	<u>259,203,719</u>	6.6%
Total Federal Special	\$2,699,277,739	-\$19,634	\$0	\$2,699,258,105	68.8%
Total All Funds	\$3,916,026,648	-\$19,634	\$9,639,122	\$3,925,646,136	100.0%
Percent Total All Sources	99.8%	0.0%	0.2%	100.0%	

General fund is 23% of the total. It used for:

- State Medicaid match
- State mental health and developmental disability facilities
- Community aging services grants
- A portion of the community mental health services for low-income adults with a serious and disabling mental illness
- State Children's Health Insurance Program (CHIP) match
- A portion of administrative costs

State special revenue is 8% of the 2015 biennium appropriation for DPHHS. Uses for the major sources of state special revenue are:

- State Medicaid match
 - Tobacco tax health and Medicaid initiatives
 - Hospital utilization fee
 - Medicaid intergovernmental transfer payments from local governments
 - Nursing home utilization fees
 - Alcohol tax
 - Tobacco settlement interest
- Healthy Montana Kids state match for Medicaid and CHIP services
 - Insurance tax Healthy Montana Kids Plan
 - Tobacco tax health and Medicaid initiatives
 - Tobacco settlement interest
- Public health laboratory
 - Public health laboratory fees
- Montana veterans' services
 - Cigarette tax revenue
- Foster care services
 - Third party contributions or payments

Major sources of federal funds include:

- All Medicaid funds - \$1.7 billion
- Supplemental Nutrition Assistance Program (food stamps) - \$381.9 million
- Children's Health Insurance (CHIP) block grant – \$146.9 million
- Temporary Assistance for Needy Families block grant - \$59.2 million

Other sources of federal funds are less than \$50.0 million of the total appropriation and less than 1.5% of the total.

Use of Tobacco Settlement Funds

Tobacco settlement revenues support various functions throughout DPHHS. Montana receives revenue as a settling party to a Master Settlement Agreement (MSA) with several tobacco companies. The MSA places no restrictions on how states are to spend the money. 11% of the settlement revenues are deposited to the general fund and the balance is allocated based on initiatives passed by Montana voters:

- November 2000 - Constitutional Amendment 35 established a trust fund and requires not less than 40% of tobacco settlement money be deposited to the trust
- November 2002 - initiative 146 (17-6-606, MCA) established two state special revenue accounts with the following allocations and uses:
 - 32% to tobacco prevention/cessation programs
 - 17% to CHIP supporting HMK and the Montana Comprehensive Health Association (MCHA), a state funded high risk insurance pool

Money not appropriated from the state special revenue accounts within two years is transferred to the trust fund. Figure 8 shows revenues, expenditures, appropriations, and fund balances for these two uses of tobacco settlement funds.

Figure 8

Tobacco Settlement Accounts - Fund Balance					
Master Settlement Agreement Payment Allocations to State Special Revenue Accounts					
Allocation of Revenue, Expenditures, and Fund Balance	Actual FY 2012	Legislative Appropriation FY 2013	FY 2014	FY 2015	Biennial % of Ttl
32% Allocated to Tobacco Cessation/Prevention					
Beginning Fund Balance	\$188,713	\$1,615,766	\$2,865,074	\$3,710,670	
Revenues*	<u>9,664,875</u>	<u>9,662,173</u>	<u>10,238,000</u>	<u>10,140,000</u>	
Total Available for Appropriation	9,853,588	11,277,939	13,103,074	13,850,670	
Expenditures					
Department of Revenue	301,974	303,271	318,989	318,557	3.4%
Department of Justice	111,045	123,972	118,303	118,585	1.3%
Public Health and Safety Division					
Tobacco Control & Prevention	3,997,104	4,000,000	4,723,409	4,724,708	50.3%
Chronic Disease Programs	2,617,360	2,617,456	2,967,969	2,974,256	31.6%
Home Health Visiting/MIAMI	403,736	404,036	404,012	403,971	4.3%
Tribal Programs	689,554	698,910	720,000	720,000	7.7%
Hospital Discharge	130,313	132,151	0	0	0.0%
Cost Allocated Administration**	<u>126,732</u>	<u>133,069</u>	<u>139,722</u>	<u>146,708</u>	<u>1.5%</u>
Subtotal Expenditures	<u>8,377,818</u>	<u>8,412,865</u>	<u>9,392,404</u>	<u>9,406,785</u>	<u>100.0%</u>
Adjustments	<u>139,996</u>	<u>0</u>	<u>0</u>	<u>0</u>	
Total Expenditures	<u>8,517,814</u>	<u>8,412,865</u>	<u>9,392,404</u>	<u>9,406,785</u>	
Percentage Annual Change		-1.2%	11.6%	0.2%	
Ending Fund Balance	<u>\$1,615,766</u>	<u>\$2,865,074</u>	<u>\$3,710,670</u>	<u>\$4,443,885</u>	
17% Allocated to HMK and the MT Comprehensive Health Association					
Beginning Fund Balance	\$0	\$0	\$0	\$0	
Revenues*	<u>5,134,465</u>	<u>5,133,029</u>	<u>5,439,000</u>	<u>5,387,000</u>	
Revenues Available for Appropriation	5,134,465	5,133,029	5,439,000	5,387,000	
Expenditures					
Healthy Montana Kids Services	3,654,168	3,807,867	4,261,244	3,928,448	74.3%
Healthy Montana Kids Administration	51,577	60,349	69,121	74,449	1.3%
MT Comprehensive Health Assoc.**	925,563	925,563	946,455	943,696	17.1%
DPHHS Cost Allocated Admin.***	<u>399,462</u>	<u>399,462</u>	<u>399,462</u>	<u>399,462</u>	<u>7.2%</u>
Subtotal Expenditures	<u>5,030,770</u>	<u>5,193,241</u>	<u>5,676,282</u>	<u>5,346,055</u>	<u>100.0%</u>
Percentage Annual Change		3.2%	9.3%	-5.8%	
Adjustments****	<u>(103,695)</u>	<u>(60,212)</u>	<u>(237,282)</u>	<u>0</u>	
Ending Fund Balance****	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$40,945</u>	
*Revenues are those adopted in SJ 2, except for FY 2013, which includes actual revenue received as of April 19, 2013.					
**FY 2015 appropriations do not reflect the fiscal impact due to passage and approval of SB 223, which requires development and approval of a plan to terminate MCHA due to changes in the federal Affordable Care Act. The FY 2015 cost is estimated to be about \$300,000 lower than the appropriation according to the fiscal note for HB 223.					
***Nonbudgeted expenditures are allocated across funding sources to support shared administrative costs.					
****DPHHS and the State Auditor's Office will need to take actions to reduce expenditures from the account in FY 2013 and FY 2014.					

Funding from the tobacco cessation/prevention account supports additional programs including enforcement activities, chronic disease programs, home health visiting, hospital discharge information, and administrative costs at FY 2012 base budget levels with minor adjustments. Major changes from this tobacco settlement account allocation include:

- Additional funds for prevention of tobacco use by teens and children - \$1.5 million
- An expansion of asthma home visiting and prevention - \$0.2 million

The major change in the tobacco settlement allocation for HMK and MCHA includes replacing general fund state match and funding a provider rate increase for HMK for a total of \$1.0 million over the biennium. SB 223 requires the State Auditor's Office to develop a plan to terminate the MCHA due to insurance changes implemented by the federal Affordable Care Act that require insurance companies to provide insurance to persons without regard to preexisting medical conditions.

Tobacco Trust Fund Interest

The Montana Constitution stipulates that interest earnings from the tobacco trust fund are to be distributed:

- 90% for appropriation by the legislature for disease prevention programs and state programs providing benefits, services, or coverage related to the health care needs of the people of Montana
- 10% to the tobacco trust

Figure 9 shows the revenues, budgeted appropriations, and fund balance for the tobacco trust fund over the 2015 biennium. Most programs are funded at the FY 2012 expenditure level. Major legislative appropriation changes from the account are:

- Accepting the executive proposal to pay a portion of the state match for cost increases in Medicaid hospital services due to enrollment and service utilization - \$1.4 million
- Partially offsetting reductions to Medicaid community based services administered by the Senior and Long-Term Care Division - \$0.5 million
- Implementing a 2% provider rate increase for Medicaid services - \$0.5 million
- Expanding funding for mental health crisis jail diversion grants to counties - \$0.4 million

Figure 9

Tobacco Settlement Trust Fund Interest - Fund Balance					
Fund Balance, Revenues, Expenditures	Actual FY 2012	Legislative Appropriations			Biennial % of Ttl
		FY 2013	FY 2014	FY 2015	
Beginning Fund Balance	\$13,363	\$16,258	\$651,386	\$62,923	
Revenues*	<u>6,030,990</u>	<u>6,142,500</u>	<u>6,568,200</u>	<u>7,038,900</u>	
Revenues Available for Appropriation	6,044,353	6,158,758	7,219,586	7,101,823	
Expenditures					
<u>Health Resources Division</u>					
Medicaid Acute Services	2,304,649	1,741,516	2,304,649	2,304,649	31.0%
Medicaid Hospital & Clinical Services	<u>543,647</u>	<u>543,647</u>	<u>1,237,602</u>	<u>1,773,901</u>	<u>20.3%</u>
Health Resources Division Subtotal	2,848,296	2,285,163	3,542,251	4,078,550	51.3%
<u>Senior and Long Term Care Division</u>					
Medicaid Nursing Home Services	831,850	831,850	831,850	831,850	11.2%
Home and Community Based Services	0	0	253,655	260,848	3.5%
Traumatic Brain Injury Services	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>0.7%</u>
Senior and Long Term Care Div. Subtotal	881,850	881,850	1,135,505	1,142,698	15.3%
<u>Public Health and Safety Division</u>					
Adolescent Vaccinations	400,000	400,000	400,000	400,000	5.4%
Newborn Screenings	240,542	284,708	240,247	240,235	3.2%
Emergency Medical Services	119,889	122,288	119,889	119,889	1.6%
HIV Treatment	84,000	84,000	84,000	84,000	1.1%
Montana Health Professional Recruitment	75,000	75,000	75,000	75,000	1.0%
WIC Farmer's Market	9,000	9,732	9,000	9,000	0.1%
PHSD Cost Allocation**	13,538	16,029	14,215	14,926	0.2%
Genetics	<u>41,176</u>	<u>0</u>	<u>41,462</u>	<u>41,176</u>	<u>0.6%</u>
Public Health and Safety Division Subtotal	983,145	991,757	983,813	984,226	13.2%
<u>Developmental Services Division</u>					
Medicaid Children's Mental Health Services	233,552	233,552	202,259	202,259	2.7%
DD Part C, Title XX and MOE	<u>600,000</u>	<u>600,000</u>	<u>600,000</u>	<u>600,000</u>	<u>8.1%</u>
Developmental Srvs Division Subtotal	833,552	833,552	802,259	802,259	10.8%
<u>Addictive and Mental Disorders Division</u>					
Mental Health Community Crisis Services	415,511	429,468	617,102	617,102	8.3%
Adult Mental Health Medicaid Benefits	27,659	27,659	27,659	27,659	0.4%
Mental Health Administration	<u>48,074</u>	<u>57,923</u>	<u>48,074</u>	<u>48,074</u>	<u>0.6%</u>
Addictive and Mental Disorders Div. Subtotal	<u>491,244</u>	<u>515,050</u>	<u>692,835</u>	<u>692,835</u>	<u>9.3%</u>
Total Expenditures	<u>6,038,087</u>	<u>5,507,372</u>	<u>7,156,663</u>	<u>7,700,568</u>	100.0%
Adjustments***	<u>9,992</u>	<u>0</u>	<u>0</u>	<u>(598,745)</u>	
Ending Fund Balance	<u>\$16,258</u>	<u>\$651,386</u>	<u>\$62,923</u>	<u>\$0</u>	
*90% of the trust interest may be appropriated and 10% is deposited to the trust corpus. FY 2014 and FY 2015 revenues are those adopted in SJ 2.					
**Nonbudgeted expenditures are cost allocated administrative overhead expenses.					
***Adjustments includes accounting changes and spending changes necessary to match expenditures to revenues.					

Health and Medicaid Initiative Funds

The health and Medicaid initiatives account was established by voter initiative in November 2004, which raised cigarette taxes by \$1 per pack and also raised tobacco taxes. Uses for the account are established in statute and fund Medicaid, Healthy Montana Kids, Big Sky Rx, and the Insure Montana program (premium assistance and tax credits for small employers who provide group health coverage for their employees). The Insure Montana program is administered by the State Auditor's Office and is funded from one-time appropriations through the end of the 2015 biennium. Due to changes

in the Affordable Care Act, the legislature did not anticipate continued funding for the program. Figure 10 shows the fund balance for the account.

Figure 10

Health and Medicaid Initiatives Fund Balance - 2013 Biennium Compared to 2015 Biennium					
Tobacco Tax Revenue Dedicated to Health Initiatives					
Fund Balance Revenue/Expenditures/Elected Official Request	Actual FY 2012	Estimated FY 2013	Legislative Appropriation FY 2014 FY 2015		% of Total
Beginning Fund Balance	\$29,199,806	\$23,070,266	\$10,451,874	\$2,907,795	7.5%
Revenue - Cigarette and Tobacco Tax*	37,383,560	36,883,000	36,508,000	35,763,000	92.5%
Transfer from Older Montanans' Trust (HB 604)	<u>3,166,502</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0%</u>
Total Revenue	69,749,868	59,953,266	46,959,874	38,670,795	100%
Interest Earnings	<u>638,211</u>	<u>59,953</u>	<u>93,920</u>	<u>193,354</u>	
Total Funds Available	70,388,079	60,013,220	47,053,794	38,864,149	
Expenditures					
<u>Medicaid Services</u>					
State Plan Services - Hospitals, Physicians, Prescription Drugs, Dental**	7,869,907	8,058,130	8,092,269	8,099,462	20.8%
Nursing Home Services	5,746,948	6,844,244	5,746,948	5,746,948	14.8%
HIFA Waiver - Adult Mental Health Services	2,402,403	1,843,997	3,966,303	4,055,890	10.4%
Senior/Physically Disabled Waiver	3,092,008	3,476,576	3,092,008	3,092,008	8.0%
Developmental Disability Benefits	2,942,130	2,942,130	2,942,130	2,942,130	7.6%
Mental Health and Chemical Dependency	2,045,955	2,055,711	2,139,345	2,238,732	5.8%
Home Based Services	1,857,206	2,106,888	1,857,206	1,857,206	4.8%
Children's Mental Health Services	1,741,003	1,741,003	1,741,003	1,741,003	4.5%
Adult Mental Health Community Srvs Waiver	1,090,044	1,035,744	1,113,354	1,141,052	2.9%
<u>Other Programs</u>					
Insure Montana Premium Assistance***	7,274,373	6,298,152	3,622,283	0	0.0%
Insure Montana Health Insurance Tax Credits***	2,917,736	4,159,099	1,498,190	0	0.0%
Big Sky Rx/PharmAssist	4,268,759	4,003,223	4,822,483	4,821,814	12.4%
Healthy Montana Kids/CHIP	3,453,921	3,403,921	3,453,921	3,453,921	8.9%
Insure Montana 95% Restriction/Other Adj.***	523,248	(522,863)	0	(384,600)	-1.0%
Mental Health Services Plan	0	2,060,256	0	0	0.0%
Other Services/Administration	<u>92,172</u>	<u>55,134</u>	<u>58,556</u>	<u>58,583</u>	<u>0.2%</u>
Subtotal Expenditures	<u>47,317,813</u>	<u>49,561,345</u>	<u>44,145,999</u>	<u>38,864,149</u>	100.0%
Annual Change	2.4%	4.7%	-10.9%	-12.0%	
Ending Fund Balance	<u>\$23,070,266</u>	<u>\$10,451,874</u>	<u>\$2,907,795</u>	<u>(\$0)</u>	

*Revenue based on estimates included in SJ 2.
**FY 2013 estimated costs are based on HB 2 appropriations.
***Insure Montana is funded through the end of the 2015 biennium from one-time appropriations. The 2013 Legislature passed HB 48, which eliminated the restriction that Insure Montana could spend only 95% of the amount appropriated for the program. Other adjustments include the 95% spending limit in the 2013 biennium and spending reductions needed to keep the fund balance positive in FY 2015

The health and Medicaid initiatives account is not structurally balanced. Ongoing expenditure levels in FY 2015 exceed ongoing revenues by about \$3.4 million. The 2015 Legislature will need to either curtail expenditures from the account by reducing program costs or shifting costs to other sources, including the general fund.

About half of the FY 2015 biennium appropriations continue the amount expended in the base budget. Major changes in appropriations from the account include:

- Mental health services plan/HIFA Medicaid waiver annualization of enrollment increases over the 2013 biennium – \$3.0 million
- Big Sky Rx premium assistance increases – \$1.0 million
- State matching funds for Medicaid provider rate increases for adult mental health and chemical dependency services - \$0.5 million

Budget Summary by Category

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

Budget Item	----- General Fund -----				----- Total Funds -----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14 - 15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14 - 15	Percent of Budget
Base Budget	\$398,337,886	\$398,337,886	\$796,675,772	\$1	\$1,723,952,612	\$1,723,952,612	\$3,447,905,224	88.0%
Statewide PL Adjustments	3,917,272	3,765,388	7,682,660	0	8,307,532	7,784,565	16,092,097	0.4%
Other PL Adjustments	31,761,955	44,834,260	76,596,215	0	130,933,346	188,895,671	319,829,017	8.2%
New Proposals	<u>9,955,611</u>	<u>15,970,897</u>	<u>25,926,508</u>	<u>0</u>	<u>57,381,178</u>	<u>74,819,132</u>	<u>132,200,310</u>	<u>3.4%</u>
Total Budget	\$443,972,724	\$462,908,431	\$906,881,155		\$1,920,574,668	\$1,995,451,980	\$3,916,026,648	

Other Legislation

Bills that have a fiscal impact on DPHHS are summarized in the following section. Some of these bills are discussed in more detail in the program narrative. Those that implement provisions of HB 2 are discussed first.

Bills Implementing HB 2

HB 4 – This bill allows certain appropriations made in HB 2 in the 2013 biennium to continue into the 2015 biennium.

HB 625 – As was discussed earlier this bill, which implements HB 2, was vetoed by the Governor and legislators are currently being polled to determine if the veto will be overridden.

Interim Studies affecting DPHHS Programs

HJ 2 – This resolution initiates an interim study investigating state and local government electronic records management.

HJ 16 – This bill recommends an interim study of state-operated public institutions and community services.

SJ 20 – This bill requests an interim study on prescription drug abuse and the effects of the abuse on Montanans.

Other House and Senate Bills

HB 5 – This bill appropriates \$1.5 million long-range building funds to repair the sewage collection system at the Montana State Hospital.

HB 12 – This bill appropriates \$6.5 million general fund and \$12.7 million in federal matching funds for restricted provider rate payments in FY 2013. It was vetoed by the Governor, but legislators are being polled to vote to uphold or override the veto. The vote will not be final prior to the publication of the Fiscal Report.

HB 13 – This bill defines and provides for employee compensation for the 2015 biennium.

HB 16 – This bill revises involuntary commitment and emergency detention laws related to mental health issues. The agency estimated costs at \$150,600 and revenues at \$278,564 over the biennium. The legislature did not add funds for this purpose.

HB 74 – This bill requires the release of disclosure of records of child abuse or neglect to certain law enforcement, prosecutorial, and child welfare entities and individuals.

HB 76 – This bill creates the office of the child and family ombudsman in the Department of Justice. The ombudsman will serve as an independent, impartial, and confidential entity to protect the interests and rights of the state’s children and families.

HB 77 - This bill eliminated obsolete language and allows the department to establish one or more offices of public assistance in each county.

HB 84 – This bill codifies 72-hour presumptive eligibility requirements for adult mental health crisis stabilization services and allows for two psychiatric evaluations during that period of time. The bill also clarifies that this service is not an entitlement and is subject to available funding. There is no fiscal impact because any increased costs will be absorbed by providing fewer services.

HB 107 – This bill revises laws related to legal counsel representation in abuse and neglect cases and court assignment of guardian ad litem or special advocates.

HB 131 – This bill authorizes DPHHS to share limited information about an investigation of reports of child abuse or neglect with a mandatory reporter who made a required report of alleged abuse of neglect.

HB 262 - This bill extends Medicaid eligibility to children placed in subsidized guardianship and aligns Montana’s Medicaid statute with changes in the Social Security Act as amended through the “Fostering Connections to Success Act” making subsidized guardianships categorically eligible for Medicaid. There is no fiscal impact as these children typically already receive Medicaid services in Montana.

HB 330 - This bill requires certain data be sealed from public access in dissolution proceedings except data needed in administering Title IV-D of the Social Security Act, relating to child support enforcement and guardian ad litem duties.

HB 403 - This bill increases fees collected by district court clerks for various services that would impact Child Support Enforcement Division.

HB 583 – This bill establishes Montana Suicide Review Team to:

- Perform an in-depth analysis of suicides that occur in Montana, including a review of records available by law
- Compile statistics related to suicides for use in reports published by the department
- Analyze the causes of suicides
- Recommend measures to prevent future suicides

The bill appropriates \$67,000 general fund each year to DPHHS for meetings and administrative costs related to the review team.

HB 630 – This bill establishes the Montana food policy modernization project and requires DPHHS plus other departments and stakeholder groups to assess Montana food laws and to report to the interim Economic Affairs Committee. There is an appropriation of \$18,000 general fund to the Department of Agriculture to support the project.

SB 65 – This bill expands the list of persons to whom DPHHS may release child abuse or neglect case records from parent or person designated by a parent or guardian responsible for the child’s welfare to include grandparent, aunt, uncle, brother, sister, and mandatory reporter.

SB 69 - This bill creates a fine for receiving assets that were transferred in order to qualify an applicant or recipient for Medicaid. A person who receives an asset for less than fair market value from an applicant for or recipient of medical assistance for certain long-term care services under this part is subject to a civil fine payable to the department. A court may impose a civil fine of 100% to 150% of the amount that the department paid for medical assistance for the applicant or recipient during the period of ineligibility that is attributable to the amount transferred to the person receiving the asset,

plus the department's court costs and attorney fees. The bill was a recommendation of the Select Committee on Efficiency In State Government. The fiscal note did not include an estimate of costs due to any legal work by DPHHS or impact on the judiciary due to court cases. Nor did the fiscal note estimate any savings due to recovery of cost or due to any potential for fewer asset transfers.

SB 84 – This bill establishes definition and regulation of patient-centered medical homes by the Commissioner of Insurance and allows DPHHS to implement rules to establish one or more patient-centered medical home programs as part of the Montana Medicaid program.

SB 134 – This bill revises elder abuse laws by establishing fines and sentences based on the value money, assets, or property that is taken from the victim.

SB 160 - This bill creates the offense of criminal child endangerment if the person purposely, knowingly, or negligently causes substantial risk of death or serious bodily injury to a child under 14 years of age

SB 198 – This bill provides increased penalties for assault on a minor under 36 months of age and requires counseling assessment on violence and dangerous behaviors and participation in referred treatments.

SB 351 – This bill provides for criminal background checks of residents in homes where a potential emergency placement may be made.

SB 410 – This bill includes state special revenue appropriations for the 2015 biennium of:

- \$2.0 million allocated to DPHHS for the purpose of funding various operations, benefits, and grant costs of the department
- \$7.5 million allocated to Governor's Office of Budget and Program Planning for the purpose of transferring money to various departments, including DPHHS, to fund operations costs

Executive Budget Comparison

The following table compares the legislative budget in the 2015 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Executive Budget Comparison								
Budget Item	Base Budget Fiscal 2012	Executive Budget Fiscal 2014	Legislative Budget 2014	Leg - Exec. Difference Fiscal 2014	Executive Budget Fiscal 2015	Legislative Budget 2015	Leg - Exec. Difference Fiscal 2014	Biennium Difference Fiscal 14 - 15
FTE	2,924.57	2,953.07	2,927.57	(25.50)	2,953.07	2,927.57	(25.50)	(25.50)
Estimated Impact of HB 2*			(121.68)	(121.68)		(121.68)	(121.68)	
Net Estimated FTE*			2,805.89	(147.18)		2,805.89	(147.18)	
Personal Services	\$153,864,366	\$167,281,444	\$164,310,967	(\$2,970,477)	\$167,201,016	\$163,466,286	(\$3,734,730)	(\$6,705,207)
Operating Expenses	111,109,855	121,519,726	121,795,043	275,317	125,677,150	126,069,489	392,339	667,656
Benefits & Claims	1,394,347,537	1,341,241,046	1,550,481,745	209,240,699	1,411,731,049	1,625,209,646	213,478,597	422,719,296
Grants	61,012,886	79,354,733	80,341,324	986,591	76,014,179	77,000,770	986,591	1,973,182
Equipment & Intangibles	712,994	740,994	740,994	0	802,994	802,994	0	0
Debt Service	254,360	292,376	292,376	0	292,376	292,376	0	0
Transfers-Out	2,650,614	2,644,914	2,612,219	(32,695)	2,643,114	2,610,419	(32,695)	(65,390)
Total Costs	\$1,723,952,612	\$1,713,075,233	\$1,920,574,668	\$207,499,435	\$1,784,361,878	\$1,995,451,980	\$211,090,102	\$418,589,537
General Fund	398,337,886	445,360,526	443,972,724	(1,387,802)	464,339,571	462,908,431	(1,431,140)	(2,818,942)
State/Other Special	146,910,929	153,065,327	153,483,881	418,554	156,347,511	156,383,873	36,362	454,916
Federal Special	1,178,703,797	1,114,649,380	1,323,118,063	208,468,683	1,163,674,796	1,376,159,676	212,484,880	420,953,563
Total Funds	\$1,723,952,612	\$1,713,075,233	\$1,920,574,668	\$207,499,435	\$1,784,361,878	\$1,995,451,980	\$211,090,102	\$418,589,537

*Estimated impact of HB 2 boilerplate language showing net FTE with reductions. See boilerplate language on the previous pages.

The 2015 biennium appropriation is \$418.6 million higher than the executive request, but \$2.8 million general fund lower. The most significant difference is due to SNAP benefits. The executive budget proposed that the federal funds supporting SNAP benefits be statutorily appropriated, which would mean that the appropriation would not be needed in HB 2. The legislature did not pass HB 309, which authorized the statutory appropriation. Since HB 309 did not pass, it triggered a language appropriation in HB 2: “If legislation authorizing a statutory appropriation for SNAP benefits is not passed and

approved, the appropriation for the Human and Community Services Division is increased by \$190,942,034 federal funds each year.” As a result, the legislative appropriation is \$381.8 million federal funds higher over the biennium than the executive budget request.

Other major legislative increases over the executive budget are:

- Approval of the Medicaid caseload changes, which was added to the executive budget request in February 2011 - \$43.8 million, including \$4.9 million general fund
- Additional provider rate increases for developmental disability and children’s mental health Medicaid services - \$8.4 million, including \$3.4 million general fund
- Continuation of one-time appropriations from the 2013 biennium, including removal of the one-time designation, for direct care worker wage supports and personal services meal preparation - \$10.6 million, including \$3.9 million general fund
- Expansion of Developmental Disability community waiver services - \$6.5 million, including \$2.2 million general fund
- Expansion of targeted case management for developmental disabilities - \$3.1 million, including \$1.3 million general fund
- Additional funds for the community waiver services administered by the Senior and Long Term Care Division - \$2.7 million, including \$0.4 million general fund
- Funding for mental health crisis jail diversion services, short term community housing assistance, jail suicide prevention grants, and traumatic brain injury services - \$1.2 million, including \$0.5 million general fund
- Approval of a funding switch for the STARS program in Early Childhood Services from \$2.0 million general fund to federal CHIPRA funds and increasing the amount to \$2.4 million

The legislature made reductions to the executive budget that partially offset some of the increases. The legislative appropriation supports 25.50 fewer FTE than the Governor’s budget request. The lower level of funding is due to removing funding for vacant FTE and due to not approving requests to add funds for additional FTE. The legislature did not approve:

- Making 13.50 modified FTE permanent in Child and Family Services (\$1.2 million total funds - \$0.9 million general fund)
- Adding 2.00 federally funded FTE in the Quality Assurance Division (\$0.3 million federal funds)
- 6.00 FTE within the Medicaid and Health Services branch to support the children’s mental health waiver as a state plan
- Funding for 2.00 FTE at the Montana Chemical Dependency Center and 1.00 FTE at the Montana Veterans’ Home that had been vacant for an extended period of time
- Funding for 1.00 FTE at MDC, which was transferred to the Department of Justice

In addition to the FTE funding reductions, the legislature:

- Reduced the present law Medicaid services request - \$11.0 million, \$5.0 million general fund
- Imposed an additional 2% vacancy savings on all personal services costs except for state facilities - \$1.3 million total funds, \$0.4 million general fund
- Did not approve funding for overtime and holiday pay differential for the Montana Developmental Center - \$0.9 million general fund
- Reduced general fund appropriations for the Montana Developmental Center - \$2.6 million, in part to fund an additional 2% provider rate increase, expand waiver slots for community based service, provide funding for school based mental health coordination, and transfer 1.00 FTE from MDC to the Department of Justice

2013 Federal Poverty Level

Figure 11 shows the federal poverty level for 2013 and various levels of poverty by size of household. The federal poverty level index is updated annually and published in February or March each year.

Figure 11

2013 Federal Poverty Index															
Levels of Poverty by Family Size															
Family Size	Annual Household Income - 2013 Federal Poverty Level														
	30%	33%	40%	100%	133%	138%	144%	150%	175%	185%	200%	250%	300%	350%	400%
1	\$3,447	\$3,792	\$4,596	\$11,490	\$15,282	\$15,856	\$16,546	\$17,235	\$20,108	\$21,257	\$22,980	\$28,725	\$34,470	\$40,215	\$61,127
2	4,653	5,118	6,204	15,510	20,628	21,404	22,334	23,265	27,143	28,694	31,020	38,775	46,530	54,285	82,513
3	5,859	6,445	7,812	19,530	25,975	26,951	28,123	29,295	34,178	36,131	39,060	48,825	58,590	68,355	103,900
4	7,065	7,772	9,420	23,550	31,322	32,499	33,912	35,325	41,213	43,568	47,100	58,875	70,650	82,425	125,286
5	8,271	9,098	11,028	27,570	36,668	38,047	39,701	41,355	48,248	51,005	55,140	68,925	82,710	96,495	146,672
6	9,477	10,425	12,636	31,590	42,015	43,594	45,490	47,385	55,283	58,442	63,180	78,975	94,770	110,565	168,059
7	10,683	11,751	14,244	35,610	47,361	49,142	51,278	53,415	62,318	65,879	71,220	89,025	106,830	124,635	189,445
8	11,889	13,078	15,852	39,630	52,708	54,689	57,067	59,445	69,353	73,316	79,260	99,075	118,890	138,705	210,832
Family Size	Monthly Earnings - 2013 Federal Poverty Level														
	30%	33%	40%	100%	133%	138%	144%	150%	175%	185%	200%	250%	300%	350%	400%
1	\$287	\$316	\$383	\$958	\$1,273	\$1,321	\$1,379	\$1,436	\$1,676	\$1,771	\$1,915	\$2,394	\$2,873	\$3,351	\$5,094
2	388	427	517	1,293	1,719	1,784	1,861	1,939	2,262	2,391	2,585	3,231	3,878	4,524	6,876
3	488	537	651	1,628	2,165	2,246	2,344	2,441	2,848	3,011	3,255	4,069	4,883	5,696	8,658
4	589	648	785	1,963	2,610	2,708	2,826	2,944	3,434	3,631	3,925	4,906	5,888	6,869	10,441
5	689	758	919	2,298	3,056	3,171	3,308	3,446	4,021	4,250	4,595	5,744	6,893	8,041	12,223
6	790	869	1,053	2,633	3,501	3,633	3,791	3,949	4,607	4,870	5,265	6,581	7,898	9,214	14,005
7	890	979	1,187	2,968	3,947	4,095	4,273	4,451	5,193	5,490	5,935	7,419	8,903	10,386	15,787
8	991	1,090	1,321	3,303	4,392	4,557	4,756	4,954	5,779	6,110	6,605	8,256	9,908	11,559	17,569

Program Budget Comparison

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	146.00	146.00	146.00	146.00	146.00	146.00	0.00	0.00%
Personal Services	7,843,193	8,201,723	8,191,660	8,203,679	16,044,916	16,395,339	350,423	2.18%
Operating Expenses	6,288,754	5,298,878	6,322,760	6,342,327	11,587,632	12,665,087	1,077,455	9.30%
Benefits & Claims	13,345,125	12,284,420	13,516,735	13,691,777	25,629,545	27,208,512	1,578,967	6.16%
Transfers	0	0	0	0	0	0	0	n/a
Total Costs	\$27,477,072	\$25,785,021	\$28,031,155	\$28,237,783	\$53,262,093	\$56,268,938	\$3,006,845	5.65%
General Fund	5,111,808	5,364,352	5,602,510	5,673,164	10,476,160	11,275,674	799,514	7.63%
State Special	930,775	1,735,183	980,372	997,760	2,665,958	1,978,132	(687,826)	(25.80%)
Federal Special	21,434,489	18,685,486	21,448,273	21,566,859	40,119,975	43,015,132	2,895,157	7.22%
Total Funds	\$27,477,072	\$25,785,021	\$28,031,155	\$28,237,783	\$53,262,093	\$56,268,938	\$3,006,845	5.65%

Program Description

The Disability Employment and Transitions Division (DET) includes three bureaus: Field Services for Montana Vocational Rehabilitation/Blind-Low Vision Services, Program Support, and Disability Determination Services.

DET assists Montanans with disabilities in living, working, and participating in their communities. The program provides or contracts for a variety of employment outcome-related, independent living, and transition services. These services include counseling and guidance, career training, transportation, adaptive equipment, orientation and mobility services to the blind, vocational rehabilitation training, independent living services, medical services, job placement, and supported employment.

The Economic Security Services Branch manager is attached to this program for budget purposes.

Program Highlights

Disability Employment and Transitions Division Major Budget Highlights	
♦	The legislature increased total funding for the division by 5.6% over the 2013 biennium primarily due to: <ul style="list-style-type: none"> • Statewide and present law adjustments that net about \$0.8 million total funds • Over \$0.5 million for a 2% provider rate increase • The impact of federal regulation changes and an unused contingency appropriation

Program Narrative

The legislature approved a total fund budget for the 2015 biennium that is 5.6% higher than the 2013 biennium primarily due to statewide and present law adjustments, an increase of \$0.5 million (\$0.2 million general fund) for a 2% provider rate increase, and an increase of about \$0.1 million state special revenue for projected increases in services for people with severe hearing, mobility, or speech impairments participating in the Montana Telecommunications Access Program (MTAP).

The legislative budget includes two funding changes that were made during the interim due to federal action.

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As shown in the introductory budget comparison table, the first is a decrease in state special revenue between FY 2013 and FY 2014. It is related to a contingency appropriation of \$775,000 approved by the 2011 Legislature. The appropriation allows MTAP to respond should a federal mandate be implemented to shift costs presently covered at the federal level to state programs. The FY 2012 amount was not needed, but it remains in FY 2013. The legislature continued the \$775,000 for the 2015 biennium, but moved it to a language appropriation thereby removing it from the table above.

The increase in federal authority is related to the federal regulation that requires DET to spend social security program funds that are considered program income before the division can draw its federal grant funds. The ruling made the base level federal appropriation in FY 2012 insufficient and the department transferred federal authority to meet the increased expenditure. This raised the federal funds in FY 2012 to the \$21.4 million reflected above, which served as the base of the FY 2014 and FY 2015 legislative appropriation.

Benefits

Major services provided by DET programs include vocational rehabilitation (VR), independent living, MTAP, and disability determination. Services are provided both by staff and through social assistance. The programs provide services designed to:

- Help individuals with physical, mental, visual, hearing, brain injury, and other disabilities obtain and keep a job
- Support individuals with disabilities who wish to live independently as well as older blind clients who do not qualify for the Vocational Rehabilitation (VR) program
- Help with telecommunications needs of Montanans who are deaf, hard of hearing, speech disabled, or mobility disabled
- Determine eligibility for Social Security Disability Insurance (SSDI) and Supplemental Security Income (SSI).

There are independent living centers in Missoula, Great Falls, Helena, and Billings and eleven branch offices throughout the state whose staff provide services to individuals with disabilities.

The table shows the benefit funding for the 2015 biennium reflecting services with general fund match, as well as those funded solely by federal funds or general fund.

Disability Employment and Transitions Division Benefit Funding for the 2015 Biennium		
Program	General Fund	Total Funds
General Fund Match or all Federal Funds		
Section 110 Vocational Rehabilitation	\$3,415,364	\$16,047,986
Independent Living Part B	1,006,536	1,398,912
Section 110 Blind and Low Vision	475,602	2,232,876
Social Security Benefits	0	3,026,962
Montech Grants	0	878,872
Supported Employment 6B	0	687,490
Disability Determination	0	102,468
Vocational Rehabilitation Admin	0	12,106
General Fund Only		
Extended Employment Benefits	2,636,906	2,636,906
Visual Medical Benefits	175,410	175,410
Independent Living Chapter 2	<u>8,524</u>	<u>8,524</u>
Total Funds	<u>\$7,718,342</u>	<u>\$27,208,512</u>

Montana Telecommunications Access Program (MTAP)

The legislature addressed the MTAP program in two parts. The first action approved a \$90,000 increase in state special revenue to cover projected costs in services. The second action, as mentioned earlier, established a language appropriation for contingent authority to spend \$775,000 in the 2015 biennium. Funding would be used in the event the federal government mandates that the states pay for new technology services that are presently covered by the National Exchange Carrier Association (NECA). There is also discussion in the new proposal and the language sections later in this write-up.

The following table shows the MTAP fund balance. The increase in costs for services mentioned earlier is in the lines for "Relay services." The contingency amount is shown at the bottom of the table. There is no reduction in FY 2013 as federal action has not been announced at the time of this writing and could not be implemented before FY 2014. The "Cash Balance Transfer HB 604" line reflects action by the 2011 Legislature when MTAP funds were transferred to the general fund.

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Montana Telecommunications Access Program Fund Balance Projection						
	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Categories	Actuals	Actuals	Actuals	Projected	Projected	Projected
Beginning Fund Balance	\$1,522,978	\$2,040,687	\$2,468,132	\$1,010,422	\$1,500,015	\$1,970,230
Receipts						
Revenue Collected	\$1,364,326	\$1,349,314	\$1,332,666	\$1,445,300	\$1,445,300	\$1,445,300
Misc. Receipts	45	4	0	0	0	0
Total Funds Available	<u>\$2,887,349</u>	<u>\$3,390,005</u>	<u>\$3,800,798</u>	<u>\$2,455,722</u>	<u>\$2,945,315</u>	<u>\$3,415,530</u>
Expenses:						
Budgeted:						
Administrative (staff)	\$244,363	\$212,549	\$215,843	\$230,814	\$230,814	\$230,814
Other Services	9,789	12,836	18,781	16,335	16,335	16,335
Relay Services - Traditional	127,905	130,285	99,337	91,990	90,143	87,594
Relay Services - CapTel	158,016	166,130	216,741	242,375	263,600	283,040
Outreach	115,128	180,522	195,851	140,128	140,128	140,128
Supplies	18,481	5,537	7,779	7,700	7,700	7,700
distribution equipment	90,624	115,779	71,940	95,022	95,022	95,022
Communications	6,392	14,029	12,067	10,470	10,470	10,470
Travel	16,780	21,319	22,109	21,319	21,319	21,319
Rent/Utilities	32,413	27,521	28,483	32,406	32,406	32,406
Repairs/Maintenance	23,186	497	391	1,000	1,000	1,000
Other Expenses/Equipment	6,317	5,709	5,980	6,000	6,000	6,000
Debt Services/Leases	0	0	0	0	0	0
Subtotal Budgeted Expenses	\$849,394	\$892,713	\$895,302	\$895,559	\$914,937	\$931,828
Non-Budgeted and Prior Year:						
Indirect Costs	\$30,071	\$38,264	\$59,260	\$64,648	\$64,648	\$64,648
Prior Year Adj/Corr/Pymt	(32,803)	(9,104)	(14,186)	(4,500)	(4,500)	(4,500)
Cash Balance Transfers HB 604	0	0	1,850,000	0	0	0
Other Adjustments	0	0	0	0	0	0
Subtotal Non-Budgeted Expenses	<u>(\$2,732)</u>	<u>\$29,160</u>	<u>\$1,895,074</u>	<u>\$60,148</u>	<u>\$60,148</u>	<u>\$60,148</u>
Total Operating Expenses	<u>\$846,662</u>	<u>\$921,873</u>	<u>\$2,790,376</u>	<u>\$955,707</u>	<u>\$975,085</u>	<u>\$991,976</u>
Ending Fund Balance Without Contingency	<u>\$2,040,687</u>	<u>\$2,468,132</u>	<u>\$1,010,422</u>	<u>\$1,500,015</u>	<u>\$1,970,230</u>	<u>\$2,423,554</u>
Beginning Balance with Contingency				\$1,500,015	\$1,970,230	\$1,648,554
Contingency Amount for Relay Services	0	0	0	0	775,000	775,000
Ending Fund Balance with Contingency	<u>\$2,040,687</u>	<u>\$2,468,132</u>	<u>\$1,010,422</u>	<u>\$1,500,015</u>	<u>\$1,195,230</u>	<u>\$873,554</u>

Funding

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature.

Total Economic Security Services Branch Funding by Source of Authority 2015 Biennium Budget - Disability Employment & Transitions							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
General Fund	\$11,275,674	\$0	\$0	\$11,275,674	20.0%		
State Special Total	\$1,978,132	\$0	\$0	\$1,978,132	3.5%		
02159 Handicapped Telecommunications	\$1,894,599	\$0	\$0	\$1,894,599	3.4%		
02434 02 Indirect Activity Prog 01	\$83,533	\$0	\$0	\$83,533	0.1%		
Federal Special Total	\$43,015,132	\$0	\$0	\$43,015,132	76.4%		
03024 Soc Sec - Trust Funds	\$3,026,962	\$0	\$0	\$3,026,962	5.4%		
03365 03 Indirect Activity Prog 01	\$86,071	\$0	\$0	\$86,071	0.2%		
03554 84.169 - Independent Living 90	\$554,713	\$0	\$0	\$554,713	1.0%		
03555 84.177 - Indep Living Old Blin	\$469,843	\$0	\$0	\$469,843	0.8%		
03557 84.187 - Vic Sup Employment	\$687,490	\$0	\$0	\$687,490	1.2%		
03558 84.224 - Mon Tech 100%	\$878,872	\$0	\$0	\$878,872	1.6%		
03559 84.265 - In Service Training 9	\$35,540	\$0	\$0	\$35,540	0.1%		
03588 93.802 - Disabil Deter Adm 100	\$10,889,402	\$0	\$0	\$10,889,402	19.4%		
03604 84.126 - Rehab-sec110 A 78.7%	\$26,386,239	\$0	\$0	\$26,386,239	46.9%		
Total All Funds	\$56,268,938	\$0	\$0	\$56,268,938	100.0%		
Percent - Total All Sources	100.0%	0.0%	0.0%				

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The program is funded from a variety of sources and funding and federal matching rates vary by function.

General fund comprises 20.0% of the budget, with most used to match federal funds. The activities supported entirely by the general fund are the extended employment program, visual services medical support, and the Montana Youth Leadership Forum. General fund also supports benefits, grants, and functions serving individuals wishing to live independently, obtain and maintain a job, and acquire the necessary assistive technology.

State special revenue comprises about 3.5% of the budget and is the sole support of the MTAP program. MTAP revenue is raised by a fee of 10 cents a month assessed on bills for subscriber connections and/or prepaid wireless telecommunication services per 53-19-311, MCA.

Federal funds comprise over 76.4% of the budget. The disability determination function is funded entirely with federal funds, as is the Montech assistive technology program and supported employment.

Budget Summary by Category

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

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	5,111,808	5,111,808	10,223,616	90.67%	27,477,072	27,477,072	54,954,144	97.66%
Statewide PL Adjustments	423,318	425,240	848,558	7.53%	345,656	360,351	706,007	1.25%
Other PL Adjustments	(369,660)	(369,666)	(739,326)	(6.56%)	36,817	53,708	90,525	0.16%
New Proposals	437,044	505,782	942,826	8.36%	171,610	346,652	518,262	0.92%
Total Budget	\$5,602,510	\$5,673,164	\$11,275,674		\$28,031,155	\$28,237,783	\$56,268,938	

Present Law Adjustments

The “Present Law Adjustments” table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments	-----Fiscal 2014-----				-----Fiscal 2015-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					689,793					702,311
Vacancy Savings					(341,326)					(341,825)
Inflation/Deflation					(5,387)					(2,650)
Fixed Costs					2,576					2,515
Total Statewide Present Law Adjustments		\$423,318	\$12,780	(\$90,442)	\$345,656		\$425,240	\$13,277	(\$78,166)	\$360,351
DP 50 - Initial Motion to FY 2012 Base										
0.00	(423,318)	(12,780)	90,442	(345,656)	0.00	(425,240)	(13,277)	78,166	(360,351)	
DP 51 - Adjustment for Statewide Personal Services										
0.00	54,198	10,029	284,240	348,467	0.00	55,615	10,375	294,496	360,486	
DP 52 - Adjustment for Statewide Operations										
0.00	(540)	(411)	(1,860)	(2,811)	0.00	(41)	(269)	175	(135)	
DP 53 - Base Funding Switch										
0.00	369,660	3,162	(372,822)	0	0.00	369,666	3,171	(372,837)	0	
DP 110 - MTAP Relay Services										
0.00	0	36,817	0	36,817	0.00	0	53,708	0	53,708	
Total Other Present Law Adjustments	0.00	\$0	\$36,817	\$0	\$36,817	0.00	\$0	\$53,708	\$0	\$53,708
Grand Total All Present Law Adjustments	0.00	\$423,318	\$49,597	(\$90,442)	\$382,473	0.00	\$425,240	\$66,985	(\$78,166)	\$414,059

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DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - This adjustment funds statewide personal services and vacancy savings.

DP 52 - Adjustment for Statewide Operations - This adjustment funds the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

DP 53 - Base Funding Switch - This adjustment establishes a fund switch between fund types to fund base operations.

DP 110 - MTAP Relay Services - The legislature approved an increase in state special revenue for the Montana Telecommunications Access Program (MTAP) to cover the projected costs of minutes used in providing traditional relay services and CapTel relay services for people with severe hearing, mobility, or speech impairments.

New Proposals

Program	FTE	Fiscal 2014				Fiscal 2015				
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1901 - PRI Vocation Rehabilitation										
01	0.00	67,384	0	104,226	171,610	0.00	136,116	0	210,536	346,652
Total	0.00	\$67,384	\$0	\$104,226	\$171,610	0.00	\$136,116	\$0	\$210,536	\$346,652

DP 1901 - PRI Vocation Rehabilitation - The legislature approved a 2% provider rate increase in each year of the biennium. The following table shows the distribution of the provider rate increases in DET.

Program	2 Percent Provider Rate Increases						
	FY 2014		FY 2015		2015 Biennium Total and Fund Allocation		
	Total	General Fund	Total	General Fund	Total	General Fund	Federal Fund
Vocational Rehabilitation Section 110	\$130,136	\$262,876	\$130,136	\$262,876	\$393,012	\$83,710	\$309,302
Blind and Low Vision Section 110	2,298	4,640	2,298	4,640	6,938	1,478	5,460
Independent Living Part B	13,580	27,432	13,580	27,432	41,012	41,012	0
Extended Employment	25,596	51,704	25,596	51,704	77,300	77,300	0
	<u>\$171,610</u>	<u>\$346,652</u>	<u>\$171,610</u>	<u>\$346,652</u>	<u>\$518,262</u>	<u>\$203,500</u>	<u>\$314,762</u>

Language and Statutory Authority

The legislature included the following language in HB 2.

“The Disability Employment & Transitions Division is appropriated \$775,000 of state special revenue from the Montana Telecommunications Access Program (MTAP) during each year of the 2015 biennium to cover a contingent FCC mandate, which would require states to provide either Video or Internet Protocol relay services for people with severe hearing, mobility or speech impairments.”

“The department of public health and human services must use \$171,610 in fiscal year 2014 and \$346,652 in fiscal year 2015 of funds in the Management and Disability Transitions Division to raise provider rates by 2% in fiscal year 2014 and by an additional 2% in fiscal year 2015.”

Program Budget Comparison

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	502.31	502.31	507.31	507.31	502.31	507.31	5.00	1.00%
Personal Services	23,552,146	24,668,691	25,459,501	25,474,653	48,220,837	50,934,154	2,713,317	5.63%
Operating Expenses	7,393,796	8,673,138	8,221,678	8,243,489	16,066,934	16,465,167	398,233	2.48%
Equipment & Intangible Assets	0	90,550	28,000	90,000	90,550	118,000	27,450	30.31%
Capital Outlay	0	0	0	0	0	0	0	n/a
Grants	19,428,497	19,044,760	21,236,629	21,186,629	38,473,257	42,423,258	3,950,001	10.27%
Benefits & Claims	272,970,312	377,194,785	280,111,761	281,277,033	650,165,097	561,388,794	(88,776,303)	(13.65%)
Transfers	2,587,919	3,315,289	2,587,919	2,587,919	5,903,208	5,175,838	(727,370)	(12.32%)
Total Costs	\$325,932,670	\$432,987,213	\$337,645,488	\$338,859,723	\$758,919,883	\$676,505,211	(\$82,414,672)	(10.86%)
General Fund	30,728,352	29,012,895	32,887,293	33,645,005	59,741,247	66,532,298	6,791,051	11.37%
State Special	2,679,034	2,864,741	2,867,002	2,866,672	5,543,775	5,733,674	189,899	3.43%
Federal Special	292,525,284	401,109,577	301,891,193	302,348,046	693,634,861	604,239,239	(89,395,622)	(12.89%)
Total Funds	\$325,932,670	\$432,987,213	\$337,645,488	\$338,859,723	\$758,919,883	\$676,505,211	(\$82,414,672)	(10.86%)

Program Description

Primary functions of the Human and Community Services Division (HCS) include administration and provision of:

- Eligibility services for Montana's Temporary Assistance to Needy Families (TANF) program, Refugee Assistance program, and Supplemental Nutrition Assistance Program (SNAP) as well as eligibility services for over 40 Medicaid groups including Healthy Montana Kids (HMK) Plus
- The Community Services block grant serving 10 Human Resource Development Councils, Low-Income Energy Assistance Program (LIEAP) and weatherization programs, emergency shelter and housing grants, and USDA commodities and distribution programs
- Early Childhood programs including child care programs and support of child care providers across the state, the Child and Adult Care Food Program, the Head Start State Collaboration grant

Program Highlights

Human and Community Services Division Major Budget Highlights
<ul style="list-style-type: none"> ◆ The decrease when the 2015 and 2013 biennia are compared is due to the impact of benefit appropriations and transfers that were not used in FY 2012 but remain in the FY 2013 appropriation ◆ When compared to the FY 2012 base, the legislature approved total fund increases of about \$24.6 million over the biennium: <ul style="list-style-type: none"> ● \$8.8 million (\$2.1 million general fund) in statewide and present law adjustments ● \$15.8 million (\$3.0 million general fund) to expand programs related to TANF, child care, and public assistance eligibility

Human and Community Services Division (Continued)
Major Budget Highlights
<ul style="list-style-type: none"> ◆ The legislature addressed eligibility for TANF and child care with: <ul style="list-style-type: none"> • \$8.5 million federal TANF funds for the biennium to adjust eligibility and benefit payment standards establishing: <ul style="list-style-type: none"> ○ Eligibility calculations at 30% of the 2011 federal poverty level (FPL) from the 2006 FPL ○ Benefit payment calculations at 33% of the 2011 FPL from 33% of the 2009 FPL ○ About \$1.3 million general fund for the biennium to update child care eligibility beyond the 2009 FPL ○ \$0.5 million (\$0.2 million general fund) for 5.00 FTE for eligibility work in the Offices of Public Assistance ◆ The legislature provided support for providers through: <ul style="list-style-type: none"> • \$2.4 million federal funds to enhance the Best Beginnings STARS program in early childhood services • \$1.5 million general fund for a provider rate increase in the child care program

Program Narrative

As shown in the introductory program budget comparison, the legislature approved a budget for the 2015 biennium that is lower than the 2013 biennium. This is primarily due to the impact of public assistance benefits appropriations and transfers that were not used in FY 2012 but remain in the FY 2013 appropriation.

However, when the legislative appropriations for FY 2014 and FY 2015 are compared to the FY 2012 base year, there is a total fund increase in FY 2014 of about \$12.0 million and in FY 2015 of about \$13.0 million, including:

- About \$7.0 million in FY 2014 and \$8.0 million FY 2015 for benefits
- About \$2.0 million each year of the biennium for grants and personal services
- About \$0.8 million each year for operating expenses

The decrease in transfers shown in the main table primarily relates to funds supporting TANF employment, training, and work programs that are transferred to the Department of Labor and Industry. Funds are from the federal TANF and/or general fund TANF maintenance of effort (MOE). There is also a small transfer to Montana State University for a SNAP education program.

The \$89.4 million federal fund reduction shown in the biennium change column is primarily the net of the \$108.6 million difference between the expended FY 2012 appropriation and the available federal funds in FY 2013 and the \$19.5 million anticipated increase in benefits over the FY 2012 level. The increases are mostly for SNAP, TANF, child care, LIEAP, weatherization, and other support programs discussed throughout the fiscal report.

The increase in general fund is primarily due to fully funding personal services costs for employees in the public assistance offices throughout the state, and the general fund match for benefits.

Budget Increases

The legislature approved total fund increases of \$24.5 million for the biennium, including:

- Statewide present law adjustments that net about \$2.8 million after personal services of \$5.1 million are offset by reductions in vacancy savings and fixed costs of about \$2.3 million
- Present law adjustments of about \$6.0 million, \$5.4 million in federal funds, encompassing approval of nearly:
 - \$2.2 million primarily to support weatherization projects

- \$1.6 million for anticipated increases in the child and adult care food program caseload
- \$0.9 million for overtime, holiday, and differential pay and lease adjustments (\$300,000 general fund)
- \$0.5 million for child care caretaker relatives and the refugee program
- \$0.5 million for operating adjustments (\$20,000 general fund)

- New proposals of about \$15.8 million, \$12.8 million in federal funds, through the approval of about:
 - \$8.5 million federal TANF funds to raise the TANF eligibility and payment standards
 - \$1.7 million federal TANF funds to support Montana Out of School Time programs (MOST) (\$250,000), Court Appointed Special Advocates (CASA) (\$300,000), Education/GED programs (\$400,000), and Big Brothers and Big Sisters (\$700,000)
 - \$1.5 million general fund for provider rate increase in the child care program
 - \$1.2 million for the Best Beginnings STARS program for early childhood services
 - \$1.2 million general fund to update the child care eligibility poverty level
 - \$0.5 million (\$0.2 million general fund) for 5.00 FTE for eligibility work in the Offices of Public Assistance

The legislature also approved a "zero impact" adjustment in the general fund budget for the federally required TANF maintenance of effort (MOE). It approved a 3.0% increase in TANF WoRC contracts for each year of the 2015 biennium using TANF MOE general fund, directing HCSD to offset the amount from other TANF MOE general fund. Funding is shown as zero in the new proposal table because the estimated increases of \$170,771 in FY 2014 and \$175,849 in 2015 are offset by an equal reduction.

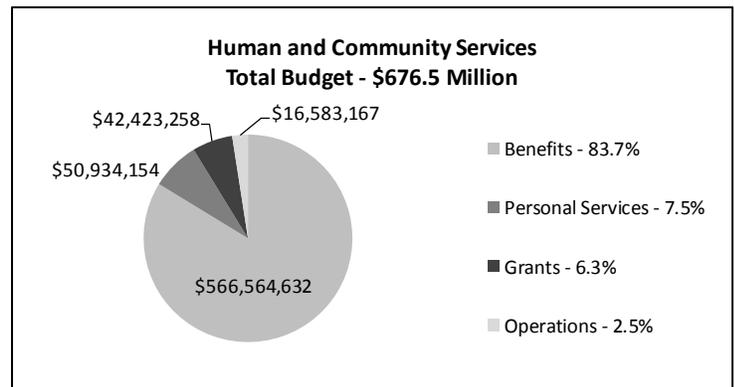
WoRC is the work readiness component of TANF requirements. The contractors work with TANF participants to gain employment skills. There is no change in the base amount of TANF general fund.

Primary Functions

The legislature approved total funding of \$676.5 million for the biennium. Including benefits, grants, and the transfers, \$609.0 million is about 90.0% of the budget. Benefit funding primarily supports SNAP, TANF, child care and early childhood services, LIEAP, weatherization, and commodities. Grants support the delivery of the benefits and related training and support programs in communities throughout the state.

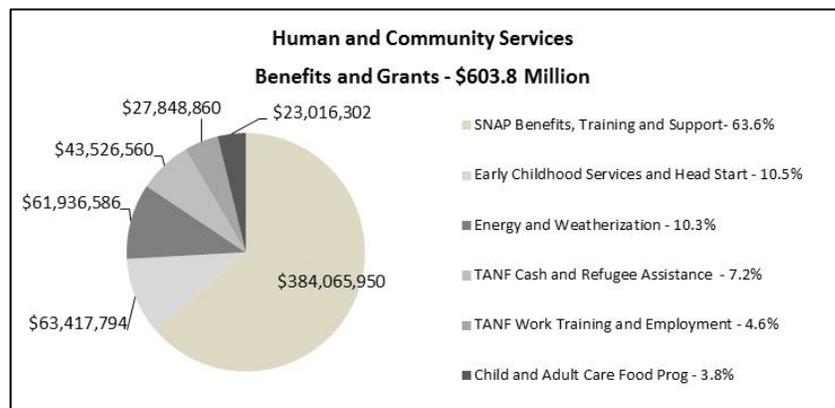
Personal services are funded at nearly 7.5% of the budget for 515.31 full time employees (FTE) for:

- 475.31 FTE in the Public Assistance Bureau and regional offices throughout the state
- 8.00 FTE in the HCSD administration
- 15.00 FTE working on programs in child care and early childhood services
- 17.00 FTE in low income energy, weatherization, and commodities.



Benefits and Grants

Benefits and Grants account for \$603.8 million total funds of the entire budget. SNAP benefits and the related training and support programs account for nearly 64% of the total for the division. The myriad of programs in early childhood services, including child care, safety, and provider development combined with the energy and weatherization programs account for about



28.0% of the total. TANF cash assistance and employment programs, together account for about 11.8%. The child and adult care food program accounts for about 3.8%.

The major funding components of the budget would serve at least an annual caseload of 3,182 TANF families, 126,547 SNAP recipients, 50,546 LIEAP recipients, and 10,663 child care recipients.

As noted earlier, the legislature provided funding increases for several existing programs, added the CASA program under the TANF umbrella and expanded the Best Beginnings STARS program in the Early Childhood Services Bureau.

However, the most notable action with regard to benefits and those entering the system occurred in the TANF program where the legislature approved an adjustment to the TANF eligibility and payment standards that:

- o Increase the eligibility standard to 30% of the 2011 federal poverty level (FPL) from the current level of 30% of the 2006 FPL
- o Change the payment standard to 33% of the 2011 FPL from the current level of 33% of the 2009 FPL.

This action includes \$8.5 million of federal TANF funds to accommodate an estimated average of 3,511 families in FY 2014 and FY 2015.

Beginning July 1, 2013 a family’s countable income (total income less allowable deductions) must be at or below 30% of the 2011 FPL to be eligible for cash assistance benefits. As shown in the following table, the calculation of eligibility for a family of three would be based on an annual income of \$5,559 or less compared to \$4,980 under the former eligibility standard. Once eligible for the program, the monthly benefit payments would be \$510 compared to \$504 under the previous payment standard.

The following table shows the FPL differences from 2006 to 2011 relative to the eligibility change made by the legislature and from 2009 to 2011 relative to the payment standard change. Another action related to eligibility was the approval of \$1.2 million general fund to update the child care eligibility poverty level.

Comparison of the Federal Poverty Index for 2006 - 2013 Related to the TANF Rule Change												
Levels of Poverty by Family Size												
Family Size	Percent of FPL 2006			Percent of FPL 2009			Percent of FPL 2011			Percent of FPL 2013		
	30%	33%	100%	30%	33%	100%	30%	33%	100%	30%	33%	100%
1	\$2,940	\$3,234	\$9,800	\$3,249	\$3,574	\$10,830	\$3,267	\$3,594	\$10,890	\$3,447	\$3,792	\$11,490
2	\$3,960	\$4,356	13,200	\$4,371	\$4,808	14,570	\$4,413	\$4,854	\$14,710	\$4,653	\$5,118	\$15,510
3	\$4,980	\$5,478	16,600	\$5,493	\$6,042	18,310	\$5,559	\$6,115	\$18,530	\$5,859	\$6,445	\$19,530
4	\$6,000	\$6,600	20,000	\$6,615	\$7,277	22,050	\$6,705	\$7,376	\$22,350	\$7,065	\$7,772	\$23,550
5	\$7,020	\$7,722	23,400	\$7,737	\$8,511	25,790	\$7,851	\$8,636	\$26,170	\$8,271	\$9,098	\$27,570
6	\$8,040	\$8,844	26,800	\$8,859	\$9,745	29,530	\$8,997	\$9,897	\$29,990	\$9,477	\$10,425	\$31,590
7	\$9,060	\$9,966	30,200	\$9,981	\$10,979	33,270	\$10,143	\$11,157	\$33,810	\$10,683	\$11,751	\$35,610
8	\$10,080	\$11,088	33,600	\$11,103	\$12,213	37,010	\$11,289	\$12,418	\$37,630	\$11,889	\$13,078	\$39,630
Family Size	Monthly Earnings 2006 FPL			Monthly Earnings 2009 FPL			Monthly Earnings 2011 FPL			Monthly Earnings 2013 FPL		
	30%	33%	100%	30%	33%	100%	30%	33%	100%	30%	33%	100%
1	\$245	\$270	\$817	\$271	\$298	\$903	\$272	\$299	\$908	\$287	\$316	\$958
2	\$330	\$363	\$1,100	\$364	\$401	\$1,214	\$368	\$405	\$1,226	\$388	\$427	\$1,293
3	\$415	\$457	\$1,383	\$458	\$504	\$1,526	\$463	\$510	\$1,544	\$488	\$537	\$1,628
4	\$500	\$550	\$1,667	\$551	\$606	\$1,838	\$559	\$615	\$1,863	\$589	\$648	\$1,963
5	\$585	\$644	\$1,950	\$645	\$709	\$2,149	\$654	\$720	\$2,181	\$689	\$758	\$2,298
6	\$670	\$737	\$2,233	\$738	\$812	\$2,461	\$750	\$825	\$2,499	\$790	\$869	\$2,633
7	\$755	\$831	\$2,517	\$832	\$915	\$2,773	\$845	\$930	\$2,818	\$890	\$979	\$2,968
8	\$840	\$924	\$2,800	\$925	\$1,018	\$3,084	\$941	\$1,035	\$3,136	\$991	\$1,090	\$3,303

The legislature also supported increases in grants to communities as well as increased food program costs at:

- \$1.7 million federal TANF funds to provide grants to Montana communities for the Montana Out of School Time programs (MOST) (\$250,000), Court Appointed Special Advocates (CASA) (\$300,000), Education/GED programs (\$400,000), and Big Brothers and Big Sisters (\$700,000)
- \$1.6 million for anticipated increases in the child and adult care food program caseload
- \$1.2 million for the Best Beginnings STARS program for early childhood services

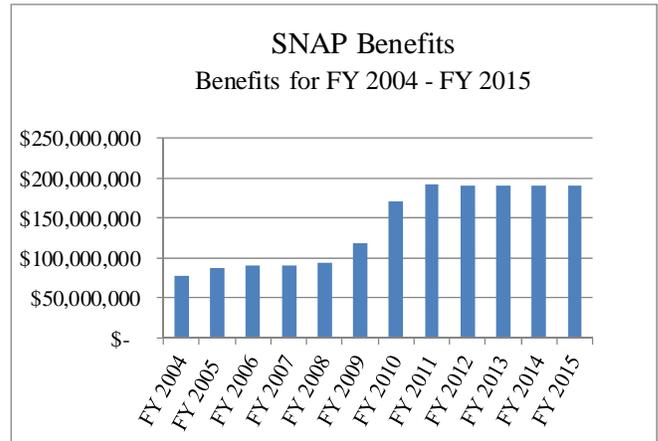
Major Benefits Programs

Supplemental Nutrition Assistance Program

The federally funded SNAP entitlement benefits are the largest benefit expenditure of HCSD. The caseload has stabilized since FY 2010, when the state faced an economic downturn. The legislature approved funding to maintain benefits at the base amount of about \$191.0 million serving an estimated 126,547 recipients each year.

Temporary Assistance for Needy Families

The following figure shows the TANF block grant. Items printed in bold show legislative actions that were discussed earlier in the write-up and also appear in the present law and new proposals sections. Appropriations were discussed with a caseload of 3,182. At the time of this writing, the caseload was 3,130 for FY 2013.

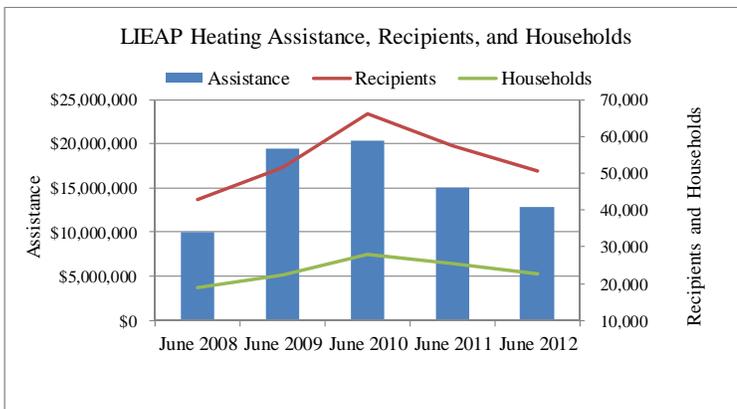


TANF Block Grant Funds and 2015 Biennium Appropriations				
	SFY 2012	SFY 2013	SFY 2014	SFY 2015
Actual/Projected Balance of Grant	\$45,045,941	\$42,810,092	\$35,042,514	\$27,373,145
Grant Amount	<u>38,039,116</u>	<u>38,039,116</u>	<u>38,039,116</u>	<u>38,039,116</u>
Beginning Balance	\$83,085,057	\$80,849,208	\$73,081,630	\$65,412,261
<u>Expenditures:</u>				
Benefits - Cash Assistance DP 20800 & 20801	\$15,785,908	\$17,833,850	20,548,870	20,548,870
Child Support Supplemental (HB 529 Passthrough / disregard)	<u>567,475</u>	<u>615,795</u>	<u>603,186</u>	<u>603,186</u>
Total Benefits	\$16,353,383	\$18,449,645	\$21,152,056	\$21,152,056
<u>TANF Share of Indirect Costs</u>				
Total cost allocation	\$4,377,796	4,509,130	4,644,404	4,783,736
<u>Other TANF uses:</u>				
Second Chance Home Services Support	300,000	300,000	300,000	300,000
Summer Youth Employment (DOLI)	24,844	975,156	0	0
TANF System (removal from TEAMS w/ maintenance)	2,279,727	2,793,522	1,200,000	1,200,000
MOST After School Program DP 20123	373,403	375,000	500,000	500,000
Family Economic Security Plan DP 20102	1,630,873	2,000,000	2,000,000	2,000,000
TANF Employment Program Services	569,186	1,021,087	1,021,087	1,021,087
Adult Basic Education DP 20803	91,142	100,000	200,000	200,000
Child Care - Working Caretaker Relatives DP 20104	294,388	466,833	466,833	466,833
Big Brothers / Big Sisters Grants DP 20905			350,000	350,000
Food Banks	100,000	100,000	100,000	100,000
CASA Grants (OTO) DP 20908			150,000	150,000
WoRC Contract (federal Share) Dept. Labor & Industry	0	530,998	530,998	530,998
Post Employment Program (Benefit)	454,571	690,912	454,571	454,571
Accelerated Employment Service Program	14,062	0	0	0
Emerg Assist & Prg 03 Foster Care Benefits	<u>2,217,113</u>	<u>2,100,000</u>	<u>2,100,000</u>	<u>2,100,000</u>
Total other TANF uses	\$8,349,310	\$11,453,508	\$9,373,489	\$9,373,489
Total Expenditures	\$29,080,490	\$34,412,283	\$35,169,949	\$35,309,281
<u>Transfers:</u>				
Child Care	\$7,676,010	\$7,676,010	\$7,676,010	\$7,676,010
Additional Transfer Child Care	\$1,164,364	\$1,364,300	\$0	\$0
Additional Transfer Foster Care /Child and Family Service	\$355,875	\$355,875	\$577,613	\$577,613
Title XX program 03	<u>1,998,226</u>	<u>1,998,226</u>	<u>1,998,226</u>	<u>1,998,226</u>
	\$11,194,475	\$11,394,411	\$10,251,849	\$10,251,849
Expenditures and Transfers	\$40,274,965	\$45,806,694	\$45,421,798	\$45,561,130
Ending Balance	<u>\$42,810,092</u>	<u>\$35,042,514</u>	<u>\$27,659,832</u>	<u>\$19,851,130</u>

LIEAP and Weatherization

Legislative budget increases for this bureau are primarily due to federal benefits for LIEAP and federal and state special

revenue funding for weatherization, housing, community services block grant projects, and emergency food assistance. As noted in the earlier benefits and grants discussion, the legislature appropriated over \$61.9 million in energy assistance, weatherization, and other community projects.



The benefit history table shows LIEAP energy assistance funding through FY 2012, which served 50,546 LIEAP recipients. The decline in expenditures from FY 2009 and FY2010 reflects reductions at the federal level from the record amounts received in those years. At the time of this writing, the caseload for FY

2013 is running about 10% less than FY 2012 or about 45,500. The federal funding for FY 2013 for Montana is presently at \$18.0 million compared to the FY 2012 amount of \$19.9 million, resulting in an estimated benefit of about \$550 compared to the \$562 average for FY 2012. The future of funding in the next biennium is unknown at this time.

Child Care Services

The legislature approved total funds of about \$25.1 million in FY 2014 and \$25.9 million in FY 2015 for child care, which included an increase in provider rates and funds to move child care eligibility beyond the 2009 FPL.

The table shows HCSD child care caseload and costs from FY 2005 through FY 2012. The increase in FY 2010 and FY 2011 reflects the impact of the recession.

However, at the time of this writing the FY 2013 child care expenditures and caseload are lower than FY 2012 at about \$21.0 million in expenditures and a total caseload of 2,900 for families and 4,550 for children. While the economy has improved, the increase is also partly due to providers opting to not accept more clients because of low provider rates, and families not qualifying for child care due to the present poverty level. As mentioned earlier, these items were addressed by the legislature.

It is anticipated that FY 2014 may see an increase in clients because of the legislative increase in the provider rates and the funding.

However, federal grant amounts have not been announced for FY 2014 and FY 2015 as of this writing.

Year	Unduplicated Families	Unduplicated Children	Annual Expenditures
FY 2005	3,202	5,350	\$ 17,896,246
FY 2006	3,210	5,124	18,258,433
FY 2007	3,120	5,285	19,313,017
FY 2008	3,111	5,124	20,192,185
FY 2009	3,189	5,218	22,077,629
FY 2010	3,478	5,754	26,377,845
FY 2011	3,518	5,734	26,506,892
FY 2012	3,318	5,352	24,311,891

Data Source: DPHHS

Funding

The following table shows program funding, by source for the 2015 biennium as approved by the legislature.

Total Economic Security Services Branch Funding by Source of Authority 2015 Biennium Budget - Human And Community Services						
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference Category
General Fund	\$66,532,298	\$0	\$0	\$66,532,298	9.8%	
State Special Total	\$5,733,674	\$0	\$0	\$5,733,674	0.8%	
02375 6901-02 Indrct Activty Prog 02	\$3,181,289	\$0	\$0	\$3,181,289	0.5%	
02688 6901-tanf Overpayments	\$130,000	\$0	\$0	\$130,000	0.0%	
02698 69010-prevention&stabilization	\$1,665,164	\$0	\$0	\$1,665,164	0.2%	
02772 Tobacco Hlth & Medcid Initiative	\$65,825	\$0	\$0	\$65,825	0.0%	
02974 Univ Low Income Energy Assistance	\$691,396	\$0	\$0	\$691,396	0.1%	
Federal Special Total	\$604,239,239	\$0	\$0	\$604,239,239	89.3%	
03066 81.042 Bpa	\$990,507	\$0	\$0	\$990,507	0.1%	
03096 Discretionary Child Care	\$27,433,604	\$0	\$0	\$27,433,604	4.1%	
03109 Tanf Benefits	\$53,050,941	\$0	\$0	\$53,050,941	7.8%	
03135 Hopwa Help Plus	\$970,718	\$0	\$0	\$970,718	0.1%	
03168 Cacfp Child Care Wellness	\$22,575,473	\$0	\$0	\$22,575,473	3.3%	
03236 Child Nutrition	\$1,667,194	\$0	\$0	\$1,667,194	0.2%	
03250 Child Care Mandatory/moe	\$4,504,312	\$0	\$0	\$4,504,312	0.7%	
03251 Child Care Admin	\$882,681	\$0	\$0	\$882,681	0.1%	
03252 Child Care Matching	\$9,579,444	\$0	\$0	\$9,579,444	1.4%	
03299 Support Pregnant & Parent Teen	\$23,794	\$0	\$0	\$23,794	0.0%	
03382 03 Indirect Activity Prog 02	\$27,442,056	\$0	\$0	\$27,442,056	4.1%	
03448 6901-early Childhood Comp Sys	\$172,147	\$0	\$0	\$172,147	0.0%	
03467 6901-homeless Mgmt Info System	\$132,612	\$0	\$0	\$132,612	0.0%	
03513 Chipra Bonus	\$2,400,000	\$0	\$0	\$2,400,000	0.4%	
03519 93.045 - Aging Meals 100%	\$92,108	\$0	\$0	\$92,108	0.0%	
03523 93.566 - Refugee Soc. Serv	\$155,000	\$0	\$0	\$155,000	0.0%	
03530 6901-foster Care 93.658	\$1,087,668	\$0	\$0	\$1,087,668	0.2%	
03539 93.600 Headstart	\$210,655	\$0	\$0	\$210,655	0.0%	
03544 10.561 - Fs E & T - 50%	\$453,800	\$0	\$0	\$453,800	0.1%	
03545 10.561 - Fs E & T - 100%	\$639,283	\$0	\$0	\$639,283	0.1%	
03546 10.561 - Fs Adm - Fed Exp 50%	\$2,262,424	\$0	\$0	\$2,262,424	0.3%	
03547 10.568 - Emerg Food Assist 100	\$340,456	\$0	\$0	\$340,456	0.1%	
03548 10.569 - Food Distr - Fed Exp	\$4,302,093	\$0	\$0	\$4,302,093	0.6%	
03550 14.231 - Emerg Shelter - Hud 5	\$1,446,322	\$0	\$0	\$1,446,322	0.2%	
03552 81.042 - Weather Ben 100%	\$4,105,585	\$0	\$0	\$4,105,585	0.6%	
03571 93.566 - Off Ref Reset Adm 10	\$25,000	\$0	\$0	\$25,000	0.0%	
03572 93.568 - Lieap Blk Grt Adm	\$47,106,850	\$0	\$0	\$47,106,850	7.0%	
03573 93.569 - Csbg Adm	\$6,037,852	\$0	\$0	\$6,037,852	0.9%	
03580 6901-93.778 - Med Adm 50%	\$202,031	\$0	\$0	\$202,031	0.0%	
03677 6901-cacfp 10.558 & 10.560	\$72,540	\$0	\$0	\$72,540	0.0%	
03678 6901-food Stamp Benefits	\$381,884,068	\$0	\$0	\$381,884,068	56.4%	
03679 6901-hopwa Cfda#14-241	\$951,048	\$0	\$0	\$951,048	0.1%	
03965 Csfp	\$1,038,973	\$0	\$0	\$1,038,973	0.2%	
Total All Funds	\$676,505,211	\$0	\$0	\$676,505,211	100.0%	
Percent - Total All Sources	100.0%	0.0%	0.0%			

The costs of this division are driven by the provision of benefits and the staff and contracted providers that deliver them throughout the state. The majority of funding for HCSD, 89.3%, comes from federal sources and is used for the direct provision of benefits and/or the programs supporting client recipients of the benefits.

General fund provides 9.8% of the division's funding. It represents about 9.0% of the funding for offices of public assistance; supports required TANF and child care maintenance of effort (MOE) requirements; and is used as match for federal programs such as Medicaid and SNAP eligibility determination and child care benefits.

State special revenue is primarily used in the delivery of childcare and energy and weatherization services, and comprises the preservation and stabilization fund and the universal systems benefits funds.

Budget Summary by Category

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

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	30,728,352	30,728,352	61,456,704	92.37%	325,932,670	325,932,670	651,865,340	96.36%
Statewide PL Adjustments	908,658	918,098	1,826,756	2.75%	1,393,085	1,426,058	2,819,143	0.42%
Other PL Adjustments	(37,923)	(31,777)	(69,700)	(0.10%)	2,791,677	3,238,369	6,030,046	0.89%
New Proposals	1,288,206	2,030,332	3,318,538	4.99%	7,528,056	8,262,626	15,790,682	2.33%
Total Budget	\$32,887,293	\$33,645,005	\$66,532,298		\$337,645,488	\$338,859,723	\$676,505,211	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments	-----Fiscal 2014-----				-----Fiscal 2015-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					2,528,895					2,551,626
Vacancy Savings					(1,043,229)					(1,044,136)
Inflation/Deflation					(7,482)					3,703
Fixed Costs					(85,099)					(85,135)
Total Statewide Present Law Adjustments		\$908,658	\$13,460	\$470,967	\$1,393,085		\$918,098	\$12,361	\$495,599	\$1,426,058
DP 50 - Initial Motion to FY 2012 Base	0.00	(908,658)	(13,460)	(470,967)	(1,393,085)	0.00	(918,098)	(12,361)	(495,599)	(1,426,058)
DP 51 - Adjustment for Statewide Personal Services	0.00	747,652	(80,090)	818,104	1,485,666	0.00	755,532	(78,977)	830,935	1,507,490
DP 52 - Adjustment for Statewide Operations	0.00	(20,130)	(14,751)	(57,700)	(92,581)	0.00	(18,062)	(14,453)	(48,917)	(81,432)
DP 53 - Base Funding Switch	0.00	181,136	108,301	(289,437)	0	0.00	180,628	105,791	(286,419)	0
DP 20102 - Family Economic Security and Employment	0.00	0	0	175,146	175,146	0.00	0	0	175,146	175,146
DP 20104 - Child Care for Working Caretaker Relatives	0.00	0	0	163,831	163,831	0.00	0	0	163,831	163,831
DP 20105 - Refugee Program	0.00	0	0	80,986	80,986	0.00	0	0	80,986	80,986
DP 20106 - Weatherization and Other IHSB Increases	0.00	0	100,000	980,000	1,080,000	0.00	0	100,000	992,000	1,092,000
DP 20206 - Child and Adult Care Food Program Caseload	0.00	0	0	600,000	600,000	0.00	0	0	1,016,000	1,016,000
DP 20300 - Required Overtime/Holiday/Differential Pay	0.00	63,323	20,959	99,281	183,563	0.00	63,323	20,959	99,281	183,563
DP 20302 - IHSB Operating Adjustment	0.00	0	0	113,829	113,829	0.00	0	0	114,055	114,055
DP 20303 - ECSB Operating Adjustment	0.00	8,125	0	109,471	117,596	0.00	8,125	0	109,297	117,422
DP 20501 - Private Lease Adjustment	0.00	71,765	42,585	162,376	276,726	0.00	77,403	43,973	173,990	295,366
Total Other Present Law Adjustments	0.00	\$143,213	\$163,544	\$2,484,920	\$2,791,677	0.00	\$148,851	\$164,932	\$2,924,586	\$3,238,369
Grand Total All Present Law Adjustments	0.00	\$1,051,871	\$177,004	\$2,955,887	\$4,184,762	0.00	\$1,066,949	\$177,293	\$3,420,185	\$4,664,427

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - This adjustment funds statewide personal services and vacancy savings.

DP 52 - Adjustment for Statewide Operations - This adjustment funds the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

DP 53 - Base Funding Switch - The legislature approved a fund switch between fund types to fund base operations.

DP 20102 - Family Economic Security and Employment - The legislature approved federal TANF funds to maintain the program authority at the level approved in the 2011 legislative session.

DP 20104 - Child Care for Working Caretaker Relatives - The legislature approved federal TANF funds to maintain the authority at the level approved in the 2011 legislative session to provide child care assistance to income limited relatives who have taken over the custody of TANF eligible children and remain employed.

DP 20105 - Refugee Program - The legislature increased federal appropriation authority for additional grant award amounts available under the Refugee Social Services and Refugee Cash and Medical Assistance Programs.

DP 20106 - Weatherization and Other IHSB Increases - The legislature approved increases in several funding sources to:

- Weatherize the maximum number of homes using available universal systems benefits (USB) state special revenue and Department of Energy (DOE) federal funding
- Increase grant authority to the level needed to maintain or replace existing equipment that is due for replacement using funding associated with the Food Distribution Program on Indian Reservations (FDPIR) federal authority
- Assist individuals who are either homeless or on the verge of becoming homeless with increased Emergency Solutions Grant (ESG) authority

DP 20206 - Child and Adult Care Food Program Caseload - The legislature increased federal funds for the Child and Adult Care Food Program to meet the 2.6% annual increase in USDA meal reimbursement payments and a 0.5% annual increase in the number of meals served.

DP 20300 - Required Overtime/Holiday/Differential Pay - The legislature restored funding for overtime, holidays worked, differential pay, and the corresponding benefits, which are zero-based and must be requested in full each biennium.

DP 20302 - IHSB Operating Adjustment - The legislature approved federal funds to meet current and anticipated workloads necessary to provide increased monitoring and oversight of LIEAP and Weatherization programs as requested by the Legislative Audit Division.

DP 20303 - ECSB Operating Adjustment - The legislature increased funding for system enhancements to the Head Start program and the Early Childhood Comprehensive program as required by the Early Childhood Comprehensive Systems (ECCS) grant. The increase is split between the two programs at about \$58,700 each.

DP 20501 - Private Lease Adjustment - The legislature approved funding to pay the cost associated with lease adjustments in non-state owned buildings throughout the state.

New Proposals

Program	FTE	-----Fiscal 2014-----				-----Fiscal 2015-----				
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 20123 - TANF MOST After School Program										
02	0.00	0	0	125,000	125,000	0.00	0	0	125,000	125,000
DP 20301 - Offices of Public Assistance 5.00 FTE (Rest/OTO)										
02	5.00	117,588	10,964	131,886	260,438	5.00	110,950	10,345	124,441	245,736
DP 20800 - TANF Payment Standard FPL Adjustment										
02	0.00	0	0	1,732,885	1,732,885	0.00	0	0	1,732,885	1,732,885
DP 20801 - TANF Eligibility Standard FPL Adjustment										
02	0.00	0	0	2,520,251	2,520,251	0.00	0	0	2,520,251	2,520,251
DP 20803 - TANF Education Support										
02	0.00	0	0	200,000	200,000	0.00	0	0	200,000	200,000
DP 20901 - PRI Child Care										
02	0.00	489,482	0	0	489,482	0.00	988,754	0	0	988,754
DP 20905 - TANF Big Brothers Big Sisters Support										
02	0.00	0	0	350,000	350,000	0.00	0	0	350,000	350,000
DP 20906 - TANF WoRC Contracts 3% Increase										
02	0.00	0	0	0	0	0.00	0	0	0	0
DP 20907 - Update Child Care Eligibility FPL										
02	0.00	500,000	0	0	500,000	0.00	750,000	0	0	750,000
DP 20908 - TANF CASA Programs (OTO)										
02	0.00	0	0	150,000	150,000	0.00	0	0	150,000	150,000
DP 20909 - Best Beginning STARS (Rst/OTO/Biennial)										
02	0.00	0	0	1,200,000	1,200,000	0.00	0	0	1,200,000	1,200,000
Total	5.00	\$1,107,070	\$10,964	\$6,410,022	\$7,528,056	5.00	\$1,849,704	\$10,345	\$6,402,577	\$8,262,626

DP 20123 - TANF MOST After School Program - The legislature approved federal TANF funding for the Montana Out of School Time (MOST) after school program for TANF eligible children. The funding supports after school program grants of \$5,000 for operational expenses.

DP 20301 - Offices of Public Assistance 5.00 FTE (Rest/OTO) - The legislature provided a restricted, one-time-only appropriation for 5.00 FTE and associated funding to maintain the existing level of services in the Offices of Public Assistance (OPA).

DP 20800 - TANF Payment Standard FPL Adjustment - The legislature approved federal TANF funds to adjust the payment standard to 33% of the 2011 federal poverty level (FPL) from the current level of 33% of the 2009 FPL.

DP 20801 - TANF Eligibility Standard FPL Adjustment - The legislature approved federal TANF funds to support increases in benefits for an adjustment increasing the eligibility standard to 30% of the 2011 FPL from the current level of 30% of the 2006 FPL.

DP 20803 - TANF Education Support - The legislature provided federal TANF funds for increased funding for the TANF Education Support program and related grants to offer adult basic education for TANF-eligible individuals working to improve their educational skills, obtain a high school diploma, or obtain general educational development (GED) certification.

DP 20901 - PRI Child Care - The legislature increased general fund authority for a 2% annual provider rate increase across the biennium for child care providers and added compelling language for HB 625 as discussed earlier.

DP 20905 - TANF Big Brothers Big Sisters Support - The legislature approved \$350,000 each year of the biennium in TANF federal funds for grants throughout the state to support Big Brothers and Big Sisters programs serving TANF eligible children.

DP 20906 - TANF WoRC Contracts 3% Increase - The legislature approved a 3.0% increase in TANF WoRC contracts for each year of the 2015 biennium using TANF maintenance of effort (MOE) general fund with an offset of an equal amount in TANF MOE general fund. Funding is shown as zero in the new proposal table because the estimated increases of \$170,771 in FY 2014 and \$175,849 in 2015 are offset by an equal reduction.

The legislature also approved a "zero impact" adjustment to the federal TANF block grant by correcting an amount allocated to transfers for which there was no authority. The action took the "transfers" line back to the \$7,676,010 base amount.

DP 20907 - Update Child Care Eligibility FPL - The legislature approved nearly \$1.3 million general fund to update the child care eligibility federal poverty level (FPL) from 2009 to the most current FPL possible within the appropriation.

DP 20908 - TANF CASA Programs (OTO) - The legislature provided one-time-only funding of \$150,000 federal TANF funds each year of the biennium to support Court Appointed Special Advocates (CASA) programs to be used for volunteer expenses for TANF eligible children throughout the state.

DP 20909 - Best Beginning STARS (Rst/OTO/Biennial) - The legislature approved \$2,400,000 federal CHIPRA bonus funds that the state will receive, for the Best Beginning STARS program in the Early Childhood Services Bureau. The legislature restricted funding for this purpose and added an order of priority in the event CHIPRA grant funds are insufficient to fund all appropriations. Please see the following language section.

Language and Statutory Authority

The legislature included the following language in HB 2.

"The department of public health and human services must use \$489,482 in fiscal year 2014 and \$988,754 in fiscal year 2015 of funds in the Human and Community Services Division to raise provider rates by 2% in fiscal year 2014 and by an additional 2% in fiscal year 2015."

"Funding for Offices of Public Assistance FTE may be expended only by the Human and Community Services Division."

"Best Beginnings STARS funding may be used only by the Early Childhood Services Bureau to enhance the Best Beginnings STARS quality incentive programs."

"Best Beginnings STARS, Prevent Jail Suicide, and Montana State Hospital Overtime Pay are funded from a federal children's health insurance program reauthorization grant. If grant funds are insufficient to fund all appropriations, the funding shall be allocated in the following order of priority:

- (1) Montana State Hospital Overtime Pay;
- (2) Prevent Jail Suicide; and
- (3) Best Beginnings STARS."

Program Budget Comparison

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	369.15	369.15	369.15	369.15	369.15	369.15	0.00	0.00%
Personal Services	18,606,388	19,002,027	20,148,688	20,172,187	37,608,415	40,320,875	2,712,460	7.21%
Operating Expenses	5,510,177	5,561,216	5,601,227	5,655,951	11,071,393	11,257,178	185,785	1.68%
Equipment & Intangible Assets	32,220	14,240	32,220	32,220	46,460	64,440	17,980	38.70%
Grants	7,181,939	6,338,025	7,181,939	7,181,939	13,519,964	14,363,878	843,914	6.24%
Benefits & Claims	29,832,885	32,142,537	33,047,099	34,322,496	61,975,422	67,369,595	5,394,173	8.70%
Debt Service	1,527	130,912	1,527	1,527	132,439	3,054	(129,385)	(97.69%)
Total Costs	\$61,165,136	\$63,188,957	\$66,012,700	\$67,366,320	\$124,354,093	\$133,379,020	\$9,024,927	7.26%
General Fund	31,865,778	33,318,418	34,907,946	35,971,663	65,184,196	70,879,609	5,695,413	8.74%
State Special	2,187,150	2,513,522	2,187,150	2,187,150	4,700,672	4,374,300	(326,372)	(6.94%)
Federal Special	27,112,208	27,357,017	28,917,604	29,207,507	54,469,225	58,125,111	3,655,886	6.71%
Total Funds	\$61,165,136	\$63,188,957	\$66,012,700	\$67,366,320	\$124,354,093	\$133,379,020	\$9,024,927	7.26%

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. CFSD is composed of three bureaus and five regions 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) computer system.

Statutory authority for the program is provided in Titles 41, 42, and 52, MCA, and 45 CFR, Parts 1355, 1356, 1357 and 1370.

Program Highlights

Child and Family Services Division	
Major Budget Highlights	
◆	The legislature increased total funding for the division by nearly 7.3% over the 2013 biennium primarily due to: <ul style="list-style-type: none"> • Statewide present law adjustment that net \$2.1 million total funds • Present law adjustments of over \$6.4 million total funds supporting \$5.2 million for caseload adjustments and \$1.2 million to address overtime, other personal services, and leases • \$2.5 million total funds to support a stipend for foster care and kinship care families, Tribal foster care, and a 2% provider rate increase

Program Narrative

The legislature approved a budget of just over \$133.0 million total funds for the biennium comprising 53% general fund, 3% state special revenue, and 44% federal funds.

The increase in the budget when the 2013 and 2015 biennia are compared is primarily due to:

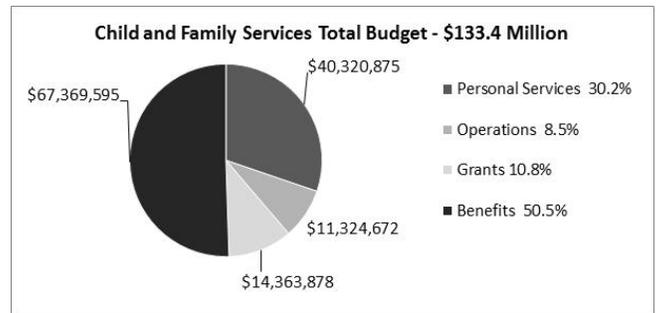
- Present law adjustments of about \$8.6 million total funds over the biennium for:
 - \$5.2 million for caseload adjustments (about \$3.3 million general fund)

- Statewide present law adjustment of \$2.1 million representing about \$3.8 million in personal services offset by about \$1.6 million in vacancy savings and a small reduction for deflation
- \$967,000 to restore overtime and other personal services
- \$267,000 for vehicle and office leases
- New proposals of over \$2.5 million total funds include about:
 - \$1.2 million federal TANF funds for a stipend supporting regular foster care and kinship care families
 - \$0.9 million for provider rate increases (about \$0.6 million general fund)
 - \$0.4 million general fund to address tribal foster care

The increase to the general fund of about \$5.7 million is primarily due to the \$7.2 million general fund in the appropriations mentioned above that is offset by executive interim reductions combined with yearend adjustments and reversions. These actions reduced the FY 2012 budget but are not reflected in the FY 2013 budget.

The reduction in state special revenue of about \$300,000 relates to a reduction in payments for Supplemental Security Income (SSI) payments for SSI eligible children and funds from child support.

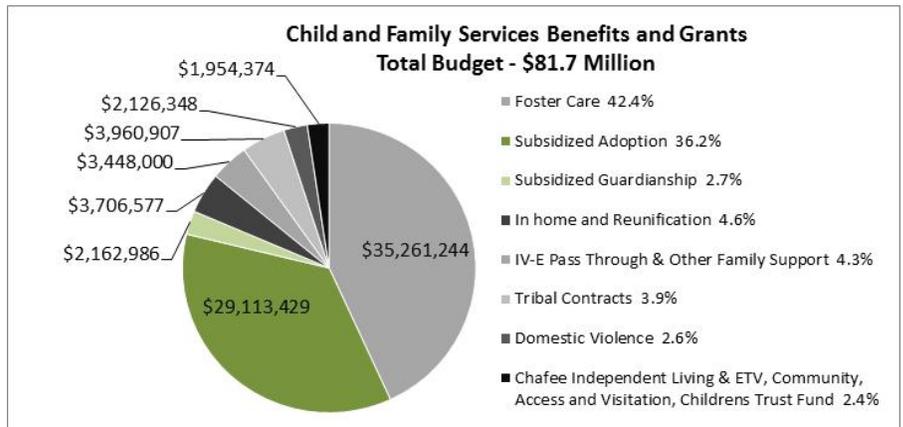
The chart shows that the \$133.0 million biennium total funds budget primarily includes funding for personal services and grants and benefits. At nearly \$82.0 million, benefits and grant funded programs serving foster care, subsidized adoption, subsidized guardianship, and a myriad of activities with the mission to keep children safe and support their families in reunification efforts comprise over 61.3% of the total budget. Personal services and operations costs support the field staff in five regional offices, centralized intake (all general fund), and administration.



Benefits and Grants

As mentioned earlier, benefits and grants account for nearly \$82.0 million total funds. The chart reflects that foster care, subsidized adoption, and subsidized guardianship represent 81.3% of the benefit and grant support budget.

Funding for grants and benefits serving children and families throughout the state ranges from in-home and reunifications services at 4.6% to family support at 4.3% and Tribal contracts at 3.9%. The remainder helps address independent living, domestic violence issues, access and visitation, and other activities.



The Children’s Trust Fund resides in the Director’s Office but serves programs of CFSD. It contains an Endowment for Children managed by the Board of Investments that was launched in FY 2000 and later received a \$1.0 million general fund legislative appropriation to provide a permanent source of funding to support the programs and services related to child abuse and neglect, including family services programs operated by nonprofit or public community-based educational and service organizations.

Caseload

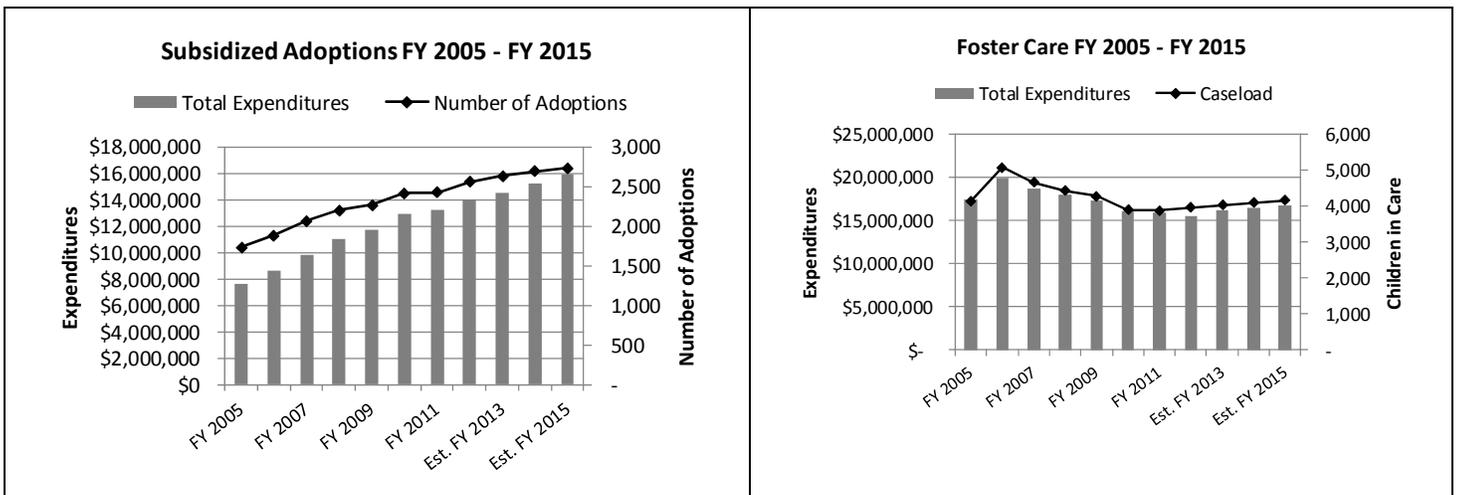
The legislature funded projected benefits through FY 2015 for foster care and increased efforts to unite children with relatives through subsidized adoption and guardianship and relative foster placements.

The following table and charts reflect the legislative appropriations for subsidized guardianship, subsidized adoption, and foster care. The table shows benefit increases to the base. The charts show the historical changes in the number of foster care and subsidized adoption clients with the subsidized guardianship and adoption categories combined. The caseload reflects children receiving multiple services.

Child and Family Services Increases to the Base and Estimated Caseload Served											
	FY 2014 Appropriation						FY 2015 Appropriation				
	FY 2012 Base	Estimated Caseload	General Fund	Federal Funds	Total Funds	Increase over Base	Estimated Caseload	General Fund	Federal Funds	Total Funds	Increase over Base
Present Law Caseload Increase											
Subsidized Guardianship	\$897,534	190	\$88,591	\$56,258	\$144,849	16.1%	202	\$128,999	\$79,453	\$208,452	23.2%
Subsidized Adoption	13,118,575	2,380	500,124	575,599	1,075,723	8.2%	2,482	766,423	877,072	1,643,495	12.5%
Foster Care	15,448,896	4,198	729,288	176,017	905,305	5.9%	4,286	1,088,638	143,751	1,232,389	8.0%

The following foster care chart shows that caseload and expenditures increased from FY 2005 to FY 2006. This was due to a surge of adult addictive behavior that was primarily due to methamphetamine, alcohol, and prescription drugs and the related impact on families. The expenditures gradually returned to the \$15.4 million level by FY 2012. and are projected to near \$17.0 million by FY 2015.

The increase in subsidized adoption expenditures relates to the number of children available for adoption and the negotiated cost plans. The children enter with cost plans based upon the economy at that time and families generally negotiate a higher cost plan for subsidies than those children already in the program. Parents that are already in the program may also negotiate subsidies for a higher level.



Additional Legislative Appropriations

The legislature appropriated funding for an information technology (IT) project and a child and family ombudsman in divisions other than CFSD.

Montana Adult and Child Welfare Information System (MACWIS)

The legislature provided a \$350,000 one-time-only biennial appropriation to bring the MACWIS project closer to the original legislative intent. The funding source is one-time Montana Chemical Dependency Center (MCDC) cost recovery funds that had built up.

MACWIS was initially funded in HB 4 with Long Range Information Technology (LRIT) funding during the 2007 May Special Session, but became part of the Governor’s 17-7-140 reductions in the 2011 session. The project replaces the Child and Adult Protective Services System (CAPS) used in the monitoring of foster care cases, adoption cases, payment for service to providers, and reporting. The original budget was \$27.1 million with \$15.2 million in LRIT funds and

\$11.9 million in federal funds. Prior to placing the project on hold and reverting \$10.3 million to the general fund in the 17-7-140 reductions, the Governor transferred \$3.4 million LRIT funds to the MMIS (\$2.9 million) and CHIMES TANF / SNAP (\$0.5 million) projects.

The 2015 biennium appropriation was assigned to the DPHHS Technology Services Division (TSD) and does not impact the CFSD budget. It does allow TSD staff and CFSD staff to work together throughout the biennium on the MACWIS definition and validation planning process.

The legislature included language: "The Department of Public Health and Human Services must use the biennial appropriation of \$350,000 in fiscal year 2014 and fiscal year 2015 in the Technology Services Division to complete the planning process for the Montana adult and child welfare information system (MACWIS) including a complete plan for funding the development of the MACWIS system for presentation to the 2015 Legislature."

Child and Family Ombudsman

The legislature also created an office of the child and family ombudsman as an independent, impartial, and confidential entity to protect the interests and rights of the state's children and families. It is to be located within the Department of Justice (DOJ) but work collaboratively with CFSD. The office was created in HB 76 and was funded in HB 2 with \$125,000 general fund each year of the biennium.

There is additional information for the two projects in the Fiscal Report for TSD in Section B and in the DOJ write up for the Legal Services Division in Section D.

Additional Legislation

The legislature addressed child abuse through additional legislation. It passed several bills related to disclosure of information to persons submitting reports of alleged abuse of neglect, providing for criminal background checks of residents where an emergency placement could be made, and increasing penalties for assault on a minor under 36 months of age and requiring counseling and treatment. The full list of legislation can be seen in the agency overview.

Funding

The following table shows the program funding, by source for the base year and for the 2015 biennium as adopted by the legislature.

Total Economic Security Services Branch Funding by Source of Authority 2015 Biennium Budget - Child & Family Services							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
General Fund	\$70,879,609	\$0	\$0	\$70,879,609	53.1%		
State Special Total	\$4,374,300	\$0	\$182,462	\$4,556,762	3.4%		
02089 Child Abuse & Neglect Program	300,194	-	-	300,194	0.2%		
02209 Third Party Contributions-f.c.	3,860,262	-	-	3,860,262	2.9%		
02473 Assault Intervention & Trtmnt	196,444	-	-	196,444	0.1%		
02483 Adoption Services / Sa	-	-	182,462	182,462	0.1%	402-2-105	Direct
02496 Family Preservation Conference	17,400	-	-	17,400	0.0%		
Federal Special Total	\$58,125,111	\$0	\$0	\$58,125,111	43.5%		
03109 Tanf Benefits	5,108,526	-	-	5,108,526	3.8%		
03224 Access & Visitation Grt 93.597	196,490	-	-	196,490	0.1%		
03458 6901 - Chafee - Etv 93.599	338,198	-	-	338,198	0.3%		
03522 93.556 - Family Preservation	1,898,967	-	-	1,898,967	1.4%		
03526 93.643 - Child Justice	197,230	-	-	197,230	0.1%		
03529 Iv-e Guardianship	833,360	-	-	833,360	0.6%		
03530 6901-foster Care 93.658	15,221,966	-	-	15,221,966	11.4%		
03531 6901-subsidized Adopt 93.659	15,582,036	-	-	15,582,036	11.7%		
03532 93.669 - Child Abuse	329,234	-	-	329,234	0.2%		
03533 93.671 - Domestic Violence	1,695,410	-	-	1,695,410	1.3%		
03534 93.672 - Child Abuse Challenge	336,470	-	-	336,470	0.3%		
03536 93.674 - Iv-e Independent Livi	901,025	-	-	901,025	0.7%		
03593 03 Indirect Activity Prog 03	15,486,199	-	-	15,486,199	11.6%		
Total All Funds	\$133,379,020	\$0	\$182,462	\$133,561,482	100.0%		
Percent - Total All Sources	99.9%	0.0%	0.1%				

The division is funded from a variety of sources and funding and federal matching rates vary by function. Some costs are allocated among funding sources through a complex federally approved cost allocation plan that considers such factors as the results of a random moment in time study of social worker time spent on various activities.

General fund comprises 53.1% of the budget, with most used as matching funds to draw federal funds supporting benefits, grants, and functions serving foster care, subsidized adoptions, and family reunifications as well as safe, non-violent environments for children. The only major activity of the division that is supported entirely by general fund is the centralized intake function at about \$2.1 million over the biennium for 18.00 FTE. Over \$26.1 million over the biennium supports the five regional offices across the state with 305.80 FTE, and about \$5.2 million over the biennium supports the 45.35 FTE and operating costs of central administration.

The majority of federal funds support foster care, adoption, and guardianship subsidies and expenses associated with the cost allocation plan mentioned above.

State special revenue primarily supports the cost of foster care from a wide variety of third party contributions such as parental payments, collections from child support enforcement for children in foster care, and supplemental security income (SSI) for eligible children. It represents 3.4% of the budget.

Budget Summary by Category

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

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	31,865,778	31,865,778	63,731,556	89.92%	61,165,136	61,165,136	122,330,272	91.72%
Statewide PL Adjustments	844,247	988,102	1,832,349	2.59%	1,039,195	1,071,321	2,110,516	1.58%
Other PL Adjustments	1,786,499	2,490,561	4,277,060	6.03%	2,720,032	3,724,588	6,444,620	4.83%
New Proposals	411,422	627,222	1,038,644	1.47%	1,088,337	1,405,275	2,493,612	1.87%
Total Budget	\$34,907,946	\$35,971,663	\$70,879,609		\$66,012,700	\$67,366,320	\$133,379,020	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments	-----Fiscal 2014-----				-----Fiscal 2015-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					1,878,074					1,902,526
Vacancy Savings					(819,371)					(820,324)
Inflation/Deflation					(19,508)					(10,881)
Total Statewide Present Law Adjustments		\$844,247	\$0	\$194,948	\$1,039,195		\$988,102	\$0	\$83,219	\$1,071,321
DP 50 - Initial Motion to FY 2012 Base	0.00	(844,247)	0	(194,948)	(1,039,195)	0.00	(988,102)	0	(83,219)	(1,071,321)
DP 51 - Adjustment for Statewide Personal Services	0.00	680,038	742	377,923	1,058,703	0.00	695,720	750	385,732	1,082,202
DP 52 - Adjustment for Statewide Operations	0.00	(12,430)	(1)	(7,077)	(19,508)	0.00	(6,927)	(1)	(3,953)	(10,881)
DP 53 - Base Funding Switch	0.00	176,639	(741)	(175,898)	0	0.00	299,309	(749)	(298,560)	0
DP 30200 - Guardianship Caseload (Restricted/OTO)	0.00	88,591	0	56,258	144,849	0.00	128,999	0	79,453	208,452
DP 30201 - Subsidized Adoption Caseload	0.00	500,124	0	575,599	1,075,723	0.00	766,423	0	877,072	1,643,495
DP 30202 - Foster Care Caseload (Restricted)	0.00	729,288	0	176,017	905,305	0.00	1,088,638	0	143,751	1,232,389
DP 30300 - Required Overtime / Holiday / Differential Pay	0.00	329,713	0	153,884	483,597	0.00	329,713	0	153,884	483,597
DP 30400 - Guardianship FMAP Adjustment	0.00	15,612	0	(15,612)	0	0.00	15,873	0	(15,873)	0
DP 30401 - Subsidized Adoption FMAP Adjustment	0.00	52,962	0	(52,962)	0	0.00	58,258	0	(58,258)	0
DP 30402 - Foster Care FMAP Adjustment	0.00	(1,762)	0	1,762	0	0.00	126	0	(126)	0
DP 30500 - Private Lease Adjustment	0.00	29,347	0	14,921	44,268	0.00	59,907	0	30,458	90,365
DP 30803 - Leased Vehicles	0.00	42,624	0	23,666	66,290	0.00	42,624	0	23,666	66,290
Total Other Present Law Adjustments	0.00	\$1,786,499	\$0	\$933,533	\$2,720,032	0.00	\$2,490,561	\$0	\$1,234,027	\$3,724,588
Grand Total All Present Law Adjustments	0.00	\$2,630,746	\$0	\$1,128,481	\$3,759,227	0.00	\$3,478,663	\$0	\$1,317,246	\$4,795,909

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - This adjustment funds statewide personal services and vacancy savings.

DP 52 - Adjustment for Statewide Operations - This adjustment funds the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

DP 53 - Base Funding Switch - The legislature approved the funding switch to base operations.

DP 30200 - Guardianship Caseload (Restricted/OTO) - The legislature approved restricted, OTO funding to cover projected increases in the number of finalized guardianships and the average cost per day.

DP 30201 - Subsidized Adoption Caseload - The legislature provided funding to cover the projected increases in the number of finalized adoptions and the average cost per day in the Subsidized Adoption Program.

DP 30202 - Foster Care Caseload (Restricted) - The legislature approved restricted funding for the projected increases in the foster care caseload and developed the following language. "Funding for Foster Case Caseload may be expended only by the Child and Family Services Division for projected increases in caseload."

DP 30300 - Required Overtime / Holiday / Differential Pay - The legislature restored funding for overtime, holidays worked, differential pay, and the corresponding benefits.

DP 30400 - Guardianship FMAP Adjustment - The Legislature approved an increase general fund of \$31,485 for the biennium with a corresponding decrease in federal funds.

DP 30401 - Subsidized Adoption FMAP Adjustment - The legislature supported a funding increase in general fund of \$111,220 for the biennium with a corresponding decrease in federal funds.

DP 30402 - Foster Care FMAP Adjustment - The legislature approved funding decreases to the general fund of \$1,636 in FY 2014 with a corresponding increase in federal funds. There is an increase of \$126 general fund in FY 2015 with a corresponding decrease in federal funds.

DP 30500 - Private Lease Adjustment - The legislature approved \$134,633 in total funds for the 2015 biennium to pay the cost associated with lease adjustments in non-state owned buildings throughout the state.

DP 30803 - Leased Vehicles - The legislature approved funds to allow CFSD to replace aged, high-mileage vehicles currently owned by the division with leased vehicles available through the State Motor Pool.

New Proposals

Program	FTE	-----Fiscal 2014-----				-----Fiscal 2015-----				
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 30805 - Tribal Foster Care (Restricted / OTO)										
03	0.00	200,000	0	0	200,000	0.00	200,000	0	0	200,000
DP 30901 - PRI - Foster Care										
03	0.00	153,014	0	69,218	222,232	0.00	309,193	0	139,716	448,909
DP 30902 - PRI - Subsidized Adoption										
03	0.00	23,746	0	28,261	52,007	0.00	48,009	0	57,045	105,054
DP 30903 - PRI - Subsidized Guardianship										
03	0.00	2,686	0	1,823	4,509	0.00	5,429	0	3,679	9,108
DP 30904 - PRI - In Home Services										
03	0.00	31,976	0	0	31,976	0.00	64,591	0	0	64,591
DP 30910 - Foster Care Stipend (Restricted / Biennial / OTO)										
03	0.00	0	0	577,613	577,613	0.00	0	0	577,613	577,613
Total	0.00	\$411,422	\$0	\$676,915	\$1,088,337	0.00	\$627,222	\$0	\$778,053	\$1,405,275

DP 30805 - Tribal Foster Care (Restricted / OTO) - The legislature approved a restricted, one-time-only appropriation of \$200,000 in general fund for each year of the biennium. Funding is restricted for use by the Child and Family Services Division on non-Title IV-E billable services for Tribal children living on the reservation.

DP 30901 - PRI - Foster Care - The legislature approved funding for a 2% provider rate increase in each year of the biennium for Foster Care services. The legislature directed DPHHS to raise provider rates by 2% each year of the 2015 biennium. Language compelling the department to use the funds for this purpose was contained in HB 625, which has been vetoed by the Governor. As of this writing a veto override poll has been sent to legislators.

The table in the agency write-up shows the funding per program. Calculations account for the caseload increase. All rate increases are considered part of the benefit structure and would be distributed through the social assistance account.

DP 30902 - PRI - Subsidized Adoption - The legislature funded a 2% provider rate increase in each year of the biennium for Subsidized Adoption services and added compelling language in HB 625 as discussed earlier.

DP 30903 - PRI - Subsidized Guardianship - The legislature funded a 2% provider rate increase in each year of the biennium for Subsidized Guardianship services and added compelling language in HB 625 as discussed earlier.

DP 30904 - PRI - In Home Services - The legislature approved general fund for a 2% provider rate increase in each year of the biennium for In-Home Services and added compelling language in HB 625 as discussed earlier.

DP 30910 - Foster Care Stipend (Restricted / Biennial / OTO) - The legislature approved a restricted, biennial, one-time-only (OTO) appropriation of \$577,613 federal TANF funds each year of the biennium for a \$0.75 per day stipend for regular foster care and regular kinship care families in addition to the daily foster care maintenance payment. This funding is the continuation of the OTO stipend that was implemented by the 2011 Legislature. The Child and Family Services Division may adjust the stipend amount to reflect the appropriation and the actual number of children placed in regular family foster care and regular kinship foster care.

Language and Statutory Authority

The legislature included the following language in HB 2:

“The department of public health and human services must use \$310,724 in fiscal year 2014 and \$627,662 in fiscal year 2015 of funds in the Child and Family Services Division to raise provider rates by 2% in fiscal year 2014 and by an additional 2% in fiscal year 2015.”

“Funding for Foster Case Caseload may be expended only by the Child and Family Services Division for projected increases in caseload.”

“Funding for Tribal Foster Care may be used only by the Child and Family Services Division for non-Title IV-E billable services provided to Tribal children living on the reservation.”

“Funding for Foster Care Stipend may be used only by the Child and Family Services Division to pay stipends to families who provide regular foster care in a youth foster home and kinship families who provide regular foster care in a kinship foster home of an estimated 75 cents per day in addition to the daily foster care maintenance payment. The Child and Family Services Division may adjust the stipend amount to reflect the funding of \$577,613 each year of the biennium with the actual number of children placed in regular family foster care and kinship foster care.”

Program Budget Comparison

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	163.75	163.75	163.75	163.75	163.75	163.75	0.00	0.00%
Personal Services	8,591,298	8,896,798	9,500,208	9,521,307	17,488,096	19,021,515	1,533,419	8.77%
Operating Expenses	1,969,176	1,839,211	2,000,757	2,021,785	3,808,387	4,022,542	214,155	5.62%
Equipment & Intangible Assets	22,694	0	22,694	22,694	22,694	45,388	22,694	100.00%
Debt Service	0	59,014	0	0	59,014	0	(59,014)	(100.00%)
Total Costs	\$10,583,168	\$10,795,023	\$11,523,659	\$11,565,786	\$21,378,191	\$23,089,445	\$1,711,254	8.00%
General Fund	2,599,009	4,085,189	2,846,378	2,853,471	6,684,198	5,699,849	(984,349)	(14.73%)
State Special	745,938	1,613,380	818,346	825,577	2,359,318	1,643,923	(715,395)	(30.32%)
Federal Special	7,238,221	5,096,454	7,858,935	7,886,738	12,334,675	15,745,673	3,410,998	27.65%
Total Funds	\$10,583,168	\$10,795,023	\$11,523,659	\$11,565,786	\$21,378,191	\$23,089,445	\$1,711,254	8.00%

Program Description

The purpose of the Child Support Enforcement Division (CSED) is to pursue and obtain financial and medical support for children by establishing, enforcing, and collecting financial support owed by obligated parents. Program staff locates absent parents, identifies assets, establishes paternity, and ensures obligated parents maintain medical health insurance coverage for their dependent children. Child support payments are collected for families receiving public assistance and those not on assistance. Services are available to any applicant regardless of income level.

Program Highlights

Child Support Enforcement Division Major Budget Highlights	
◆	The legislature approved a budget for the 2015 biennium that is a \$1.7 million total fund increase over the 2013 biennium due to statewide and present law adjustments that primarily include: <ul style="list-style-type: none"> • About \$2.6 million for personal services increases that are offset by vacancy savings reductions of about \$0.8 million • Adjustments of about \$84,000 for inflation and a private lease increase

Program Narrative

The legislature approved a \$23.0 million total fund budget for the 2015 biennium. Concurrent with the duties of CSED, the majority of the funding, about \$19.0 million total funds, supports personal services. Funding for staff is about 82.0% of the total 2015 biennial appropriation while funding for operating costs is about 17.0%.

Funding Changes

As shown in the biennium change columns of the introductory budget comparison table, there are reductions in general fund and state special revenue and an increase in federal special funds. This is due to a legislative audit finding, and a change at the federal level.

Staffing and Operations Budget

Federal regulation mandates a child support enforcement program in all states under Title IV-D of the Social Security Act in order for states to maintain state eligibility for the federal Temporary Assistance for Needy Families (TANF)

block grant. As a condition of the TANF block grant, collection of child support owed to the family is automatically assigned to the state and is used to reimburse federal and state governments for welfare benefits paid to the family. However, services must be available to anyone who applies, regardless of the family income and resource level. Individuals who receive public assistance under TANF, Medicaid, and the Foster Care Program are automatically referred to CSED.

The legislative budget supports \$19.0 million over the biennium in personal services for 163.75 FTE. The majority of personal services funding, about \$13.0 million, supports the five regional offices and 116.00 FTE throughout the state.

Operating costs for the biennium account for about \$4.0 million of the total division budget, about \$2.6 million of which is also associated with the regional offices. The balance of the personnel and operating costs go for division administration and fiscal functions, attorneys, and legal functions.

In FY 2012, CSED collected about \$70.3 million on behalf of both TANF and non TANF children and their custodial parents or nearly \$5.9 million per month. Non-TANF collections were over \$65.0 million and TANF only collections came to about \$5.2 million. The CSED share of the TANF collections for FY 2012 was about \$1.6 million.

Funding

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature.

Total Economic Security Services Branch Funding by Source of Authority 2015 Biennium Budget - Child Support Enforcement							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
General Fund	\$5,699,849	\$0	\$0	\$5,699,849	24.7%		
State Special Total	\$1,643,923	\$0	\$0	\$1,643,923	7.1%		
02187 Child Support State Share	\$1,643,923	\$0	\$0	\$1,643,923	7.1%		
Federal Special Total	\$15,745,673	\$0	\$0	\$15,745,673	68.2%		
03269 Child Support Incentive	\$2,341,279	\$0	\$0	\$2,341,279	10.1%		
03570 93.563 - Child Support Ivd 66%	\$13,404,394	\$0	\$0	\$13,404,394	58.1%		
Total All Funds	\$23,089,445	\$0	\$0	\$23,089,445	100.0%		
Percent - Total All Sources	100.0%	0.0%	0.0%				

Child support activities are funded with a combination of about 25% general fund, 7% state special revenue, and 68% federal funds. The federal Title IV-D eligible expenditures are funded 66% with federal IV-D funds and the remaining expenditures are funded at 34% by a combination of general fund, state special revenue and the federal incentive payments.

State special revenue is generated primarily from the retention of collections made on behalf of TANF. The funds recovered on behalf of TANF recipients are retained by the state at the state share of the federal FMAP rate (about 33.7% in FY 2014). There is no retained revenue from non-TANF collections, which is simply collected and sent on to the custodial parent.

Federal revenue reflects the 66% federal match for eligible CFSD expenditures and the incentive funds that are received for meeting or exceeding the federal incentive performance measures and related benchmarks.

Budget Summary by Category

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

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	2,599,009	2,599,009	5,198,018	91.20%	10,583,168	10,583,168	21,166,336	91.67%
Statewide PL Adjustments	247,369	254,462	501,831	8.80%	915,728	942,555	1,858,283	8.05%
Other PL Adjustments	(12,645)	(13,540)	(26,185)	(0.46%)	24,763	40,063	64,826	0.28%
New Proposals	12,645	13,540	26,185	0.46%	0	0	0	0.00%
Total Budget	\$2,846,378	\$2,853,471	\$5,699,849		\$11,523,659	\$11,565,786	\$23,089,445	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments	-----Fiscal 2014-----				-----Fiscal 2015-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					1,304,737					1,326,731
Vacancy Savings					(395,827)					(396,722)
Inflation/Deflation					6,818					12,546
Total Statewide Present Law Adjustments		\$247,369	\$63,988	\$604,371	\$915,728		\$254,462	\$66,018	\$622,075	\$942,555
DP 50 - Initial Motion to FY 2012 Base	0.00	(247,369)	(63,988)	(604,371)	(915,728)	0.00	(254,462)	(66,018)	(622,075)	(942,555)
DP 51 - Adjustment for Statewide Personal Services	0.00	233,233	56,540	619,137	908,910	0.00	238,169	57,872	633,968	930,009
DP 52 - Adjustment for Statewide Operations	0.00	1,491	553	4,774	6,818	0.00	2,753	1,016	8,777	12,546
DP 53 - Base Funding Switch	0.00	12,645	6,895	(19,540)	0	0.00	13,540	7,130	(20,670)	0
DP 50001 - Private Lease Adjustment	0.00	0	8,420	16,343	24,763	0.00	0	13,621	26,442	40,063
Total Other Present Law Adjustments	0.00	\$0	\$8,420	\$16,343	\$24,763	0.00	\$0	\$13,621	\$26,442	\$40,063
Grand Total All Present Law Adjustments	0.00	\$247,369	\$72,408	\$620,714	\$940,491	0.00	\$254,462	\$79,639	\$648,517	\$982,618

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - This adjustment funds personal services and vacancy savings.

DP 52 - Adjustment for Statewide Operations - This adjustment funds the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

DP 50001 - Private Lease Adjustment - The legislature approved funds for the 2015 biennium to pay the cost associated with lease adjustments in non-state owned buildings throughout the state.

Agency Budget Comparison

The following table summarizes the total legislative budget for the agency by year, type of expenditure, and source of funding.

Agency Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	39.25	39.25	39.25	39.25	39.25	39.25	0.00	0.00%
Personal Services	4,391,739	2,939,068	3,006,721	3,008,527	7,330,807	6,015,248	(1,315,559)	(17.95%)
Operating Expenses	825,838	901,304	769,005	766,251	1,727,142	1,535,256	(191,886)	(11.11%)
Total Costs	\$5,217,577	\$3,840,372	\$3,775,726	\$3,774,778	\$9,057,949	\$7,550,504	(\$1,507,445)	(16.64%)
General Fund	2,390,998	1,650,334	1,648,159	1,647,626	4,041,332	3,295,785	(745,547)	(18.45%)
State Special	555,031	376,426	406,138	406,095	931,457	812,233	(119,224)	(12.80%)
Federal Special	2,271,548	1,813,612	1,721,429	1,721,057	4,085,160	3,442,486	(642,674)	(15.73%)
Total Funds	\$5,217,577	\$3,840,372	\$3,775,726	\$3,774,778	\$9,057,949	\$7,550,504	(\$1,507,445)	(16.64%)

Agency Description

The Director's Office provides overall policy development and administrative guidance for the department. Included in the Director's Office are legal affairs, personnel services, public information, the prevention resource center and AmeriCorps*VISTA Program. The Montana Health Coalition is administratively attached. The director serves on many councils, including the Interagency Coordinating Council for State Prevention Programs, which is attached to the Governor's Office.

Agency Highlights

Director's Office Major Budget Highlights
<ul style="list-style-type: none"> ◆ The Director's Office overall budget decreased by \$1.5 million when compared to the previous biennium due primarily to: <ul style="list-style-type: none"> • Termination expense of \$1.2 million, as the Director's Office pays the termination cost for all the divisions within the Department of Public Health and Human Services • The creation of the Independent Office of Child and Family Ombudsman within the department of Justice in HB 76. To fund this office \$250,000 general fund was transferred from the Director's office to the Department of Justice

Summary of Legislative Action

HB 76 creates an Independent Office of Child and Family Ombudsman within the Department of Justice and directs a transfer of \$250,000 general fund from the Directors Office to the Department of Justice to fund the ombudsman.

Executive Budget Comparison

The following table compares the legislative budget in the 2015 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Executive Budget Comparison								
Budget Item	Base Budget Fiscal 2012	Executive Budget Fiscal 2014	Legislative Budget Fiscal 2014	Leg - Exec. Difference Fiscal 2014	Executive Budget Fiscal 2015	Legislative Budget Fiscal 2015	Leg - Exec. Difference Fiscal 2015	Biennium Difference Fiscal 14-15
FTE	39.25	39.25	39.25	0.00	39.25	39.25	0.00	
Personal Services	4,391,739	3,006,721	3,006,721	0	3,008,527	3,008,527	0	0
Operating Expenses	825,838	894,005	769,005	(125,000)	891,251	766,251	(125,000)	(250,000)
Total Costs	\$5,217,577	\$3,900,726	\$3,775,726	(\$125,000)	\$3,899,778	\$3,774,778	(\$125,000)	(\$250,000)
General Fund	2,390,998	1,773,159	1,648,159	(125,000)	1,772,626	1,647,626	(125,000)	(250,000)
State/Other Special	555,031	406,138	406,138	0	406,095	406,095	0	0
Federal Special	2,271,548	1,721,429	1,721,429	0	1,721,057	1,721,057	0	0
Total Funds	\$5,217,577	\$3,900,726	\$3,775,726	(\$125,000)	\$3,899,778	\$3,774,778	(\$125,000)	(\$250,000)

HB 76 reduced the executive request by \$125,000 in each year of the biennium to fund an Independent Office of the Child and Family Ombudsman within the Department of Justice.

Funding

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature.

Total Director's Office Funding by Source of Authority 2015 Biennium Budget						
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
General Fund	\$3,295,785	\$0	\$0	\$3,295,785	43.6%	
State Special Total	812,233	-	-	812,233	10.8%	
Federal Special Total	3,442,486	-	-	3,442,486	45.6%	
Proprietary Total	-	-	-	-	0.0%	
Current Unrestricted	-	-	-	-	0.0%	
Other Total	-	-	-	-	0.0%	
Total All Funds	\$7,550,504	\$0	\$0	\$7,550,504		
Percent - Total All Sources	100.0%	0.0%	0.0%			

With the exception of the Prevention Resource Center (PRC), the functions within the Director’s Office are cost allocated through indirect cost recoveries to the other divisions within DPHHS.

The Director’s Office is funded through a combination of general fund, and state and federal special revenues. All three funds decrease as compared to the previous biennium due to adjustments for termination costs and legislation creating a new Independent Office of the Child and Family Ombudsman.

Two state special revenue funds support the Director's Office:

- o Cost allocation, budgeted at \$589,356
- o Community costs shares for the VISTA Volunteers, budgeted at \$222,877

Two federal special revenue funds support the Director’s Office:

- o Cost allocation, budgeted at \$2,911,534
- o Funds for VISTA Volunteers, budgeted at \$530,952

Budget Summary by Category

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

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	2,390,998	2,390,998	4,781,996	145.09%	5,217,577	5,217,577	10,435,154	138.20%
Statewide PL Adjustments	(617,839)	(618,372)	(1,236,211)	(37.51%)	(1,316,851)	(1,317,799)	(2,634,650)	(34.89%)
Other PL Adjustments	0	0	0	0.00%	0	0	0	0.00%
New Proposals	(125,000)	(125,000)	(250,000)	(7.59%)	(125,000)	(125,000)	(250,000)	(3.31%)
Total Budget	\$1,648,159	\$1,647,626	\$3,295,785		\$3,775,726	\$3,774,778	\$7,550,504	

Present Law Adjustments

The “Present Law Adjustments” table shows the changes to the base budget adopted by the legislature. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative.

Present Law Adjustments	-----Fiscal 2014-----				-----Fiscal 2015-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					(1,259,738)					(1,257,859)
Vacancy Savings					(125,280)					(125,353)
Inflation/Deflation					(215)					(132)
Fixed Costs					68,382					65,545
Total Statewide Present Law Adjustments		(\$617,839)	(\$148,893)	(\$550,119)	(\$1,316,851)		(\$618,372)	(\$148,936)	(\$550,491)	(\$1,317,799)
DP 50 - Initial Motion to FY 2012 Base	0.00	617,839	148,896	550,116	1,316,851	0.00	618,372	148,936	550,491	1,317,799
DP 51 - Adjustment for Statewide Personal Services	0.00	(650,547)	(155,716)	(578,755)	(1,385,018)	0.00	(649,760)	(155,514)	(577,938)	(1,383,212)
DP 52 - Adjustment for Statewide Operations	0.00	32,746	6,821	28,600	68,167	0.00	31,426	6,576	27,411	65,413
DP 53 - Base Funding Switch	0.00	(38)	(1)	39	0	0.00	(38)	2	36	0
Total Other Present Law Adjustments	0.00	\$0	\$0	\$0	\$0	0.00	\$0	\$0	\$0	\$0
Grand Total All Present Law Adjustments	0.00	(\$617,839)	(\$148,893)	(\$550,119)	(\$1,316,851)	0.00	(\$618,372)	(\$148,936)	(\$550,491)	(\$1,317,799)

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - This adjustment funds statewide personal services and vacancy savings.

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

DP 53 - Base Funding Switch - This adjustment establishes a fund switch between fund types to fund base operations.

New Proposals

New Proposals										
	-----Fiscal 2014-----					-----Fiscal 2015-----				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 100 - Office of Ombudsman										
04	0.00	(125,000)	0	0	(125,000)	0.00	(125,000)	0	0	(125,000)
Total	0.00	(\$125,000)	\$0	\$0	(\$125,000)	0.00	(\$125,000)	\$0	\$0	(\$125,000)

DP 100 - Office of Ombudsman - The legislature passed and the governor signed HB76 which establishes an independent Office of the Child and Family Ombudsman within the Department of Justice. \$250,000 general fund is transferred to the department of justice to fund the new office.

Program Budget Comparison

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	70.00	70.00	70.00	70.00	70.00	70.00	0.00	0.00%
Personal Services	3,337,291	3,838,919	3,150,255	3,158,038	7,176,210	6,308,293	(867,917)	(12.09%)
Operating Expenses	4,890,933	5,611,675	5,624,082	5,167,436	10,502,608	10,791,518	288,910	2.75%
Equipment & Intangible Assets	0	9,653	0	0	9,653	0	(9,653)	(100.00%)
Debt Service	5,676	5,674	5,676	5,676	11,350	11,352	2	0.02%
Total Costs	\$8,233,900	\$9,465,921	\$8,780,013	\$8,331,150	\$17,699,821	\$17,111,163	(\$588,658)	(3.33%)
General Fund	3,130,930	3,710,823	3,343,898	3,163,484	6,841,753	6,507,382	(334,371)	(4.89%)
State Special	644,152	691,070	618,544	597,982	1,335,222	1,216,526	(118,696)	(8.89%)
Federal Special	4,458,818	5,064,028	4,817,571	4,569,684	9,522,846	9,387,255	(135,591)	(1.42%)
Total Funds	\$8,233,900	\$9,465,921	\$8,780,013	\$8,331,150	\$17,699,821	\$17,111,163	(\$588,658)	(3.33%)

Program Description

The Business and Financial Services Division (BFSD) provides leadership and guidance in the development and implementation of accounting policies and procedures and best business practices that support the mission of the Operations Branch.

Support services include financial and accounting oversight, cash management, preparation and filing of federal financial reports, purchasing supplies and equipment, payroll processing, accounts payable, facility reimbursement, audit coordination, lease management, mail handling, property management, and records management.

Statutory authority is in Title 17, Chapter 1, part 1, and Chapter 2, MCA, and 45 CFR Subtitle A, Part 92, Subpart C92.2.

Program Highlights

Business and Financial Services Division Major Budget Highlights	
◆	The legislature approved a budget for the 2015 biennium that is less than the 2013 biennium budget by nearly \$0.6 million total funds due to: <ul style="list-style-type: none"> • Statewide and present law adjustments • Legislative budget reductions for an additional 2.0% vacancy savings and expenses for the statewide accounting system (SABHRS)

Program Narrative

The legislature provided a 2015 biennium budget for BFSD that is about 3.0% lower than the 2013 biennium budget due to increases in statewide present law adjustments that are more than offset by legislative action.

The statewide present law budget contains:

- An increase in personal services over the biennium of just over \$1.2 million total funds that is offset by a reduction of about \$320,000 total funds in vacancy savings
- Increases of over \$1.0 million total funds in operations covering a wide spectrum of fixed costs and inflation/deflation adjustments because the BFSD budget supports services it performs on behalf of the entire

department, including the required legislative audit. The audit for the 2015 biennium is a \$363,298 restricted, biennial appropriation assessed in the base year and expended over the biennium.

Legislative reductions to the budget include about:

- o \$1.3 million total funds each year of the biennium for an additional 2.0% in vacancy savings. The entire 2% reduction for the agency was applied to this division, with language allowing the agency to reallocate the reduction across divisions
- o \$30,000 total funds to reduce costs for the statewide accounting system over the biennium.

Funding

The following table shows the program funding by source for the base year and for the 2015 biennium as adopted by the legislature.

2015 Biennium Budget - Business & Financial Services Division							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
General Fund	\$6,507,382	\$0	\$0	\$6,507,382	38.0%		
State Special Total	\$1,216,526	\$0	\$0	\$1,216,526	7.1%		
02382 6901-02 Indrct Activity Prog 06	\$1,216,526	\$0	\$0	\$1,216,526	7.1%		
Federal Special Total	\$9,387,255	\$0	\$0	\$9,387,255	54.9%		
03591 6901-03 Indrct Activity Prog 06	\$9,387,255	\$0	\$0	\$9,387,255	54.9%		
Total All Funds	\$17,111,163	\$0	\$0	\$17,111,163	100.0%		
Percent - Total All Sources	100.0%	0.0%	0.0%				

As shown in the table, the legislature approved a budget that is about 38.0 % general fund, 7.0% state special revenue, and 55.0% federal funds.

The program receives funding 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.

The general fund contains cost allocated increases that are primarily due to the changes in the fixed costs and the agency-wide audit, and is the primary support for the Facility Reimbursements Unit at \$1.2 million over the biennium. Facility reimbursement staff collects private funds, insurance, Medicaid, and Medicare funds that reimburse the general fund. Collections in FY 2012 were over \$14.6 million.

Budget Summary by Category

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

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	3,130,930	3,130,930	6,261,860	96.23%	8,233,900	8,233,900	16,467,800	96.24%
Statewide PL Adjustments	453,771	273,106	726,877	11.17%	1,217,485	768,939	1,986,424	11.61%
Other PL Adjustments	(4,718)	(4,678)	(9,396)	(0.14%)	(14,336)	(14,214)	(28,550)	(0.17%)
New Proposals	(236,085)	(235,874)	(471,959)	(7.25%)	(657,036)	(657,475)	(1,314,511)	(7.68%)
Total Budget	\$3,343,898	\$3,163,484	\$6,507,382		\$8,780,013	\$8,331,150	\$17,111,163	

Present Law Adjustments

The “Present Law Adjustments” table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments	-----Fiscal 2014-----					-----Fiscal 2015-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					628,642					637,202
Vacancy Savings					(158,640)					(158,980)
Inflation/Deflation					21,455					37,754
Fixed Costs					726,028					252,963
Total Statewide Present Law Adjustments		\$453,771	\$71,524	\$692,190	\$1,217,485		\$273,106	\$52,601	\$443,232	\$768,939
DP 50 - Initial Motion to FY 2012 Base	0.00	(453,771)	(71,524)	(692,190)	(1,217,485)	0.00	(273,106)	(52,601)	(443,232)	(768,939)
DP 51 - Adjustment for Statewide Personal Services	0.00	182,356	29,019	258,627	470,002	0.00	185,954	29,518	262,750	478,222
DP 52 - Adjustment for Statewide Operations	0.00	266,697	40,608	425,842	733,147	0.00	82,474	21,202	172,827	276,503
Total Other Present Law Adjustments	0.00	(\$4,718)	(\$1,897)	(\$7,721)	(\$14,336)	0.00	(\$4,678)	(\$1,881)	(\$7,655)	(\$14,214)
Grand Total All Present Law Adjustments	0.00	\$449,053	\$69,627	\$684,469	\$1,203,149	0.00	\$268,428	\$50,720	\$435,577	\$754,725

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - The legislature approved funding for statewide personal services and vacancy savings.

DP 52 - Adjustment for Statewide Operations - The legislature approved the fixed cost and inflation/deflation rates as approved by the General Government subcommittee and reduced the costs for the statewide accounting system (SABHRS) by \$14,336 in FY 2014 and \$14,215 in FY 2015. The reduction is included in the BFSB budget and language is included in HB 2 allowing the division to allocate the reduction among other divisions.

New Proposals

New Proposals	-----Fiscal 2014-----					-----Fiscal 2015-----					
	Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 54 - Additional Vacancy Savings											
06	0.00	(236,085)	(95,235)	(325,716)	(657,036)	0.00	(235,874)	(96,890)	(324,711)	(657,475)	
Total	0.00	(\$236,085)	(\$95,235)	(\$325,716)	(\$657,036)	0.00	(\$235,874)	(\$96,890)	(\$324,711)	(\$657,475)	

DP 54 - Additional Vacancy Savings - The legislature applied and additional 2% vacancy savings to all positions except those exempt in statute or that must be filled 24/7. Language was included in HB 2 that allows the agency to allocate the reduction among programs.

Language and Statutory Authority

The legislature included the following language in HB 2:

“The Business and Financial Services Division includes a reduction in funding of \$4,718 general fund, \$1,897 state special revenue, and \$7,721 federal special revenue in fiscal 2014 and \$4,678 general fund, \$1,881 state special revenue, and \$7,656 federal special revenue in fiscal 2015. The agency may allocate this reduction in funding among divisions when developing 2015 biennium operating plans.”

"Business and Financial Services Division includes a reduction in general fund of \$236,085 in fiscal year 2014 and \$235,874 in fiscal year 2015, state special revenue of \$95,235 in fiscal year 2014 and \$96,890 in fiscal year 2015, and federal special revenue of \$325,716 in fiscal year 2014 and \$324,711 in fiscal year 2015. The reduction is the equivalent of an additional 2% vacancy savings. The agency may allocate this reduction in funding among programs when developing 2015 biennium operating plans."

Program Budget Comparison

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	115.73	115.73	115.73	115.73	115.73	115.73	0.00	0.00%
Personal Services	6,115,754	6,674,730	6,795,930	6,800,265	12,790,484	13,596,195	805,711	6.30%
Operating Expenses	1,628,479	1,641,313	1,691,862	1,694,581	3,269,792	3,386,443	116,651	3.57%
Equipment & Intangible Assets	525	0	525	525	525	1,050	525	100.00%
Grants	584,941	554,578	584,941	584,941	1,139,519	1,169,882	30,363	2.66%
Transfers	32,695	0	0	0	32,695	0	(32,695)	(100.00%)
Total Costs	\$8,362,394	\$8,870,621	\$9,073,258	\$9,080,312	\$17,233,015	\$18,153,570	\$920,555	5.34%
General Fund	2,313,244	2,332,972	2,551,731	2,554,836	4,646,216	5,106,567	460,351	9.91%
State Special	517,547	735,257	552,404	553,881	1,252,804	1,106,285	(146,519)	(11.70%)
Federal Special	5,531,603	5,802,392	5,969,123	5,971,595	11,333,995	11,940,718	606,723	5.35%
Total Funds	\$8,362,394	\$8,870,621	\$9,073,258	\$9,080,312	\$17,233,015	\$18,153,570	\$920,555	5.34%

Program Description

The role of the Quality Assurance Division (QAD) is to protect the safety and well-being of Montanans by monitoring and ensuring the integrity and cost-effectiveness of department programs. The division primarily fulfills its role by:

- Licensing, registering, and certifying health care, day care, and residential services
- Detecting and investigating abusive or fraudulent practices within the Medicaid and Supplemental Nutrition Assistance Program (SNAP, previously food stamps) and initiating recovery efforts
- Identifying other insurers or parties responsible for paying a beneficiary’s medical expenses
- Providing internal and independent audits for DPHHS programs
- Providing informal dispute resolution conferences for nursing facilities that dispute deficiency citations
- Monitoring and evaluating health maintenance organizations (HMOs) for quality assurance and network adequacy
- Ensuring department compliance with the federal Health Information Portability and Accountability Act
- Operating the medical marijuana registry.

The division has field offices in Anaconda, Billings, Bozeman, Great Falls, Havre, Hinsdale, Kalispell, Miles City, and Missoula.

Program Highlights

Quality Assurance Division Major Budget Highlights
<ul style="list-style-type: none"> ◆ The legislature increased the 2015 biennium total funding for the division by just over 5.0% from the 2013 biennium due to: <ul style="list-style-type: none"> • Statewide and present law adjustments of about \$1.5 million total funds primarily for personal services, offset by vacancy savings of \$0.6 million total funds • A \$65,000 reduction for a state special revenue transfer

Program Narrative

The legislature approved a budget of just over \$9.0 million total funds for each year of the biennium comprising:

- 28% general fund

- o 6% state special revenue
- o 66% federal funds

The appropriation is an increase of about \$1.5 million total funds over the 2013 biennium budget due to:

- o Statewide present law adjustments
- o Approval of about \$130,000 total funds over the biennium for the federally required Recovery Audit Program that is designed to recover Medicaid funds. The legislature also approved accompanying language allowing the contractor to be paid an amount no greater than 12.5% of the amount collected. There is additional information in the language section at the end of this write-up

The legislature made two reductions to the executive request. The first reduction removed \$32,695 state special revenue from transfers in FY 2014 and FY 2015. The transfer was to the Department of Administration for the Marijuana Registry Program share of costs associated with the purchase of a laminating printer. There is additional discussion in the new proposal section of this write-up.

The second reduction of about \$340,000 over the biennium related to the executive request for 2.00 federally funded FTE for the required survey and certification of health care and nursing facilities in Montana. The legislature did not approve the request to increase federal funding authority for the FTE, directing the department to use existing authority.

Funding

The following table shows program funding, by source for the base year and for the 2015 biennium as adopted by the Legislature.

Total Operations Services Branch Funding by Source of Authority 2015 Biennium Budget - Quality Assurance Division							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
General Fund	\$5,106,567	\$0	\$0	\$5,106,567	28.1%		
State Special Total	\$1,106,285	\$0	\$0	\$1,106,285	6.1%		
02034 Earmarked Alcohol Funds	\$141,503	\$0	\$0	\$141,503	0.8%		
02380 02 Indirect Activity Prog 08	\$51,963	\$0	\$0	\$51,963	0.3%		
02497 6901-lien & Estate - Sltd	\$132,505	\$0	\$0	\$132,505	0.7%		
02566 Medical Marijuana	\$715,787	\$0	\$0	\$715,787	3.9%		
02585 Recovery Audit Contract	\$64,527	\$0	\$0	\$64,527	0.4%		
Federal Special Total	\$11,940,718	\$0	\$0	\$11,940,718	65.8%		
03096 Discretionary Child Care	\$1,402,681	\$0	\$0	\$1,402,681	7.7%		
03251 Child Care Admin	\$262,236	\$0	\$0	\$262,236	1.4%		
03303 Title 18 Clia	\$290,057	\$0	\$0	\$290,057	1.6%		
03335 Fda Mammography Inspections	\$85,680	\$0	\$0	\$85,680	0.5%		
03359 Recovery Audit Program	\$64,529	\$0	\$0	\$64,529	0.4%		
03530 6901-foster Care 93.658	\$134,149	\$0	\$0	\$134,149	0.7%		
03580 6901-93.778 - Med Adm 50%	\$1,463,596	\$0	\$0	\$1,463,596	8.1%		
03597 03 Indirect Activity Prog 08	\$2,583,861	\$0	\$0	\$2,583,861	14.2%		
03934 Title 19	\$528,305	\$0	\$0	\$528,305	2.9%		
03935 Title 18	\$3,625,202	\$0	\$0	\$3,625,202	20.0%		
03948 T-19 Obra Nurse Aid	\$215,039	\$0	\$0	\$215,039	1.2%		
03960 Rural Hospital Flexibility Prog	\$1,285,383	\$0	\$0	\$1,285,383	7.1%		
Total All Funds	\$18,153,570	\$0	\$0	\$18,153,570	100.0%		
Percent - Total All Sources	100.0%	0.0%	0.0%				

The Quality Assurance Division is funded primarily with federal funds at just over 66.0%. General fund supports 28.0% of program costs with the remaining 6.0% of budgeted expenditures supported by state special revenues.

General fund supports some administrative functions as well as:

- o The state match for eligible costs in Medicaid, Title IV-E (foster care), and federal discretionary child care funds, community residential facilities, and program compliance
- o The full cost of radiological equipment testing, certificate of need determinations, and state licensure for assisted living or other facilities that receive no federal support as required in MCA, Title 55, part 5

State special revenue includes alcohol taxes allocated to DPHHS, lien and estate recoveries for Medicaid services, marijuana registry fees, and indirect cost recovery funds:

- o Alcohol taxes fund staff and operational costs for chemical dependency program licensure
- o Lien and estate funds support services to pursue recoveries for the costs of Medicaid, mainly for nursing home services
- o Marijuana registry fees cover the cost of administering the registry
- o Recovery Audit Contract funds support the audit process addressing fraud, waste or abuse in Medicaid

There are 12 separate federal funding sources in the Quality Assurance Division budget. Some of the federal sources support more than one function. For instance, Medicaid funds support:

- o Third party recovery
- o The surveillance, utilization, and review unit (SURS)
- o The nurse aide registry for nursing homes
- o The federal match of the Recovery Audit Program
- o The Department of Justice fraud surveillance contract

Medicaid and Medicare funds support certification of services such as nursing home and home health services. Medicare CLIA (clinical laboratory improvement amendments) pays for reviews of some laboratories in order to qualify the labs for federal funding. The rural hospital flexibility grant supports grants and other activities for local hospitals to maintain their critical access hospital status. Childcare discretionary and administrative funding supports licensure of childcare facilities. Title IV-E pays the federal share of costs of licensing community residential facilities to provide foster care. Mammography funds pay for contracted inspections of mammography equipment. Federal indirect funding represents the federal share of allocated administrative costs.

Budget Summary by Category

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

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	2,313,244	2,313,244	4,626,488	90.60%	8,362,394	8,362,394	16,724,788	92.13%
Statewide PL Adjustments	238,487	241,592	480,079	9.40%	679,291	685,826	1,365,117	7.52%
Other PL Adjustments	0	0	0	0.00%	64,268	64,787	129,055	0.71%
New Proposals	0	0	0	0.00%	(32,695)	(32,695)	(65,390)	(0.36%)
Total Budget	\$2,551,731	\$2,554,836	\$5,106,567		\$9,073,258	\$9,080,312	\$18,153,570	

Present Law Adjustments

The “Present Law Adjustments” table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments	-----Fiscal 2014-----					-----Fiscal 2015-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					963,541					967,723
Vacancy Savings					(283,172)					(283,340)
Inflation/Deflation					(1,856)					796
Fixed Costs					778					647
Total Statewide Present Law Adjustments		\$238,487	\$35,418	\$405,386	\$679,291		\$241,592	\$36,636	\$407,598	\$685,826
DP 50 - Initial Motion to FY 2012 Base	0.00	(238,487)	(35,418)	(405,386)	(679,291)	0.00	(241,592)	(36,636)	(407,598)	(685,826)
DP 51 - Adjustment for Statewide Personal Services	0.00	238,489	34,765	407,115	680,369	0.00	241,065	35,311	408,007	684,383
DP 52 - Adjustment for Statewide Operations	0.00	(2)	653	(1,729)	(1,078)	0.00	527	1,325	(409)	1,443
DP 8002 - Recovery Audit Contractor Program Permanency	0.00	0	32,134	32,134	64,268	0.00	0	32,393	32,394	64,787
Total Other Present Law Adjustments	0.00	\$0	\$32,134	\$32,134	\$64,268	0.00	\$0	\$32,393	\$32,394	\$64,787
Grand Total All Present Law Adjustments	0.00	\$238,487	\$67,552	\$437,520	\$743,559	0.00	\$241,592	\$69,029	\$439,992	\$750,613

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removed statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - This adjustment funds statewide personal services and vacancy savings.

DP 52 - Adjustment for Statewide Operations - This adjustment funds the fixed cost and inflation/deflation rates as approved by the General Government Subcommittee.

DP 8002 - Recovery Audit Contractor Program Permanency - The legislature approved funding to make the Recovery Audit Program, which was established in the 2011 session via a legislative language appropriation, permanent.

The legislature also approved a language appropriation related to the recovery audit program allowing QAD to pay recovery audit costs. Payments to the contractor are contingent upon the amount of funds recovered. The language appropriation follows the New Proposal Section below.

New Proposals

New Proposals	-----Fiscal 2014-----					-----Fiscal 2015-----					
	Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 8004 - Reduce State Special Revenue Transfer											
08	0.00	0	(32,695)		0	(32,695)	0.00	0	(32,695)	0	(32,695)
Total	0.00	\$0	(\$32,695)	\$0	(\$32,695)	0.00	\$0	(\$32,695)	\$0	(\$32,695)	

DP 8004 - Reduce State Special Revenue Transfer - The legislature removed \$32,695 state special revenue from the division's appropriated fund transfer in FY 2014 and FY 2015.

Language and Statutory Authority

The legislature included the following language in HB 2:

"The Quality Assurance Division is appropriated funding for the 2015 biennium in an amount not to exceed \$210,208 of the state special revenue fund share and \$396,734 of the federal special revenue share from the recovery audit contract to pay recovery audit costs. Payments to the contractor are contingent upon the amount of funds recovered and may not exceed 12.5% of the amount recovered."

Program Budget Comparison

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	59.60	59.60	59.60	59.60	59.60	59.60	0.00	0.00%
Personal Services	4,143,213	4,045,149	4,390,796	4,397,018	8,188,362	8,787,814	599,452	7.32%
Operating Expenses	27,925,094	19,090,582	31,394,978	31,046,908	47,015,676	62,441,886	15,426,210	32.81%
Equipment & Intangible Assets	209,206	100,910	209,206	209,206	310,116	418,412	108,296	34.92%
Debt Service	91,266	143,197	91,266	91,266	234,463	182,532	(51,931)	(22.15%)
Total Costs	\$32,368,779	\$23,379,838	\$36,086,246	\$35,744,398	\$55,748,617	\$71,830,644	\$16,082,027	28.85%
General Fund	11,568,480	8,940,538	11,882,682	11,530,971	20,509,018	23,413,653	2,904,635	14.16%
State Special	1,170,417	1,293,420	1,294,955	1,298,197	2,463,837	2,593,152	129,315	5.25%
Federal Special	19,629,882	13,145,880	22,908,609	22,915,230	32,775,762	45,823,839	13,048,077	39.81%
Total Funds	\$32,368,779	\$23,379,838	\$36,086,246	\$35,744,398	\$55,748,617	\$71,830,644	\$16,082,027	28.85%

Program Description

The Technology Services Division (TSD) is comprised of three bureaus that are responsible for the management, implementation and operations of information technology (IT) systems and infrastructure that directly support department programs. IT services include programming, help desk functions, database support, web development, enterprise architecture, project management, IT contract management, data security, computer, and network services.

The systems under TSD oversight are referenced later in this write-up and are also discussed in the agency’s Information Technology Plan. The plan can be viewed at:

http://itsd.mt.gov/content/stratplan/agencyplans2012/DPHHS/2012_DPHHS_IT_Plan.pdf

Program Highlights

Technology Services Division Major Budget Highlights	
<ul style="list-style-type: none"> ◆ The legislature increased total funding for the division by about 29.0% over the 2013 biennium primarily due to: <ul style="list-style-type: none"> • About \$7.0 million total funds (\$0.6 million general fund) for annualization of maintenance and project management costs for eligibility systems • \$350,000 total funds to complete the planning process for the Montana Automated Child Welfare Information System (MACWIS) • The impact of increases totaling over \$11.0 million total funds (\$3.0 general fund) made during the interim by the Governor 	

Program Narrative

The primary functions of TSD are to provide support in operational and technological areas and manage the DPHHS information technology (IT) projects. It is the information technology center for the agency with responsibilities and projects linked to both HB 2 and long-range information technology (LRIT) or other legislative action. This responsibility is reflected in the Program Budget Comparison table at the top of the page where the 2015 biennium legislative appropriation is \$62.4 million total funds for operating expenses out of a total appropriation of \$71.8 million total funds.

As shown in the above budget comparison table, the legislative appropriation for the 2015 biennium is about a 29.0% increase over the 2013 biennium with nearly 70.0% of the increase in operating costs and equipment congruent with the division's responsibility. However, the biennium increase of \$15.4 million in operating costs shown in the "Biennium Change" column reflects executive action during the interim as well as legislative funding increases.

Actual increases made by the legislature for the 2015 biennium include:

- \$6.7 million total funds (about \$280,000 general fund) for all present law adjustments. Nearly all of this increase is for the eligibility system serving CHIMES Medicaid, Healthy Montana Kids, and the TEAMS system supporting public assistance programs including SNAP and TANF
- \$350,000 one-time-only funding of state special and federal special revenue to complete the planning process for the MACWIS system

There is additional information in the present law and new proposal section later in this write-up.

While the legislative increases for operations are about \$7.0 million total funds, the balance of the \$15.4 million increase in operating expenses is due to a transfer made during the interim by the Governor with unused funding appropriated by the 2011 Legislature to the Health Resources Division for benefits. This transfer increased the division's FY 2012 base year operating costs by nearly \$11.0 million total funds over the legislative appropriation. However, because budgets are built on the base year expenditures, FY 2013 does not show the same increase. The transfer into the base year is apparent in the program budget comparison table when the operating expenses for FY 2012 and FY 2013 are compared and again when the 2013 biennium amount is compared to the 2015 biennium because the larger base year amount was used to develop the budget for the 2015 biennium.

IT Projects

The legislature also addressed the IT projects that TSD manages, including over \$185.5 million presently included in the HB 2 base. The following table shows the combined total of the HB 2 projects and the potential long-range funding in the 2017 biennium of nearly \$25.0 million for MACWIS at over \$210.4 million total funds. About \$177.0 million of that amount is for contracted services ranging from design, development, and implementation of system builds to general maintenance and operations of ongoing systems. The table shows the projects for the 2015 biennium.

MACWIS

MACWIS was initially funded by the legislature in HB 4 with LRIT funding during the 2007 May Special Session, but became part of the Governor's 17-7-140 reductions in the 2011 session. As noted in the highlight table, the legislature opted to fund the planning process for MACWIS with a \$350,000 one-time-only, biennial appropriation. The goal was to complete the planning process in the 2015 biennium and bring the implementation of the project closer to the original legislative intent for replacement and redesign of the Child and Adult Protective Services System (CAPS). CAPS is used in the monitoring of foster care cases, adoption cases, payment for service to providers, and reporting. The following table shows the remaining total for MACWIS.

CHIMES-EA

The second line on the following table refers to the Combined Healthcare Information and Montana Eligibility System (CHIMES-EA) upgrade and replacement, which went "live" November 1, 2012.

The Legislature received testimony during the session that the system "go live" was not without issues. While it is acknowledged that improvements are being made, as of this writing, reports continue indicating that improvements are needed related to client services, tracking and reporting. Other issues center on staff workload due to high caseloads and the need for training on the system "fixes". The following report was presented to the Joint Appropriations Subcommittee on Health and Human Services during the session.

<http://www.dphhs.mt.gov/CHIMES-EAReportToJointAppropsCommittee.pdf>

Legislative committees will receive updates on this system and the other long-range projects during the interim.

IT Projects in the DPHHS Base Budget for the 2015 Biennium						
IT Projects	General Fund	State Special		Federal Funds	Total	Amount for Contracted Services
		Revenue				
MMIS Replacement *	\$9,321,976	\$0		\$63,392,347	\$72,714,323	\$61,944,043
CHIMES SNAP TANF EA & SFSL *	17,818,259	0		19,009,330	36,827,589	29,689,946
MMIS Fiscal Agency Contract	6,126,314	6,641		12,107,242	18,240,197	18,240,197
CHIMES Medicaid / HMK *	3,839,001	359,919		10,701,442	14,900,362	13,394,880
Affordable Care Act Eligibility System *	851,334	0		7,662,006	8,513,340	8,513,340
EBT Outsourcing	1,564,477	103,117		4,788,694	6,456,288	5,100,000
SEARCHS Maintenance & Operations	1,450,670	435,780		3,661,936	5,548,386	2,971,694
TEAMS Maintenance & Support	1,932,464	99,860		2,712,121	4,744,445	2,211,739
CAPS Maintenance & Operations	2,251,550	0		1,185,471	3,437,021	2,498,695
MT Access EBT	1,448,058	0		1,711,376	3,159,434	3,159,434
VocRehab Case Management System	0	0		2,600,000	2,600,000	0
CUBS Maintenance & Operations	0	0		2,548,010	2,548,010	2,520,196
CDS/HMIS Maintenance & Operations	0	0		2,240,674	2,240,674	2,218,174
Safety Assessment Mgmt System	747,500	0		747,500	1,495,000	1,404,090
Big Sky Rx Facility Maintenance	0	752,868		0	752,868	752,868
IIS Replacement & Operations	0	0		620,757	620,757	620,757
DDP Subsystem Maintenance & OP	205,209	0		364,182	569,391	569,391
MIDIS - MT Infectious Disease Info.	0	0		129,329	129,329	0
	\$47,556,812	\$1,758,185		\$136,182,417	\$185,497,414	\$155,809,444
Long Range IT		LRIT			Total	
MACWIS (Possible LRIT Request)*	\$0	\$12,439,254		\$12,439,254	\$24,878,508	\$21,189,597
Grand Total					\$210,375,922	\$176,999,041

* Projects associated with long range funding and system builds 2017 Biennium.
Source: MBARS IT Projects: Statewide Summary of Funding by Agency

Funding

The following table shows the program funding, by source for the base year and for the 2015 biennium as adopted by the legislature.

Total Operations Services Branch Funding by Source of Authority 2015 Biennium Budget - Technology Services Division							
Funds	HB 2	Non-		Total All Sources	% Total All Funds	MCA Reference	Statutory Category
		Budgeted Proprietary	Statutory Appropriation				
General Fund	\$23,413,653	\$0	\$0	\$23,413,653	32.6%		
State Special Total	\$2,593,152	\$0	\$0	\$2,593,152	3.6%		
02381 02 Indirect Activity Prog 09	\$2,365,652	\$0	\$0	\$2,365,652	3.3%		
02598 Mcde Cost Recovery	\$227,500	\$0	\$0	\$227,500	0.3%		
Federal Special Total	\$45,823,839	\$0	\$0	\$45,823,839	63.8%		
03598 03 Indirect Activity Prog 09	\$45,823,839	\$0	\$0	\$45,823,839	63.8%		
Total All Funds	\$71,830,644	\$0	\$0	\$71,830,644	100.0%		
Percent - Total All Sources	100.0%	0.0%	0.0%				

All HB 2 categories are funded through cost allocation using a formula that recognizes the multiple funding sources and required general fund matches for costs that benefit common purposes related to work done by TSD throughout the agency.

The division budget for the 2015 biennium is about \$71.8 million containing about 64.0% from federal sources, 33.0% from the state general fund, and just over 3.0% from state special revenue funds.

Budget Summary by Category

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

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	11,568,480	11,568,480	23,136,960	98.82%	32,368,779	32,368,779	64,737,558	90.13%
Statewide PL Adjustments	(55,144)	(63,902)	(119,046)	(0.51%)	(76,245)	(93,556)	(169,801)	(0.24%)
Other PL Adjustments	369,346	26,393	395,739	1.69%	3,618,712	3,294,175	6,912,887	9.62%
New Proposals	0	0	0	0.00%	175,000	175,000	350,000	0.49%
Total Budget	\$11,882,682	\$11,530,971	\$23,413,653		\$36,086,246	\$35,744,398	\$71,830,644	

Present Law Adjustments

The “Present Law Adjustments” table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments	-----Fiscal 2014-----					-----Fiscal 2015-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					352,409					358,886
Vacancy Savings					(179,826)					(180,081)
Inflation/Deflation					6,096					11,167
Fixed Costs					(254,924)					(283,528)
Total Statewide Present Law Adjustments		(\$55,144)	(\$7,826)	(\$13,275)	(\$76,245)		(\$63,902)	(\$9,427)	(\$20,227)	(\$93,556)
DP 50 - Initial Motion to FY 2012 Base	0.00	55,144	7,826	13,275	76,245	0.00	63,902	9,427	20,227	93,556
DP 51 - Adjustment for Statewide Personal Services	0.00	59,158	12,043	101,382	172,583	0.00	61,568	12,532	104,705	178,805
DP 52 - Adjustment for Statewide Operations	0.00	(114,302)	(19,869)	(114,657)	(248,828)	0.00	(125,470)	(21,959)	(124,932)	(272,361)
DP 9001 - Private Lease Adjustment	0.00	14,202	2,825	21,962	38,989	0.00	15,626	3,051	23,915	42,592
DP 9003 - National Electronic Disease Surveillance system	0.00	0	0	64,713	64,713	0.00	0	0	64,616	64,616
DP 9004 - CAPS Maintenance & Operations Annualization	0.00	25,191	0	14,170	39,361	0.00	51,138	0	28,765	79,903
DP 9005 - CCUBS Maintenance & Operations Annualization	0.00	0	0	36,323	36,323	0.00	0	0	73,735	73,735
DP 9006 - CHIMES Medicaid/HMK/TEAMS Syst. - Restricted / OTO	0.00	329,953	15,789	3,093,584	3,439,326	0.00	282,428	20,406	3,434,834	3,737,668
DP 9007 - Montana Access EBT Outsourcing	0.00	0	0	0	0	0.00	(322,799)	0	(381,540)	(704,339)
Total Other Present Law Adjustments	0.00	\$369,346	\$18,614	\$3,230,752	\$3,618,712	0.00	\$26,393	\$23,457	\$3,244,325	\$3,294,175
Grand Total All Present Law Adjustments	0.00	\$314,202	\$10,788	\$3,217,477	\$3,542,467	0.00	(\$37,509)	\$14,030	\$3,224,098	\$3,200,619

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - The legislature reinstated funding for statewide personal services and vacancy savings.

DP 52 - Adjustment for Statewide Operations - The legislature approved the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

DP 9001 - Private Lease Adjustment - The legislature approved a total fund increase to annualize rent for offices in non-state owned buildings throughout the state.

DP 9003 - National Electronic Disease Surveillance system - The legislature approved \$129,329 federal funding to provide for programming, maintenance, and the associated 1.00 modified FTE for of the National Electronic Disease Surveillance System (NEDS). NEDS is part of the federal National Electronic Disease Surveillance System allowing rapid reporting of disease trends to the Centers for Disease Control and Prevention.

DP 9004 - CAPS Maintenance & Operations Annualization - The legislature approved funding for maintenance and operations of the Child and Adult Protective Services System, which is associated with federal Title IV-E funding (foster care and subsidized adoption) at a matching rate of 64.0% general fund and 36.0% federal funds.

DP 9005 - CCUBS Maintenance & Operations Annualization - The legislature approved a federal fund increase to maintain the maintenance and operations contract for the Child Care Under the Big Sky (CCUBS) System.

DP 9006 - CHIMES Medicaid/HMK/TEAMS Syst. - Restricted / OTO - The legislature provided a restricted, one-time-only increase to annualize costs for the maintenance and operations contract and project management of the eligibility determination systems associated with the CHIMES Medicaid/HMK and TEAMSs systems. Funding was approved with the restriction that it may be used only by the TSD for that purpose.

DP 9007 - Montana Access EBT Outsourcing - The legislature approved a total funds HB 2 reduction of just over \$700,000 in FY 2015 to the operating costs for the Montana Access Electronic Benefits Transfer system including a general fund reduction of just over \$300,000.

New Proposals

Program	FTE	-----Fiscal 2014-----				-----Fiscal 2015-----				
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 9011 - MACWIS Planning Completion (OTO/Biennial)										
09	0.00	0	113,750	61,250	175,000	0.00	0	113,750	61,250	175,000
Total	0.00	\$0	\$113,750	\$61,250	\$175,000	0.00	\$0	\$113,750	\$61,250	\$175,000

DP 9011 - MACWIS Planning Completion (OTO/Biennial) - The legislature provided a \$350,000 one-time-only, biennial appropriation of state and federal special revenue to complete the planning process for the Montana Adult and Child Welfare Information System (MACWIS). The funding source is one-time Montana Chemical Dependency Center (MCDC) cost recovery funds that had built up. The appropriation would allow the requirements definition and validation planning process to occur this biennium to bring the MACWIS project closer to the legislative intent.

The legislature also included language shown in the following section.

Language and Statutory Authority

The legislature included the following language in HB 2:

“Funding for the CHIMES Medicaid/HMK and TEAMS systems may only be used by the Technology Services Division for the maintenance and operations contract and project management of the eligibility determination systems for CHIMES Medicaid/HMK, Chimes SNAP, CHIMES TANF, and TEAMS systems.”

"The Department of Public Health and Human Services must use the biennial appropriation of \$350,000 in fiscal year

2014 and fiscal year 2015 in the Technology Services Division to complete the planning process for the Montana adult and child welfare information system (MACWIS) including a complete plan for funding the development of the MACWIS system for presentation to the 2015 Legislature."

Program Budget Comparison

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	12.00	12.00	12.00	12.00	12.00	12.00	0.00	0.00%
Personal Services	818,841	834,192	906,823	906,604	1,653,033	1,813,427	160,394	9.70%
Operating Expenses	105,623	75,834	109,000	108,777	181,457	217,777	36,320	20.02%
Equipment & Intangible Assets	5,240	0	5,240	5,240	5,240	10,480	5,240	100.00%
Total Costs	\$929,704	\$910,026	\$1,021,063	\$1,020,621	\$1,839,730	\$2,041,684	\$201,954	10.98%
General Fund	364,209	363,549	401,954	401,744	727,758	803,698	75,940	10.43%
State Special	22,319	17,991	25,286	25,261	40,310	50,547	10,237	25.40%
Federal Special	543,176	528,486	593,823	593,616	1,071,662	1,187,439	115,777	10.80%
Total Funds	\$929,704	\$910,026	\$1,021,063	\$1,020,621	\$1,839,730	\$2,041,684	\$201,954	10.98%

Program Description

The Management and Fair Hearings Office (MFH) is made up of the Branch Management Office and the Office of Fair Hearings. It is responsible for all the oversight and management of the Operations Branch and for providing for fair hearings for many of the department’s programs.

Program Highlights

Management and Fair Hearings Major Budget Highlights
<ul style="list-style-type: none"> ◆ The legislature increased total funding for the division by about 11% from the 2013 biennium primarily due to statewide present law adjustments for personal services that are partially offset by vacancy savings.

Program Narrative

The 2013 Legislature approved a \$2.0 million total fund budget for the 2015 biennium. Concurrent with the duties of MFH, the majority of the funding, just over \$1.8 million total funds, supports personal services for 6.00 FTE working in the Branch Management Office and 6.00 FTE in the Office of Fair Hearings. The funding for staff accounts for 89% of the total biennial appropriation while funding for operations is about 11%.

The total statewide and present law increase of about \$182,000 total funds for the biennium includes:

- Increases in personal services of just over \$251,000 that are partially offset by reductions in vacancy savings of about \$76,000
- An increase of about \$6,600 in fixed costs

Funding

The following table shows program funding, by source for the base year and for the 2015 biennium as adopted by the legislature.

Total Operations Services Branch Funding by Source of Authority 2015 Biennium Budget - Management And Fair Hearings							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
General Fund	\$803,698	\$0	\$0	\$803,698	39.4%		
State Special Total	\$50,547	\$0	\$0	\$50,547	2.5%		
02221 02 Indirect Activity Prog 16	\$50,547	\$0	\$0	\$50,547	2.5%		
Federal Special Total	\$1,187,439	\$0	\$0	\$1,187,439	58.2%		
03304 03 Indirect Activity Prog 16	\$1,187,439	\$0	\$0	\$1,187,439	58.2%		
Total All Funds	\$2,041,684	\$0	\$0	\$2,041,684	100.0%		
Percent - Total All Sources	100.0%	0.0%	0.0%				

The program receives general fund, state special revenue, and federal funds through a complicated, federally approved cost allocation formula applied to funds in the department that benefit common purposes met by MFH, generally referred to as indirect activity.

The program is funded about:

- 39.0% general fund
- 3.0% state special revenue
- 58% federal funds

Budget Summary by Category

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

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	364,209	364,209	728,418	90.63%	929,704	929,704	1,859,408	91.07%
Statewide PL Adjustments	37,745	37,535	75,280	9.37%	91,359	90,917	182,276	8.93%
Other PL Adjustments	0	0	0	0.00%	0	0	0	0.00%
New Proposals	0	0	0	0.00%	0	0	0	0.00%
Total Budget	\$401,954	\$401,744	\$803,698		\$1,021,063	\$1,020,621	\$2,041,684	

Present Law Adjustments

The “Present Law Adjustments” table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments	-----Fiscal 2014-----					-----Fiscal 2015-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					125,767					125,538
Vacancy Savings					(37,785)					(37,775)
Inflation/Deflation					(17)					(12)
Fixed Costs					3,394					3,166
Total Statewide Present Law Adjustments		\$37,745	\$2,967	\$50,647	\$91,359		\$37,535	\$2,942	\$50,440	\$90,917
DP 50 - Initial Motion to FY 2012 Base	0.00	(37,745)	(2,967)	(50,647)	(91,359)	0.00	(37,535)	(2,942)	(50,440)	(90,917)
DP 51 - Adjustment for Statewide Personal Services	0.00	36,332	2,851	48,799	87,982	0.00	36,217	2,833	48,713	87,763
DP 52 - Adjustment for Statewide Operations	0.00	1,413	116	1,848	3,377	0.00	1,318	109	1,727	3,154
Total Other Present Law Adjustments	0.00	\$0	\$0	\$0	\$0	0.00	\$0	\$0	\$0	\$0
Grand Total All Present Law Adjustments	0.00	\$37,745	\$2,967	\$50,647	\$91,359	0.00	\$37,535	\$2,942	\$50,440	\$90,917

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - The legislature approved funding for statewide personal services and vacancy savings.

DP 52 - Adjustment for Statewide Operations - The legislature approved the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

Program Budget Comparison

The following table summarizes the total legislative budget for the agency by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	191.96	191.96	191.96	191.96	191.96	191.96	0.00	0.00%
Personal Services	10,582,164	11,595,969	11,751,725	11,767,487	22,178,133	23,519,212	1,341,079	6.05%
Operating Expenses	12,330,780	11,875,720	14,386,607	14,372,460	24,206,500	28,759,067	4,552,567	18.81%
Equipment & Intangible Assets	224,556	277,242	224,556	224,556	501,798	449,112	(52,686)	(10.50%)
Grants	21,439,775	20,432,232	24,342,532	24,343,058	41,872,007	48,685,590	6,813,583	16.27%
Benefits & Claims	14,656,277	13,637,295	14,656,277	14,656,277	28,293,572	29,312,554	1,018,982	3.60%
Transfers	0	252,000	0	0	252,000	0	(252,000)	(100.00%)
Total Costs	\$59,233,552	\$58,070,458	\$65,361,697	\$65,363,838	\$117,304,010	\$130,725,535	\$13,421,525	11.44%
General Fund	3,598,646	2,723,255	3,833,072	4,018,584	6,321,901	7,851,656	1,529,755	24.20%
State Special	14,765,002	14,804,580	16,607,808	16,607,638	29,569,582	33,215,446	3,645,864	12.33%
Federal Special	40,869,904	40,542,623	44,920,817	44,737,616	81,412,527	89,658,433	8,245,906	10.13%
Total Funds	\$59,233,552	\$58,070,458	\$65,361,697	\$65,363,838	\$117,304,010	\$130,725,535	\$13,421,525	11.44%

Program Description

The mission of the Public Health and Safety Division (PHSD) is to improve the health of Montanans to the highest possible level. 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 500 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:

- 1) Clinical and environmental laboratory services;
- 2) Chronic and communicable disease prevention and control;
- 3) Maternal and child public health services;
- 4) Public health emergency preparedness;
- 5) Women's, Infants and Children's Special Nutrition Program (WIC);
- 6) Food and Consumer Safety; and
- 7) Emergency Medical 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. Specific citations include: Title V of the Social Security Act; Family Planning Title X of the federal Public Health Service Act and 42 CFR, Subpart A, Part 59; WIC P. L. 95-627, Child Nutrition Act of 1966, and 7CFR part 246

Program Highlights

Public Health and Safety Division Major Budget Highlights
<ul style="list-style-type: none"> ◆ Significant changes contributing to the \$13.4 million increase from the 2013 biennium budget are: <ul style="list-style-type: none"> • \$6.7 million in new proposals to add federal grant funding to expand/improve home visiting services, children's special health services, a state arthritis program, and laboratories • \$3.9 million in state special revenue for tobacco control prevention, vital statistics, genetics, and prevention of heart disease and diabetes • \$0.7 million general fund for statewide present law adjustments and to offset a federal grant reduction for the state poison control program in FY 2015

Summary of Legislative Action

The 2015 biennium appropriation for PHSD is \$13.4 million greater than the 2013 biennium, including \$1.5 million general fund. The changes authorized by the legislature total \$12.3 million, including about \$0.7 million general fund. The legislature approves appropriation changes compared to the FY 2012 base budget, so those changes are different than the biennial comparisons, which include FY 2013 appropriations. In this case, the FY 2013 appropriation is lower than the FY 2012 base budget, which makes the biennial difference exceed the spending changes approved by the legislature.

The major changes authorized by the legislature are:

- Statewide present law adjustments for personal services and fixed cost and operating increases - \$2.6 million including \$0.5 million general fund
- Tobacco prevention efforts aimed at children and teenagers - \$1.5 million state special revenue
- New or expanded federal programs - \$6.7 million federal funds with major increases for:
 - Home visiting to at-risk mothers and children - \$2.0 million
 - Preventive health services and programs - \$1.6 million
 - Laboratory and epidemiology capacity in the state - \$1.1 million
 - A state-based arthritis program - \$0.8 million

The legislature added a line item restricted appropriation for federal Title X family planning grant funds, including language to restrict the use of funds to only those purposes allowed by federal law.

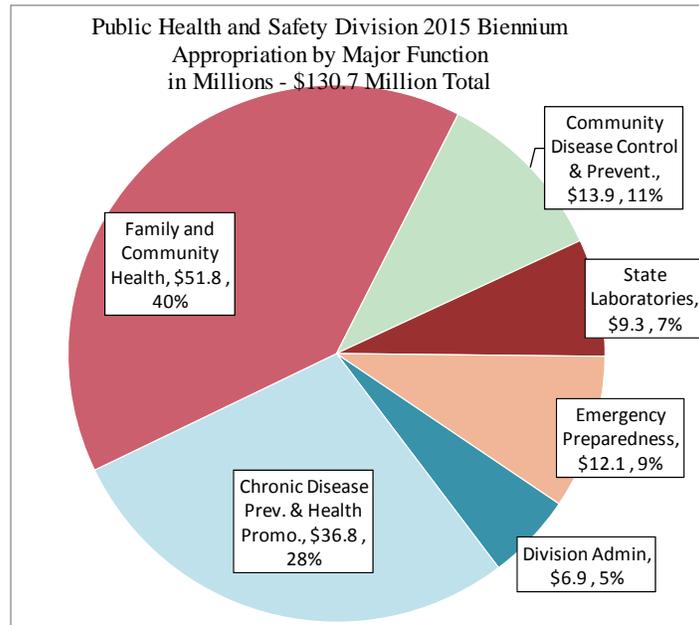
Division Appropriation Characteristics

The PHSD division appropriation is 4% of the \$3.5 billion appropriated to DPHHS, including 1% of the total \$906.9 million general fund appropriation to DPHHS.

Appropriations by Function

Figure 12 shows the 2015 biennium appropriation for PHSD by function. About 40% of the FY 2015 appropriation supports functions related to family and community health. Chronic disease prevention and health promotion are just under 30% of the total. Other functions are less than 11% of the total appropriation.

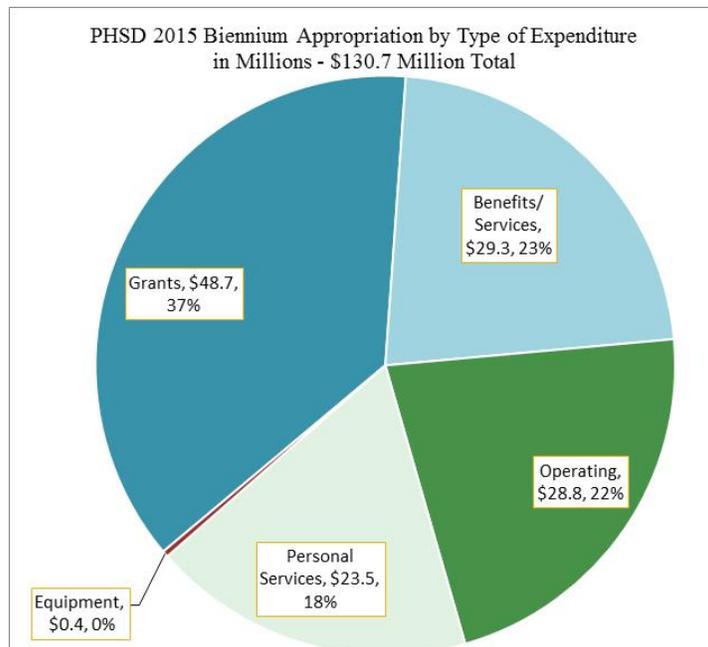
Figure 12



Appropriations by Type of Expenditure

Figure 13 shows the 2015 biennium appropriation for PHSD by type of expenditure. More than a third of the PHSD appropriation supports grants that are awarded to counties, health departments, health providers, and other entities to provide broad based public benefits. About a fifth of the division budget pays for direct services provided to individuals who meet specific eligibility criteria. Operating costs that pay for expenses related to managing the division and personal services costs are respectively 22% and 18% of the total appropriation.

Figure 13



The majority of grants are funded from federal categorical grants and tobacco settlement state special revenue funds. Appropriations for grants that are more than 5% of the FY 2015 total support:

- Women, infant and children nutrition programs
- Tobacco control and prevention
- Emergency preparedness

The major benefits or types of direct services provided to individuals and the percent of the FY 2015 appropriation are:

- Women, infant, and children nutrition/food – 16%
- Genetics testing and counseling – 2%
- Children’s special health services – 1%

Detailed Appropriation Information

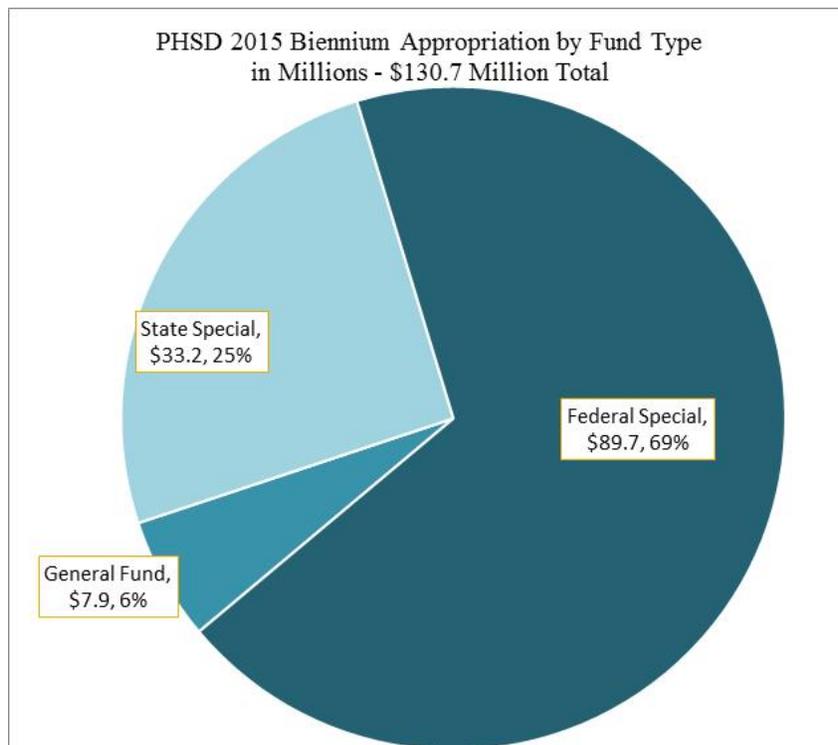
Detailed division appropriation information for PHSD can be found in Table 7-A at this link:

<http://leg.mt.gov/content/Publications/fiscal/FR-2015/Additional-Data-Tables/7A-PHSD.pdf>

Appropriations by Fund Type

Figure 14 shows the PHSD 2015 biennium appropriation by fund type. Federal funds are 69% of the total. State special revenue is one quarter of the total funding and general fund is 6%. The Funding section discusses individual fund sources in greater detail.

Figure 14



Funding

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature. PHSD is supported by over 60 different funding sources and most have specific requirements governing the expenditure of funds.

Total Public Health Funding by Source of Authority 2015 Biennium Budget - Public Health & Safety Div.							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
General Fund	\$7,851,656	\$0	\$0	\$7,851,656	6.0%		
State Special Total	\$33,215,446	\$0	\$0	\$33,215,446	25.4%		
02199 Dhes Food & Consumer	\$13,927	\$0	\$0	\$13,927	0.0%		
02366 Public Health Laboratory	\$6,327,691	\$0	\$0	\$6,327,691	4.8%		
02379 02 Indirect Activity Prog 07	\$889,844	\$0	\$0	\$889,844	0.7%		
02419 Vital Statistics	\$854,382	\$0	\$0	\$854,382	0.7%		
02462 Food/lodging License	\$1,902,551	\$0	\$0	\$1,902,551	1.5%		
02512 Brfs Survey Fees	\$107,686	\$0	\$0	\$107,686	0.1%		
02765 Fees On Insurance Policies - Sb 275	\$2,564,836	\$0	\$0	\$2,564,836	2.0%		
02772 Tobacco Hlth & Medicd Initiative	\$51,315	\$0	\$0	\$51,315	0.0%		
02773 Childrens Special Health Services	\$925,992	\$0	\$0	\$925,992	0.7%		
02790 6901-statewide Tobacco Sttlmnt	\$17,638,324	\$0	\$0	\$17,638,324	13.5%		
02987 Tobacco Interest	\$1,938,898	\$0	\$0	\$1,938,898	1.5%		
Federal Special Total	\$89,658,433	\$0	\$0	\$89,658,433	68.6%		
03004 Ems Data Injury	\$219,128	\$0	\$0	\$219,128	0.2%		
03020 Ph Workforce Development	\$1,894	\$0	\$0	\$1,894	0.0%		
03026 Family Planning Title X	\$4,612,010	\$0	\$0	\$4,612,010	3.5%		
03027 Wic (women,infants & Children)	\$20,816,041	\$0	\$0	\$20,816,041	15.9%		
03030 Health Prevention & Services	\$390,440	\$0	\$0	\$390,440	0.3%		
03031 Maternal & Child Health	\$4,981,113	\$0	\$0	\$4,981,113	3.8%		
03057 Newborn Hearing Screening	\$525,271	\$0	\$0	\$525,271	0.4%		
03105 Mt Diabetes	\$997,882	\$0	\$0	\$997,882	0.8%		
03146 10.577 Wic Bf Peer Counseling	\$416,558	\$0	\$0	\$416,558	0.3%		
03150 Wic Cdc Surveillance	\$181,828	\$0	\$0	\$181,828	0.1%		
03159 Tuberculosis Grant	\$329,585	\$0	\$0	\$329,585	0.3%		
03203 Strengthen Phi Component I	\$490,977	\$0	\$0	\$490,977	0.4%		
03246 Wic Admin	\$10,042,697	\$0	\$0	\$10,042,697	7.7%		
03253 Homeland Security Program	\$10,000	\$0	\$0	\$10,000	0.0%		
03273 Primary Care Services	\$223,257	\$0	\$0	\$223,257	0.2%		
03274 Ryan White Act, Title Ii	\$1,561,078	\$0	\$0	\$1,561,078	1.2%		
03275 Adult Viral Hepatitis Prevent	\$44,458	\$0	\$0	\$44,458	0.0%		
03294 Primary Care Services Arra	\$32,307	\$0	\$0	\$32,307	0.0%		
03310 Aca Mcd Incent For Prev Of Cd	\$223,582	\$0	\$0	\$223,582	0.2%		
03328 Afford Care Act Miechvp Frmla	\$2,000,000	\$0	\$0	\$2,000,000	1.5%		
03334 Aca Community Transformation	\$1,538,390	\$0	\$0	\$1,538,390	1.2%		
03336 Food Inspection Program	\$170,058	\$0	\$0	\$170,058	0.1%		
03362 Data Integration	\$115,802	\$0	\$0	\$115,802	0.1%		
03366 Emsc Sproc	\$400,000	\$0	\$0	\$400,000	0.3%		
03370 Epi & Lab Surveillance E. Coli	\$741,000	\$0	\$0	\$741,000	0.6%		
03371 Mt Arthritis	\$856,918	\$0	\$0	\$856,918	0.7%		
03380 Cyschn	\$589,824	\$0	\$0	\$589,824	0.5%		

Total Public Health Funding by Source of Authority 2015 Biennium Budget - Public Health & Safety Div.							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
03392 Colorectal Cancer Screening	\$1,604,741	\$0	\$0	\$1,604,741	1.2%		
03396 Ryan White Hiv Treatment	\$11,108	\$0	\$0	\$11,108	0.0%		
03399 Healthy Communities	\$75,098	\$0	\$0	\$75,098	0.1%		
03402 Addressing Asthma	\$549,999	\$0	\$0	\$549,999	0.4%		
03420 Early Hearing Deficit Intrv	\$274,422	\$0	\$0	\$274,422	0.2%		
03421 Obesity Prevention	\$1,530,001	\$0	\$0	\$1,530,001	1.2%		
03451 69010-cdp For Brfs	\$936,878	\$0	\$0	\$936,878	0.7%		
03510 Heart Disease & Stroke Program	\$2,080,000	\$0	\$0	\$2,080,000	1.6%		
03541 State Loan Repayment Program	\$144,140	\$0	\$0	\$144,140	0.1%		
03596 03 Indirect Activity Prog 07	\$1,958,325	\$0	\$0	\$1,958,325	1.5%		
03689 6901-bioter Hosp Preparedness	\$3,222,042	\$0	\$0	\$3,222,042	2.5%		
03690 6901-rape Prev & Educ 93.126	\$237,565	\$0	\$0	\$237,565	0.2%		
03709 6901-rural Access Emerg Device	\$1,870	\$0	\$0	\$1,870	0.0%		
03711 6901-breast & Cervical Cancer	\$4,384,547	\$0	\$0	\$4,384,547	3.4%		
03712 6901-cancer Registries 93.283	\$566,379	\$0	\$0	\$566,379	0.4%		
03713 6901-wic Farmer Market 10.572	\$104,332	\$0	\$0	\$104,332	0.1%		
03788 Montana Disability And Health Progr	\$840,000	\$0	\$0	\$840,000	0.6%		
03822 Tobacco Control	\$1,715,945	\$0	\$0	\$1,715,945	1.3%		
03929 Seroprevalence/surveillance	\$136,685	\$0	\$0	\$136,685	0.1%		
03933 Affordable Care Act Elc	\$1,067,062	\$0	\$0	\$1,067,062	0.8%		
03936 Vaccination Program	\$2,367,521	\$0	\$0	\$2,367,521	1.8%		
03937 Std Program	\$645,675	\$0	\$0	\$645,675	0.5%		
03938 Aids Fed. Cat. #13.118	\$2,585,763	\$0	\$0	\$2,585,763	2.0%		
03959 Bioterrorism	\$8,904,580	\$0	\$0	\$8,904,580	6.8%		
03969 Bunker Hill	\$635,280	\$0	\$0	\$635,280	0.5%		
03979 Comprehensive Cancer Control	\$566,377	\$0	\$0	\$566,377	0.4%		
Total All Funds	\$130,725,535	\$0	\$0	\$130,725,535	100.0%		
Percent - Total All Sources	100.0%	0.0%	0.0%				

The 2015 biennium PSHD budget is funded by general fund (6%), state special revenue (25%), and federal funds (69%). The major sources of state special revenue are:

- Tobacco settlement funds and tobacco settlement trust fund interest (15% in total)
- Fees for laboratory services (5% of total)
- Insurance fees for a genetics program (\$1 annually for each Montana resident insured under any individual or group disability or health insurance policy – 2% of total)
- Licensing fees for food manufacturers or food sales establishments (5% of an annual license fee of \$115 – 1.5% of total))

Federal funding sources supporting PHSD functions are categorical grants governed by federal laws that specify allowable uses for each. Federal funding sources that contribute more than 2% of total division funding are:

- Women, infants, and children benefits and administrative funds – 25%
- Family planning – 10%
- Bioterrorism and hospital preparedness – 9%
- Maternal child health block grant – 4%
- Breast and cervical cancer – 3%

Figure 15 shows the major PSHD functions and the fund source(s) that support each function.

Figure 15

Major Program/Function	State		
	General Fund	Special Revenue*	Federal Funds
Administration - Division and Bureau	x	x	x
Asthma, Diabetes, Cardiovascular Health		x	x
Behavioral Risk Factor Surveillance		x*	x
Cancer Control	x	x	x
Childrens Special Health Services		x	x
Communicable Disease and Epidemiology	x	x	x
Emergency Medical Services &Trauma Systems	x	x	x
Emergency Preparedness			x
Food and Consumer Safety	x	x*	x
Genetics		x	x
HIV & Sexually Transmitted Disease Prevention	x	x	x
Immunization	x	x	x
Maternal Child Health		x	x
Newborn Hearing Screening		x	
Public Health Home Visits	x	x	
Tobacco Prevention and Control		x	x
Vital Statistics	x	x*	
Women's and Men's Health	x		x
Women, Infant, & Children Nutrition Assistance		x	x

*Sources of state special revenue include fee for service income.

Federal Sequestration

A significant number of public health functions administered by PSHD are funded from federal grants. The legislature discussed impacts related to sequestration, but did not approve specific appropriations to offset potential reductions due to sequestration.

Budget Summary by Category

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

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	3,598,646	3,598,646	7,197,292	91.67%	59,233,552	59,233,552	118,467,104	90.62%
Statewide PL Adjustments	234,429	237,539	471,968	6.01%	1,289,641	1,291,785	2,581,426	1.97%
Other PL Adjustments	(3)	(1)	(4)	0.00%	899,999	899,996	1,799,995	1.38%
New Proposals	0	182,400	182,400	2.32%	3,938,505	3,938,505	7,877,010	6.03%
Total Budget	\$3,833,072	\$4,018,584	\$7,851,656		\$65,361,697	\$65,363,838	\$130,725,535	

The majority of the PHSD 2015 biennium appropriation funds continuation of present law services – about 91%. New proposals are about 6% of the total. The majority of the general fund increase supports statewide present law adjustments for personal services and fixed cost adjustments. The remaining present law general fund request offsets the anticipated reduction in federal grant funds that support the statewide poison control program in FY 2015.

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments	-----Fiscal 2014-----					-----Fiscal 2015-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					1,659,215					1,675,633
Vacancy Savings					(489,654)					(490,308)
Inflation/Deflation					(1,724)					61
Fixed Costs					121,804					106,399
Total Statewide Present Law Adjustments		\$234,429	\$527,808	\$527,404	\$1,289,641		\$237,539	\$527,636	\$526,610	\$1,291,785
DP 50 - Initial Motion to FY 2012 Base	0.00	(234,429)	(458,914)	(610,175)	(1,303,518)	0.00	(237,539)	(527,636)	(526,610)	(1,291,785)
DP 51 - Adjustment for Statewide Personal Services	0.00	213,929	411,276	558,233	1,183,438	0.00	201,978	416,248	567,097	1,185,323
DP 52 - Adjustment for Statewide Operations	0.00	16,472	46,845	56,763	120,080	0.00	15,074	39,635	51,747	106,456
DP 53 - Base Funding Switch	0.00	4,025	791	(4,817)	(1)	0.00	20,486	71,753	(92,237)	2
DP 70104 - State Laboratory Operations	0.00	0	150,000	0	150,000	0.00	0	150,000	0	150,000
DP 70113 - Tobacco Use Prevention	0.00	0	750,000	0	750,000	0.00	0	750,000	0	750,000
DP 70401 - Line Item Restrict Title X Funds	0.00	0	0	0	0	0.00	0	0	0	0
Total Other Present Law Adjustments	0.00	(\$3)	\$899,998	\$4	\$899,999	0.00	(\$1)	\$900,000	(\$3)	\$899,996
Grand Total All Present Law Adjustments	0.00	\$234,426	\$1,427,806	\$527,408	\$2,189,640	0.00	\$237,538	\$1,427,636	\$526,607	\$2,191,781

Statewide present law adjustments add \$1.3 million per year, including all but \$182,000 of the general fund appropriation increase in the 2015 biennium.

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - This adjustment funds statewide personal services and vacancy savings.

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

DP 53 - Base Funding Switch - This adjustment establishes a fund switch between fund types to fund base operations.

DP 70104 - State Laboratory Operations - This adjustment adds state special revenue for the Public Health Laboratory to meet projected increases in laboratory supplies and operating expenses. Funding is from revenues generated by laboratory testing services. DPHHS anticipates raising laboratory fees in the second year of the biennium to adequately fund the program.

DP 70113 - Tobacco Use Prevention - This appropriation for the Montana Tobacco Use Prevention Program funds youth prevention activities including increasing awareness of the dangers of tobacco use, creating educational materials and campaigns geared toward children and teens, and building youth leadership skills. Funding is from \$750,000 in each year of the biennium from tobacco settlement state special revenue, as provided in 17-6-606, MCA.

DP 70401 - Line Item Restrict Title X Funds - The legislature created a line item appropriation for Title X federal grant funds for family planning services. The legislature added language to HB 2 restricting the use of the funds to those purposes allowed by federal law.

New Proposals

New Proposals											
Program	FTE	Fiscal 2014				Fiscal 2015					
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
DP 70100 - Community Transformation Grant											
07	0.00	0	0	769,195	769,195	0.00	0	0	769,195	769,195	
DP 70103 - Improve Serv for Children With Special Hlt Needs											
07	0.00	0	0	294,912	294,912	0.00	0	0	294,912	294,912	
DP 70105 - EPI and Laboratory Capacity Grant											
07	0.00	0	0	533,531	533,531	0.00	0	0	533,531	533,531	
DP 70106 - Medicaid Incentive Grant											
07	0.00	0	0	111,791	111,791	0.00	0	0	111,791	111,791	
DP 70108 - MIEC Home Visiting Program - Formula											
07	0.00	0	0	1,000,000	1,000,000	0.00	0	0	1,000,000	1,000,000	
DP 70109 - Public Health System Improvement Grant											
07	0.00	0	0	150,000	150,000	0.00	0	0	150,000	150,000	
DP 70110 - State Loan Repayment Program											
07	0.00	0	0	35,617	35,617	0.00	0	0	35,617	35,617	
DP 70112 - Poison Control Hotline (OTO)											
07	0.00	0	0	0	0	0.00	182,400	0	(182,400)	0	
DP 70118 - Asthma Home Visiting											
07	0.00	0	90,000	0	90,000	0.00	0	90,000	0	90,000	
DP 70119 - Heart Disease & Diabetes Prevention Program											
07	0.00	0	125,000	0	125,000	0.00	0	125,000	0	125,000	
DP 70120 - Genetics Program											
07	0.00	0	200,000	0	200,000	0.00	0	200,000	0	200,000	
DP 70121 - State-Based Arthritis Program											
07	0.00	0	0	428,459	428,459	0.00	0	0	428,459	428,459	
DP 70122 - Regional Emergency Pediatric Services Grant											
07	0.00	0	0	200,000	200,000	0.00	0	0	200,000	200,000	
Total	0.00	\$0	\$415,000	\$3,523,505	\$3,938,505	0.00	\$182,400	\$415,000	\$3,341,105	\$3,938,505	

DP 70100 - Community Transformation Grant - This appropriation funds statewide chronic disease prevention activities including a hospital-based breast feeding initiative, work site health promotion focusing on nutrition and physical activity, community-based cardiovascular disease prevention, and coordination with local and tribal health departments to implement smoke free public housing policies. The appropriation is supported by federal grant funds.

DP 70103 - Improve Services for Children With Special Health Needs - The legislature expanded services for children and youth with special health needs by providing funding to community-based organizations, health care providers, and other partners for education, care coordination, assistance navigating the health care system, and other supportive services. Specifically this federal funding will be used to:

- Establish a Montana Parents as Mentors program
- Enhance transition services for youth with disabilities and their families as they transition into adulthood
- Establish a link to available resources for Montana families with children with special health care needs and health care providers via the Utah Medical Home Web Portal
- Provide trainings and technical assistance for Montana providers and partners to increase coordination of care for children and youth with special health care needs

DP 70105 - EPI and Laboratory Capacity Grant - The legislature funded enhancements in epidemiology and laboratory capacity in Montana and in coordination and implementation of health care associated infection prevention activities. The appropriation is supported by the federal Epidemiology and Laboratory Capacity grant.

DP 70106 - Medicaid Incentive Grant - This appropriation will be used to test the results of providing financial incentives via a debit card to adults enrolled in Medicaid who are participating in an evidence-based lifestyle intervention to reduce their risk of developing diabetes. It is funded from the federal Medicaid Incentive grant. The legislature requested that outcome measures be reported to the Legislative Finance Committee during the interim.

DP 70108 - MIEC Home Visiting Program - Formula - This new proposal will fund services to improve pregnancy outcomes and the health, development and school readiness of children up to the age of 5. Local and tribal health departments provide these services to high risk children and families. The request is funded from the federal Maternal, Infant and Early Childhood Home Visiting Grant.

The program provides evidence-based home visiting services to women, children, and families through six contracts with local public health departments. Additional funding will be used to:

- Implement national home visiting models (Parents as Teachers and Nurse-Family Partnership) according to standards for those models
- Provide additional services including health, hearing, vision, and developmental assessments and screenings, connecting families to resources, and providing education and support to parents on healthy pregnancies, overall health, child's health and development, school readiness, development-centered parenting, positive parent-child interaction, and family well-being

DP 70109 - Public Health System Improvement Grant - This appropriation will be used to prepare Montana for national public health accreditation by meeting public health practice standards and implementing quality improvement activities. The appropriation is funded by federal grant funds.

PHSD will use funding from the National Public Health Improvement Initiative to continue to strengthen and improve Montana's public health system through the following key activities:

- Bring public health programs and practices into alignment with national public health standards and measurements as set forth by the Public Health Accreditation Board
- Implement performance and quality improvement activities and increase the use of evidence-based interventions to increase the effectiveness of programs and practices
- Bring public health programs and practices of local and tribal public health departments into alignment with national public health standards and measurements
- Provide training and technical assistance that will prepare state, local and tribal public health agencies for voluntary national accreditation

DP 70110 - State Loan Repayment Program - The legislature provided loan repayment funds for nurse practitioners, physician assistants, certified nurse midwives, dental and mental health professionals working in health professional shortage areas. The appropriation is from federal funds.

DP 70112 - Poison Control Hotline (OTO) - This appropriation covers a portion of the cost of providing 24/7 access to information and consultation regarding poisonous substances for citizens and health care providers. These costs were previously covered with federal funds that are proposed to be eliminated from the federal budget. This appropriation is contingent upon elimination of the federal funds.

DP 70118 - Asthma Home Visiting - This appropriation for the Asthma Home Visiting Program will add three additional sites to provide services to children ages 0-17 with uncontrolled asthma. Funding is from tobacco settlement state special revenue funds, as provided in 16-6-606, MCA. Children and families served by the program receive environmental home assessments to identify and mitigate asthma triggers, education to better manage the condition, and assistance in coordinating care with schools and primary care providers.

DP 70119 - Heart Disease & Diabetes Prevention Program - This program is based on the National Institutes of Health Diabetes Prevention Program (DPP), a lifestyle intervention that prevents the development of diabetes among high-risk adults through reduced fat and caloric intake and increased physical activity. The legislature funded five additional program sites. Funding is from tobacco settlement state special revenue as provided in 17-6-606, MCA.

DP 70120 - Genetics Program - This adjustment adds state special revenue to fund enhanced clinical services and provide additional regional clinics and laboratory testing. It is funded from a \$1 fee charged for each Montana resident insured under any individual or group disability or health insurance policy including the state employee group plan. The fee may be used only to fund the statewide genetics program established in 33-2-713, MCA.

DP 70121 - State-Based Arthritis Program - This new proposal funds health education efforts to increase awareness of the benefits of physical activity among Montanans with arthritis, to implement arthritis control activities, and to monitor the burden of arthritis in Montana. The proposal is funded from federal funds.

DP 70122 - Regional Emergency Pediatric Services Grant - This appropriation supports a pediatric illness and injury demonstration project in rural and tribal communities. The state would partner with a hospital/provider specializing in pediatric care to develop approaches to improved pediatric capacity. The appropriation is from federal funds.

Program Budget Comparison

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	354.91	354.91	353.91	353.91	354.91	353.91	(1.00)	(0.28%)
Personal Services	17,724,714	18,459,326	17,476,876	16,676,716	36,184,040	34,153,592	(2,030,448)	(5.61%)
Operating Expenses	6,406,307	5,632,350	6,998,666	7,020,870	12,038,657	14,019,536	1,980,879	16.45%
Grants	0	400,941	0	0	400,941	0	(400,941)	(100.00%)
Benefits & Claims	204,865,266	214,398,460	242,027,282	262,623,531	419,263,726	504,650,813	85,387,087	20.37%
Total Costs	\$228,996,287	\$238,891,077	\$266,502,824	\$286,321,117	\$467,887,364	\$552,823,941	\$84,936,577	18.15%
General Fund	72,165,391	75,814,375	81,612,271	85,186,819	147,979,766	166,799,090	18,819,324	12.72%
State Special	6,664,233	5,607,178	6,632,940	6,632,940	12,271,411	13,265,880	994,469	8.10%
Federal Special	150,166,663	157,469,524	178,257,613	194,501,358	307,636,187	372,758,971	65,122,784	21.17%
Total Funds	\$228,996,287	\$238,891,077	\$266,502,824	\$286,321,117	\$467,887,364	\$552,823,941	\$84,936,577	18.15%

Program Description

The Developmental Services Division (DSD) assists Montanans with disabilities and children with mental health needs to live, work, and participate in their communities. The division includes the Developmental Disabilities Program, the Montana Developmental Center (MDC), and the Children's Mental Health Bureau. The division provides or contracts for institutional care, inpatient care, residential services, home and community based services, and case management.

The Developmental Disabilities Program operates three home and community based Medicaid waivers, the state's IDEA early intervention program, and the state facility for behavioral treatment at the MDC in Boulder. These services include transportation, residential and work habilitation, adaptive equipment, and some medical services not covered by state plan Medicaid.

The Children's Mental Health Bureau manages a continuum of services to address the needs of youth with serious emotional disturbance and their families. These services are funded by Medicaid and offered by Medicaid enrolled providers. In addition the Bureau builds linkages to other child serving agencies to support the development of a system of care for youth.

Statutory Title 53, MCA, 29 U.S.C. 721 et. seq., 29 U.S.C. 796, et. seq., 29 U.S.C. 774, 29 U.S.C. 777b, 29 U.S.C. 2201 et. seq., 42 U.S.C. 75, 6602, 72 U.S.C. 1300, 42 CFR 441.302(b), 42 CFR 441.302(g), 45 CFR 74.62, and 34 CRF Part 303.

Program Highlights

Developmental Services Division Major Budget Highlights	
<ul style="list-style-type: none"> ◆ Total funding increased by \$85 million over the previous biennium <ul style="list-style-type: none"> • General fund increased by \$19 million, primarily due to caseload adjustments offset by a reduction at the Montana Developmental Center • Federal special revenue increased by \$65 million, primarily due to caseload adjustments, expansion of school based mental health services, and provider rate increases ◆ The legislature reduced funding for MDC to fund: <ul style="list-style-type: none"> • An additional provider rate increase • Transition to community services for 24 residents • The transition of one FTE to the Department of Justice to provide independent criminal investigation at MDC ◆ The legislature did not approve funding for overtime and holiday pay for MDC ◆ The legislature eliminated funding for community alternatives to psychiatric residential treatment facilities within the children's mental health program 	

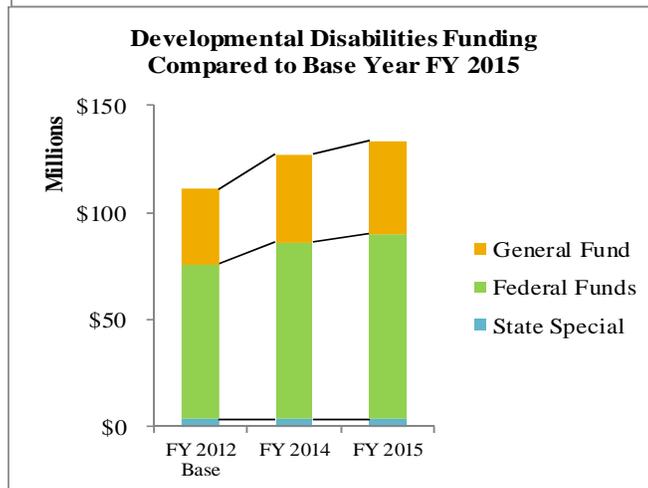
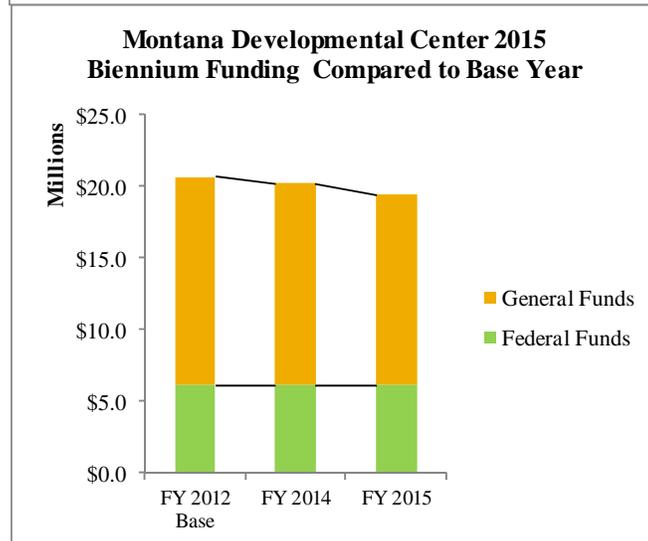
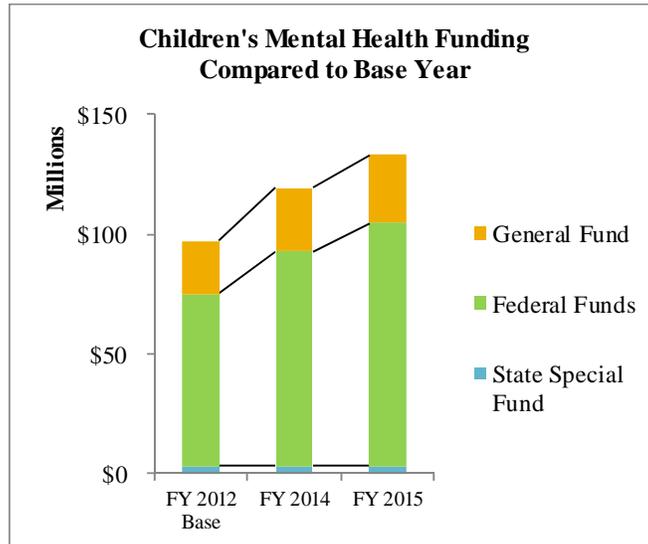
Summary of Legislative Action

The division provides services through three areas: 1) children's mental health; 2) institutional services for individuals with developmental disabilities; and 3) community services for individuals with developmental disabilities.

The 2015 biennium budget for DSD increases by \$85 million when compared to the 2013 biennium.

Compared to FY 2012 base year the general fund for children's mental health increased at an annualized rate of 8% and federal funds increased at an annualized rate of 12%. Compared to the FY 2012 base year, the developmental disabilities program general fund increased at an annualized rate of 7% and federal funds increased at an annualized rate of 6%. General fund for the MDC decreased at an annualize rate of 3% when compared to the FY 2012 base year while federal funding remained flat.

The charts below shows relative growth for funding sources.



The following summarizes the major adjustments made by the legislature:

- The legislature accepted all of the statewide present law adjustments (\$1.1million)
- The agency requested an increase in funding to cover a forecasted increase in Medicaid benefit caseloads; the legislature reduced this forecast by 2% for an assumed annualized growth rate of 8.1% general fund and 7.0% federal funds compared to the FY 2012 base
- Funding for MDC was reduced by \$2.6 million, in part to fund an additional 2% provider rate increase, expand waiver slots for community based services, provide funding for school based mental health coordination, and the transfer of 1.00 FTE from MDC to the Department of Justice
- The legislature did not approve funding for overtime and holiday pay differential for MDC (\$0.9 million general fund)
- The school based mental health program is expected to see significant growth, 18% per year, in the next biennium as the program gains wider acceptance among the school districts within the state. The legislature authorized federal funding for local school districts wishing to provide school based mental health services. Local school districts must provide state matching funds from local revenue sources
- The federal matching rate for Medicaid services, FMAP, decreased for the biennium resulting in a shift from federal funds to general fund (\$0.3 million)
- The legislature imposed an additional 2% vacancy savings. The agency may distribute the vacancy savings among the departments. Further details are in the Summary section

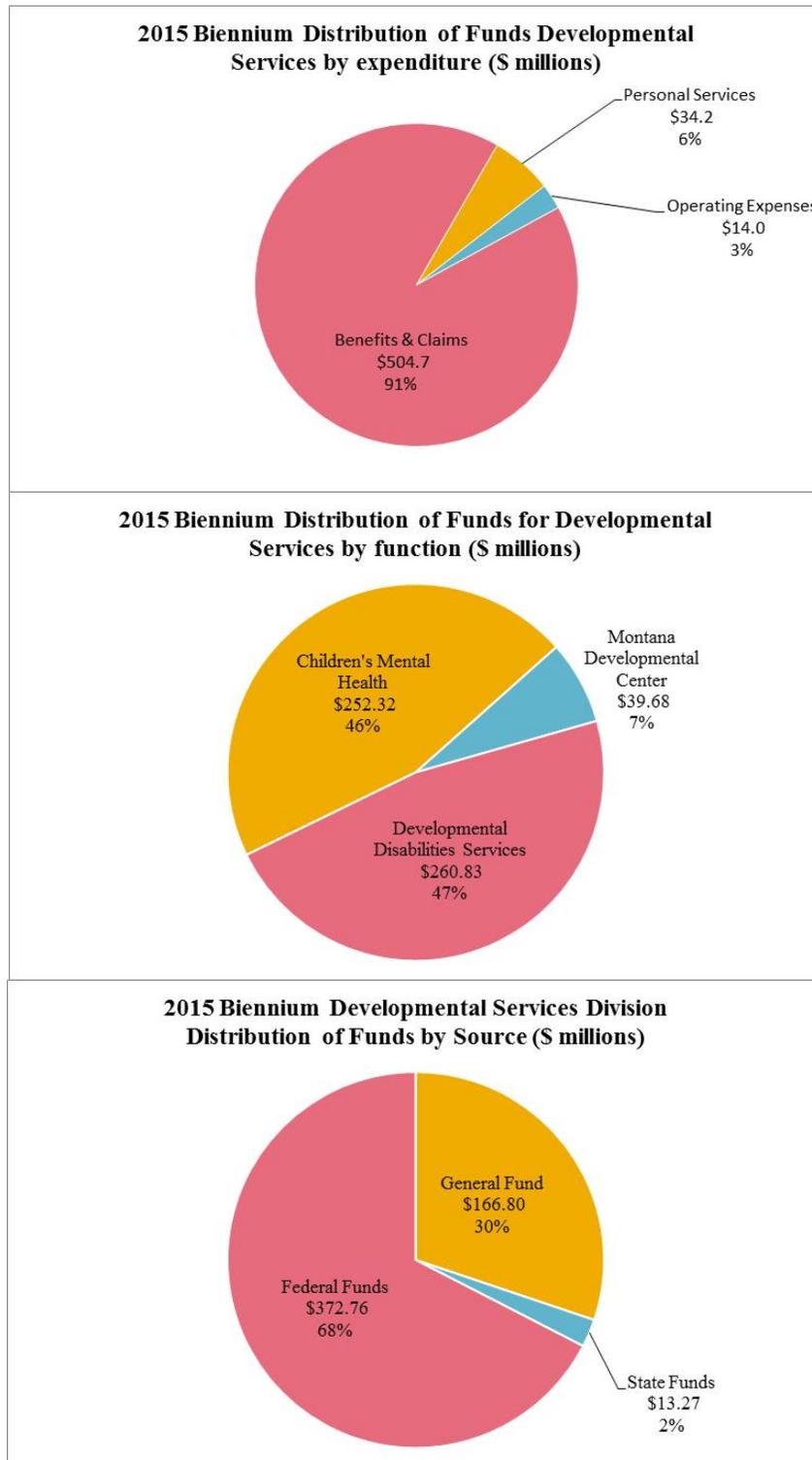
Program Narrative

Summary of Expenditures by Funding

The figure below shows the FY 2012 base budget expenditures compared to the 2015 biennium budget by function for the division. About 91% of funding provides benefits and claims for those receiving services from DPHHS, with the remaining 9% for administrative and operating costs.

Disability Services Division Fiscal Year 2012 Base Budget Compared to 2015 Biennium Budget By Major Function												
Function	FY 2012 Base				FY 2014 Budget				FY 2015 Budget			
	General Fund	State Special	Federal Special	Total Funds	General Fund	State Special	Federal Special	Total Funds	General Fund	State Special	Federal Special	Total Funds
Children's Mental Health Services												
Administration	\$2,950	\$0	\$0	\$2,950	\$2,950	\$0	\$0	\$2,950	\$2,950	\$0	\$0	\$2,950
Health Benefits & Grants	862,367	0	212,709	1,075,076	1,532,436	0	212,628	1,745,064	1,552,623	0	212,628	1,765,251
School Based Mental Health	192,176	0	23,400,261	23,592,437	139,877	0	34,569,213	34,709,090	143,643	0	42,954,650	43,098,293
Medicaid Admin Children's Mental Health	999,498	0	2,195,431	3,194,929	1,001,263	0	2,129,704	3,130,967	1,014,947	0	2,117,472	3,132,419
Medicaid Ben Children's Mental Health	20,344,709	3,122,103	46,022,105	69,488,917	23,735,384	3,090,810	52,713,752	79,539,946	25,684,891	3,090,810	56,416,304	85,192,005
Total Children's Mental Health Services	\$22,401,700	\$3,122,103	\$71,830,506	\$97,354,309	\$26,411,910	\$3,090,810	\$89,625,297	\$119,128,017	\$28,399,054	\$3,090,810	\$101,701,054	\$133,190,918
Percent of Total Funds	31.0%	46.8%	47.8%	42.5%	32.4%	46.6%	50.3%	44.7%	33.3%	46.6%	52.3%	46.5%
Montana Developmental Center												
Montana Developmental Center	\$12,554,285	\$0	\$0	\$12,554,285	\$12,082,374	\$0	\$0	\$12,082,374	\$11,294,404	\$0	\$0	\$11,294,404
Assessment & Stabilization Unit	1,975,399	0	0	1,975,399	2,017,069	0	0	2,017,069	2,008,167	0	0	2,008,167
Medicaid Reimbursements	0	0	6,137,361	6,137,361	0	0	6,137,361	6,137,361	0	0	6,137,361	6,137,361
Total Montana Developmental Center	\$14,529,684	\$0	\$6,137,361	\$20,667,045	\$14,099,443	\$0	\$6,137,361	\$20,236,804	\$13,302,571	\$0	\$6,137,361	\$19,439,932
Percent of Total Funds	20.1%	0.0%	4.1%	9.0%	17.3%	0.0%	3.4%	7.6%	15.6%	0.0%	3.2%	6.8%
Developmental Disabilities												
Administration	\$1,643,310	\$0	\$2,092,412	\$3,735,722	\$1,710,441	\$0	\$2,180,376	\$3,890,817	\$1,715,793	\$0	\$2,188,346	\$3,904,139
Case Management Administration	619,834	0	1,054,732	1,674,566	649,496	0	1,105,218	1,754,714	649,177	0	1,104,674	1,753,851
Medicaid Administration	785,312	0	939,475	1,724,787	788,981	0	943,144	1,732,125	789,252	0	943,415	1,732,667
Development Disabilities Benefits	867,201	0	3,529,980	4,397,181	1,043,089	0	3,529,980	4,573,069	1,222,493	0	3,529,980	4,752,473
Early Intervention, IDEA Part C	2,407,402	600,000	1,564,899	4,572,301	2,407,402	600,000	1,563,235	4,570,637	2,407,402	600,000	1,564,024	4,571,426
Medicaid Targeted Case Management	1,156,523	0	2,267,201	3,423,724	2,015,068	0	3,508,055	5,523,123	2,096,921	0	3,622,119	5,719,040
Medicaid Autism Waiver	450,403	0	883,276	1,333,679	469,957	0	917,070	1,387,027	489,173	0	952,268	1,441,441
Medicaid Comprehensive Waiver	26,688,450	2,942,130	58,660,212	88,290,792	31,374,233	2,942,130	67,495,059	101,811,422	33,446,476	2,942,130	71,457,211	107,845,817
Medicaid Community Service Waiver	615,572	0	1,206,609	1,822,181	642,251	0	1,252,818	1,895,069	668,507	0	1,300,906	1,969,413
Total Developmental Disabilities	\$35,234,007	\$3,542,130	\$72,198,796	\$110,974,933	\$41,100,918	\$3,542,130	\$82,494,955	\$127,138,003	\$43,485,194	\$3,542,130	\$86,662,943	\$133,690,267
Percent of Total Funds	48.8%	53.2%	48.1%	48.5%	50.4%	53.4%	46.3%	47.7%	51.0%	53.4%	44.6%	46.7%
Total Disability Services Division	\$72,165,391	\$6,664,233	\$150,166,663	\$228,996,287	\$81,612,271	\$6,632,940	\$178,257,613	\$266,502,824	\$85,186,819	\$6,632,940	\$194,501,358	\$286,321,117
Percent of Total Funds	31.5%	2.9%	65.6%	100.0%	30.6%	2.5%	66.9%	100.0%	29.8%	2.3%	67.9%	100.0%

The following charts show budget distribution by expenditure, function, and funding source.



Children’s Mental Health (19.15 FTE) and Developmental Disabilities (85.62 FTE) programs primarily provide Medicaid services.

The Montana Developmental Center (250.14 FTE) is the other major component of the division budget. Operational expenses for MDC are funded entirely with general fund. Federal funds received by the facility are Medicaid reimbursements for services provided to Medicaid eligible clients. This reimbursement is expected to be \$6.1 million in each year of the biennium. These funds must first be applied to capital improvement bonds at the facility with the balance being returned to the general fund. Bond payments are expected to be about \$1.0 million each year of the biennium.

Funding

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature.

Total Medicaid And Health Services Branch Funding by Source of Authority 2015 Biennium Budget - Developmental Services Division							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
General Fund	\$166,799,090	\$0	\$0	\$166,799,090	30.1%		
State Special Total	\$13,265,880	\$0	\$1,968,416	\$15,234,296	2.7%		
02035 Mdc Vocational	(\$14,412)	\$0	\$0	(\$14,412)	0.0%		
02244 Misc Fees	\$0	\$0	\$0	\$0	0.0%		
02310 Mdc Bond Repayment Revenue	\$0	\$0	\$1,968,416	\$1,968,416	0.4%	17-7-502	Direct
02597 Montana Healthy Kids Initiative	\$2,309,508	\$0	\$0	\$2,309,508	0.4%		
02772 Tobacco Hlth & Medicaid Initiative	\$9,366,266	\$0	\$0	\$9,366,266	1.7%		
02987 Tobacco Interest	\$1,604,518	\$0	\$0	\$1,604,518	0.3%		
Federal Special Total	\$372,758,971	\$0	\$0	\$372,758,971	67.2%		
03237 Alternative To Psych Treatment Fac	\$1,853,160	\$0	\$0	\$1,853,160	0.3%		
03387 Indv Disab Education Act Arra	\$529,529	\$0	\$0	\$529,529	0.1%		
03556 84.181 - Part H - Early Interv	\$2,597,730	\$0	\$0	\$2,597,730	0.5%		
03579 93.667 - SsbG - Benefits	\$7,485,216	\$0	\$0	\$7,485,216	1.3%		
03580 6901-93.778 - Med Adm 50%	\$5,453,397	\$0	\$0	\$5,453,397	1.0%		
03583 93.778 - Med Ben Fmap	\$348,188,418	\$0	\$0	\$348,188,418	62.8%		
03599 03 Indirect Activity Prog 10	\$6,651,521	\$0	\$0	\$6,651,521	1.2%		
Total All Funds	\$552,823,941	\$0	\$1,968,416	\$554,792,357	100.0%		
Percent - Total All Sources	99.6%	0.0%	0.4%				

Funding for the Disability Services Division comes primarily from general fund (30%), and federal funds (67%). The remaining funding is state special revenue from several sources. For Medicaid services, general fund pays for about one third and the federal government through the Federal Medical Assistance Percentage (FMAP) pays for two thirds. One half of the Medicaid administrative costs are paid from general fund and match an equal amount of federal funds.

Since the last biennium, the federal match rate has decreased and caseloads have increased, causing a shift from federal funds to general fund. The MDC funding is entirely general fund and accounts for 16% of total general fund expenditures for this division. Federal reimbursements for Medicaid eligible residents and services are directly deposited to the general fund after bond obligations at the facility are paid. HB 2 provides federal funding for the school based mental health services and accounts for 21% of federal funding within Developmental Services Division. The local school districts must provide state matching funds from local revenue sources.

Budget Summary by Category

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

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	72,165,391	72,165,391	144,330,782	86.53%	228,996,287	228,996,287	457,992,574	82.85%
Statewide PL Adjustments	534,135	490,731	1,024,866	0.61%	597,433	542,631	1,140,064	0.21%
Other PL Adjustments	7,190,192	9,970,674	17,160,866	10.29%	31,654,064	47,503,653	79,157,717	14.32%
New Proposals	1,722,553	2,560,023	4,282,576	2.57%	5,255,040	9,278,546	14,533,586	2.63%
Total Budget	\$81,612,271	\$85,186,819	\$166,799,090		\$266,502,824	\$286,321,117	\$552,823,941	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments	-----Fiscal 2014-----				-----Fiscal 2015-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					1,321,700					1,265,429
Vacancy Savings					(761,853)					(759,599)
Inflation/Deflation					(23,028)					(12,516)
Fixed Costs					60,614					49,317
Total Statewide Present Law Adjustments		\$534,135	\$0	\$63,298	\$597,433		\$490,731	\$0	\$51,900	\$542,631
DP 50 - Initial Motion to FY 2012 Base	0.00	(534,135)	400	(147,352)	(681,087)	0.00	(490,731)	0	(51,900)	(542,631)
DP 51 - Adjustment for Statewide Personal Services	0.00	510,197	(400)	133,704	643,501	0.00	370,673	(270)	135,427	505,830
DP 52 - Adjustment for Statewide Operations	0.00	27,527	(12)	10,072	37,587	0.00	27,128	(12)	9,685	36,801
DP 53 - Base Funding Switch	0.00	(3,589)	12	3,576	(1)	0.00	92,930	282	(93,212)	0
DP 10102 - MDC Medical Inflation	0.00	12,771	0	0	12,771	0.00	19,445	0	0	19,445
DP 10201 - Med Ben Core Services Caseload Children's MH	0.00	3,701,251	0	7,271,921	10,973,172	0.00	5,176,305	0	10,147,273	15,323,578
DP 10202 - Med Ben Waiver Services Caseload Dev Dis	0.00	3,355,888	0	6,593,379	9,949,267	0.00	4,567,386	0	8,953,594	13,520,980
DP 10203 - Med Ben Federal Only Caseload Dev Dis	0.00	0	0	10,700,947	10,700,947	0.00	0	0	18,609,018	18,609,018
DP 10401 - Med Ben Waiver FMAP Dev Dis	0.00	146,700	0	(146,700)	0	0.00	194,135	0	(194,135)	0
DP 10402 - Med Ben Core FMAP Children's MH	0.00	(32,976)	0	32,976	0	0.00	1,772	0	(1,772)	0
DP 10501 - Private Lease Adjustment	0.00	6,558	0	11,349	17,907	0.00	11,631	0	19,001	30,632
Total Other Present Law Adjustments	0.00	\$7,190,192	\$0	\$24,463,872	\$31,654,064	0.00	\$9,970,674	\$0	\$37,532,979	\$47,503,653
Grand Total All Present Law Adjustments	0.00	\$7,724,327	\$0	\$24,527,170	\$32,251,497	0.00	\$10,461,405	\$0	\$37,584,879	\$48,046,284

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - This adjustment funds statewide personal services and vacancy savings.

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

DP 53 - Base Funding Switch - This adjustments to establish a fund switch between fund types to fund base operations.

DP 10102 - MDC Medical Inflation - The legislature approved an increase in general fund in each year of the biennium to maintain existing prescription services at the Montana Developmental Center.

DP 10201 - Med Ben Core Services Caseload Children's MH - The legislature approved a present law adjustment for caseload growth in children's mental health services to cover the increase in the number of eligible people, utilization, acuity level, and cost per service for medical care.

DP 10202 - Med Ben Waiver Services Caseload Dev Dis - The legislature approved a present law adjustment for caseload growth in children's mental health services to cover the increase in the number of eligible people, utilization, acuity level, and cost per service for medical care.

DP 10203 - Med Ben Federal Only Caseload Dev Dis - The legislature provided federal Medicaid funds to support projected caseload increases for children receiving school based mental health services. Caseloads are projected to increase by 14% in FY 2014 and 22% in FY 2015 from the FY 2012 level.

DP 10401 - Med Ben Waiver FMAP Dev Dis - The legislature approved an increase in general fund with offsetting federal fund reductions for each year. This adjusts the base year expenses from the FY 2012 FMAP (federal medical assistance participation) rate to the FY 2014 rate of 33.73% state funds and 66.27% federal funds. The FY 2015 rate is 33.78% state funds and 66.22% federal funds.

DP 10402 - Med Ben Core FMAP Children's MH - The legislature approved a general fund reduction of \$32,976 for FY 2014 and a general fund increase of \$1,772 for FY 2015 with offsetting federal fund increases/reductions for each year. It adjusts the base year expenses from the FY 2012 FMAP (federal medical assistance participation) rate to the FY 2014 rate of 33.73% state funds and 66.27% federal funds. The FY 2015 rate is 33.78% state funds and 66.22% federal funds. The total cost for the program does not change.

DP 10501 - Private Lease Adjustment - The legislature approved funding for increases in lease expenses for working space for employees in non-state owned buildings located throughout the state.

New Proposals

New Proposals	-----Fiscal 2014-----					-----Fiscal 2015-----					
	Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 10204 - MDC Community Placements	10	0.00	714,639	0	1,404,065	2,118,704	0.00	715,699	0	1,403,006	2,118,705
DP 10901 - DD Medicaid Provider Rate Increase	10	0.00	638,857	0	1,258,551	1,897,408	0.00	1,295,474	0	2,537,290	3,832,764
DP 10902 - DD Non-Medicaid Provider Rate Increase	10	0.00	87,944	0	0	87,944	0.00	177,646	0	0	177,646
DP 10903 - PRI - CMH Medicaid Core	10	0.00	467,987	0	921,935	1,389,922	0.00	948,983	0	1,858,660	2,807,643
DP 10904 - CMH Non-Medicaid Provider Rate Increase	10	0.00	19,882	0	0	19,882	0.00	40,161	0	0	40,161
DP 10905 - CMH 100% Federal Medicaid Provider Rate Increase	10	0.00	0	0	468,005	468,005	0.00	0	0	945,371	945,371
DP 10906 - TCM for youth with SED	10	0.00	(380,505)	0	(1,141,515)	(1,522,020)	0.00	(380,505)	0	(1,141,515)	(1,522,020)
DP 10907 - Expansion of DD Comprehensive Waiver (Rst)	10	0.00	56,666	0	111,334	168,000	0.00	113,501	0	222,499	336,000
DP 10908 - 1% Reduction PL CMH Case Load	10	0.00	(244,994)	(31,293)	(543,178)	(819,465)	0.00	(264,777)	(31,293)	(581,429)	(877,499)
DP 10909 - Incrs. DD Pvdr. Rates Med and Non Med (Rst)	10	0.00	0	0	1,258,551	1,258,551	0.00	0	0	2,537,290	2,537,290
DP 10910 - School Based Mental Health (OTO)	10	0.00	(109,725)	0	0	(109,725)	0.00	(105,959)	0	0	(105,959)
DP 10911 - Room and Board for SED Children (Rst)	10	0.00	650,000	0	0	650,000	0.00	650,000	0	0	650,000
DP 10912 - SB 43 Investigator transfer	10	(1.00)	(97,064)	0	0	(97,064)	(1.00)	(97,064)	0	0	(97,064)
DP 10913 - Additional 1% Reduction PL CMH Case Load	10	0.00	(276,287)	0	(543,178)	(819,465)	0.00	(296,070)	0	(581,429)	(877,499)
DP 10914 - I-Homes Reduction	10	0.00	(772,509)	0	(1,474,464)	(2,246,973)	0.00	(1,236,985)	0	(2,317,571)	(3,554,556)
DP 10915 - Targeted Case Management SED Youth (Rst)	10	0.00	967,662	0	1,843,674	2,811,336	0.00	999,919	0	1,867,644	2,867,563
DP 10920 - Medicaid Services - Developmental Services (RST)	10	0.00	0	0	0	0	0.00	0	0	0	0
Total	(1.00)	\$1,722,553	(\$31,293)	\$3,563,780	\$5,255,040	(1.00)	\$2,560,023	(\$31,293)	\$6,749,816	\$9,278,546	

DP 10204 - MDC Community Placements - The legislature approved funding for the placement of 24 individuals from the Montana Developmental Center into community service programs.

DP 10901 - DD Medicaid Provider Rate Increase - The legislature approved a 2% provider rate increase in each year of the biennium for the Developmental Disabilities Program and included language stating that the department must use \$1,897,408 in FY 2014 and \$3,832,764 in FY 2015 of funds for this purpose.

DP 10902 - DD Non-Medicaid Provider Rate Increase - The legislature approved a 2% provider rate increase in each year of the biennium for the Developmental Disabilities Program, and included language stating that the department must use \$87,944 in FY 2014 and \$177,646 in FY 2015 for this purpose.

DP 10903 - PRI - CMH Medicaid Core - The legislature approved a 2% provider rate increase in each year of the biennium for the Developmental Disabilities Program, and included language stating that the department must use \$1,389,922 in FY 2014 and \$2,807,643 in FY 2015 of funds for this purpose.

DP 10904 - CMH Non-Medicaid Provider Rate Increase - The legislature approved a 2% provider rate increase in each year of the biennium for the Developmental Disabilities Program, and included language stating that the department must use \$19,882 in FY 2014 and \$40,161 in FY 2015 of funds for this purpose.

DP 10905 - CMH 100% Federal Medicaid Provider Rate Increase - The legislature approved a 2% provider rate increase each year of the biennium for Children's Mental Health 100% federal Medicaid.

DP 10906 - TCM for youth with SED - The legislature approved a reduction in general fund of \$761,010 and federal funds of \$2,283,030 for the biennium to provide funding to supplement provider rates for Targeted Case Management for Seriously Emotionally Disturbed Children.

DP 10907 - Expansion of DD Comprehensive Waiver (Rst) - The legislature approved funding for 10 additional slots in FY 2012 and an additional 10 slots in FY 2014 within the Developmental Disabilities (DD) comprehensive waiver to serve children on the waiting list. Funding is restricted to screening additional children into the DD comprehensive waiver to reduce the number of children on the waiting list.

DP 10908 - 1% Reduction PL CMH Case Load - The legislature approved a 1% reduction in the case load estimate for Medicaid Benefits Core Services for Children's Mental Health. General fund is reduced by \$572,357 and federal funds are reduced by \$1,124,607 for the biennium.

DP 10909 - Incrs. DD Pvdr. Rates Med and Non Med (Rst) - The legislature approved an increase in provider rates for Developmental Disabilities Program Medicaid Core. DP 10901 and DP 10902 provide a 2% increase in provider rates. This decision package augments DP 10901 and DP 10902 to provide a 4% provider rate increase. General fund for this decision package is provided through a reduction in general fund in the Montana Developmental Center.

DP 10910 - School Based Mental Health (OTO) - The legislature approved general fund of \$109,725 in FY 2014 and \$105,959 in FY 2015 for the Office of Public Instruction to contract for services to coordinate school based mental health programs. The appropriation for the children's mental health operating expense is reduced by a like amount to provide the funding. Total funding for the biennium is \$215,684 general fund.

DP 10911 - Room and Board for SED Children (Rst) - The legislature approved a general fund appropriation of \$650,000 in each year of the biennium (\$1,300,000 total) for room and board for seriously emotional disturbed (SED) children in therapeutic group homes or foster care.

DP 10912 - SB 43 Investigator transfer - The legislature approved a funding reduction in general fund of \$97,064 of general fund in each year of the biennium to fund operating costs and personal services for a 1.00 FTE investigator in the Department of Justice to implement SB 43, which amends laws relating to investigation of allegations of abuse, neglect, or mistreatment at residential facilities. The Department of Justice will hire a criminal investigator to conduct investigation related to mistreatment, neglect, and abuse of residents of the Montana Developmental Center.

DP 10913 - Additional 1% Reduction PL CMH Case Load - The legislature approved an additional 1% reduction in the Children's Mental Health case load estimate.

DP 10914 - I-Homes Reduction - The legislature approved a reduction to an appropriation equivalent to the funds budgeted for I-Homes as reported by the agency. Total funds in the 2015 biennium are \$2,009,494 general fund, \$3,792,035 federal funds.

DP 10915 - Targeted Case Management SED Youth (Rst) - The legislature approved \$1,967,581 in general fund and \$3,711,318 in federal funds for the biennium to fund targeted case management for youth who are seriously emotionally disturbed. This appropriation is restricted for this purpose.

DP 10920 - Medicaid Services - Developmental Services (RST) - The legislature approved the line item restriction of all Medicaid services. This decision package moves Medicaid services from the main appropriations line to a line item within HB2. There is no net impact to any funds.

Language

The legislature included the following language in HB 2.

“The department of public health and human services must use \$107,826 in fiscal year 2014 and \$217,807 in fiscal year 2015 of funds in Developmental Services Division to raise non-Medicaid provider rates by 2% in fiscal year 2014 and by an additional 2% in fiscal year 2015.

Targeted Case Management for Youth With Serious Emotional Disturbances may be used only to increase rates for children’s mental health case management services to a level no less than the current fiscal year 2013 targeted case management rate for adults with severe disabling mental illness. This rate increase is in addition to and may not supplant or be supplanted by any other rate increase approved by the legislature for provider rates.

Expand Children’s Services may be used only to screen additional children into the developmental disabilities comprehensive waiver to reduce the waiting list.

Medicaid Services – Developmental Services includes \$2,811,336 in fiscal year 2014 and \$2,867,563 in fiscal year 2015 that may be used only to increase provider rates for developmental disabilities Medicaid core services above the rate paid in fiscal year 2013. This rate increase is in addition to and may not supplant or be supplanted by any other rate increase approved by the legislature for provider rates.

Developmental Services, Medicaid Services may be used only to pay for Medicaid services for eligible Medicaid enrollees for expenses recorded as benefits and claims in the state accounting system and may not be transferred to other uses in the department.”

Program Budget Comparison

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	55.00	55.00	55.00	55.00	55.00	55.00	0.00	0.00%
Personal Services	2,679,990	3,317,996	3,301,413	3,301,652	5,997,986	6,603,065	605,079	10.09%
Operating Expenses	7,946,429	8,246,012	8,644,559	8,777,561	16,192,441	17,422,120	1,229,679	7.59%
Grants	0	0	0	0	0	0	0	n/a
Benefits & Claims	550,752,377	646,663,466	622,600,352	659,061,176	1,197,415,843	1,281,661,528	84,245,685	7.04%
Total Costs	\$561,378,796	\$658,227,474	\$634,546,324	\$671,140,389	\$1,219,606,270	\$1,305,686,713	\$86,080,443	7.06%
General Fund	109,441,719	127,348,230	128,695,326	137,205,876	236,789,949	265,901,202	29,111,253	12.29%
State Special	68,580,290	72,329,622	67,090,512	69,145,228	140,909,912	136,235,740	(4,674,172)	(3.32%)
Federal Special	383,356,787	458,549,622	438,760,486	464,789,285	841,906,409	903,549,771	61,643,362	7.32%
Total Funds	\$561,378,796	\$658,227,474	\$634,546,324	\$671,140,389	\$1,219,606,270	\$1,305,686,713	\$86,080,443	7.06%

Program Description

The Health Resources Division (HRD) administers Medicaid primary care services, Healthy Montana Kids (formerly the Children's Health Insurance Program), and Big Sky Rx. The purpose of the division is to improve and protect the health and safety of Montanans. The division reimburses private and public providers for a wide range of preventive, primary, and acute care services. 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 division 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 division strives to provide superior customer service in a respectful, fair, and timely manner.

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.

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 is a voluntary state/federal partnership that reimburses for medical services for children at or below 250% of poverty.

Big Sky Rx is a state funded program that helps Montanans who are at or below 200% of poverty and eligible for the Medicare Part D prescription drug program to 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

Health Resources Division Major Budget Highlights
<ul style="list-style-type: none"> ◆ The HRD 2015 biennium budget is \$86.1 million greater than the 2013 biennium ◆ The specific adjustments that the legislature approved total \$183.0 million because the changes are added to the FY 2012 base budget, which is significantly lower than FY 2013 appropriated level ◆ The major adjustments the legislature approved are: <ul style="list-style-type: none"> • Medicaid cost growth due to enrollment and increased service utilization - \$147.4 million total funds, including \$52.1 million general fund • Healthy Montana Kids enrollment and services cost increase for children in families with incomes from 101% to 250% of the federal poverty level - \$51.8 million total funds, including \$4.1 million general fund • A 2% annual provider rate increase - \$14.6 million total funds, including \$4.3 million general fund ◆ Increases are partially offset by: <ul style="list-style-type: none"> • A 2% reduction in trended enrollment and service utilization increases - \$19.1 million total funds, including \$5.0 million general fund • Removal of lawsuit settlement costs from base budget Medicaid expenditures including: <ul style="list-style-type: none"> ○ \$9.1 million total funds, including \$3.1 million general fund to settle the Blanton lawsuit related to Medicaid estate recoveries ○ \$6.0 million general fund for the South Pointe lawsuit over payment of fees to a developer when the department was not funded for a lease agreement ◆ The 2015 biennium budget includes an increase of \$17.0 million general fund and a like reduction of state special revenue due to fully expending one-time savings related to the enhanced federal Medicaid match authorized by the American Recovery and Reinvestment Act of 2009

Program Narrative

The Health Resources Division (HRD) 2015 biennium budget is \$86.1 million total funds, including \$29.1 million general fund, greater than the 2013 biennium. However, legislative appropriations are based on the difference between the base budget (FY 2012) and the estimated cost each year of the 2015 biennium. Legislative appropriations above base budget spending total \$183 million. Changes compared to the base budget are higher than the biennium to biennium comparison because the appropriation for FY 2013 is included in the biennial comparison and it is nearly \$150.0 million higher than the base budget. Major changes are listed in the Highlights Table.

General fund growth from the 2013 biennium to the 2015 biennium is due to Medicaid service utilization changes and enrollment increases and due to a reduction in state special revenue. State special revenue declines by a net of \$4.7 million due to elimination of a one-time funding source of \$8.5 million each year of the biennium. The state was allowed to set aside part of the general fund savings due to enhanced federal Medicaid match rate authorized by the American Recovery and Reinvestment Act of 2009. The set aside was deposited to a state special revenue account and used to fund 2013 biennium Medicaid state match with the understanding that the funding was one-time. The 2013 Legislature appropriated \$17.0 million general fund to “back fill” the one-time state special revenue funding. Other

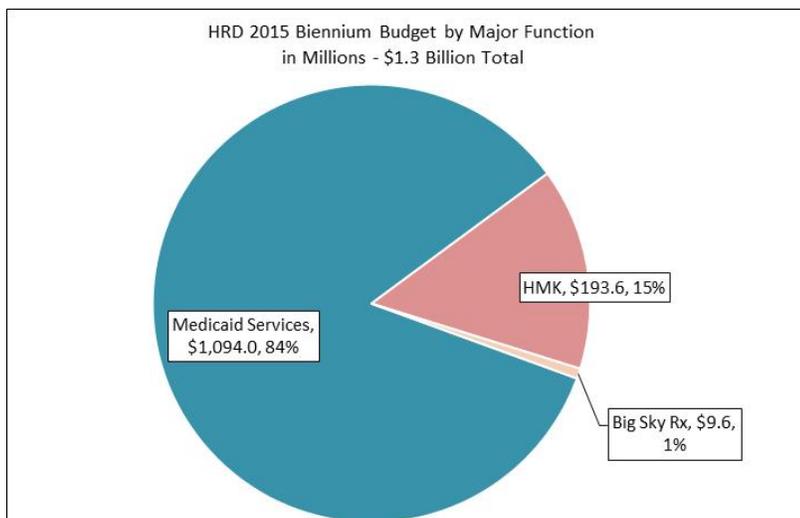
increases – primarily for the state match for HMK enrollment increases - partially offset the reduction in state special revenue.

Division Appropriation Characteristics

The HRD division appropriation is 37% of the \$3.5 billion appropriated to DPHHS, including 29% of the total \$906.9 million general fund appropriation to DPHHS. The main cost driver for the HRD budget is Medicaid services provided to low-income families, disabled individuals, and elderly persons. Most Medicaid services administered by HRD are an entitlement, meaning that if a person meets income and other eligibility criteria, then he or she is entitled to receive medically necessary services included in the Medicaid state plan. If enrollment increases cause costs to rise above appropriations, then DPHHS must change or limit services or provider payments to maintain expenditures within appropriation limits. Eligibility changes are not precluded, but Montana would be subject to significant federal sanctions if it lowered:

- Medicaid eligibility requirements for adults prior to January 1, 2014
- Medicaid or CHIP eligibility requirements for children prior to October 1, 2019

Figure 16



Appropriations by Function

Figure 16 shows the 2015 biennium appropriation for HRD by function. The Medicaid services function is the most significant with \$1.1 billion and 84% of the total. Healthy Montana Kids (HMK - medical services for children in families with incomes from 101% of the federal poverty level to 250% of the federal poverty level) is \$193.6 million and 15% of the total. Big Sky Rx that pays premium support for low income Medicare beneficiaries to purchase Medicare Part D drug coverage is \$9.6 million, with 1% of the total appropriation.

Figure 17

Appropriations by Type of Expenditure

Figure 17 shows the 2015 biennium appropriation for HRD by type of expenditure. Payments for benefits or medical services for persons who meet financial and other eligibility criteria total \$1.3 billion or 98% of the appropriation. Operating costs and personal services costs are each 1% of the total appropriation.

Appropriations by Fund Type

Figure 18 shows the HRD 2015 biennium appropriation by fund type. Federal funds – primarily Medicaid matching funds – are 69% of the total. General fund is one-fifth and state special revenue is 11%. In FY 2015, about 94% of the general fund and 77% of the state special revenue HRD appropriation is used as state match for Medicaid services. The Funding section discusses individual fund sources in greater detail.

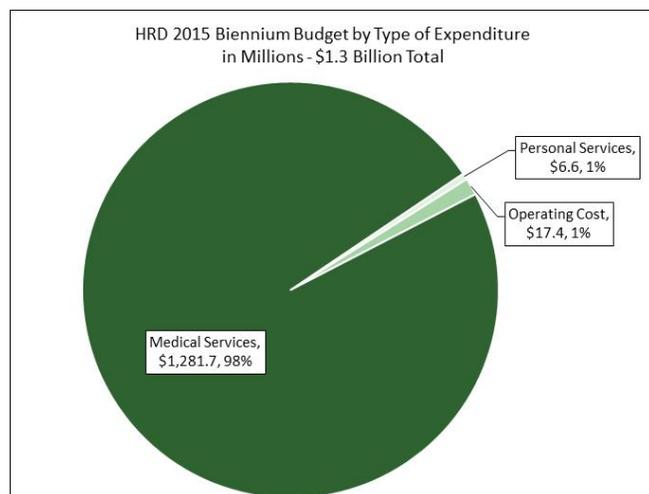
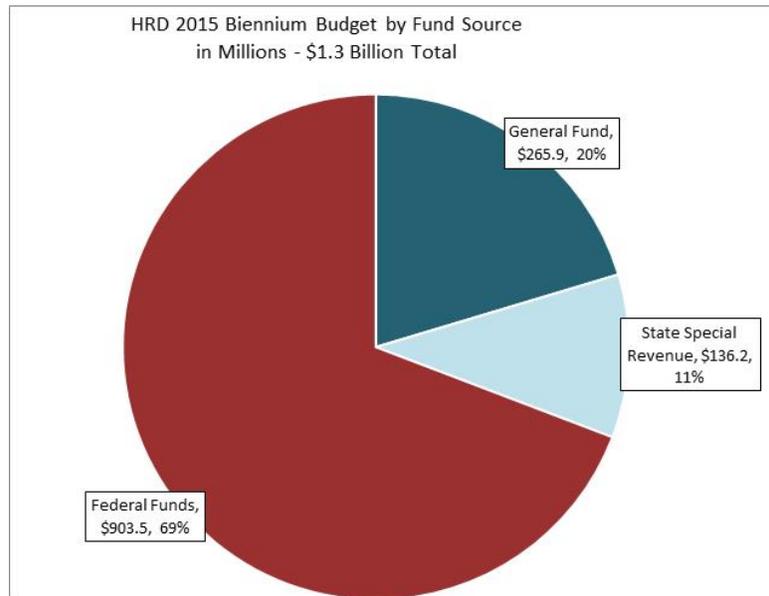


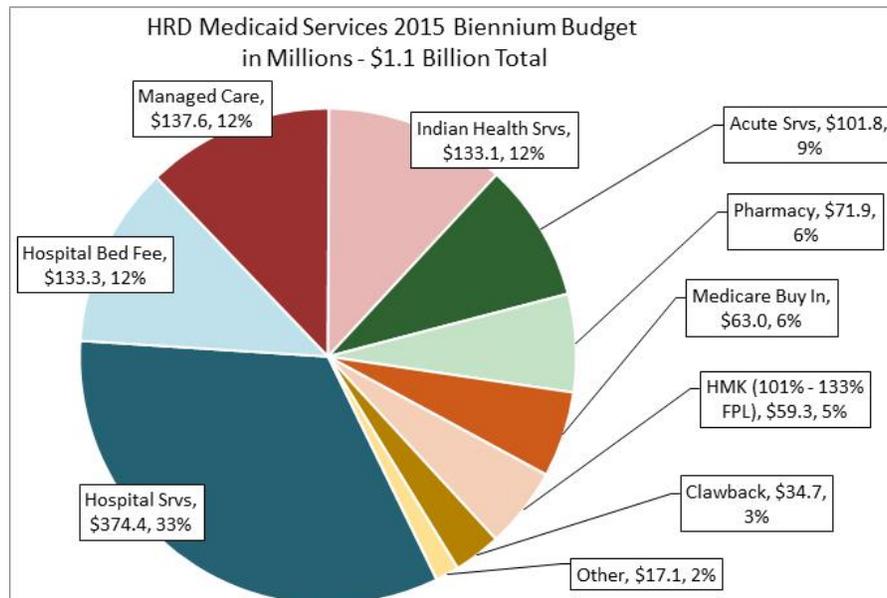
Figure 18



Medicaid Services Appropriations

Figure 19 shows the \$1.1 billion in 2015 biennium appropriations for Medicaid services administered by HRD by type of service. The total for Medicaid services in Figure 4 includes \$59.3 million for Medicaid services for children in families with incomes from 101% to 250% of the federal poverty level included in the HMK function.

Figure 19



Hospital services, including reimbursements leveraging the hospital utilization fee as state Medicaid matching funds, are \$407.7 million or 45% of the total. Two service categories account for 12% of the total - managed care services, primarily physician and laboratory services, at \$137.6 million and 100% federal payments for Medicaid services

provided by Indian Health Services providers at \$133.1 million. The balance of appropriations for Medicaid services are less than 10% of the total:

- Acute services, which include services such as dental, vision, durable medical equipment, and occupational, speech and physical therapy
- Pharmacy services, which include an estimated offset/reimbursement of \$78.7 million paid to the Montana Medicaid program by drug manufacturers
- Medicare buy in, which pays the Medicare Part A and Part B premiums for persons who are also eligible for Medicaid so that Medicare is the first insurer with Medicaid covering the balance of medical bills
- Healthy Montana Kids (HMK), which are services for children in families with incomes from 101% to 133% of the federal poverty level and are paid from the federal Children's Health Insurance Program (CHIP) grant
- Clawback, which is a 100% general fund payment to the federal government for cost savings to the state Medicaid program when the Medicare Part D prescription drug program assumed pharmacy costs for persons eligible for both Medicaid and Medicare

Total legislative changes for Medicaid services in FY 2014 are 10% over base budget expenditures and in FY 2015 are 16% over base budget expenditures.

Detailed Appropriation Information

Detailed division appropriation information for HRD can be found in Table 11-A at this link:
<http://leg.mt.gov/content/Publications/fiscal/FR-2015/Additional-Data-Tables/11A-HRD.pdf>

Detailed appropriation information for Medicaid services administered by HRD can be found in Table 11-B at this link:
<http://leg.mt.gov/content/Publications/fiscal/FR-2015/Additional-Data-Tables/11B-HRD.pdf>

Funding

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature.

Total Medicaid And Health Services Branch Funding by Source of Authority 2015 Biennium Budget - Health Resources Division							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
General Fund	\$265,901,202	\$0	\$0	\$265,901,202	20.4%		
State Special Total	\$136,235,740	\$0	\$0	\$136,235,740	10.4%		
02053 Medicaid Nursing Home Match	\$123,019	\$0	\$0	\$123,019	0.0%		
02142 Medicaid Third Party Revenue	\$1,604,792	\$0	\$0	\$1,604,792	0.1%		
02164 Mt Univ System Grad Med Ed	\$636,188	\$0	\$0	\$636,188	0.0%		
02244 Misc Fees	\$0	\$0	\$0	\$0	0.0%		
02311 6901-02 Indrct Activty Prog 11	\$63,734	\$0	\$0	\$63,734	0.0%		
02597 Montana Healthy Kids Initiative	\$40,421,204	\$0	\$0	\$40,421,204	3.1%		
02772 Tobacco Hlth & Medicd Initiative	\$32,291,953	\$0	\$0	\$32,291,953	2.5%		
02789 6901-chip/mcha Tobacco Sett Fd	\$8,528,659	\$0	\$0	\$8,528,659	0.7%		
02987 Tobacco Interest	\$7,558,215	\$0	\$0	\$7,558,215	0.6%		
02989 69010-hospital Utilization Fee	\$45,007,976	\$0	\$0	\$45,007,976	3.4%		
Federal Special Total	\$903,549,771	\$0	\$0	\$903,549,771	69.2%		
03426 Chip Program Fed	\$146,894,307	\$0	\$0	\$146,894,307	11.3%		
03580 6901-93.778 - Med Adm 50%	(\$1,285,581)	\$0	\$0	(\$1,285,581)	-0.1%		
03582 93.778 - Med Ben 100%	\$133,074,183	\$0	\$0	\$133,074,183	10.2%		
03583 93.778 - Med Ben Fmap	\$624,293,206	\$0	\$0	\$624,293,206	47.8%		
03611 6901-03 Indrct Activty Prog 11	\$573,656	\$0	\$0	\$573,656	0.0%		
Total All Funds	\$1,305,686,713	\$0	\$0	\$1,305,686,713	100.0%		
Percent - Total All Sources	100.0%	0.0%	0.0%				

HRD is funded from general fund, state special revenue, and federal funds. General fund pays:

- State Medicaid match
- State CHIP (Children’s Health Insurance Program) match

Functions supported by state special revenue sources and the major source of funds are:

- State Medicaid match
 - Hospital utilization fee (\$50 per day assessed for each day of an inpatient stay)
 - 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 funding sources include:

- Federal Medicaid matching funds
- Federal CHIP grant

Budget Summary by Category

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

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	109,441,719	109,441,719	218,883,438	82.32%	561,378,796	561,378,796	1,122,757,592	85.99%
Statewide PL Adjustments	271,568	270,075	541,643	0.20%	745,010	739,794	1,484,804	0.11%
Other PL Adjustments	17,284,677	24,182,639	41,467,316	15.60%	65,971,871	97,419,228	163,391,099	12.51%
New Proposals	1,697,362	3,311,443	5,008,805	1.88%	6,450,647	11,602,571	18,053,218	1.38%
Total Budget	\$128,695,326	\$137,205,876	\$265,901,202		\$634,546,324	\$671,140,389	\$1,305,686,713	

The majority of the legislative appropriation supports continuation of present law services. A new proposal to increase provider rates by 2% annually is just over 1% of the total. Present law adjustments fund increases in enrollment and service utilization for Medicaid services, HMK, and to a lesser degree Big Sky Rx, and account for the vast majority of the present law adjustments, which total 13% of the 2015 biennium appropriation. General fund changes are driven by Medicaid enrollment and service utilization changes and the provider rate increase.

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments	Fiscal 2014					Fiscal 2015				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					758,421					758,672
Vacancy Savings					(137,537)					(137,549)
Inflation/Deflation					102					243
Fixed Costs					124,024					118,428
Total Statewide Present Law Adjustments		\$271,568	\$52,664	\$420,778	\$745,010		\$270,075	\$57,204	\$412,515	\$739,794
DP 50 - Initial Motion to FY 2012 Base	0.00	(271,568)	(52,664)	(420,778)	(745,010)	0.00	(270,075)	(57,204)	(412,515)	(739,794)
DP 51 - Adjustment for Statewide Personal Services	0.00	243,833	3,345	373,706	620,884	0.00	244,143	3,183	373,797	621,123
DP 52 - Adjustment for Statewide Operations	0.00	41,068	14,088	68,970	124,126	0.00	39,268	13,455	65,948	118,671
DP 53 - Base Funding Switch	0.00	(13,333)	35,231	(21,898)	0	0.00	(13,336)	40,566	(27,230)	0
DP 11201 - Med Ben Core CLoad Physical Health	0.00	11,379,350	1,202,882	25,939,556	38,521,788	0.00	15,619,731	1,922,071	34,444,713	51,986,515
DP 11202 - Med Ben Other CLoad Medicare Buy-In	0.00	753,027	0	1,479,487	2,232,514	0.00	1,660,466	0	3,255,063	4,915,529
DP 11203 - Med Ben Federal CLoad Physical Health	0.00	0	0	16,075,381	16,075,381	0.00	0	0	21,736,726	21,736,726
DP 11204 - Med Ben Other CLoad Clawback	0.00	1,607,927	0	0	1,607,927	0.00	2,327,096	0	0	2,327,096
DP 11206 - Med Ben Other CLoad Hospital Utilization Fee	0.00	0	1,349,987	2,652,347	4,002,334	0.00	0	1,351,988	2,650,346	4,002,334
DP 11208 - HMK Medicaid CHIP-Funded Caseload	0.00	0	2,022,077	6,535,170	8,557,247	0.00	0	3,624,219	11,706,657	15,330,876
DP 11209 - HMK Caseload	0.00	1,689,730	936,338	8,487,215	11,113,283	0.00	2,613,601	613,954	10,425,389	13,652,944
DP 11210 - Offset General Fund with HMK State Special Revenue	0.00	0	0	0	0	0.00	(275,932)	275,932	0	0
DP 11211 - Med Ben SSR Hold Harmless Adjustment	0.00	8,492,260	(8,492,260)	0	0	0.00	8,492,260	(8,492,260)	0	0
DP 11212 - Big Sky RX Caseload	0.00	0	539,180	0	539,180	0.00	0	539,180	0	539,180
DP 11213 - Offset HMK/CHIP General Fund - Tobacco Settlement	0.00	(628,453)	628,453	0	0	0.00	(294,045)	294,045	0	0
DP 11214 - Restrict Medicaid Services Funding	0.00	539	0	0	539	0.00	539	0	0	539
DP 11221 - One-Time Settlement Costs	0.00	(4,536,911)	0	(2,998,089)	(7,535,000)	0.00	(4,536,911)	0	(2,998,089)	(7,535,000)
DP 11222 - 2% Reduction to Present Law Medicaid Services	0.00	(2,460,942)	(444,724)	(6,439,344)	(9,345,010)	0.00	(2,581,668)	(459,110)	(6,754,796)	(9,795,574)
DP 11401 - Med Ben Core FMAP Physical Health	0.00	663,642	(292)	(663,350)	0	0.00	843,538	(201)	(843,337)	0
DP 11402 - Med Ben Other FMAP Physical Health	0.00	277,600	(100,266)	(177,334)	0	0.00	267,056	(68,933)	(198,123)	0
DP 11403 - HMK Medicaid CHIP-Funded FMAP	0.00	0	528,360	(528,360)	0	0.00	0	530,100	(530,100)	0
DP 11404 - HMK FMAP	0.00	0	(9,638)	9,638	0	0.00	0	(4,571)	4,571	0
DP 11601 - Med Admin MAC/MAM Contractual Inflationary Adjust	0.00	0	0	107,872	107,872	0.00	0	0	164,247	164,247
DP 11602 - Med Admin CPI Contractual Inflationary Adjust	0.00	46,908	0	46,908	93,816	0.00	46,908	0	46,908	93,816
Total Other Present Law Adjustments	0.00	\$17,284,677	(\$1,839,903)	\$50,527,097	\$65,971,871	0.00	\$24,182,639	\$126,414	\$73,110,175	\$97,419,228
Grand Total All Present Law Adjustments	0.00	\$17,556,245	(\$1,787,239)	\$50,947,875	\$66,716,881	0.00	\$24,452,714	\$183,618	\$73,522,690	\$98,159,022

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - This adjustment funds statewide personal services and vacancy savings.

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government Joint Appropriations Subcommittee.

DP 53 - Base Funding Switch - This adjustment establishes a fund switch between fund types to fund base operations.

DP 11201 - Medicaid Benefits Core Caseload Physical Health - This present law adjustment adds funds for the increase in the number of eligible people, service utilization, acuity levels, and cost per service for medical care.

DP 11202 - Medicaid Benefits Other Caseload Medicare Buy-In - This present law adjustment supports estimated increases in the number of enrollees and for cost increases in premiums for Medicare Part A and Part B. The Medicaid program purchases Medicare coverage by paying the premiums for persons eligible for both Medicare and Medicaid (dual eligible). Medicare then covers the cost of most services for the individual. Medicaid is liable for the cost of services not covered by Medicare and for some co-insurance and deductibles related to services utilized. The program is mandated by federal law (Title XVIII of the Social Security Act).

DP 11203 - Medicaid Benefits Federal Caseload Physical Health - This present law adjustment adds funds for increased enrollment and service utilization as well as federal rate increases in the Medicaid Indian Health Service (I.H.S.) program. Base level expenditures were \$47.6 million.

DP 11204 - Medicaid Benefits Other Caseload Clawback - This present law adjustment adds general fund for the clawback payment that state Medicaid programs owe to the federal government for savings due to implementation of the Medicare Part D prescription drug program. Some persons are eligible for both Medicaid and Medicare (dual eligible). Prior to passage of the Medicare Modernization Act (MMA) state Medicaid programs paid the drug costs for dual eligibles. Since Medicare assumed those costs, states are required to pay back to the federal government a phased down contribution, known as clawback. The variables governing calculation of the clawback amount are adjusted each year by the federal Centers for Medicare and Medicaid (CMS).

DP 11206 - Medicaid Benefits Other Caseload Hospital Utilization Fee - The legislature added funds for the hospital utilization fee, which is assessed for every inpatient hospital day. The fee is used to match federal Medicaid funds and then redistributed to hospitals as Medicaid reimbursements. The regular Medicaid rate covers about 65% to 68% of the cost of hospital care. Adding the amount from the hospital utilization fees raises Medicaid reimbursement to about 95% to 98% of the cost of hospital care.

The Montana Medicaid program has historically reimbursed the Montana hospitals at a rate less than the cost of providing hospital services to Medicaid clients. Federal regulations require hospitals to provide services to all citizens without regard to ability to pay, and require the hospitals to have a methodology in place to provide charity care to patients who do not have the ability to pay for the hospital services.

The hospital utilization fee and the corresponding federal funding is distributed using disproportionate share payments and hospital reimbursement adjustment payments to allocate the payments to hospitals based on Medicaid inpatient days and Medicaid inpatient/outpatient charges.

DP 11208 - HMK Medicaid CHIP-Funded Caseload - This present law adjustment adds funds for estimated caseload growth for the Healthy Montana Kids eligibility group from families with incomes from 101% to 133% of the federal poverty level. Children in this eligibility group receive Medicaid services and the costs are funded from the CHIP federal grant.

DP 11209 - HMK Caseload - This present law adjustment reflects the caseload growth for the Healthy Montana Kids eligibility group of children in households with family incomes from 134% to 250% of the federal poverty level. Children in this group receive CHIP services funded from the federal CHIP grant.

DP 11210 - Offset General Fund with HMK State Special Revenue - The legislature adopted a 4% projected growth rate for HMK CHIP compared to the executive request, which inflated costs 5.9%. The reduced cost for the HMK CHIP group was used to offset a portion of the general fund cost for the HMK Plus group.

DP 11211 - Med Ben SSR Hold Harmless Adjustment - The legislature added about \$17.0 million general fund over the biennium and reduced state special revenue by a like amount. The state special revenue was a one-time funding source from a portion of the savings due to the temporary increase in the federal Medicaid match rate authorized by the American Reinvestment and Recovery Act of 2009. States were allowed to set aside savings of a small portion of the enhanced federal Medicaid match (the hold harmless component). The legislature appropriated the funds as a one-time source of state Medicaid matching funds.

DP 11212 - Big Sky RX Caseload - This present law adjustment adds tobacco tax state special revenue for Big Sky Rx, which provides subsidies to help purchase Medicare Part D prescription coverage. Persons must be Medicare eligible with incomes under 200% of the federal poverty level.

DP 11213 - Offset HMK/CHIP General Fund - Tobacco Settlement - The legislature used tobacco settlement revenue allocated to the CHIP program to offset the general fund state match for services for the HMK CHIP eligibility group.

DP 11214 - Restrict Medicaid Services Funding - The legislature restricted Medicaid services appropriations to be used only for payment of medical services for persons eligible for Medicaid. The department will be able to transfer appropriations for Medicaid services among divisions, but will not be able to transfer Medicaid appropriations to divisions to be used for other purposes.

DP 11221 - One-Time Settlement Costs - This present law adjustment reduces benefits expenditures that were incurred in FY 2012 for one-time settlement costs for two lawsuits.

DP 11222 - 2% Reduction to Present Law Medicaid Services - The legislature reduced the present law request for Medicaid services administered by the Health Resources Division by 2% each year of the biennium. The reduction was not applied to either the hospital utilization fee or the federal matching funds for the fee. The legislature applied the reduction in two separate actions that reduced present law services by 1%. The first action was taken by the Health and Human Services Joint Appropriation Subcommittee and the second action was taken by the Senate Finance and Claims Committee.

DP 11401 - Medicaid Benefits Core FMAP Physical Health - The legislature adjusted federal Medicaid funds and general fund due to the increase in the federal Medicaid match rate. The state Medicaid match rate will decline from 33.79% in FY 2012 to 33.73% in FY 2014 and 33.78% in FY 2015. Funding was adjusted for hospital and clinic services, managed care, breast and cervical cancer, pharmacy, and acute care services.

DP 11402 - Medicaid Benefits Other FMAP Physical Health - This present law adjustment adjusts the base year expenses from the FY 2012 FMAP (federal medical assistance participation) rate to the FY 2014 rate of 33.73% state funds and 66.27% federal funds and the FY 2015 rate of 33.78% state funds and 66.22% federal funds. The total cost for the program does not change.

DP 11403 - HMK Medicaid CHIP-Funded FMAP - This present law adjustment reflects the anticipated change in the state match rate for CHIP. The state match rate for CHIP in FY 2012 was 23.60% compared to the FY 2014 rate of 23.63% and an estimated rate of 23.64% in FY 2015.

DP 11404 - HMK FMAP - This present law adjustment adjusts funding for the regular change in the Medicaid match rate, which is used to determine the state share of CHIP costs. The state match rate for CHIP in FY 2012 was 23.60% compared to the FY 2014 rate of 23.63% and an estimated rate of 23.64% in FY 2015.

DP 11601 - Med Admin MAC/MAM Contractual Inflationary Adjust - This adjustment adds federal Medicaid authority for administrative matching funds to match allowable Medicaid costs incurred by schools and tribal nations.

DP 11602 - Med Admin CPI Contractual Inflationary Adjust - This present law adjustment funds contract increases for the Health Resources Division. Contracts are funded 50% general fund and 50% federal funds.

New Proposals

Program	FTE	-----Fiscal 2014-----				-----Fiscal 2015-----					
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
DP 11218 - HMK Additional Services	11	0.00	356,117	0	1,126,469	1,482,586	0.00	382,356	0	1,189,184	1,571,540
DP 11901 - Provider Rate Increase - HMK Group	11	0.00	0	28,360	91,656	120,016	0.00	0	57,311	185,122	242,433
DP 11902 - Provider Rate Increase - Medicaid Core	11	0.00	1,341,245	222,362	3,086,642	4,650,249	0.00	2,929,087	229,555	6,230,405	9,389,047
DP 11903 - PRI - HMK/Medicaid CHIP-Funded Group	11	0.00	0	46,739	151,057	197,796	0.00	0	94,454	305,097	399,551
Total	0.00	\$1,697,362	\$297,461	\$4,455,824	\$6,450,647	0.00	\$3,311,443	\$381,320	\$7,909,808	\$11,602,571	

DP 11218 - HMK Additional Services - This new proposal adds funds over the biennium to cover additional benefit costs for Healthy Montana Kids enrollees to obtain necessary services in the HMK program. The new services are non-emergency transportation, durable medical equipment, nutrition, home health, hospice, obesity, chiropractic, and contraceptives.

DP 11901 - Provider Rate Increase - HMK Group - This new proposal funds a 2% provider rate increase in each year of the biennium for the highest income HMK group (FPL level 134-250%). The legislature included language in HB 625 to implement HB 2 to require that DPHHS raise provider rates by 2% annually. The Governor vetoed this bill. At the time of this writing, a veto override poll had been sent to legislators.

DP 11902 - Provider Rate Increase - Medicaid Core - This new proposal funds a 2% provider rate increase in each year of the biennium for most Medicaid services administered by the division. The legislature included language in HB 625 to implement HB 2 to require that DPHHS raise provider rates by 2% annually. The Governor vetoed this bill. At the time of this writing, a veto override poll had been sent to legislators.

DP 11903 - PRI - HMK/Medicaid CHIP-Funded Group - This new proposal funds a 2% provider rate increase in each year of the biennium for the HMK/Medicaid Expansion Group (FPL level 101% to 133%). The legislature included language in HB 625 to implement HB 2 to require that DPHHS raise provider rates by 2% annually. The Governor vetoed this bill. At the time of this writing, a veto override poll had been sent to legislators.

Language and Statutory Authority

The legislature included the following language in HB 2.

“Medicaid Services -- Developmental Services, Medicaid Services -- Health Resources, Medicaid Services -- Senior and Long-Term Care, and Medicaid Services -- Addictive and Mental Disorders may be used only to pay for Medicaid services for eligible Medicaid enrollees for expenses recorded as benefits and claims in the state accounting system and may not be transferred to other uses in the department.

The Department of Public Health and Human Services must use the following amounts of money in the

following appropriations to raise Medicaid provider rates, except those Medicaid services funded by the federal children's health insurance grant, by 2% in fiscal year 2014 and by 2% in fiscal year 2015:

(1) Medicaid Services -- Developmental Services, \$3,755,335 in fiscal year 2014 and \$7,585,778 in fiscal year 2015;

(2) Medicaid Services -- Health Resources, \$4,650,249 in fiscal year 2014 and \$9,389,047 in fiscal year 2015;

(3) Medicaid Services -- Senior and Long-Term Care, \$4,392,560 in fiscal year 2014 and \$8,872,971 in fiscal year 2015; and

(4) Medicaid Services -- Addictive and Mental Disorders, \$1,097,758 in fiscal year 2014 and \$2,217,499 in fiscal year 2015."

"The Department of Public Health and Human Services must use \$317,812 in fiscal year 2014 and \$641,984 in fiscal year 2015 of funds in Health Resources Division to raise provider rates for those services funded from the federal Children's Health Insurance Program grant and for providers who are not paid by a third-party administrator by 2% in fiscal year 2014 and by an additional 2% in fiscal year 2015."

Program Budget Comparison

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	5.00	5.00	5.00	5.00	5.00	5.00	0.00	0.00%
Personal Services	385,797	461,030	468,192	467,679	846,827	935,871	89,044	10.52%
Operating Expenses	7,975,646	7,429,555	8,137,054	10,792,776	15,405,201	18,929,830	3,524,629	22.88%
Grants	0	0	10,578,125	7,039,062	0	17,617,187	17,617,187	n/a
Total Costs	\$8,361,443	\$7,890,585	\$19,183,371	\$18,299,517	\$16,252,028	\$37,482,888	\$21,230,860	130.64%
General Fund	2,090,308	2,195,759	2,137,832	2,824,223	4,286,067	4,962,055	675,988	15.77%
State Special	87,925	39,755	91,668	93,007	127,680	184,675	56,995	44.64%
Federal Special	6,183,210	5,655,071	16,953,871	15,382,287	11,838,281	32,336,158	20,497,877	173.15%
Total Funds	\$8,361,443	\$7,890,585	\$19,183,371	\$18,299,517	\$16,252,028	\$37,482,888	\$21,230,860	130.64%

Program Description

The Medicaid Systems Support Program works in conjunction with the state Medicaid director and division administrators by providing oversight and guidance on management of the Medicaid programs. It also oversees the Medicaid Management Information System (MMIS) contractor that is responsible for the processing and payment of Medicaid claims. The Medicaid and Health Services Branch Manager is attached to this program for budget purposes.

Statutory reference: MCA 2-4-201

Administrative rules: ARM 37.1.101

Program Highlights

Medicaid and Health Services Management Major Budget Highlights
<ul style="list-style-type: none"> ◆ 97.5% of the budget is operating expense related to IT services and systems development, while personal services make up only 2.5% ◆ The 131% increase in the budget is due to two main factors: <ul style="list-style-type: none"> • \$17 million in federal grants to fund IT initiatives related to health care records previously funded in the Health Resources Division. • An increase of \$0.7 million general fund and \$2.3 million federal funds for implementation of a new Medicaid Management Information System (MMIS)

Funding

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature.

6911 - MEDICAID & HEALTH SERVICES BRANCH 12-MEDICAID & HEALTH SERVICES MANAGEMENT

Total Medicaid And Health Services Branch Funding by Source of Authority 2015 Biennium Budget - Medicaid And Health Services Management							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
General Fund	\$4,962,055	\$0	\$0	\$4,962,055	13.2%		
State Special Total	\$184,675	\$0	\$0	\$184,675	0.5%		
02220 02 Indirect Activity Prog 12	\$184,675	\$0	\$0	\$184,675	0.5%		
Federal Special Total	\$32,336,158	\$0	\$0	\$32,336,158	86.3%		
03305 03 Indirect Activity Prog 12	\$14,718,971	\$0	\$0	\$14,718,971	39.3%		
03580 6901-93.778 - Med Adm 50%	\$17,617,187	\$0	\$0	\$17,617,187	47.0%		
Total All Funds	\$37,482,888	\$0	\$0	\$37,482,888	100.0%		
Percent - Total All Sources	100.0%	0.0%	0.0%				

General fund supports 13% of the funding for the biennium. State special funds derived from indirect charges on all programs within the Medicaid and Health Services branch account for less than 1% in the biennium. Federal revenues support 86% of the funding, including \$17 million in federal grants to fund federal IT initiatives related to health records.

Budget Summary by Category

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

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	2,090,308	2,090,308	4,180,616	84.25%	8,361,443	8,361,443	16,722,886	44.61%
Statewide PL Adjustments	31,352	31,117	62,469	1.26%	83,807	83,119	166,926	0.45%
Other PL Adjustments	16,172	702,798	718,970	14.49%	159,996	2,815,893	2,975,889	7.94%
New Proposals	0	0	0	0.00%	10,578,125	7,039,062	17,617,187	47.00%
Total Budget	\$2,137,832	\$2,824,223	\$4,962,055		\$19,183,371	\$18,299,517	\$37,482,888	

Present Law Adjustments

The “Present Law Adjustments” table shows the changes to the base budget adopted by the legislature. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative.

6911 - MEDICAID & HEALTH SERVICES BRANCH 12-MEDICAID & HEALTH SERVICES MANAGEMENT

	-----Fiscal 2014-----					-----Fiscal 2015-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Present Law Adjustments										
Personal Services					101,904					101,368
Vacancy Savings					(19,509)					(19,486)
Inflation/Deflation					(4)					(3)
Fixed Costs					1,416					1,240
Total Statewide Present Law Adjustments		\$31,352	\$3,696	\$48,759	\$83,807		\$31,117	\$3,671	\$48,331	\$83,119
DP 50 - Initial Motion to FY 2012 Base	0.00	(31,352)	(929)	(61,752)	(94,033)	0.00	(31,117)	(3,671)	(48,331)	(83,119)
DP 51 - Adjustment for Statewide Personal Services	0.00	30,824	866	60,931	92,621	0.00	20,470	861	60,551	81,882
DP 52 - Adjustment for Statewide Operations	0.00	528	62	822	1,412	0.00	463	55	719	1,237
DP 53 - Base Funding Switch	0.00	175	48	(223)	0	0.00	10,338	2,797	(13,135)	0
DP 12101 - MMIS Maint. Contract	0.00	15,997	0	143,999	159,996	0.00	702,644	1,369	2,111,880	2,815,893
Total Other Present Law Adjustments	0.00	\$16,172	\$47	\$143,777	\$159,996	0.00	\$702,798	\$1,411	\$2,111,684	\$2,815,893
Grand Total All Present Law Adjustments	0.00	\$47,524	\$3,743	\$192,536	\$243,803	0.00	\$733,915	\$5,082	\$2,160,015	\$2,899,012

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - This adjustment funds statewide personal services and vacancy savings.

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

DP 53 - Base Funding Switch - This adjustment establishes a fund switch between fund types to fund base operations.

DP 12101 - MMIS Maint. Contract - The legislature provided an increase in state and federal authority to support the implementation of the new Management Information System (MMIS) components. The department's new MMIS system is scheduled for implementation in FY 2015.

New Proposals

Program	-----Fiscal 2014-----					-----Fiscal 2015-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
DP 12102 - Health Information Technology	12	0.00	0	0	10,578,125	10,578,125	0.00	0	0	7,039,062	7,039,062
Total	0.00	\$0	\$0	\$0	\$10,578,125	\$10,578,125	0.00	\$0	\$0	\$7,039,062	\$7,039,062

DP 12102 - Health Information Technology - This present law adjustment maintains services for the Federal Electronic Health Records initiatives. Prior funding was one-time-only.

Program Budget Comparison

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	220.05	220.05	221.05	221.05	220.05	221.05	1.00	0.45%
Personal Services	10,783,866	11,413,008	11,784,778	11,770,762	22,196,874	23,555,540	1,358,666	6.12%
Operating Expenses	7,872,989	8,265,374	8,780,611	10,195,793	16,138,363	18,976,404	2,838,041	17.59%
Equipment & Intangible Assets	111,093	132,303	111,093	111,093	243,396	222,186	(21,210)	(8.71%)
Grants	8,665,823	8,994,341	12,373,156	12,615,529	17,660,164	24,988,685	7,328,521	41.50%
Benefits & Claims	240,910,744	233,267,817	269,324,223	281,469,496	474,178,561	550,793,719	76,615,158	16.16%
Transfers	0	0	0	0	0	0	0	n/a
Debt Service	86,284	87,362	76,284	76,284	173,646	152,568	(21,078)	(12.14%)
Total Costs	\$268,430,799	\$262,160,205	\$302,450,145	\$316,238,957	\$530,591,004	\$618,689,102	\$88,098,098	16.60%
General Fund	60,343,797	62,481,031	67,417,789	70,547,355	122,824,828	137,965,144	15,140,316	12.33%
State Special	34,787,255	32,683,758	37,908,055	38,507,435	67,471,013	76,415,490	8,944,477	13.26%
Federal Special	173,299,747	166,995,416	197,124,301	207,184,167	340,295,163	404,308,468	64,013,305	18.81%
Total Funds	\$268,430,799	\$262,160,205	\$302,450,145	\$316,238,957	\$530,591,004	\$618,689,102	\$88,098,098	16.60%

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 physical 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 six major programs:

The Office on Aging provides meals, transportation, public education, information and assistance, long-term care ombudsman and other services;

- 1) Medicaid Community Services Program pays for in-home, assisted living, and other community-based services to Medicaid-eligible individuals as an alternative to nursing home care;
- 2) Medicaid Nursing Facility Program pays for care to Medicaid-eligible individuals in 82 Montana nursing homes;
- 3) Protective services, including the investigation of abuse neglect and exploitation are provided by adult protective services social workers;
- 4) Skilled nursing facility care is provided to veterans at the 105-bed Montana Veterans Home (MVH) in Columbia Falls and the 80-bed Eastern Montana Veterans Home in Glendive; and
- 5) The State Supplemental Payments Program pays for a portion of the room and board costs for 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); Veteran's Homes, 10-2-401, MCA (authorizes and establishes Montana Veteran's Homes); 53-1-602, MCA (Eastern Montana Veteran's Home); Medicaid, Title 53, Chapter 6, MCA; Title 19, Social Security Act 42 USC 1396 et. seq. (establishes and authorizes Medicaid Program).

Program Highlights

Senior and Long Term Care Division Major Budget Highlights
<ul style="list-style-type: none"> ◆ The 2015 biennium request grows \$88.1 million (\$15.1 million general fund) compared to the 2013 biennium budget ◆ Major changes are: <ul style="list-style-type: none"> • Expansion of Medicaid community services for disabled and elderly persons - \$17.1 million federal funds • Authorization for increased spending authority for county funded intergovernmental transfer payments to increase nursing home rates - \$14.5 million • Implementation of a 2% annual provider rate increase - \$13.9 million total funds (\$5.1 million general fund) • Utilization and enrollment increases for Medicaid services and changes in the federal Medicaid match rate - \$9.2 million total funds (\$3.0 million general fund) • Expansion of federal funding for aging services - \$4.4 million • Continuation of a one-time appropriation for community aging services and a \$1.0 million increase for a total of \$4.0 million general fund

Program Narrative

The Senior and Long Term Care Division (SLTC) appropriation for the 2015 biennium is \$88.1 million higher than the 2013 biennium, including \$15.1 million general fund. However, legislative appropriations are based on the difference between the base budget (FY 2012) and the estimated cost each year of the 2015 biennium. Legislative appropriations above base budget spending total \$81.8 million. Changes compared to the base budget are lower than the biennium to biennium comparison because the appropriation for FY 2013 is included in the biennial comparison and it is \$6.3 million lower than the base budget.

Major changes authorized by the legislature compared to base budget expenditures include:

- A new Medicaid state plan amendment that provides an enhanced federal match rate to provide additional community services for persons who otherwise could qualify for nursing home care - \$17.1 million federal funds
- An increase in transfers of county funds (IGT) that support nursing homes to use as state Medicaid match and increase nursing home reimbursement - \$14.4 million
- A 2% annual provider rate increase - \$13.9 million total funds, including \$5.1 million general fund
- A continuation of one-time appropriations for provider rate increases to fund direct care workers wage increases, meal preparation in personal assistance services, and non-Medicaid community services - \$11.5 million total funds, including \$6.9 million general fund
- Net increases in other Medicaid services - \$9.3 million total funds, including \$3.1 million general fund
- An increase in federal categorical grants for aging services - \$4.4 million
- An increase in funding to partially offset a reduction in community services for elderly and physically disabled persons that was instituted in late FY 2013 - \$1.5 million
- An increase to add community waiver services for 50 more persons - \$1.2 million
- An appropriation to operate the new Southwest Montana Veterans' Home - \$1.2 million, and inflation and operating cost increases for the other two veteran's homes - \$1.4 million

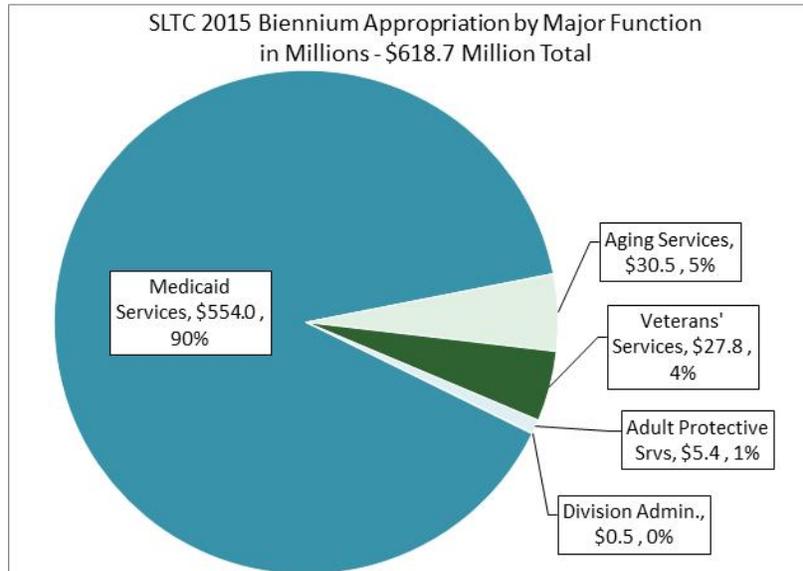
Line Item Veto

The legislature approved a provider rate increase for Medicaid nursing home services of \$5.8 million, including \$2.0 million general fund. The Governor removed this appropriation via line item veto after the legislature had adjourned.

Division Appropriation Characteristics

The SLTC division appropriation is 18% of the \$3.5 billion appropriated to DPHHS, including 15% of the total \$906.9 general fund appropriation to DPHHS. Figure 20 shows the appropriation by major division function.

Figure 20



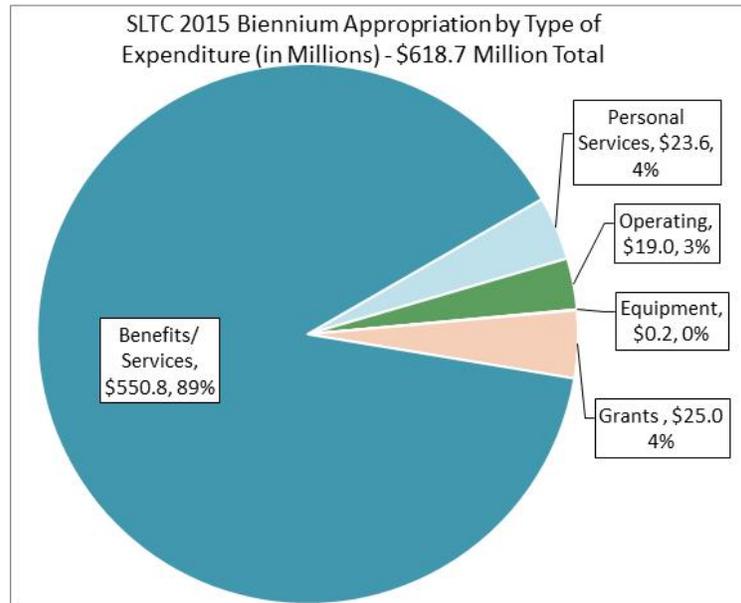
Medicaid services are the largest function with 90% of the appropriation and are the major cost driver for the division. The Medicaid services function includes both payments for medical services for eligible individuals as well as administrative costs for the program. Aging services account for 5% of the appropriation, while veterans' services – three veterans' nursing facilities – are 4% of the total. Adult protective services are 1% of the total division appropriation while division administration is less than 1%.

Appropriations by Type of Expenditure

Figure 2 shows the 2015 biennium appropriation for SLTC by type of expenditure. Payment for benefits or medical services for persons who meet financial and other eligibility criteria total \$550.8 million or 80% of the appropriation. Benefits and services includes Medicaid services primarily as well as adult protective services, state supplement payments, and short term housing services. Personal services and grants costs are each 4% of the total appropriation, while operating costs are 3% and equipment is less than 1%. Grants are distributed to agencies that contract with DPHHS to provide community services for the elderly and disabled such as:

- Feeding programs including congregate and meals on wheels
- Home maker services
- Elder abuse prevention
- Ombudsman services
- Health information counseling
- Caregiver support services

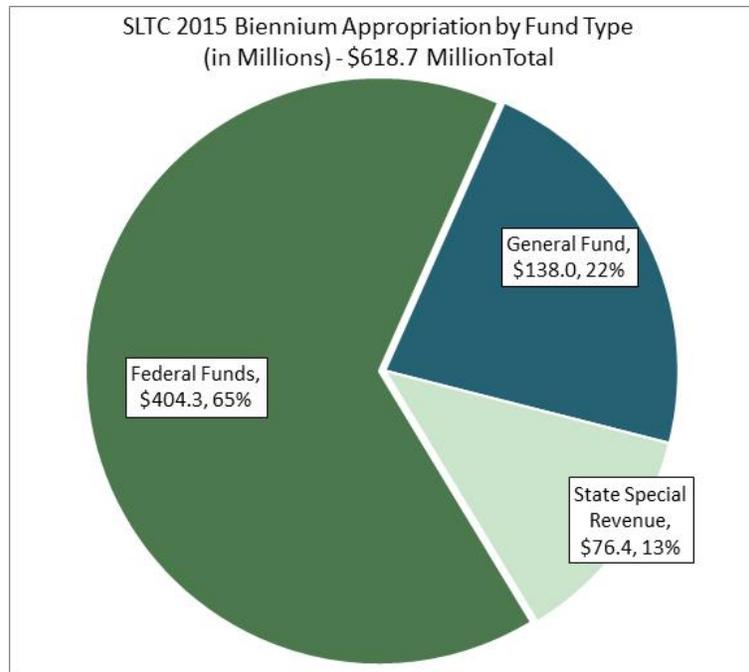
Figure 21



Appropriations by Fund Type

Figure 21 shows the SLTC 2015 biennium appropriation by fund type. Federal funds – primarily Medicaid matching funds – are 65% of the total. General fund is 22% and state special revenue is 13%. The Funding section discusses individual fund sources in greater detail.

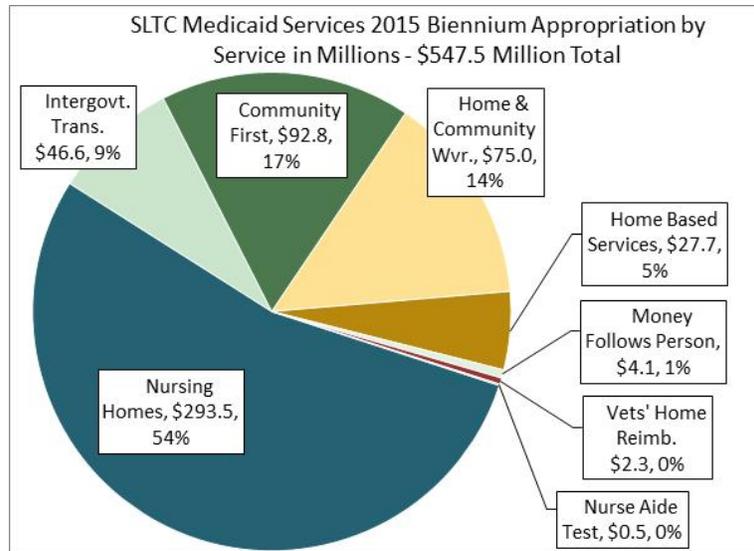
Figure 22



Medicaid Services Appropriations

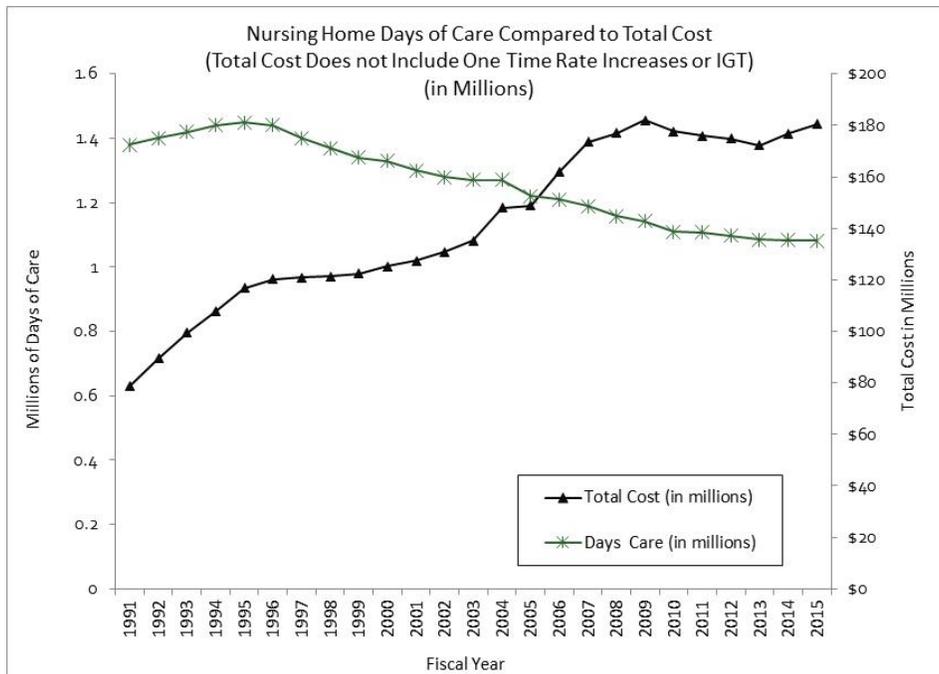
Figure 23 shows the 2015 biennium appropriation for Medicaid services administered by SLTC. Nursing home services are 54% of the total appropriation.

Figure 23



Medicaid nursing home services appropriation estimates are based on the number of days of care multiplied by the cost per day. Figure 24 shows the total days of care compared to the total cost of nursing home services from FY 1991 through the estimated days of care and total appropriation for nursing home services in the 2015 biennium. Total cost does not include the intergovernmental transfer (discussed in greater detail on the following page) or other one-time appropriations that raised provider rates.

Figure 24



Nursing home days of care peaked in FY 1995 at about 1.5 million and have slowly declined since then to a projected level of 1.1 million in each year of the 2015 biennium. Total cost steadily increased through FY 2010 due to provider rate increases. Total costs declined from FY 2010 through FY 2013 due to a decrease in the number of days of care and because temporary provider rate increases are not included in Figure 5. In FY 2010, continuing through the end of FY 2011, the legislature approved a one-time rate increase of 2% and a one-time rate increase dependent on nursing homes raising wages of direct care workers.

The total cost for nursing home care is projected to increase in the 2015 biennium due to the 2% annual rate increase approved by the legislature and because the legislature appropriated funds to continue rate increases tied to direct care worker wage increases and made the direct care worker wage appropriation an ongoing part of the nursing home Medicaid services appropriation.

The intergovernmental transfer (IGT) from county funds that are used for county administered nursing homes is used as state match to draw down federal Medicaid funds and provide additional reimbursements to nursing homes. IGT payments are considered one-time payments since federal regulations governing the payments could alter the allowable use of county funds.

Community First services are a new Medicaid state plan option that provides a 6% increase in the federal Medicaid match rate for home and community attendant services to persons who would need nursing home care if they were not provided services in a community setting. Services for each participant must be based on an individual care plan developed through an assessment of the individual's functional need. As part of the option, states must provide:

- Assistance with activities and instrumental activities of daily living (ADLs and IADLs) and health-related tasks, including hands-on assistance, cuing, and supervision
- Acquisition, maintenance, and enhancement of skills to complete those tasks
- Back-up systems, such as beepers, that will ensure continuity of care and support
- Training on hiring and dismissing attendants, if desired by the individual

Home and community based waiver services are 14% of the total appropriation and include services that are designed to help maintain low income elderly and physically disabled persons in a community setting who otherwise would need facility based care. Waiver services are not an entitlement and the number of service slots is limited to the appropriation available.

Home based services are 5% of the appropriation and include home health and hospice services. These services are an entitlement.

Money Follows the Person is a 5 year demonstration grant that provides a temporary reduction in the state Medicaid matching rate to pay for services to people who are already receiving Medicaid funded care in an institutional setting and choose to move into certain types of community living arrangements. The state match is reduced by 50% for the first year of transitional services.

A detailed description of each legislative change for each Medicaid service can be found in Table 22-A at this link: <http://leg.mt.gov/content/Publications/fiscal/FR-2015/Additional-Data-Tables/22A-SLTC.pdf>

The state veterans' homes receive reimbursement for Medicaid services provided to Medicaid eligible veterans and their spouses and are 1% of the total Medicaid services appropriation. A summary of appropriations supporting each home can be found in Table 22-B at this link:

<http://leg.mt.gov/content/Publications/fiscal/FR-2015/Additional-Data-Tables/22B-SLTC.pdf>

Nurse aide testing is less than 1% of the appropriation.

Detailed Division Appropriation Information

Detailed division appropriation information for SLTC can be found at this link:

<http://leg.mt.gov/content/Publications/fiscal/FR-2015/Additional-Data-Tables/22C-SLTC.pdf>

Funding

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature.

Total Medicaid And Health Services Branch Funding by Source of Authority 2015 Biennium Budget - Senior & Long-Term Care							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
General Fund	\$137,965,144	\$0	\$0	\$137,965,144	22.3%		
State Special Total	\$76,415,490	\$0	\$0	\$76,415,490	12.4%		
02023 Private Ins. Medicaid Reim.-ve	\$9,912,842	\$0	\$0	\$9,912,842	1.6%		
02032 Vets-i&i Lease	\$37,948	\$0	\$0	\$37,948	0.0%		
02053 Medicaid Nursing Home Match	\$16,858,431	\$0	\$0	\$16,858,431	2.7%		
02244 Misc Fees	\$0	\$0	\$0	\$0	0.0%		
02260 Cigarette Tax Revenue	\$5,028,352	\$0	\$0	\$5,028,352	0.8%		
02497 6901-lien & Estate - Slctd	\$2,218,348	\$0	\$0	\$2,218,348	0.4%		
02772 Tobacco Hlth & Medica Initiative	\$21,392,324	\$0	\$0	\$21,392,324	3.5%		
02783 6901-traumatic Brain Injury Dn	\$7,994	\$0	\$0	\$7,994	0.0%		
02959 Emvh Clinic Rent	\$67,318	\$0	\$0	\$67,318	0.0%		
02987 Tobacco Interest	\$2,278,203	\$0	\$0	\$2,278,203	0.4%		
02990 69010-nursing Home Utilization	\$18,613,730	\$0	\$0	\$18,613,730	3.0%		
Federal Special Total	\$404,308,468	\$0	\$0	\$404,308,468	65.3%		
03005 Emvh V-a Nursing Reimbursement	\$4,466,612	\$0	\$0	\$4,466,612	0.7%		
03073 Aging - Farmers Market	\$199,050	\$0	\$0	\$199,050	0.0%		
03112 Vets-v.a. Reimb	\$7,044,517	\$0	\$0	\$7,044,517	1.1%		
03193 Mippa Aaa	\$91,630	\$0	\$0	\$91,630	0.0%		
03202 Mippa Cms	\$127,244	\$0	\$0	\$127,244	0.0%		
03279 Sltc Lifespan Respite	\$367,500	\$0	\$0	\$367,500	0.1%		
03456 69010-aoa Aging One-stop Shop	\$144,972	\$0	\$0	\$144,972	0.0%		
03501 64.014 - Vets St. Domic Care I	\$295,793	\$0	\$0	\$295,793	0.0%		
03511 Sw Mt Vet Home Cnstr	\$1,113,615	\$0	\$0	\$1,113,615	0.2%		
03514 10.570 - Elderly Feeding 100%	\$2,337,619	\$0	\$0	\$2,337,619	0.4%		
03515 93.041 - Elder Abuse Prev 100%	\$29,899	\$0	\$0	\$29,899	0.0%		
03516 93.042 - Ombudsman Activity 10	\$195,079	\$0	\$0	\$195,079	0.0%		
03517 93.043 - Preventive Hlth 100%	\$229,597	\$0	\$0	\$229,597	0.0%		
03518 93.044 - Aging Sup S & Train I	\$3,782,872	\$0	\$0	\$3,782,872	0.6%		
03519 93.045 - Aging Meals 100%	\$6,927,946	\$0	\$0	\$6,927,946	1.1%		
03537 93.779 - Hlth Info Counseling	\$767,942	\$0	\$0	\$767,942	0.1%		
03563 Community Living	\$647,952	\$0	\$0	\$647,952	0.1%		
03579 93.667 - Ssbgs - Benefits	\$600,002	\$0	\$0	\$600,002	0.1%		
03580 6901-93.778 - Med Adm 50%	\$4,312,658	\$0	\$0	\$4,312,658	0.7%		
03583 93.778 - Med Ben Fmap	\$368,984,925	\$0	\$0	\$368,984,925	59.6%		
03666 Aging - Caregiver Iii-e	\$1,606,076	\$0	\$0	\$1,606,076	0.3%		
03819 Mippa Adrc	\$34,968	\$0	\$0	\$34,968	0.0%		
Total All Funds	\$618,689,102	\$0	\$0	\$618,689,102	100.0%		
Percent - Total All Sources	100.0%	0.0%	0.0%				

SLTC is funded by general fund, state special revenue, and federal funds. General fund supports:

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

General fund increases due to:

- Provider rate increases
- Growth in Medicaid costs
- Grants to Area Agencies on Aging

State special revenue supports:

- State Medicaid match
- State veterans' homes
- Adult protective services
- Administrative costs

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)

Another significant source of state special revenue is the cigarette tax dedicated to the veterans' homes. Figure 25 shows the estimated revenues and appropriations for the account. Funds in excess of \$2 million at fiscal yearend are transferred to the general fund.

Figure 25

Senior and Long Term Care Division Veterans' Services - Cigarette Tax Fund Balance					
Fund Balance	Actual	Legislative Appropriations			% of
Deposits/Expenditures	FY 2012	FY 2013	FY 2014	FY 2015	Total
Beginning Fund Balance*	\$2,226,269	\$2,000,000	\$2,000,000	\$2,000,000	
Revenue/Transfers In**					
Cigarette Tax	5,952,337	5,859,000	5,754,000	5,577,000	
Total Available for Appropriation	8,178,606	7,859,000	7,754,000	7,577,000	
Expenditures/Transfers Out**					
<u>Veterans' Homes Operations</u>					
Montana Veterans' Home	1,463,345	3,062,149	2,078,063	2,073,745	69.7%
Eastern Montana Veterans' Home	252,976	272,975	245,758	245,043	8.2%
Southwest Montana Veterans' Home	0	0	58,184	206,703	6.9%
<u>Long Range Building</u>					
Southwest Montana Veterans' Home	3,675,615	0	0	0	0.0%
<u>DPHHS Administrative Costs</u>					
Agency cost Allocated Administration	290,785	337,311	371,042	389,594	13.1%
SLTC Division Admin Cost	59,899	69,483	60,326	60,530	2.0%
Subtotal Expenditures	5,742,620	3,741,917	2,813,373	2,975,615	100.0%
Annual Rate of Increase		-34.8%	-24.8%	5.8%	
<u>Other</u>					
Transfer to the General Fund**	206,103	2,117,083	2,940,627	2,601,385	
Adjustments	229,883	0	0	0	
Subtotal Other	435,986	2,117,083	2,940,627	2,601,385	
Ending Fund Balance	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	

* Statute requires that at fiscal year end unexpended cash balances in excess of \$2.0 million be transferred to the general fund.

** Revenue estimates are based on those included in SJ 2. Expenditures do not include costs expected due to passage of HB 13, the pay plan bill, which will lower the estimated transfer to the general fund in FY 2014 and FY 2015.

Federal funds support:

- Medicaid costs
- NonMedicaid community services
- Veterans’ homes services

Federal funds increase over the 2015 biennium due to:

- Higher Medicaid services costs
- Two new proposals to expand community services for persons who meet the level of care requirements for nursing home care
- Increases in federal aging services block grants
- Increases in federal veterans’ administration per diem payments for nursing care services

Budget Summary by Category

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

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	60,343,797	60,343,797	120,687,594	87.48%	268,430,799	268,430,799	536,861,598	86.77%
Statewide PL Adjustments	115,846	116,935	232,781	0.17%	531,018	521,971	1,052,989	0.17%
Other PL Adjustments	1,001,168	2,136,692	3,137,860	2.27%	12,577,191	17,189,064	29,766,255	4.81%
New Proposals	5,956,978	7,949,931	13,906,909	10.08%	20,911,137	30,097,123	51,008,260	8.24%
Total Budget	\$67,417,789	\$70,547,355	\$137,965,144		\$302,450,145	\$316,238,957	\$618,689,102	

The majority of the SLTC budget supports continuation of current level services. About 8% of the request funds new proposals for a 2% annual provider increase, a new option for Medicaid community services that draws down an additional 6% in federal Medicaid matching funds, and legislative initiatives to continue one-time appropriations that support provider payments for reimbursements to direct care workers, expansion of community waiver services to an additional 50 people, and funds to partially offset a reduction in waiver services.

Present Law Adjustments

The “Present Law Adjustments” table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments	Fiscal 2014					Fiscal 2015				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					980,381					950,135
Vacancy Savings					(470,570)					(469,363)
Inflation/Deflation					(5,244)					8,826
Fixed Costs					26,451					32,373
Total Statewide Present Law Adjustments		\$115,846	\$223,892	\$191,280	\$531,018		\$116,935	\$212,542	\$192,494	\$521,971
DP 50 - Initial Motion to FY 2012 Base	0.00	(115,846)	(223,892)	(191,280)	(531,018)	0.00	(116,935)	(212,542)	(192,494)	(521,971)
DP 51 - Adjustment for Statewide Personal Services	0.00	79,874	128,979	300,958	509,811	0.00	80,042	109,996	290,734	480,772
DP 52 - Adjustment for Statewide Operations	0.00	(3,307)	14,907	9,607	21,207	0.00	(2,104)	27,110	16,193	41,199
DP 53 - Base Funding Switch	0.00	39,279	80,006	(119,285)	0	0.00	38,997	75,436	(114,433)	0
DP 22201 - Med Ben Core Caseload Nursing Homes	0.00	(805,418)	0	(1,582,420)	(2,387,838)	0.00	(792,341)	0	(1,553,250)	(2,345,591)
DP 22202 - Med Ben Core FMAP Nursing Homes	0.00	(114,492)	0	114,492	0	0.00	(43,427)	0	43,427	0
DP 22203 - Med Ben Core Caseload Home Based	0.00	1,575,388	0	3,095,197	4,670,585	0.00	2,523,854	0	4,947,591	7,471,445
DP 22204 - Med Ben Core FMAP Home Based	0.00	(16,073)	0	16,073	0	0.00	6,165	0	(6,165)	0
DP 22205 - Med Ben Waiver Caseload SLTC HCBW	0.00	130,615	0	256,622	387,237	0.00	130,809	0	256,428	387,237
DP 22206 - Med Ben Waiver FMAP SLTC HCBW	0.00	(17,452)	0	17,452	0	0.00	551	0	(551)	0
DP 22207 - Med Ben Other HCHCW Annualization	0.00	180,814	0	355,250	536,064	0.00	181,082	0	354,982	536,064
DP 22208 - Med Ben Other NH IGT	0.00	0	2,209,963	4,341,959	6,551,922	0.00	0	2,650,410	5,195,680	7,846,090
DP 22209 - Med Ben Other FMAP NH IGT	0.00	0	(25,759)	25,759	0	0.00	0	(17,709)	17,709	0
DP 22210 - Required Overtime/Holiday/Differential Pay	0.00	0	418,520	0	418,520	0.00	0	433,463	0	433,463
DP 22211 - Facility Inflation MVH	0.00	0	133,163	0	133,163	0.00	0	185,617	0	185,617
DP 22212 - Fed Authority for VA Per Diem MVH	0.00	0	(104,416)	104,416	0	0.00	0	(165,610)	165,610	0
DP 22213 - Fed Authority for VA Per Diem EMVH	0.00	0	0	64,914	64,914	0.00	0	0	99,842	99,842
DP 22214 - Aging Grant Funding	0.00	0	0	2,075,612	2,075,612	0.00	0	0	2,319,771	2,319,771
DP 22215 - State Supplemental Payments	0.00	33,772	0	0	33,772	0.00	67,651	0	0	67,651
DP 22216 - Motor Pool Car Request	0.00	2,092	0	373	2,465	0.00	2,092	0	373	2,465
DP 22217 - Private Lease Adjustment	0.00	3,955	0	860	4,815	0.00	10,557	0	1,986	12,543
DP 22218 - EMVH Rent Annualization Fund Switch	0.00	0	0	0	0	0.00	0	0	0	0
DP 22219 - Contractual Adjustments	0.00	27,967	0	57,993	85,960	0.00	49,699	0	122,768	172,467
DP 22220 - Restrict Medicaid Services Funding	0.00	0	0	0	0	0.00	0	0	0	0
Total Other Present Law Adjustments	0.00	\$1,001,168	\$2,631,471	\$8,944,552	\$12,577,191	0.00	\$2,136,692	\$3,086,171	\$11,966,201	\$17,189,064
Grand Total All Present Law Adjustments	0.00	\$1,117,014	\$2,855,363	\$9,135,832	\$13,108,209	0.00	\$2,253,627	\$3,298,713	\$12,158,695	\$17,711,035

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - This adjustment funds statewide present law personal services adjustments and vacancy savings.

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government Joint Appropriations Subcommittee.

DP 53 - Base Funding Switch - This adjustment establishes a fund switch between fund types to fund base operations.

DP 22201 - Med Ben Core Caseload Nursing Homes - This adjustment funds anticipated changes in the Medicaid nursing facility program. The number of days of nursing home care is anticipated to decline compared to the number funded in FY 2012.

DP 22202 - Med Ben Core FMAP Nursing Homes - The legislature adjusted Medicaid services funding for the projected reduction in state Medicaid match rates. The state match rate will decrease to 33.73% in FY 2014 and an estimated 33.78% in FY 2015 compared to the FY 2012 base level of 33.79%.

DP 22203 - Med Ben Core Caseload Home Based - This adjustment funds anticipated caseload increases for Medicaid home based services, which include personal assistance, home health, and hospice. The adjustment adds about 5% per year for traditional personal assistance services, about 13% for mental health personal assistance services, and about 11% for hospice services per year from FY 2012 through FY 2015. DP 22222 implements the Community First Choice Option, and transfers personal assistance services to a new category.

DP 22204 - Med Ben Core FMAP Home Based - The legislature adjusted Medicaid services funding for the projected reduction in state Medicaid match rates. The state match rate will decrease to 33.73% in FY 2014 and an estimated 33.78% in FY 2015 compared to the FY 2012 base level of 33.79%.

DP 22205 - Med Ben Waiver Caseload SLTC HCBW - The legislature added funds to annualize the cost of nursing facility transition and diversions from institutional placements into community settings. 82 individuals transitioned at different times during FY 2012 from nursing facilities to home and community based waiver placements, resulting in less than a full year of expenditures being included in the FY 2012 base year.

DP 22206 - Med Ben Waiver FMAP SLTC HCBW - The legislature adjusted Medicaid services funding for the projected reduction in state Medicaid match rates. The state match rate will decrease to 33.73% in FY 2014 and an estimated 33.78% in FY 2015 compared to the FY 2012 base level of 33.79%.

DP 22207 - Med Ben Other HCHCW Annualization - The legislature approved funding to annualize the Medicaid-funded health care for health care worker program. Provider rate increases are given to Medicaid service providers that offer health insurance that meets certain requirements to direct care workers. This proposal funds the increase in provider rates that occurred January 1, 2012.

DP 22208 - Med Ben Other NH IGT - The legislature funded the anticipated increase in IGT intergovernmental payments. The difference in the Medicaid rate and the Medicare upper payment limit (UPL) will allow a higher level of reimbursement compared to base year expenditures. The state match is provided by county governments. The legislature restricted the appropriation and added the following language governing the use of the appropriation: "County Nursing Home Intergovernmental Transfer may be used only to make one-time payments to nursing homes based on the number of Medicaid services provided. State special revenue in County Nursing Home IGT may be expended only after the office of budget and program planning has certified that the department has collected the amount that is necessary to make one-time payments to nursing homes based on the number of Medicaid services provided and to fund the base budget in the nursing facility program and the community services program at the level of \$564,785 from counties participating in the intergovernmental transfer program for nursing facilities."

DP 22209 - Med Ben Other FMAP NH IGT - The legislature adjusted Medicaid services funding for the projected reduction in state Medicaid match rates. The state match rate will decrease to 33.73% in FY 2014 and an estimated 33.78% in FY 2015 compared to the FY 2012 base level of 33.79%.

DP 22210 - Required Overtime/Holiday/Differential Pay - This present law adjustment funds overtime, holidays worked, differential pay, and the corresponding benefits for the Montana Veterans' Home personal services related to operating a facility with 24-hour staffing requirements. The funding includes support of aggregate positions, which are used to provide coverage for staff on sick leave or vacation. Funding is from cigarette tax state special revenue. These expenses are zero-based and must be added in full each biennium.

DP 22211 - Facility Inflation MVH - This present law adjustment funds inflationary increases in operations, medical, and pharmacy costs.

DP 22212 - Fed Authority for VA Per Diem MVH - Federal authority was added for the federal Veterans' Administration per diem rates that will be reimbursed for the domiciliary and nursing facility days of care at MVH in the 2015 biennium. VA per diem rates change on October 1st of each year, and this adjustment assumes a 2% increase in the per diem payments in each year of the biennium. This funding shifts expenses from state special revenue (cigarette taxes) to federal funds.

DP 22213 - Fed Authority for VA Per Diem EMVH - The legislature added federal authority for the federal Veterans' Administration per diem rates that will be reimbursed for the nursing facility days of care at Eastern Montana Veterans' Home (EMVH) in the 2015 biennium. The VA per diem rate increases are effective October 1st of each year. This adjustment is based on an estimated 2% annual increase. The federal VA payments are passed through to the contractor, who operates this facility.

DP 22214 - Aging Grant Funding - This present law adjustment adds appropriation authority for anticipated federal grant increases for aging services. These grants are awarded as renewal contracts to the Area Agencies on Aging and are funded with 100% federal funds.

DP 22215 - State Supplemental Payments - This present law adjustment adds general fund to pay the anticipated cost of state supplemental payments for an additional 25 individuals who will be moving from institutional disability services into the community each year of the biennium. State supplemental payments provide a monetary addition to the Social Security payment made to SSI eligible individuals who reside in designated residential care facilities. Monthly benefits are \$94. In addition, DPHHS pays the Social Security Administration an administrative fee to process the payments. The administrative fee is estimated to be \$11.12 in 2014 and \$11.30 in 2015 per payment.

DP 22216 - Motor Pool Car Request - The legislature funded replacement of three cars used by Adult Protective Services and Community Services field staff. The cars being replaced were department-owned vehicles in Billings, Kalispell, and Great Falls. These vehicles were older and high mileage vehicles that were surplus as a result of repairs exceeding the value of the vehicle.

DP 22217 - Private Lease Adjustment - This adjustment funds work space for employees in non-state owned buildings located throughout the state.

DP 22218 - EMVH Rent Annualization Fund Switch - The legislature funded the lease agreement between the federal Veterans' Administration and the state to pay for space occupied by the Community Based Outpatient Clinic at the Eastern Montana Veterans' Home. Base year costs were funded from cigarette tax revenues. This adjustment is a fund switch to reduce state special revenue from cigarette tax and replace it with state special revenue from the lease payments made under this agreement by the Veterans' Administration.

DP 22219 - Contractual Adjustments - The legislature provided additional funds for two contracts. One contract provides utilization review, level of care determinations, and prior authorization activities for programs in the division.

Other costs provide for maintenance and enhancements to the Adult Protective Services computerized database used for tracking and reporting on abuse, neglect, and exploitation activities.

DP 22220 - Restrict Medicaid Services Funding - The legislature restricted Medicaid services appropriations to be used only for payment of medical services for persons eligible for Medicaid. The department will be able to transfer appropriations for Medicaid services among divisions, but will not be able to transfer Medicaid appropriations to divisions to be used for other purposes.

New Proposals

Program	FTE	-----Fiscal 2014-----				-----Fiscal 2015-----				
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 22101 - Aging Services										
22	0.00	2,000,000	0	0	2,000,000	0.00	2,000,000	0	0	2,000,000
DP 22102 - Southwest Montana Veterans' Home										
22	1.00	0	58,184	0	58,184	1.00	0	206,703	1,113,615	1,320,318
DP 22222 - Med Ben Personal Assistance Services Refinance										
22	1.00	0	0	7,123,086	7,123,086	1.00	0	0	9,954,162	9,954,162
DP 22901 - PRI Med Ben Core Nursing Homes										
22	0.00	958,145	0	1,882,487	2,840,632	0.00	1,938,322	0	3,799,755	5,738,077
DP 22902 - PRI Med Ben Core Home Based Services										
22	0.00	276,720	0	543,679	820,399	0.00	559,804	0	1,097,401	1,657,205
DP 22903 - PRI Med Ben Waiver SLTC										
22	0.00	246,745	0	484,784	731,529	0.00	499,163	0	978,526	1,477,689
DP 22904 - PRI - Aging Services										
22	0.00	209,887	0	0	209,887	0.00	423,971	0	0	423,971
DP 22905 - Expand Home and Community Based Waiver										
22	0.00	179,899	0	353,449	533,348	0.00	240,220	0	470,910	711,130
DP 22906 - Personal Services Meal Preparation										
22	0.00	250,763	0	492,680	743,443	0.00	251,135	0	492,308	743,443
DP 22907 - Direct Care Worker Wage Increase (RST)										
22	0.00	1,684,819	0	3,310,196	4,995,015	0.00	1,687,316	0	3,307,699	4,995,015
DP 22910 - Remove Funding for Long Term Vacant Position										
22	(1.00)	0	(46,402)	0	(46,402)	(1.00)	0	(46,084)	0	(46,084)
DP 22911 - Short Term Housing Assistance (RST/OTO)										
22	0.00	100,000	0	0	100,000	0.00	300,000	0	0	300,000
DP 22912 - Traumatic Brain Injury (OTO)										
22	0.00	50,000	0	0	50,000	0.00	50,000	0	0	50,000
DP 22913 - Partially Restore Community Waiver Services (RST)										
22	0.00	0	253,655	498,361	752,016	0.00	0	260,848	511,349	772,197
Total	1.00	\$5,956,978	\$265,437	\$14,688,722	\$20,911,137	1.00	\$7,949,931	\$421,467	\$21,725,725	\$30,097,123

DP 22101 - Aging Services - This new proposal continues funding to support aging programs administered by Area Agencies on Aging. The one-time funding was initially added by the 2009 Legislature and then continued as a one-time appropriation by the 2011 Legislature. The 2013 Legislature removed the one-time designation.

DP 22102 - Southwest Montana Veterans' Home - This adjustment funds ongoing operating costs, including 1.00 FTE state liaison, and the federal VA per diem revenue pass through for the Southwest Montana Veterans' Home (SMVH) in Butte. Federal budget legislation includes funding for 65% of the cost of construction for the facility if the construction grant is approved during FY 2013. SMVH is a 60-bed cottage concept campus that will be operated as a contracted state veterans' home and requires that a state liaison be on site at the facility. The funding is based on the assumption that the facility will be completed by June 2014 with startup and maintenance costs starting in FY 2015. The legislature made the FY 2015 portion of the appropriation contingent on approval of federal funding for construction of the facility.

DP 22222 - Med Ben Personal Assistance Services Refinance - This new proposal will fund the DPHHS goal of rebalancing its long term services and supports system with increased use of home and community based care and decreased use of facility based care. This proposal targets the full spectrum of consumers, including elderly, individuals with developmental disabilities, people with physical disabilities, and adults with severe disabling mental illness. There are two separate programs rolled into this DP – Community First Choice – an optional Medicaid service that will continue, and Money Follows the Person – a 5 year demonstration grant.

Figure 26 shows the changes made to the Medicaid home based services appropriation amounts and the reallocation of general fund among the Community First Choice option, Money Follows the Person grant, and home based services.

Figure 26

Total Change Included in DP 2222 Med Ben Personal Assistance Services Refinance						
Component	FY 2014			FY 2015		
	General Fund	Federal	Total	General Fund	Federal	Total
Community First Choice Admin	\$85,161	\$186,885	\$272,046	\$71,095	\$144,687	\$215,782
Community First Choice Services	10,634,110	27,996,566	38,630,676	14,942,735	39,241,560	54,184,295
Money Follows the Person Services	409,280	804,120	1,213,400	619,951	1,215,308	1,835,259
Reduction to Home Based Services	<u>(11,128,551)</u>	<u>(21,864,485)</u>	<u>(32,993,036)</u>	<u>(15,633,781)</u>	<u>(30,647,393)</u>	<u>(46,281,174)</u>
Annual Change	<u>\$0</u>	<u>\$7,123,086</u>	<u>\$7,123,086</u>	<u>\$0</u>	<u>\$9,954,162</u>	<u>\$9,954,162</u>
Total Biennial Change - Federal Funds						<u>\$17,077,248</u>

DP 22901 - PRI Med Ben Core Nursing Homes - This new proposal funds a 2% provider rate increase in each year of the biennium for nursing home Medicaid services. The legislature directed DPHHS to raise provider rates 2% each year of the biennium, and included the requirement in HB 625, the bill to implement HB 2. At the time of this writing the Governor had vetoed the bill and a veto override poll has been sent to legislators.

DP 22902 - PRI Med Ben Core Home Based Services - This new proposal funds a 2% provider rate increase in each year of the biennium for Medicaid home based services. The legislature directed DPHHS to raise provider rates 2% each year of the biennium, and included the requirement in HB 625, the bill to implement HB 2. At the time of this writing the Governor had vetoed the bill and a veto override poll has been sent to legislators.

DP 22903 - PRI Med Ben Waiver SLTC - This new proposal funds a 2% provider rate increase in each year of the biennium for Medicaid community services. The legislature directed DPHHS to raise provider rates 2% each year of the biennium, and included the requirement in HB 625, the bill to implement HB 2. At the time of this writing the Governor had vetoed the bill and a veto override poll has been sent to legislators.

DP 22904 - PRI - Aging Services - This adjustment funds a 2% provider rate increase in each year of the biennium for aging services. The rate increase is funded entirely from the general fund. The legislature directed DPHHS to raise provider rates 2% each year of the biennium, and included the requirement in HB 625, the bill to implement HB 2. At the time of this writing the Governor had vetoed the bill and a veto override poll has been sent to legislators.

DP 22905 - Expand Home and Community Based Waiver - The legislature appropriated funds to increase the home and community based waiver administered by SLTC to serve an additional 50 persons. The funding is based on persons being served for three quarters of FY 2014 due to anticipated start up, with full funding for 50 persons in FY 2015. The appropriation is restricted to adding waiver slots above the level funded from the Money Follows the Person grant discussed in DP 22222.

DP 22906 - Personal Services Meal Preparation - The legislature added funds to continue the FY 2012 level of meal preparation services as part of personal assistance services funding. These services were supported by a one-time appropriation in the 2013 biennium. This appropriation continues the services, removes the one-time designation, and restricts the use of funds.

DP 22907 - Direct Care Worker Wage Increase (RST) - The legislature added funds to continue lump sum payments or wage increases for direct care workers in Medicaid services administered by SLTC. This appropriation continues payments and wage increases funded from a one-time appropriation in the 2013 biennium. The appropriation is restricted and the one-time designation was removed.

DP 22910 - Remove Funding for Long Term Vacant Position - The legislature eliminated funding for an occupational health safety specialist position at MVH that had been vacant for over a year. Cigarette tax state special revenue was reduced as a result of this action.

DP 22911 - Short Term Housing Assistance (RST/OTO) - The legislature appropriated \$400,000 general fund over the biennium to provide assistance to persons transitioning from facility based care to community services. The funds may be used only to assist a person until that person is eligible for other housing assistance programs.

DP 22912 - Traumatic Brain Injury (OTO) - The legislature added \$100,000 general fund over the biennium to fund activities that educate and support recovery of individuals and families living with traumatic brain injuries, including military service personnel. The funding is one time.

DP 22913 - Partially Restore Community Waiver Services (RST) - The legislature added funds to partially offset a reduction in community services for elderly and physically disabled persons. The annual reduction totaled \$1.5 million. The legislature restored about half of the funding reduction.

Language and Statutory Authority

"Medicaid Services -- Developmental Services, Medicaid Services -- Health Resources, Medicaid Services -- Senior and Long-Term Care, and Medicaid Services -- Addictive and Mental Disorders may be used only to pay for Medicaid services for eligible Medicaid enrollees for expenses recorded as benefits and claims in the state accounting system and may not be transferred to other uses in the department.

The Department of Public Health and Human Services must use the following amounts of money in the following appropriations to raise Medicaid provider rates, except those Medicaid services funded by the federal children's health insurance grant, by 2% in fiscal year 2014 and by 2% in fiscal year 2015:

- (1) Medicaid Services -- Developmental Services, \$3,755,335 in fiscal year 2014 and \$7,585,778 in fiscal year 2015;
- (2) Medicaid Services -- Health Resources, \$4,650,249 in fiscal year 2014 and \$9,389,047 in fiscal year 2015;
- (3) Medicaid Services -- Senior and Long-Term Care, \$4,392,560 in fiscal year 2014 and \$8,872,971 in fiscal year 2015; and
- (4) Medicaid Services -- Addictive and Mental Disorders, \$1,097,758 in fiscal year 2014 and \$2,217,499 in fiscal year 2015."

"The Department of Public Health and Human Services must use \$209,887 in fiscal year 2014 and \$423,971 in fiscal year 2015 of funds in Senior and Long Term Care Division to raise non-Medicaid provider rates by 2% in fiscal year 2014 and by an additional 2% in FY 2015."

"County Nursing Home Intergovernmental Transfer may be used only to make one-time payments to nursing homes based on the number of Medicaid services provided. State special revenue in County Nursing Home Intergovernmental Transfer may be expended only after the office of budget and program planning has certified that the department has collected the amount that is necessary to make one-time payments to nursing homes based on the number of Medicaid services provided and to fund the base budget in the nursing facility program and the community services program at the level of \$564,785 from counties participating in the intergovernmental transfer program for nursing facilities."

"Personal Services Meal Preparation may be used only to provide personal assistance services for meal preparation for persons receiving Medicaid services administered by the senior and long term care division."

“Home and Community Based Waiver may be used only to increase the number of service slots for Medicaid services administered by the senior and long term care division. This funding may be used only to expand services above the level of additional service slots funded in the Money Follows the Person grant for elderly and physically disabled Medicaid eligible persons.”

“Direct Care Provider Rate Increase may be used only to raise provider rates for Medicaid services to allow for continuation of wage increases or lump sum payments to workers who provide direct care and ancillary services.”

“Southwest Montana Veterans' Home is contingent on approval and receipt of federal funding to support construction of the southwest Montana veterans’ home.”

“Short Term Housing Assistance may be used only to provide financial assistance for housing for persons transitioning from Medicaid funded facility-based care to community services through the Money Follows the Person grant program. Short Term Housing Assistance may be used only to assist a person until that person is eligible for other housing assistance programs.”

"Partially Restore Community Waiver Services may be used only to fund services that were reduced in fiscal year 2014."

Program Budget Comparison

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	619.86	619.86	617.86	617.86	619.86	617.86	(2.00)	(0.32%)
Personal Services	34,307,972	35,525,822	37,977,401	37,839,712	69,833,794	75,817,113	5,983,319	8.57%
Operating Expenses	12,039,834	13,522,662	13,112,197	13,862,524	25,562,496	26,974,721	1,412,225	5.52%
Equipment & Intangible Assets	107,460	45,420	107,460	107,460	152,880	214,920	62,040	40.58%
Grants	3,711,911	5,145,999	4,044,002	4,049,612	8,857,910	8,093,614	(764,296)	(8.63%)
Benefits & Claims	67,014,551	73,876,535	75,198,016	78,107,860	140,891,086	153,305,876	12,414,790	8.81%
Transfers	30,000	30,000	24,300	22,500	60,000	46,800	(13,200)	(22.00%)
Debt Service	69,607	67,598	117,623	117,623	137,205	235,246	98,041	71.46%
Total Costs	\$117,281,335	\$128,214,036	\$130,580,999	\$134,107,291	\$245,495,371	\$264,688,290	\$19,192,919	7.82%
General Fund	60,625,217	63,015,207	64,203,883	65,683,610	123,640,424	129,887,493	6,247,069	5.05%
State Special	12,573,861	14,801,412	15,402,701	15,639,050	27,375,273	31,041,751	3,666,478	13.39%
Federal Special	44,082,257	50,397,417	50,974,415	52,784,631	94,479,674	103,759,046	9,279,372	9.82%
Total Funds	\$117,281,335	\$128,214,036	\$130,580,999	\$134,107,291	\$245,495,371	\$264,688,290	\$19,192,919	7.82%

Program Description

The Addictive and Mental Disorders Division provides chemical dependency and mental health services through contracts with behavioral health providers across the state. People with substance abuse disorders who have family incomes below 200% of the federal poverty level are eligible for public funding of treatment services. In addition, the Medicaid program funds outpatient and residential chemical dependency treatment services for adolescents and outpatient services for adults who are Medicaid eligible. The mental health program provides services to adults who are eligible for Medicaid as well as non-Medicaid adults up to 150% of FPL. The division also manages three inpatient facilities: the Montana State Hospital in Warm Springs, Montana Chemical Dependency Center in Butte, and Montana Mental Health Nursing Care Center in Lewistown.

Program Highlights

Addictive and Mental Disorders Division Major Budget Highlights	
◆	The Addictive and Mental Disorders Division 2015 biennium budget is \$19.2 million higher than the 2013 biennium
◆	The major changes that the legislature approved are: <ul style="list-style-type: none"> • Annualization of Medicaid waiver services - \$8.2 million • Reinstatement of overtime, holiday, and shift differential pay for state mental health facility workers - \$5.1 million general fund • Inflationary increases in operating costs for state mental health facilities - \$2.5 million general fund • 2% annual provider rate increases - \$4.1 million total funds, including \$1.1 million general fund
◆	The legislature removed funding for 2.00 FTE at the Montana Chemical Dependency Center

Program Narrative

The AMDD 2015 biennium budget appropriation is \$19.2 million higher than the 2013 biennium budget. However, the present law adjustments and new proposals that the legislature approved are based on changes to base budget spending in

FY 2012 and total \$30.1 million, including \$8.6 million general fund. Since legislative changes are measured from the FY 2012 base budget, which is \$11.0 million lower than the FY 2013 appropriation, total legislative changes are higher than the biennium to biennium difference, which includes the FY 2013 appropriation.

The most noticeable difference between FY 2012 base expenditures and the FY 2013 appropriation is in benefits and claims (services for individuals who meet financial eligibility and, in some instances, disability criteria). Base expenditures are \$5.8 million lower, primarily in Medicaid mental health services, compared to the FY 2013 appropriation.

The major changes authorized by the legislature are:

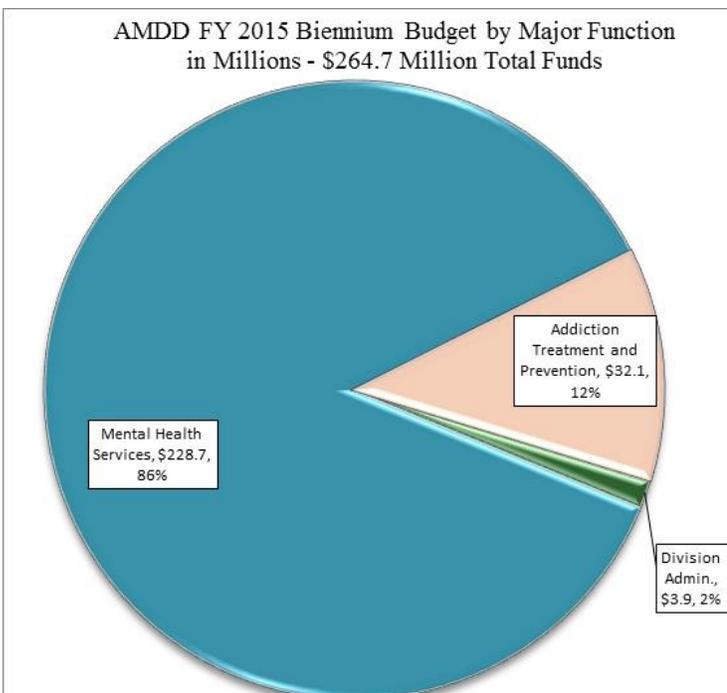
- Medicaid enrollment and service utilization increases and state match rate changes - \$10.5 million, including \$1.8 million general fund
- Reinstatement of state facility overtime, holiday, and shift differential pay that is zero based - \$6.0 million, including \$3.1 million general fund
- A 2% annual provider rate increase - \$4.1 million total funds, including \$1.1 million general fund
- State facility inflation and operating costs - \$2.5 million general fund
- Statewide present law adjustments to fully fund personal services, including broad band pay increases authorized late in the base year - \$1.6 million, including \$0.4 million general fund
- Grants to counties for mental health crisis jail diversion services and for prevention of suicides in jails and increases for some mental health community services - \$1.5 million

The legislature removed funding for 2.00 FTE at the Montana Chemical Dependency Center (MCDC). The FTE had been vacant for more than two years and AMDD indicated that it would not be filling the positions.

Line Item Veto

The legislature approved a one-time appropriation of \$704,896 over the biennium to support mental health crisis jail diversion grants to counties. The source of funds was Montana Chemical Dependency Center cost recovery state special revenue. The Governor removed this appropriation via line item veto after the legislature had adjourned.

Figure 27

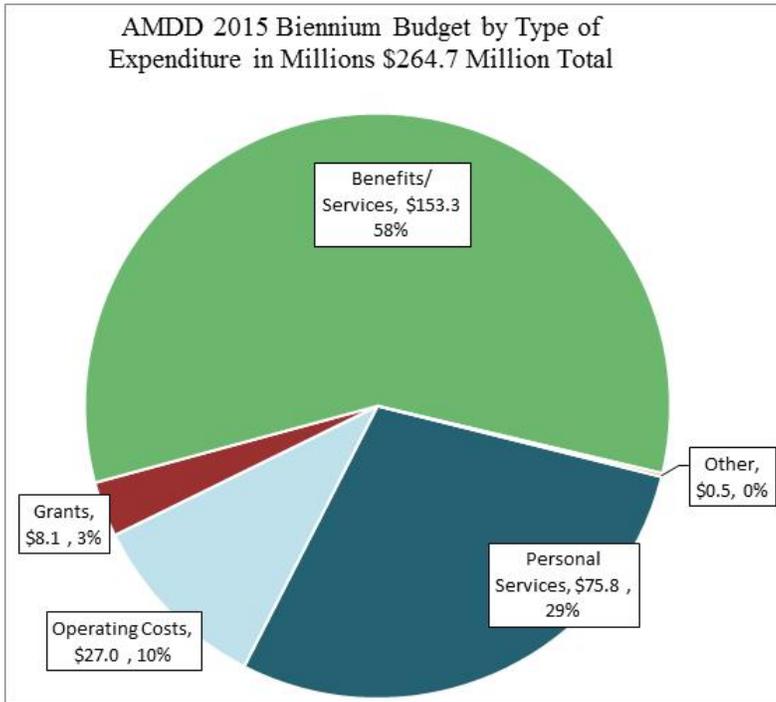


Division Appropriation Characteristics

The AMDD division appropriation is 29% of the \$3.5 billion appropriated to DPHHS, including 14% of the total \$900 million general fund appropriation to DPHHS. Figure 27 shows the appropriation by major division function.

Mental health services are the largest slice of the pie totaling \$228.7 million or 86%. Addiction treatment and prevention services are just under 12% of the appropriation and division administration is 2% of the total.

Figure 28



Appropriations by Type of Expenditure

Figure 28 shows the 2015 biennium appropriation for AMDD by type of expenditure. Payment for benefits or services for persons who meet financial and other eligibility criteria total \$153.3 million or 58% of the appropriation. Personal services are 29% of the total appropriation reflecting the staffing requirements of the three state facilities administered by AMDD. Operating costs are 10% of the total, followed by grants with 3%, and other costs such as equipment and debt service are under 1% of the total.

Appropriations by Fund Type

Figure 29 shows the AMDD 2015 biennium appropriation by fund type. General fund is just under one half the total appropriation, due in large part to the two mental health state facilities that are funded almost entirely by general fund. Although DPHHS receives reimbursements for some state facility services, including Medicare, Medicaid,

insurance, and private payments, those funds are used first to pay bonds that supported construction of a new state hospital with any remaining balance deposited to the general fund. Federal funds - primarily Medicaid matching funds - are 39% of the total. State special revenue is 12%. The Funding section discusses individual fund sources in greater detail.

Figure 29

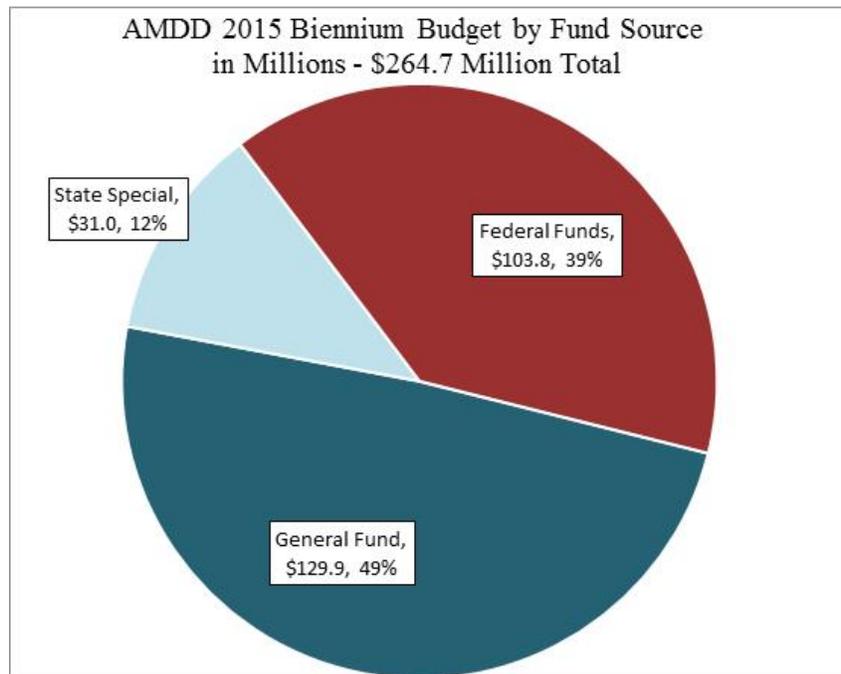


Figure 30

Major Function

Figure 30 shows the 2015 biennium appropriation for major programs administered by AMDD. Adult mental health Medicaid services are 45% of the total, with \$118.2 million, followed by the two state mental health institutions. The state hospital appropriation is just under one quarter of the total and the nursing care center appropriation is 8%. Major services with less than 10% of total appropriation are:

- Chemical dependency (CD) community services - 6%
- The state funded Mental Health Services Plan – 5%
- MCDC – 4%
- CD Medicaid services – 1%

The remainder of the AMDD biennial appropriation – 7% - includes various adult mental health community services and grants as well some administrative costs.

Detailed Appropriation Information

Detailed division appropriation information for AMDD can be found in Table 33-A at this link: <http://leg.mt.gov/content/Publications/fiscal/FR-2015/Additional-Data-Tables/33A-AMDD.pdf>

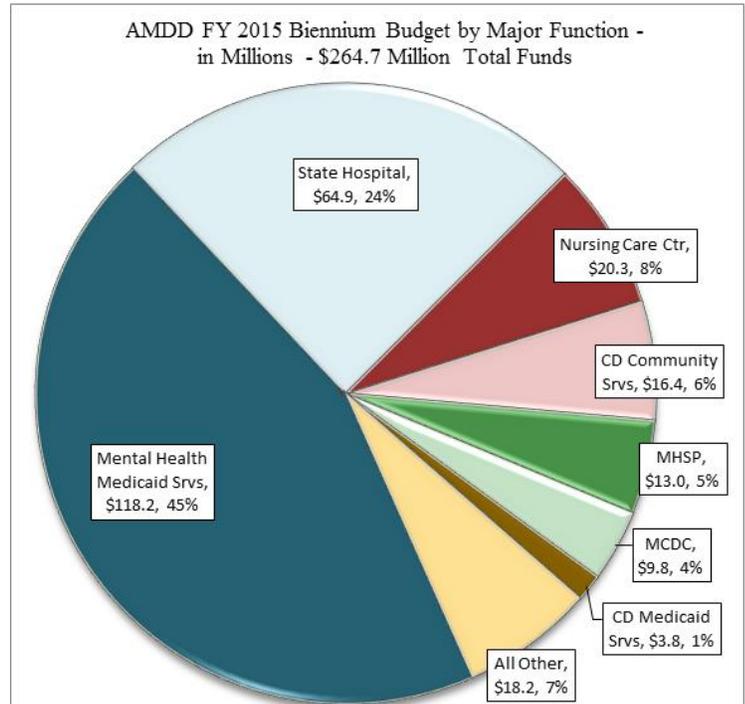
A summary of each legislative change to the Medicaid services appropriations can be found in Table 33-B at this link: <http://leg.mt.gov/content/Publications/fiscal/FR-2015/Additional-Data-Tables/33B-AMDD.pdf>

State Facility Costs

AMDD administers three state facilities, with combined FTE of 577.26 or 94% of the division total. Table 33-C at the following link <http://leg.mt.gov/content/Publications/fiscal/FR-2015/Additional-Data-Tables/33C-AMDD.pdf> shows the 2013 biennium appropriation compared to the 2015 biennium appropriation for each facility administered by AMDD.

Funding

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature.



Total Medicaid And Health Services Branch Funding by Source of Authority 2015 Biennium Budget - Addictive & Mental Disorders							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
General Fund	\$129,887,493	\$0	\$0	\$129,887,493	47.7%		
State Special Total	\$31,041,751	\$0	\$7,488,244	\$38,529,995	14.2%		
02034 Earmarked Alcohol Funds	\$12,065,597	\$0	\$3,821,174	\$15,886,771	5.8%	53-24-108	Pass Thru 53-24-206 Pass Thru
02053 Medicaid Nursing Home Match	\$2,099,808	\$0	\$0	\$2,099,808	0.8%		
02244 Misc Fees	\$0	\$0	\$0	\$0	0.0%		
02384 02 Indirect Activity Prog 33	\$289,948	\$0	\$0	\$289,948	0.1%		
02394 Montana State Hospital Rev Acc	\$0	\$0	\$3,667,070	\$3,667,070	1.3%	17-7-502	Direct
02598 Mcdc Cost Recovery	\$268,566	\$0	\$0	\$268,566	0.1%		
02691 6901-msh/doc Maint Agreement	\$277,486	\$0	\$0	\$277,486	0.1%		
02772 Tobacco Hlth & Mediced Initiative	\$14,654,676	\$0	\$0	\$14,654,676	5.4%		
02987 Tobacco Interest	\$1,385,670	\$0	\$0	\$1,385,670	0.5%		
Federal Special Total	\$103,759,046	\$0	\$0	\$103,759,046	38.1%		
03171 Data Infrastructure Development	\$188,410	\$0	\$0	\$188,410	0.1%		
03505 93.150 - Mntal Hlth - Homeless	\$606,034	\$0	\$0	\$606,034	0.2%		
03507 93.958 - Mntal Hlth - Blk Grt	\$2,276,723	\$0	\$0	\$2,276,723	0.8%		
03508 93.959 - Adad - Blk Grt 100%	\$13,553,167	\$0	\$0	\$13,553,167	5.0%		
03513 Chipra Bonus	\$2,250,000	\$0	\$0	\$2,250,000	0.8%		
03580 6901-93.778 - Med Adm 50%	\$1,993,213	\$0	\$0	\$1,993,213	0.7%		
03583 93.778 - Med Ben Fmap	\$82,340,144	\$0	\$0	\$82,340,144	30.3%		
03601 03 Indirect Activity Prog 33	\$551,355	\$0	\$0	\$551,355	0.2%		
Total All Funds	\$264,688,290	\$0	\$7,488,244	\$272,176,534	100.0%		
Percent - Total All Sources	97.2%	0.0%	2.8%				

AMDD is funded by general fund, state special revenue, and federal funds. General fund supports:

- State adult mental health facility costs
- State Medicaid match
- Some adult mental health community services
- Community chemical dependency group home services for adults with methamphetamine and other addictions

State special revenue and functions that it supports are:

- Alcohol taxes – Montana Chemical Dependency Center (MCDC), state Medicaid match, community chemical dependency services, and statutory appropriations to counties for to support chemical dependency community services
- Tobacco taxes allocated to the health and Medicaid initiatives account – state Medicaid match
- Tobacco trust fund interest income - Mental health crisis jail diversion grants to counties
- Montana State Hospital account – facility revenues that fund bond repayment through a statutory appropriation

Alcohol State Special Revenue Account Fund Balance

Figure 31 shows the alcohol state special revenue account balance for the 2013 biennium compared to the 2015 biennium. The legislature as part of its appropriation decisions removed MCDC cost recovery revenues from consideration as a revenue source for the account, which is reflected in the \$1.0 million reduction in revenue in FY 2013. The reduction was based on DPHHS estimates of the amount of MCDC cost recovery revenue that had built up in the account for a number of years.

Figure 31

Earmarked Alcohol Tax Revenue - 2013 Biennium Budget Compared to 2015 Biennium Appropriations					
Revenue/Expenditures	Base	Legislative Appropriations		% of	
Fund Balance	FY 2012	FY 2013**	FY 2014	FY 2015	Total
Beginning Balance	\$714,719	\$1,220,439	\$233,258	\$13,786	
Revenues*					
Liquor License	5,850,168	6,244,000	6,614,000	7,007,000	76.6%
Beer Tax	915,225	942,000	948,000	953,000	10.4%
Wine Tax	963,075	982,000	1,015,000	1,049,000	11.5%
DPHHS Cost Recovery	<u>134,283</u>	<u>(987,181)</u>	<u>0</u>	<u>0</u>	<u>1.5%</u>
Total Revenue	<u>7,862,751</u>	<u>7,180,819</u>	<u>8,577,000</u>	<u>9,009,000</u>	100%
Annual Percent Change		5.7%	4.9%	5.0%	
Total Funds Available	8,577,470	8,401,258	8,810,258	9,022,786	
Disbursements					
Montana Chemical Dependency Center (MCDC)	3,912,173	4,295,267	4,772,195	4,766,605	54.0%
Distribution to Counties***	1,436,532	1,634,600	1,715,400	1,801,800	19.5%
Distribution to Counties - Srvs for Dually Diagnosed*	474,055	539,418	566,082	594,594	6.5%
CD Benefits - nonMedicaid	487,256	618,923	487,256	487,256	5.3%
CD Medicaid Services	469,558	210,875	420,086	444,413	5.1%
Cost Allocated Administration	357,125	376,830	395,671	415,455	4.9%
CD Operations	287,846	248,761	343,796	343,990	3.7%
Quality Assurance-Licensure	72,007	70,945	70,463	71,040	0.8%
Department of Corrections-Pine Hills	<u>25,523</u>	<u>25,523</u>	<u>25,523</u>	<u>25,523</u>	<u>0.3%</u>
Total Disbursements/HB 2 Appropriations	7,522,075	8,021,142	8,796,472	8,950,676	100%
Distribution to Counties - Revenue Exceeding Appropriations/Unencumbered Authority***	0	146,858	0	58,324	
Adjustments****	<u>165,044</u>	<u>0</u>	<u>0</u>	<u>0</u>	
Ending Fund Balance	<u>\$1,220,439</u>	<u>\$233,258</u>	<u>\$13,786</u>	<u>\$13,786</u>	
estimates.					
** FY 2013 budgeted amounts are based on 2011 legislative appropriations, except indirect costs, which are based on LFD estimates.					
***26.6% of alcohol tax revenues are statutorily appropriated for distribution as grants to state approved public or private alcoholism programs. A portion (6.6% of total revenue) is statutorily required to be used to treat persons with alcoholism who also have a mental illness. Revenues in excess of appropriations or unencumbered balances remaining at fiscal year end, also are statutorily appropriated to be distributed to state approved programs.					
**** Adjustments include those made to comply with generally accepted accounting principles (GAAP) as well as actions needed to maintain the account in a positive balance.					

The legislature removed the MCDC cost recovery funding from the account in order to clearly delineate the statutory appropriations from the account and to accurately determine the funding available for legislative appropriation. There are three statutory appropriations from the account:

- 20% of revenues deposited to the account must be distributed as grants to state-approved private or public alcoholism programs
- 6.6% of revenues deposited to the account must be distributed to state-approved private or public alcoholism programs that provide services for treatment and rehabilitation for persons with co-occurring serious mental illness and chemical dependency
- Revenues that have not been encumbered by the counties or DPHHS must be returned to the fund within 30 days after the close of each fiscal year and must be distributed by the department the following year

Federal special revenue and functions that it supports are:

- Federal Medicaid matching funds – chemical dependency and adult mental health services
- Substance abuse block grant – community chemical dependency services with a small allocation to support the Montana Chemical Dependency Center
- Mental health block grants – community mental health services and homelessness prevention

- Children’s Health Insurance Program Reauthorization Act (CHIPRA) bonus payments – overtime, shift differential, and holiday pay at the Montana State Hospital and grants for prevention of suicide in local jails

Budget Summary by Category

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

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	60,625,217	60,625,217	121,250,434	93.35%	117,281,335	117,281,335	234,562,670	88.62%
Statewide PL Adjustments	253,876	167,655	421,531	0.32%	786,257	684,871	1,471,128	0.56%
Other PL Adjustments	3,970,863	5,175,806	9,146,669	7.04%	10,413,955	12,652,143	23,066,098	8.71%
New Proposals	(646,073)	(285,068)	(931,141)	(0.72%)	2,099,452	3,488,942	5,588,394	2.11%
Total Budget	\$64,203,883	\$65,683,610	\$129,887,493		\$130,580,999	\$134,107,291	\$264,688,290	

The majority of the legislative appropriation supports continuation of present law services. Just over 2% of the appropriation funds new proposals for a 2% annual provider rate increase and an increase in federal substance abuse block grant funds. General fund present law adjustments support adult mental health state facility cost increases, reinstatement of overtime pay that is zero based, pay increases granted by DPHHS in FY 2012, increases in Medicaid enrollment and service utilization growth for adult mental health, and increases in grants to counties to develop mental health crisis jail diversion grants.

Present Law Adjustments

The “Present Law Adjustments” table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments	-----Fiscal 2014-----					-----Fiscal 2015-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					2,196,951					2,065,730
Vacancy Savings					(1,460,233)					(1,454,915)
Inflation/Deflation					(40,406)					(7,160)
Fixed Costs					89,945					81,216
Total Statewide Present Law Adjustments		\$253,876	\$496,975	\$35,406	\$786,257		\$167,655	\$481,123	\$36,093	\$684,871
DP 50 - Initial Motion to FY 2012 Base	0.00	(253,876)	(496,975)	(35,406)	(786,257)	0.00	(167,655)	(481,123)	(36,093)	(684,871)
DP 51 - Adjustment for Statewide Personal Services	0.00	103,492	540,183	93,043	736,718	0.00	(10,060)	527,311	93,564	610,815
DP 52 - Adjustment for Statewide Operations	0.00	41,233	8,998	(692)	49,539	0.00	68,979	5,483	(406)	74,056
DP 53 - Base Funding Switch	0.00	109,151	(52,206)	(56,945)	0	0.00	108,736	(51,671)	(57,065)	0
DP 33101 - MH Comm Crisis Serv Annualization Goal 189	0.00	283,870	0	0	283,870	0.00	283,870	0	0	283,870
DP 33103 - Med Ben Waiver Annualization MHSP (HIFA)	0.00	(470,860)	1,498,002	2,961,995	3,989,137	0.00	(470,860)	1,502,314	2,957,683	3,989,137
DP 33104 - Med Ben Waiver FMAP Adult Mental Health	0.00	0	(9,762)	9,762	0	0.00	0	(4,600)	4,600	0
DP 33200 - Med Ben Core Caseload Adult Mental Health	0.00	678,765	(49,472)	1,236,384	1,865,677	0.00	1,171,013	(25,145)	2,246,281	3,392,149
DP 33201 - Med Ben Federal Caseload Adult Mental Health	0.00	0	0	200,000	200,000	0.00	0	0	200,000	200,000
DP 33202 - Adjustment to AMDD HCBS Waiver	0.00	0	(1,637)	1,637	0	0.00	0	(692)	692	0
DP 33203 - Restrict Medicaid Services Funding	0.00	0	0	0	0	0.00	0	0	0	0
DP 33300 - Required Overtime/Holiday/Differential MCDC	0.00	0	438,229	0	438,229	0.00	0	438,229	0	438,229
DP 33301 - Required Overtime/Holiday/Differential MSH	0.00	2,055,361	0	0	2,055,361	0.00	2,055,361	0	0	2,055,361
DP 33302 - Required Overtime/Holiday/Differential MMHNCC	0.00	516,541	0	0	516,541	0.00	504,247	0	0	504,247
DP 33400 - Med Ben Core FMAP Adult Mental Health	0.00	(12,048)	(3,594)	15,642	0	0.00	2,489	742	(3,231)	0
DP 33501 - Private Lease Adjustment MCDC	0.00	0	108,877	0	108,877	0.00	0	108,877	0	108,877
DP 33502 - Private Lease Adjustment Division Admin.	0.00	13,936	2,319	7,569	23,824	0.00	19,212	3,174	10,433	32,819
DP 33601 - MCDC Facility Operating Inflation	0.00	0	27,141	0	27,141	0.00	0	36,980	0	36,980
DP 33602 - Montana State Hosp Facility Operating Inflation	0.00	466,215	0	0	466,215	0.00	947,655	0	0	947,655
DP 33603 - MMHNCC Facility Operating Inflation	0.00	439,083	0	0	439,083	0.00	662,819	0	0	662,819
Total Other Present Law Adjustments	0.00	\$3,970,863	\$2,010,103	\$4,432,989	\$10,413,955	0.00	\$5,175,806	\$2,059,879	\$5,416,458	\$12,652,143
Grand Total All Present Law Adjustments	0.00	\$4,224,739	\$2,507,078	\$4,468,395	\$11,200,212	0.00	\$5,343,461	\$2,541,002	\$5,452,551	\$13,337,014

Statewide present law adjustments add a net increase of \$1.5 million over the biennium. The majority of the statewide present law adjustment funds pay increases granted in late FY 2012, which add \$2.4 million to the 2015 biennium budget request. Pay increases implemented by the executive in FY 2012 are discussed in the DPHHS overview.

Other adjustments such as workers' compensation costs and reclassification of positions due to changes in duties add about \$1.4 million. The remainder of personal services costs provides full funding for positions that were vacant during FY 2012. Vacancy savings offsets all but \$1.5 million of the personal services increases.

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - This adjustment funds statewide personal services and vacancy savings.

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

DP 53 - Base Funding Switch - This adjustment establishes a fund switch between fund types to fund base operations.

DP 33101 - MH Community Crisis Services Annualization Goal 189 - This present law adjustment funds Goal 189 community crisis services provided in a group home or individual setting and brings base year costs up to the level of the FY 2012 appropriation. AMDD has worked with service providers in an effort to expand participation.

DP 33103 - Med Ben Waiver Annualization MHSP (HIFA) - This adjustment funds continuation of the HIFA waiver initiated in December 2010. Enrollment in the waiver increased between 1 to 69 persons per month until about 800 service slots were filled in July 2012. The waiver provides Medicaid funded mental health services and most Medicaid physical health services to persons eligible for the MHSP program who have incomes up to 150% of the federal poverty level and who have a mental health diagnosis of schizophrenia or bipolar disease. This waiver allows persons to move from 100% state funded services to a more comprehensive array of Medicaid funded services. Enrollment in the waiver is capped at around 800 slots.

DP 33104 - Med Ben Waiver FMAP Adult Mental Health - The legislature adjusted funding for the change in the state Medicaid match rate. The state match rate declines from 33.79% in FY 2012 to 33.73% in FY 2014 and 33.78% in FY 2015.

DP 33200 - Med Ben Core Caseload Adult Mental Health - This present law adjustment funds enrollment and service utilization growth in adult mental health Medicaid services. Base expenditures were \$39.8 million.

DP 33201 - Med Ben Federal Caseload Adult Mental Health - This present law adjustment adds federal funds for Medicaid reimbursement for services provided by state adult mental health facilities. Base expenditures were \$2.0 million.

DP 33202 - Adjustment to AMDD HCBS Waiver - The legislature funded the home and community based waiver services for the 2014 biennium based on an estimated number of 198 service slots at an annual cost of \$16,289 per service slot. The total amount budgeted for AMDD HCBS waiver services was \$3,225,182 per year not including provider rate increases. Slight funding adjustments were made by the legislature to fund this Medicaid service according to the projected state and federal matching ratios.

DP 33203 - Restrict Medicaid Services Funding - The legislature restricted Medicaid services appropriations to be used only for payment of medical services for persons eligible for Medicaid. The department will be able to transfer appropriations for Medicaid services among divisions, but will not be able to transfer Medicaid appropriations to divisions to be used for other purposes.

DP 33300 - Required Overtime/Holiday/Differential MCDC - This present law adjustment funds overtime, holidays worked, aggregate costs, and the corresponding benefits at the Montana Chemical Dependency Center. These costs are removed from base year expenditures and totaled \$591,524 in FY 2012.

DP 33301 - Required Overtime/Holiday/Differential MSH - This present law adjustment funds overtime, holidays worked, differential pay, and the corresponding benefits at the Montana State Hospital. These expenditures are removed from base year expenditures and totaled \$3,045,707 in FY 2012.

DP 33302 - Required Overtime/Holiday/Differential MMHNCC - This present law adjustment funds overtime, holidays worked, differential pay, and the corresponding benefits for the Montana Mental Health Nursing Care Center. These expenditures are removed from the base budget and totaled \$451,476 in FY 2012.

DP 33400 - Med Ben Core FMAP Adult Mental Health - The legislature adjusted base level expenditures for the change in the state Medicaid match rate. The state match rate declines from 33.79% in FY 2012 to 33.73% in FY 2014 and 33.78% in FY 2015.

DP 33501 - Private Lease Adjustment MCDC - The legislature funded an increase in rent for three buildings to house operations for the Montana Chemical Dependency Center. AMDD rented new space for MCDC because the former facility no longer met licensure requirements. The new site meets safety and security requirements for licensing the facility and allows essential services to continue.

DP 33502 - Private Lease Adjustment Division Admin. - The legislature funded increases in the rental agreement for office space.

DP 33601 - MCDC Facility Operating Inflation - This adjustment funds increases in certain operating costs for the Montana Chemical Dependency Center. It is funded from alcohol tax state special revenue.

DP 33602 - Montana State Hospital Facility Operating Inflation - The legislature funded increases in certain operating costs for the Montana State Hospital.

DP 33603 - MMHNCC Facility Operating Inflation - The legislature funded increases in certain operating costs for the Montana Mental Health Nursing Care Center.

New Proposals

Program	FTE	-----Fiscal 2014-----				-----Fiscal 2015-----					
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
DP 33803 - Substance Abuse Prevention Treatment Grant	33	0.00	0	0	488,561	488,561	0.00	0	0	488,561	488,561
DP 33901 - PRI Med Ben Waiver AMDD	33	0.00	0	102,377	201,142	303,519	0.00	0	207,108	406,001	613,109
DP 33902 - PRI Med Ben Core Adult Mental Health	33	0.00	172,683	95,214	526,342	794,239	0.00	348,820	192,400	1,063,170	1,604,390
DP 33903 - PRI - HB 131 Crisis Beds	33	0.00	5,500	0	0	5,500	0.00	11,110	0	0	11,110
DP 33904 - PRI - CD SAPT Block Grant	33	0.00	0	0	82,718	82,718	0.00	0	0	167,091	167,091
DP 33905 - PRI - Mental Health Services Plan	33	0.00	175,744	0	0	175,744	0.00	355,002	0	0	355,002
DP 33906 - Mental Health Crisis Jail Diversion Services (RST)	33	0.00	0	201,591	0	201,591	0.00	0	201,591	0	201,591
DP 33907 - Remove Funding for 2.00 Vacant FTE	33	(2.00)	0	(77,420)	0	(77,420)	(2.00)	0	(76,912)	0	(76,912)
DP 33910 - Prevent Jail Suicide (Restricted/Biennial/OTO)	33	0.00	0	0	125,000	125,000	0.00	0	0	125,000	125,000
DP 33911 - Offset General Fund in MSH Overtime (Biennial)	33	0.00	(1,000,000)	0	1,000,000	0	0.00	(1,000,000)	0	1,000,000	0
Total	(2.00)	(\$646,073)	\$321,762	\$2,423,763	\$2,099,452	\$2,099,452	(2.00)	(\$285,068)	\$524,187	\$3,249,823	\$3,488,942

DP 33803 - Substance Abuse Prevention Treatment Grant - The legislature approved additional spending authority for the federal Substance Abuse Prevention Grant.

DP 33901 - PRI Med Ben Waiver AMDD - This new proposal funds a 2% annual provider rate increase for Medicaid community mental health waiver services. The legislature added language requiring DPHHS to raise provider rates by 2% annually, which is implemented in HB 625. The Governor vetoed this bill. At the time of this writing, a veto override poll had been sent to legislators.

DP 33902 - PRI Med Ben Core Adult Mental Health - This new proposal funds a 2% annual provider rate increase for contracted community crisis beds funded under 53-21-1204, MCA (HB 131 passed during the 2009 session). The legislature added language requiring DPHHS to raise provider rates by 2% annually, which is implemented in HB 625. The Governor vetoed this bill. At the time of this writing, a veto override poll had been sent to legislators.

DP 33903 - PRI - HB 131 Crisis Beds - This new proposal funds a 2% annual provider rate increase for contracted community crisis beds funded under 53-21-1204, MCA (HB 131 passed during the 2009 session). The legislature added language requiring DPHHS to raise provider rates by 2% annually, which is implemented in HB 625. The Governor vetoed this bill. At the time of this writing, a veto override poll had been sent to legislators.

DP 33904 - PRI - CD SAPT Block Grant - This new proposal funds a 2% annual provider rate increase in each year of the biennium for chemical dependency services. The legislature added language requiring DPHHS to raise provider rates by 2% annually, which is implemented in HB 625. The Governor vetoed this bill. At the time of this writing, a veto override poll had been sent to legislators.

DP 33905 - PRI - Mental Health Services Plan - This new proposal funds a 2% annual provider rate increase for the state funded Mental Health Services Program (MHSP). The legislature added language requiring DPHHS to raise provider rates by 2% annually, which is implemented in HB 625. The Governor vetoed this bill. At the time of this writing, a veto override poll had been sent to legislators.

DP 33906 - Mental Health Crisis Jail Diversion Services (RST) - The legislature added \$201,591 in tobacco settlement trust interest each year to provide grants to expand the number of counties that have mental health crisis jail diversion grants. The legislature intended that the funds be used to expand crisis services and not to augment funding for existing programs. Base budget expenditures for this activity were \$645,961 supported from a combination of general fund and tobacco settlement trust interest funds.

DP 33907 - Remove Funding for 2.00 Vacant FTE - DPHHS indicated that it would not fill two positions at MCDC that had been vacant for more than two years. The legislature removed funding for the FTE as identified by DPHHS.

DP 33910 - Prevent Jail Suicide (Restricted/Biennial/OTO) - The legislature added one-time funds from the Children's Health Insurance bonus payments to fund grants for jail suicide prevention.

DP 33911 - Offset General Fund in MSH Overtime (Biennial) - The legislature appropriated \$1 million in federal CHIPRA bonus funds in place of general fund for overtime, shift differential, and holiday pay for MSH. The legislature added language prioritizing the use of CHIPRA bonus funds and listed MSH overtime pay as the first priority for use of the funds.

Language and Statutory Authority

The legislature included the following language in HB 2.

"Best Beginnings STARS, Prevent Jail Suicide, and Montana State Hospital Overtime Pay are funded from a federal children's health insurance program reauthorization grant. If grant funds are insufficient to fund all appropriations, the funding shall be allocated in the following order of priority:

- (1) Montana State Hospital Overtime Pay;
- (2) Prevent Jail Suicide; and
- (3) Best Beginnings STARS."

"Medicaid Services -- Developmental Services, Medicaid Services -- Health Resources, Medicaid Services -- Senior and Long-Term Care, and Medicaid Services -- Addictive and Mental Disorders may be used only to pay for Medicaid services for eligible Medicaid enrollees for expenses recorded as benefits and claims in the state accounting system and may not be transferred to other uses in the department.

The Department of Public Health and Human Services must use the following amounts of money in the following appropriations to raise Medicaid provider rates, except those Medicaid services funded by the federal children's health insurance grant, by 2% in fiscal year 2014 and by 2% in fiscal year 2015:

(1) Medicaid Services -- Developmental Services, \$3,755,335 in fiscal year 2014 and \$7,585,778 in fiscal year 2015;

(2) Medicaid Services -- Health Resources, \$4,650,249 in fiscal year 2014 and \$9,389,047 in fiscal year 2015;

(3) Medicaid Services -- Senior and Long-Term Care, \$4,392,560 in fiscal year 2014 and \$8,872,971 in fiscal year 2015; and

(4) Medicaid Services -- Addictive and Mental Disorders, \$1,097,758 in fiscal year 2014 and \$2,217,499 in fiscal year 2015."

"The Department of Public Health and Human Services must use \$263,962 in fiscal year 2014 and \$533,203 in fiscal year 2015 of funds in Addictive and Mental Disorders Division to raise nonMedicaid provider rates by 2% in fiscal year 2014 and by an additional 2% in fiscal year 2015."

"Mental Health Crisis Jail Diversion Services and One - Time Mental Health Crisis Jail Diversion Services may be used only to fund grants to counties to develop mental health crisis jail diversion services in accordance with 53-21-1203, MCA."