

Agency Biennium Comparison

The following table compares the 2021 biennium appropriated budget and the 2023 biennium budget request by type of expenditure and source of funding.

Agency Biennium Comparison				
Budget Item	Appropriated Budget 20-21	Requested Budget 22-23	Biennium Change	Biennium % Change
Personal Services	409,288,392	422,645,496	13,357,104	3.26 %
Operating Expenses	311,685,202	309,930,810	(1,754,392)	(0.56)%
Equipment & Intangible Assets	1,394,342	1,303,442	(90,900)	(6.52)%
Local Assistance	0	10,000,000	10,000,000	0.00 %
Grants	149,993,698	143,837,678	(6,156,020)	(4.10)%
Benefits & Claims	5,165,147,492	5,295,343,980	130,196,488	2.52 %
Transfers	9,286,952	6,497,802	(2,789,150)	(30.03)%
Debt Service	1,119,928	649,795	(470,133)	(41.98)%
Total Expenditures	\$6,047,916,006	\$6,190,209,003	\$142,292,997	2.35 %
General Fund	1,180,677,442	1,290,406,298	109,728,856	9.29 %
State/Other Special Rev. Funds	480,109,612	487,834,691	7,725,079	1.61 %
Federal Spec. Rev. Funds	4,387,128,952	4,411,968,014	24,839,062	0.57 %
Total Funds	\$6,047,916,006	\$6,190,209,003	\$142,292,997	2.35 %
Total Ongoing	\$6,047,916,006	\$6,190,209,003	\$142,292,997	2.35 %
Total OTO	\$0	\$0	\$0	0.00 %

Agency Biennium Comparison -

The 2023 biennium budget proposes an increase of 2.4%, with an increase in general fund of 9.3%. Compared to the FY 2021 base appropriation, the biennial request is an increase of 0.0%.

Mission Statement

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

DPHHS is divided into four main branches: Operation Services, Medicaid and Health Services, Economic Security Services, and Public Health and Safety. Within these four branches, DPHHS administers a wide spectrum of programs, 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 chronic disease prevention).

There is additional, more detailed information about the department in the agency profile. The profile may be viewed at: <https://leg.mt.gov/lfd/state-agency-profiles/department-public-health-human-services/>

Agency Highlights

<p>Department of Public Health & Human Services Major Budget Highlights</p>
<ul style="list-style-type: none"> • The 2023 biennium HB 2 budget request is 2.4% higher than the 2021 biennium budget and totals \$6,190.2 million. The proposal includes a requested increase of 9.3% general fund due in part to: <ul style="list-style-type: none"> ◦ Requirement of state match for the Medicaid Comprehensive School and Community Treatment (CSCT) Program ◦ Increased state match for the Children’s Health Insurance Program (CHIP) ◦ Caseload growth in the Addictive and Mental Disorders Division ◦ A request of \$10.0 million general fund for an early childhood education program ◦ Request of \$6.4 million general fund for operating expenses in the Medicaid and Health Services Management Division • The COVID-19 public health emergency significantly impacted agency finances and expenditures in the 2021 biennium and could continue to do so in the 2023 biennium
<p>Legislative Action Items</p>
<ul style="list-style-type: none"> • Additional tobacco settlement recoveries present potential opportunities to review and adjust state special spending and general fund offsets • The shift of CSCT benefits to the Medicaid state plan has not been reviewed by any legislative oversight body and the legislature may want to consider alternative funding scenarios • Multiple fund switches are proposed by the executive as present law change packages, which by statute should be new proposals, and increase the liability on the general fund

Agency Actuals and Budget Comparison

The following table compares the last full fiscal year actuals, previous biennium appropriations by year, and current annual biennium budget request by type of expenditure and source of funding.

Agency Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2020	Approp. Fiscal 2020	Approp. Fiscal 2021	Request Fiscal 2022	Request Fiscal 2023
FTE	0.00	2,873.50	2,873.50	2,874.50	2,874.50
Personal Services	193,712,324	204,095,759	205,192,633	211,036,548	211,608,948
Operating Expenses	150,996,643	162,926,971	148,758,231	151,020,115	158,910,695
Equipment & Intangible Assets	230,590	742,621	651,721	651,721	651,721
Local Assistance	0	0	0	5,000,000	5,000,000
Grants	68,435,599	75,043,189	74,950,509	71,918,839	71,918,839
Benefits & Claims	2,328,233,795	2,503,284,394	2,661,863,098	2,612,779,719	2,682,564,261
Transfers	4,646,499	6,038,051	3,248,901	3,248,901	3,248,901
Debt Service	501,868	789,989	329,939	342,277	307,518
Total Expenditures	\$2,746,757,318	\$2,952,920,974	\$3,094,995,032	\$3,055,998,120	\$3,134,210,883
General Fund	497,319,792	551,289,292	629,388,150	631,177,611	659,228,687
State/Other Special Rev. Funds	218,657,797	236,382,829	243,726,783	245,557,710	242,276,981
Federal Spec. Rev. Funds	2,030,779,729	2,165,248,853	2,221,880,099	2,179,262,799	2,232,705,215
Total Funds	\$2,746,757,318	\$2,952,920,974	\$3,094,995,032	\$3,055,998,120	\$3,134,210,883
Total Ongoing	\$2,746,757,318	\$2,952,920,974	\$3,094,995,032	\$3,055,998,120	\$3,134,210,883
Total OTO	\$0	\$0	\$0	\$0	\$0

Agency Discussion

FY 2020 Appropriation Compared to FY 2020 Actual Expenditures

In FY 2020 DPHHS expended 91.0% of its overall HB 2 budget, and 90.7% of its general fund budget. Expenditures in both the traditional and expanded Medicaid programs were lower than anticipated when the 2021 biennium budget was passed and approved.

FY 2020 Appropriation Compared to FY 2021 Appropriation

FY 2021 total appropriations of \$3,094.9 million are 4.8%, or \$142.0 million, higher than the FY 2020 total appropriation of \$2,952.9 million due to growth in benefits and claims driven by anticipated caseload growth.

Comparison of FY 2021 Legislative Budget to FY 2021 Base

The 2021 base budget was agreed upon by the executive and legislature to be the point from which any changes would be recorded for the 2023 biennium budgeting process. The tables below illustrate the beginning FY 2021 budget as adopted by the 2019 Legislature compared to the finalized 2021 base budget, which includes modifications by the executive, as authorized in statute, during the interim. The tables show these changes by program and expenditure type for DPHHS. The largest modifications involve the creation of a new division, the Early Childhood and Family Support Division, and the shifting of programs and authority to that new division. The Senior and Long-Term Care Division received additional authority transferred from other programs for the Community First Choice program. The Operations Services Division also received transferred authority associated with medical marijuana. Further detail of these appropriations and modifications by type of expenditure may be found in the Agency Profile on the LFD website (linked above).

FY 2021 Legislative Appropriations - DPHHS				
	Legislative Action	Executive Modifications per Statutory Authority	Executive Base	% Change from Legislative Action
01 DISABILITY EMPLOYMNT & TRANSITNS	29,499,592	-	29,499,592	0.0%
02 HUMAN AND COMMUNITY SERVICES	335,373,398	(51,810,920)	283,562,478	-15.4%
03 CHILD & FAMILY SERVICES	106,734,894	-	106,734,894	0.0%
04 DIRECTORS OFFICE	8,863,513	158,652	9,022,165	1.8%
05 CHILD SUPPORT ENFORCEMENT	11,483,902	-	11,483,902	0.0%
06 BUSINESS & FINANCIAL SERVICES	12,773,511	-	12,773,511	0.0%
07 PUBLIC HEALTH & SAFETY DIV	62,662,492	(23,573,099)	39,089,393	-37.6%
08 QUALITY ASSURANCE DIVISION	11,801,963	(3,545,482)	8,256,481	-30.0%
09 TECHNOLOGY SERVICES DIVISION	31,610,942	(87,619)	31,523,323	-0.3%
10 DEVELOPMENTAL SERVICES DIV	317,475,011	(7,884,754)	309,590,257	-2.5%
11 HEALTH RESOURCES DIVISION	1,584,629,009	(13,171,000)	1,571,458,009	-0.8%
12 MEDICAID & HEALTH SVCS MNGMT	29,414,015	1,662,504	31,076,519	5.7%
16 OPERATIONS SERVICES DIVISION	5,754,486	1,727,248	7,481,734	30.0%
22 SENIOR & LONG TERM CARE SVCS	343,834,874	11,943,000	355,777,874	3.5%
25 EARLY CHILDHOOD & FAM SUPPORT	-	85,201,774	85,201,774	0.0%
33 ADDICTIVE & MENTAL DISORDERS	203,083,430	(620,304)	202,463,126	-0.3%
DPHHS Total	3,094,995,032	-	3,094,995,032	0.0%

FY 2021 Legislative Appropriations - DPHHS				
	Legislative Action	Executive Modifications per Statutory Authority	Executive Base	% Change from Legislative Action
61000 Personal Services	205,117,666	74,967	205,192,633	0.00%
62000 Operating Expenses	146,823,219	1,935,012	148,758,231	1.30%
63000 Equipment & Intangible Assets	651,721	-	651,721	0.00%
66000 Grants	76,788,679	(1,838,170)	74,950,509	-2.40%
67000 Benefits & Claims	2,662,137,839	(274,741)	2,661,863,098	0.00%
68000 Transfers-out	3,183,901	65,000	3,248,901	2.00%
69000 Debt Service	292,007	37,932	329,939	13.00%
DPHHS Total	3,094,995,032	-	3,094,995,032	0.00%

Executive Request

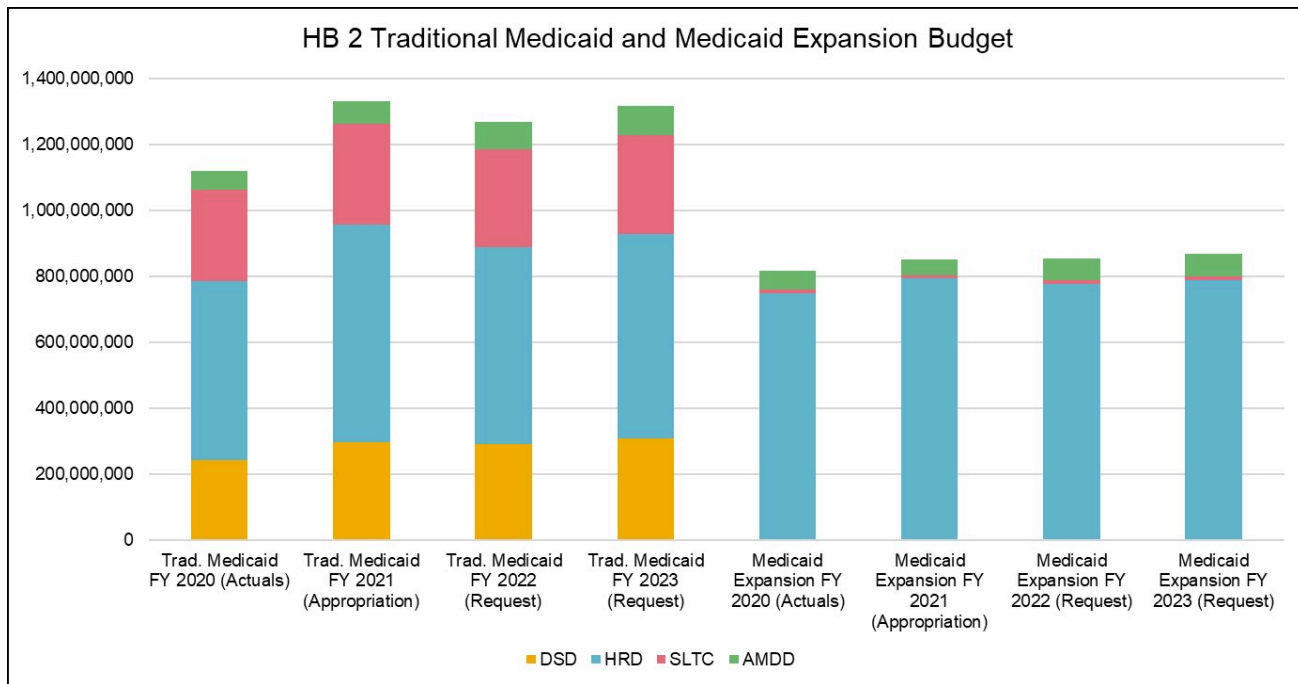
The executive requests an increase in personal services of 2.9% in FY 2022 and 3.1% in FY 2023 as compared to the base year appropriation. Operations are proposed to increase by 1.5% in FY 2022 and 6.8% in FY 2023 as compared to the base year while benefits and claims are proposed to decrease by 2.3% in FY 2022 and increase by 0.3% in FY 2023. Note that while the proposed budget includes a 2.4% increase relative to the last biennium the proposed general fund increase is 9.3%, while state special revenue is proposed to increase 1.6% and federal revenue 0.6%. These requests are discussed in detail at the program level of this budget analysis. The following discussion highlights significant areas of the executive budget request for DPHHS.

Medicaid

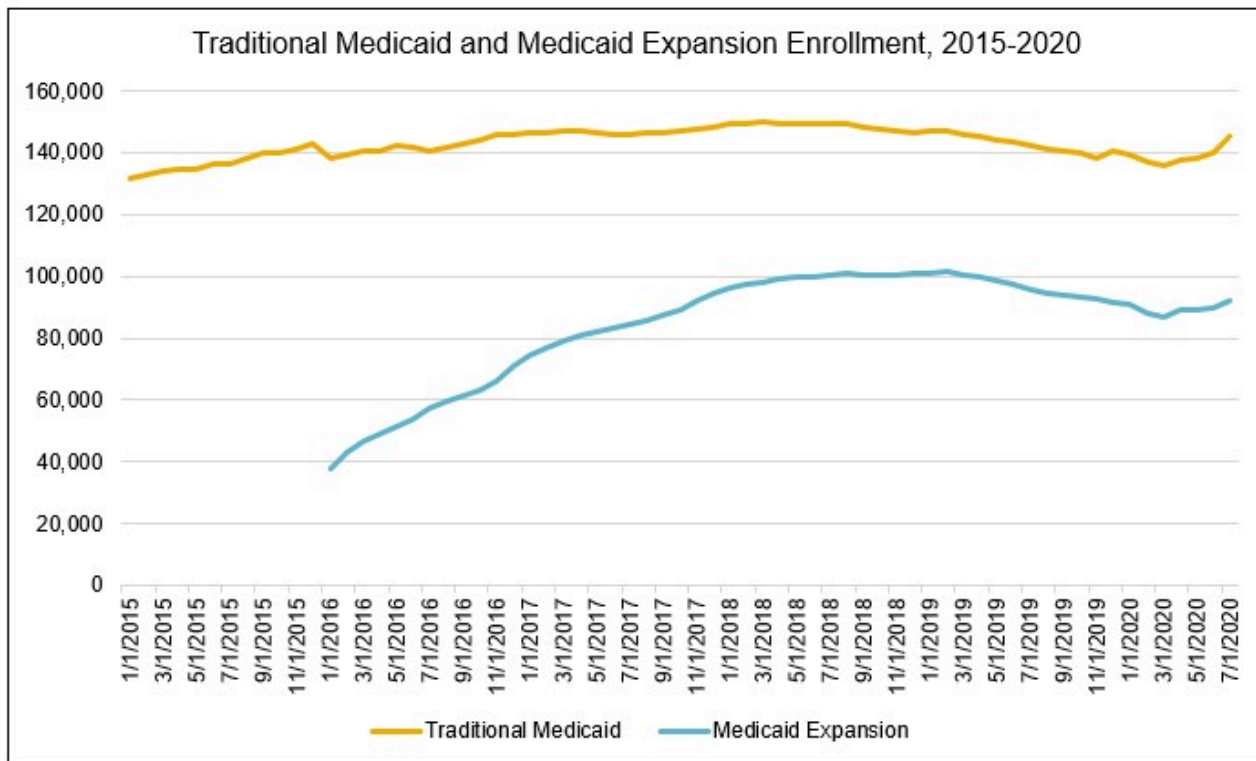
The executive request for the traditional HB 2 Medicaid caseload (benefits and claims only) in the 2023 biennium totals \$4,306.6 million (all funds – see table below). This amount includes Medicaid Expansion, which is funded in HB 2. Note that this does not include Indian Health Services (IHS) Medicaid expenditures as these expenditures are statutory. These expenditures are made in DSD, HRD, SLTC, and AMDD.

2023 Biennium HB 2 Medicaid Request (Benefits & Claims Only)				
<u>Traditional Medicaid</u>				
	FY 2022	FY 2023	Total	
Developmental Services Division	\$ 291,366,269	\$ 308,694,075	\$ 600,060,344	
Health Resources Division	\$ 597,477,073	\$ 620,390,491	\$ 1,217,867,564	
Senior and Long-Term Care Division	\$ 295,981,513	\$ 299,911,538	\$ 595,893,051	
Addictive and Mental Disorders Division	\$ 82,206,880	\$ 87,308,957	\$ 169,515,837	
Total	\$ 1,267,031,735	\$ 1,316,305,061	\$ 2,583,336,796	
<u>Medicaid Expansion</u>				
	FY 2022	FY 2023	Total	
Developmental Services Division	\$ 5,508	\$ 5,508	\$ 11,016	
Health Resources Division	\$ 776,989,695	\$ 788,348,533	\$ 1,565,338,228	
Senior and Long-Term Care Division	\$ 9,884,211	\$ 9,958,265	\$ 19,842,476	
Addictive and Mental Disorders Division	\$ 67,579,451	\$ 70,449,115	\$ 138,028,566	
Total	\$ 854,458,865	\$ 868,761,421	\$ 1,723,220,286	
	FY 2022	FY 2023	Total	
Grand Total: All Medicaid	\$ 2,121,490,600	\$ 2,185,066,482	\$ 4,306,557,082	

The following chart illustrates Medicaid actual and estimated spending and Medicaid appropriations/requests for the 2021 and 2023 biennium. Like the table above the chart below excludes IHS spending. Note that the FY 2022 request is lower than the FY 2021 appropriation.



The graph below shows enrollment in traditional Medicaid and Medicaid Expansion from 2015-2020. Note that both Medicaid programs declined in enrollment during CY 2019 before rising during the COVID-19-induced economic contraction. More detail on traditional Medicaid follows in the program level analyses for DSD, HRD, SLTC, and AMDD.



Medicaid and CHIP Present Law Request

The overall traditional Medicaid and HMK (CHIP) request for the 2023 biennium is a \$56.1 million decrease compared to the base funding in FY 2021. However, the adjustment varies significantly by division, as can be seen below.

	Total Traditional Medicaid and HMK (CHIP) Present Law Requests by Division					
	FY 2022			FY 2023		
	General Fund	State Special	Federal	General Fund	State Special	Federal
DSD	\$ 13,556,642	\$ -	\$(19,609,332)	\$ 19,948,296	\$ -	\$(8,685,892)
HRD	\$(22,650,128)	\$ 6,845,170	\$(39,134,866)	\$(14,053,401)	\$ 9,058,485	\$(20,769,476)
SLTC	\$ 1,789,666	\$(3,581,505)	\$(8,727,454)	\$ 3,372,097	\$(3,574,943)	\$(6,389,120)
AMDD	\$ 3,077,994	\$ 2,420,424	\$ 10,223,698	\$ 3,840,040	\$ 3,535,503	\$ 13,448,650
Total	\$ (4,225,826)	\$ 5,684,089	\$(57,247,954)	\$ 13,107,032	\$ 9,019,045	\$(22,395,838)

The overall Medicaid expansion request for the 2023 biennium is a \$22.4 million increase compared to the base funding in FY 2021. Again, the adjustment varies significantly by division, as can be seen below.

	Total Medicaid Expansion Present Law Requests by Division					
	FY 2022			FY 2023		
	General Fund	State Special	Federal	General Fund	State Special	Federal
DSD	\$ 551	\$ -	\$(6,224)	\$ 551	\$ -	\$(6,224)
HRD	\$(6,401,528)	\$(5,257,334)	\$(4,778,552)	\$(6,647,069)	\$(3,478,361)	\$ 5,045,702
SLTC	\$ 72,296	\$ -	\$ 610,721	\$ 79,701	\$ -	\$ 677,370
AMDD	\$ 1,979,121	\$ -	\$ 17,812,090	\$ 2,266,087	\$ -	\$ 20,394,788
Total	\$ (4,349,560)	\$(5,257,334)	\$ 13,638,035	\$ (4,300,730)	\$(3,478,361)	\$ 26,111,636

For all of Medicaid and CHIP combined HRD requests an adjustment to reduce the overall appropriation by \$102.2 million and AMDD is proposing an increase of almost \$79.0 million. Projected growth in AMDD Medicaid is anticipated by the executive in both core and waiver services, as well as in Medicaid expansion services administered by AMDD.

LFD COMMENT	<p>Present Law Submissions Include Fund Shifts Increasing General Fund Liability</p> <p>The tables above also shows a significant increase of general fund in DSD, along with a decrease in federal funds. While the FMAP (Federal Medical Assistance Percentage) can cause shifts between the state and federal share, the expected shift is a decline about 0.7 percentage points in the coming biennium and does not explain this</p>
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entire amount. Statute requires that fund shifts be presented to the legislature as new proposals for their consideration, but there are several included in the tables above that the legislature may wish to carefully consider. Decision packages with clear funding shifts as part of the above summary include 3 DPs in DSD and 1 each in HRD and SLTC. These DPs are summarized in the table below this LFD Comment.

Each of the DPs in the table below shifts funding away from federal or state special resources and increases the liability to the general fund. Additionally, the total impact on the general fund as shown above is underreported, as the \$44.5 million of federal funds each year being reduced in DSD above is included in the total general fund present law caseload in a separate request, where it is not clear how much is associated with this fund shift versus a typical caseload request.

The \$44.5 million request specifically has not been previously considered by members of the legislature. While many such changes might be brought to an interim policy committee, this change was made in a Medicaid State Plan Amendment (SPA) after the interim committee concluded its business. This change is a result of federal CMS guidelines that no longer recognize in-kind match that was being provided by Montana school systems for the Comprehensive School and Community Treatment (CSCT) program. As a result, this optional program has been rolled into the state Medicaid plan and the state is now liable for its share at the FMAP rate.

Total Medicaid & Healthy Montana Kids Present Law Fund Shifts				
2023 Biennium				
DP # and Description	General Fund	State Special	Federal	
DEVELOPMENTAL SERVICES DIVISION				
10891 Med Exp Core DSD	\$1,102	\$0	(\$12,448)	
10991 Med Core DSD	28,438,314	0	52,687,672	
10993 Med Federal DSD	0	0	(88,961,698)	
HEALTH RESOURCES DIVISION				
11891 Med Exp Core HRD	2,097,991	(10,401,641)	(69,703,439)	
SENIOR & LONG-TERM CARE				
22006 Medicaid Fund Switch	1,703,704	(1,703,704)	0	
Medicaid/HMK Present Law Fund Shifts				
	\$32,241,111	(\$12,105,345)	(\$105,989,913)	

Another fund shift has been requested as a new proposal and increases the general fund liability in FY 2023 by \$8.4 million for CHIP (Children’s Health Insurance Program). The possibility of this increase was anticipated and discussed by the previous legislature as a result of diminishing state special revenues but will need to be considered by the 2021 Legislature.

The following table is a list of all the proposals that make up the Medicaid present law summary above.

Medicaid & HMK Present Law Requests by Division - 2023 Biennium				
DP # and Description	General Fund	State Special	Federal	
DEVELOPMENTAL SERVICES DIVISION				
10891 MED Exp Core DSD	\$1,102	\$0		(\$12,448)
10991 Med Core DSD	42,615,224	0		55,364,914
10992 Med Waiver DSD	7,008,160	0		8,045,391
10993 Med Federal DSD	(44,480,849)	0		(88,961,698)
10996 Med Core FMAP DSD	(122,282)	0		(190,552)
10997 Med Waiver FMAP DSD	<u>(149,503)</u>	<u>0</u>		<u>79,923</u>
Subtotal	4,865,077	0		(25,673,919)
HEALTH RESOURCES DIVISION				
11791 HMK Caseload HRD	11,625,725	2,234,296		16,042,154
11796 HMK FMAP HRD	(3,890,641)	3,757,023		(3,757,023)
11891 Med Exp Core HRD	(30,774,243)	(5,778,226)		(80,121,320)
11893 Med Exp Fed HRD	10,869,805	0		24,948,844
11896 Med Exp Core FMAP HRD	0	0		7,573,294
11897 Med Exp Core HUF HRD	17,724,299	1,345,205		25,558,903
11899 Med Exp Core HUF FMAP HRD	824,313	(824,313)		824,313
11991 Med Core HRD	(39,139,647)	0		(86,881,344)
11993 Med Federal HRD	(3,066,060)	0		(6,320,320)
11994 Med Other HRD	(440,667)	0		(440,667)
11996 Med Core FMAP HRD	(594,085)	0		3,786,467
11997 Med Core HUF HRD	(4,240,086)	(2,737,986)		(12,912,120)
11999 Med Core HUF FMAP HRD	<u>(3,674,143)</u>	<u>3,591,837</u>		<u>(3,591,837)</u>
Subtotal	(44,775,430)	1,587,836		(115,290,656)
SENIOR & LONG-TERM CARE				
22006 Medicaid Fund Switch	851,852	(851,852)		0
22891 Med Exp Core SLTC	789,609	0		1,373,624
22893 Med Exp Fed SLTC	(39,943)	0		(79,886)
22991 Med Core SLTC	(1,922,067)	0		(7,500,491)
22992 Med Waiver SLTC	1,962,822	0		3,242,420
22993 Med Federal SLTC	(61,685)	0		(136,646)
22994 Med Other SLTC	(5,136,024)	(2,692,514)		(12,932,098)
22996 Med Core FMAP SLTC	(245,456)	0		(1,766,536)
22997 Med Waiver FMAP SLTC	(47,480)	0		71,765
22998 Med Other FMAP SLTC	<u>(1,416)</u>	<u>(37,139)</u>		<u>(225,161)</u>
Subtotal	(3,849,788)	(3,581,505)		(17,953,009)
ADDICTIVE AND MENTAL DISORDERS DIVISION				
33891 Med Exp Core AMDD	22,373,909	0		37,603,301
33991 Med Core AMDD	11,211,566	64,892		16,325,431
33992 Med Waiver AMDD	5,539,204	1,952,590		9,208,258
33993 Med Federal AMDD	248,091	0		496,182
33996 Med Core FMAP AMDD	(384,742)	336,770		(17,885)
33997 MED Waiver FMAP AMDD	<u>(87,475)</u>	<u>66,172</u>		<u>(66,172)</u>
Subtotal	38,900,553	2,420,424		63,549,115
Medicaid/HMK Present Law Total Request	\$230,916	\$5,967,439		(\$39,894,121)

**LFD
COMMENT**

Insufficient data available at time of Budget Analysis to fully evaluate Medicaid Present Law Requests

Statute requires agencies to submit present law requests by November 1, and these Medicaid requests were made at that time. Statute provides further guidance to ensure that enough detail is available in the budget submission for the Legislative Fiscal Analyst to evaluate this proposal. In this case, insufficient data was made available to evaluate the above request during our allotted time for Budget Analysis. Data fully justifying these requests is now available to LFD and further evaluation, analysis, and information will be made available during the subcommittee process.

Medicaid Expansion

Enrollment in Medicaid expansion has risen since the spring of 2020 after leveling off in 2018 and dropping throughout 2019. Per-person expenditures in Medicaid expansion rose in FY 2020 after declining from FY 2017-2019, likely due in part to increased Medicaid Supplemental Payments under Medicaid Expansion. FY 2017 was the first full fiscal year of Medicaid expansion. Hospital Utilization Fees under Medicaid expansion grew from \$179.1 million in FY 2019 to \$258.3 million in FY 2020 in part due to the establishment of new healthcare taxes and fees in HB 658 (2019 Session) which are used to draw Medicaid Supplemental Payments from CMS.

Medicaid Expansion Expenditures			
	Average Monthly Enrollment	FY Medicaid Expansion Expenditures	Average Per- User Expenditures
FY 2017	71,203	\$ 576,835,103	\$ 8,101
FY 2018	93,609	\$ 709,398,836	\$ 7,578
FY 2019	100,274	\$ 723,277,243	\$ 7,213
FY 2020	91,242	\$ 823,063,047	\$ 9,021

FMAP & CHIP changes

Montana's federal fiscal year (FFY) FMAP for 2022 is lower than the FFY 2021 FMAP: the rate has dropped from 65.6% to 64.9%. This reduction is a result of comparing the per capita income for Montana to the per capita income for the United States. This decrease in rate will increase the state funds required for Medicaid match. The executive budget includes several decision packages that compensate for changes in FMAP: The net impact of FMAP DPs for traditional Medicaid increases state funds over the biennium by \$12.8 million: general fund is reduced by \$2.9 million while state special revenue is increased by \$15.7 million. FMAP DPs for traditional Medicaid reduce federal fund authority by \$12.8 million over the biennium.

The FMAP for Medicaid expansion is 90%, meaning that the federal government reimburses the state for 90% of the expenditures incurred under this program. The executive request does include two DPs associated with Medicaid expansion that reduce state funds by \$16.8 million over the biennium (reduction of \$15.1 million general fund and \$1.6 million state special funds) while increasing federal funds by a like amount.

The table below presents recent and current Montana FMAPs by federal fiscal year (FFY). CHIP is funded with an enhanced federal FMAP, also detailed in the table below. Note that the COVID-enhanced FMAP (tied to the federal Families First Coronavirus Response Act) increased the FMAP for all states by 6.2 percentage points, retroactive to January 1, 2020, and

changed the Montana FMAP from 64.78% to 70.98%. This lowers the state share of traditional Medicaid expenditures. While the duration of this enhanced rate is unknown, as long as it continues it will result in additional federal Medicaid funding of approximately \$20.0 million per quarter (and matching lower state costs). The enhanced FMAP will persist until the end of the quarter in which the Secretary of Health and Human Services declares an end to the COVID-19 state of emergency.

Montana FMAPs										
	FFY 2014	FFY 2015	FFY 2016	FFY 2017	FFY 2018	FFY 2019	FFY 2020	FFY 2020 (COVID enhanced)	FFY 2021	FFY 2022
Montana Standard FMAP	66.33%	65.90%	65.24%	65.56%	65.38%	65.54%	64.78%	70.98%	65.60%	64.90%
Montana E- FMAP for CHIP	76.43%	76.13%	98.67%	98.89%	98.77%	98.88%	86.85%	91.19%	75.92%	75.43%
Source: FFIS										

CHIP has federal matching rates that are higher than those under traditional Medicaid. The “enhanced federal medical assistance percentage” (E-FMAP) for CHIP was increased by 23 percentage points for the 2016-2019 period (from about 76.0% to about 99.0%). This E-FMAP increase declines in future years before going away, which will leave Montana at the standard E-FMAP rate (about 75-76%) in 2021 and beyond.

DPHHS Institutions

DPHHS currently operates a total of 7 facilities. The table below shows a biennial summary of the 2023 biennium executive request for DPHHS facilities. The average daily population is based on FY 2020. The personal services costs for facilities are more than 31.1% of the 2023 biennium personal services budget for the agency.

2023 Biennium Executive Request for DPHHS Facilities					
	FTE	Average Daily Population (FY 2020)	Personal Services	All Other	Annual Per-Resident Cost
MT Chem. Dependency Ctr.	54.3	Not Available	\$ 8,833,152	\$ 3,332,248	NA
Mental Health Nur. Care Ctr.	130.7	Not Available	\$ 17,686,700	\$ 7,326,362	NA
Montana State Hospital	525.3	217	\$ 77,565,596	\$ 20,882,424	\$ 226,839
Boulder Campus	8.3	Not Available	\$ 1,078,635	\$ 926,867	NA
Intensive Beh Center (Boulder)	62.6	11.3	\$ 7,929,381	\$ 1,633,184	\$ 423,122
Montana Vet. Home	141.8	Not Available	\$ 18,450,746	\$ 8,093,709	NA
Eastern MT Vet. Home	1	Not Available	\$ 138,818	\$ 7,698,434	NA
Southwest MT Vet. Home	1.1	Not Available	\$ 174,922	\$ 7,911,544	NA

LFD COMMENT Information Necessary to Complete Facilities Analysis Not Yet Received
 At the time of publishing, the agency had not yet responded to requests for average daily population for the majority of the facilities. It is anticipated that this information will be made available during the subcommittee process.

Personal Services

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

1. Expected Changes

This category includes those adjustments explicitly approved by the legislature, such as expected changes to annualize personal services costs including FY 2021 statewide pay plan adjustments, changes to benefit rates, and longevity adjustments related to incumbents in each position at the time of the personal services snapshot, plus rate changes for workers' compensation and unemployment insurance.

2. Personal Services Management Decisions

Any agency management decisions that adjusted employee pay. This includes raises or position changes that may increase or reduce a budget, such as hiring FTE at a lower rate to replace retired senior staff or moving FTE between programs.

3. Modifications to the Personal Services Base Budget

Other modifications to the FY 2021 personal services base like operating plan transfers that occurred during the interim may impact the overall size of the personal services present law adjustment (DP 1).

The table below the analysis of the executive budget for personal services compared to the expected personal services budget for each program.

Personal Services Present Law DP 1 - FY 2022				
Program	Expected Changes	Management Decisions	Budget Modifications	DP1 SWPL
01 DISABILITY EMPLOYMNT&TRANSITNS	48,013	389,302	4,101	441,416
02 HUMAN & COMMUNITY SERVICES	(3,020,876)	3,213,806	34,101	227,031
03 CHILD & FAMILY SERVICES	138,496	772,350	-	910,846
04 DIRECTORS OFFICE	2,950	(19,043)	4,001	(12,092)
05 CHILD SUPPORT ENFORCEMENT	66,142	248,272	33	314,447
06 BUSINESS & FINANCIAL SERVICES	(743,706)	174,018	13,060	(556,628)
07 PUBLIC HEALTH & SAFETY DIV	54,076	658,119	30,495	742,690
08 QUALITY ASSURANCE DIVISION	(106,832)	405,992	2,384	301,544
09 TECHNOLOGY SERVICES DIVISION	(47,711)	(6,630)	-	(54,341)
10 DEVELOPMENTAL SERVICES DIV	21,329	150,018	-	171,347
11 HEALTH RESOURCES DIVISION	(514,870)	146,001	-	(368,869)
12 MEDICAID & HEALTH SVCS MNGMT	(6,769)	321,389	-	314,620
16 MANAGEMENT & FAIR HEARINGS	9,217	70,881	199	80,297
22 SENIOR & LONG TERM CARE SVCS	175,299	356,245	(71,650)	459,894
25 EARLY CHILDHOOD AND FAMILY SERVICES	114,483	168,795	2,075	285,353
33 ADDICTIVE & MENTAL DISORDERS	568,809	958,887	-	1,527,696
Agency Total	\$ (3,241,951)	\$ 8,008,403	\$ 18,799	\$4,785,251

Personal services were \$205.7 million or 6.4% of total FY 2021 appropriations. The executive proposes an increase from the 2021 base of approximately \$5.8 million in FY 2022 and \$6.4 million in FY 2023.

Movement of FTE

Management decisions made significant impacts to the personal services budgets of several divisions, primarily due to three reorganization budget change documents processed in the 2021 biennium. The most significant FTE movement stems from the creation of the Early Childhood and Family Support Division (ECFSD). ECFSD received a total of 59.24 FTE along with budget authority from HCSD, PHSD, DSD and HRD.

Another reorganization shifted the Office of Fair Hearings and 10.00 attached FTE from the Management and Fair Hearings Division (MFHD) to the Director’s Office which absorbed MFHD and associated tasks. Quality Assurance Division Medical Marijuana Program FTE were reduced by 20.00 and Technology Services Division Project Management Bureau by 7.00 and the resulting 27.00 FTE were added to the newly created Operations Services Division in the same functions.

The net increase for the agency between the beginning FTE status in FY 2020 and the FY 2021 snapshot is 38.80. This increase is largely due to an increase in HCSD FTE of 32.0 due to staff associated with Medicaid Expansion administration, which has moved into HB 2.

DPHHS FTE Movement 2021 Biennium				
	FY 2020 Beginning	FY 2021 Snapshot	Movement	% Change
Disability Employment & Transitions	134.07	134.07	0	0.0%
Human & Community Services	478.55	492.5	13.95	2.9%
Child & Family Services	430.47	428.97	-1.5	-0.3%
Directors Office	57.5	64.75	7.25	12.6%
Child Support Services	129.81	129.81	0	0.0%
Business & Financial Services	52	54	2	3.8%
Public Health & Safety	177.96	155.25	-22.71	-12.8%
Technology Services	60.1	56	-4.1	-6.8%
Developmental Services	157.91	155.9	-2.01	-1.3%
Health Resources	42.62	43.62	1	2.3%
Medicaid & Health Services Management	9	10	1	11.1%
Operations Services	29	45.6	16.6	57.2%
Senior & Long-Term Care	215.73	216.54	0.81	0.4%
Early Childhood & Family Support		59.24	59.24	
Addictive & Mental Disorders	741.75	741.75	0	0.0%
Total	2834.7	2788	-46.7	-1.6%

As of early November 2020, the agency had 294.95 vacant positions, or about 10.4% of all FTE. Utilization of authorized hours for DPHHS was 91.8% in FY 2018, 88.6% in FY 2019, and 92.8% in FY 2020.

5% Plans

Statute requires that agencies submit plans to reduce general fund and certain state special revenue funds by 5%. A summary of the entire 2023 biennium 5% Plan submitted for this agency is in the appendix.

The DPHHS 5% plan includes annual general fund savings of \$23.8 million and state special revenue savings of \$5.1 million. Of this total, Medicaid rate reductions account for \$12.0 million general fund and \$2.4 million state special revenue, with matching federal funds amounting to \$45.2 million.

Funding

The following table shows proposed agency funding by source of authority.

Total Department of Public Health & Human Services Funding by Source of Authority 2023 Biennium Budget Request - Department of Public Health & Human Services							
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
General Fund	1,290,406,298	0	0	0	1,290,406,298	20.27 %	
State Special Total	487,834,691	0	0	8,495,884	496,330,575	7.80 %	
Federal Special Total	4,411,968,014	0	0	167,614,640	4,579,582,654	71.93 %	
Proprietary Total	0	0	0	0	0	0.00 %	
Other Total	0	0	0	0	0	0.00 %	
Total All Funds	\$6,190,209,003	\$0	\$0	\$176,110,524	\$6,366,319,527		
Percent - Total All Sources	97.23 %	0.00 %	0.00 %	2.77 %			

DPHHS is funded with general fund, state special funds, and federal funds. The federal statutory appropriations in the table above are almost entirely for the Indian Health Services Medicaid program and statutory family planning. The state special revenue statutory appropriations are largely associated with Montana State Hospital bond payments and the statutory alcohol tax program. The table below shows FY 2020 expenditures from selected state special revenue funds by program.

FY 2020 DPHHS Expenditures from Selected State Special Revenue Funds			
Program	Fund	FY 2020 Actuals	
04 DIRECTORS OFFICE	02772 Tobacco Health and Medicaid Initiatives	\$	(6,991)
	02987 Tobacco Interest	\$	409,230
		\$	402,238
07 PUBLIC HEALTH & SAFETY DIV	02790 6901-Statewide Tobacco Settlement	\$	7,107,001
	02987 Tobacco Interest	\$	623,890
		\$	7,730,891
10 DEVELOPMENTAL SERVICES DIV	02597 Healthy Montana Kids Plan	\$	1,154,754
	02772 Tobacco Health and Medicaid Initiatives	\$	4,683,192
	02987 Tobacco Interest	\$	57,258
	\$	5,895,204	
11 HEALTH RESOURCES DIVISION	02597 Healthy Montana Kids Plan	\$	26,851,797
	02772 Tobacco Health and Medicaid Initiatives	\$	5,546,757
	02789 6901-CHIP/MCHA Tobacco Settlement Fund	\$	9,274,403

	02987 Tobacco Interest	\$	2,987,223
	02989 69010-Hospital Utilization Fee	\$	48,217,910
		\$	92,878,090
22 SENIOR & LONG TERM CARE SVCS	02772 Tobacco Health and Medicaid Initiatives	\$	10,969,439
	02987 Tobacco Interest	\$	1,143,612
		\$	12,113,051
25 EARLY CHILDHOOD & FAM SUPPORT	02772 Tobacco Health and Medicaid Initiatives	\$	25,669
	02790 6901-Statewide Tobacco Settlement	\$	402,010
	02987 Tobacco Interest	\$	868,186
		\$	1,295,865
33 ADDICTIVE & MENTAL DISORDERS	02772 Tobacco Health and Medicaid Initiatives	\$	8,440,993
	02987 Tobacco Interest	\$	351,186
		\$	8,792,179

The table below gives recent fund revenues, expenditures, and balances for the major state special revenue funds that support DPHHS programs. Projected revenues (HJ2) and proposed or projected expenditures are displayed in bold text. Note that these projected revenues include increases from the tobacco settlement recovery for FY 2021 that were not considered in the executive budget.

LFD COMMENT	Recent Statewide Tobacco Settlement Changes Impact State Special Fund Balances
	Some state special fund balances for FY 2021 have been significantly increased by the Montana recovery of “all funds wrongfully withheld from the state by tobacco companies under the 1998 Master Settlement Agreement (MSA), as well as a premium and protection for Montana’s future MSA payments” (per Montana Department of Justice). This agreement also slightly impacts projected collections in these funds going forward, which may help offset their general downward trend, which is related to lower tobacco use nationally.

Selected State Special Revenue Fund Balance Detail (Projections/Requests in Bold)						
	2018	2019	2020	2021	2022	2023
Medicaid Hlth. Init. (02772)						
Beginning Fund Balance	\$ 8,488,112	\$ 5,103,191	\$ 3,073,201	\$ 5,642,001	\$ 6,124,302	\$ 3,990,240
Revenues	\$ 32,159,066	\$ 32,843,846	\$ 32,222,951	\$ 32,108,700	\$ 31,536,804	\$ 31,040,873
Expenditures	\$ (35,665,316)	\$ (34,873,836)	\$ (29,654,151)	\$ (31,626,399)	\$ (33,670,866)	\$ (34,735,444)
Ending Fund Balance	\$ 4,981,862	\$ 3,073,201	\$ 5,642,001	\$ 6,124,302	\$ 3,990,240	\$ 295,668
Healthy MT Kids (02597)						
Beginning Fund Balance	\$ 619,284	\$ 1,354,620	\$ 2,361,956	\$ 5,941,256	\$ 39,391,219	\$ 71,452,090
Revenues	\$ 30,775,760	\$ 30,930,063	\$ 33,549,620	\$ 33,449,963	\$ 32,060,871	\$ 32,998,206
Ending Fund Balance	\$ 31,395,044	\$ 32,284,683	\$ 35,911,576	\$ 39,391,219	\$ 71,452,090	\$ 104,450,297

Tobacco Interest (02987)												
Beginning Fund Balance	\$	17,278	\$	364,731	\$	2,206,225	\$	2,439,927	\$	2,080,727	\$	2,033,189
Revenues	\$	6,532,980	\$	6,981,322	\$	6,953,581	\$	7,099,933	\$	7,425,580	\$	7,060,838
Expenditures	\$	(6,185,527)	\$	(5,139,828)	\$	(6,719,879)	\$	(7,459,133)	\$	(7,473,117)	\$	(7,473,389)
Ending Fund Balance	\$	364,731	\$	2,206,225	\$	2,439,927	\$	2,080,727	\$	2,033,189	\$	1,620,638
CHIP Tob. Sett. (02789)												
Beginning Fund Balance	\$	6,488,564	\$	9,739,146	\$	13,305,446	\$	8,174,023	\$	8,697,263	\$	789,947
Revenues	\$	4,292,765	\$	4,688,807	\$	4,102,041	\$	12,990,880	\$	4,537,656	\$	4,500,100
Expenditures	\$	(1,042,182)	\$	(1,122,508)	\$	(9,233,464)	\$	(12,467,640)	\$	(12,444,972)	\$	(4,034,999)
Ending Fund Balance	\$	9,739,147	\$	13,305,445	\$	8,174,023	\$	8,697,263	\$	789,947	\$	1,255,048
Statewide Tob. Sett. (02790)												
Beginning Fund Balance	\$	3,467,267	\$	2,900,085	\$	2,825,046	\$	2,370,634	\$	17,827,759	\$	17,367,206
Revenues	\$	8,080,498	\$	8,825,990	\$	7,731,196	\$	24,453,422	\$	8,541,470	\$	8,470,777
Expenditures	\$	(8,648,286)	\$	(8,901,029)	\$	(8,185,608)	\$	(8,996,297)	\$	(9,002,022)	\$	(9,003,084)
Ending Fund Balance	\$	2,899,479	\$	2,825,046	\$	2,370,634	\$	17,827,759	\$	17,367,206	\$	16,834,899

Budget Summary by Category

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

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2022	Budget Fiscal 2023	Biennium Fiscal 22-23	Percent of Budget	Budget Fiscal 2022	Budget Fiscal 2023	Biennium Fiscal 22-23	Percent of Budget
2021 Base Budget	629,388,150	629,388,150	1,258,776,300	97.55 %	3,094,995,032	3,094,995,032	6,189,990,064	100.00 %
SWPL Adjustments	2,865,342	2,939,680	5,805,022	0.45 %	5,603,767	5,692,064	11,295,831	0.18 %
PL Adjustments	(6,086,281)	13,480,457	7,394,176	0.57 %	(50,111,079)	28,013,387	(22,097,692)	(0.36)%
New Proposals	5,010,400	13,420,400	18,430,800	1.43 %	5,510,400	5,510,400	11,020,800	0.18 %
Total Budget	\$631,177,611	\$659,228,687	\$1,290,406,298		\$3,055,998,120	\$3,134,210,883	\$6,190,209,003	

HB 2 Language

The executive has requested the following language for 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 2023 biennium to cover a contingent FCC mandate, which would require states to provide both Video and Internet Protocol relay services for people with severe hearing, mobility or speech impairments."

Program Biennium Comparison

The following table compares the 2021 biennium appropriated budget and the 2023 biennium budget request by type of expenditure and source of funding.

Program Biennium Comparison				
Budget Item	Appropriated Budget 20-21	Requested Budget 22-23	Biennium Change	Biennium % Change
Personal Services	18,252,701	19,518,089	1,265,388	6.93 %
Operating Expenses	10,075,195	9,927,376	(147,819)	(1.47)%
Benefits & Claims	29,819,475	30,404,000	584,525	1.96 %
Transfers	391,000	50,000	(341,000)	(87.21)%
Debt Service	17,676	0	(17,676)	(100.00)%
Total Expenditures	\$58,556,047	\$59,899,465	\$1,343,418	2.29 %
General Fund	12,005,347	12,288,068	282,721	2.35 %
State/Other Special Rev. Funds	2,630,334	2,712,096	81,762	3.11 %
Federal Spec. Rev. Funds	43,920,366	44,899,301	978,935	2.23 %
Total Funds	\$58,556,047	\$59,899,465	\$1,343,418	2.29 %
Total Ongoing	\$58,556,047	\$59,899,465	\$1,343,418	2.29 %
Total OTO	\$0	\$0	\$0	0.00 %

Program Biennium Comparison -

The biennium comparison table shows a total growth of 2.2%. Compared to the FY 2021 base appropriation, the growth is 1.5%. Just under 72.9% of the requested biennium change are federal funds.

Program Description

The Disability Employment and Transitions Division (DETD) is composed of two bureaus: Vocational Rehabilitation and Blind Services and Disability Determination Services. The Montana Telecommunications Access Program is administratively attached to DETD. In addition, DETD includes several small programs serving Montanans with disabilities and their families.

Program Highlights

Disability Employment and Transitions Major Budget Highlights
<p>The executive proposes a total fund increase of 2.3% for the 2023 biennium primarily due to:</p> <ul style="list-style-type: none"> A request for \$1.8 million in increases for personal services and benefits and claims which is offset by decreases totaling \$0.5 million for operating expenses and transfers
Legislative Action Items
<ul style="list-style-type: none"> The executive request includes a total of \$2.0 million in appropriations from transfers from the Montana Telecommunications Access Program (MTAP) based on transfers made by the 2019 Legislature. This includes a total of \$800,000 for the 2023 biennium at DET. The MTAP program no longer has a fund balance sufficient to support the total amount requested

Program Actuals and Budget Comparison

The following table compares F Y 2020 actual expenditures to the 2021 biennium appropriated budget and the 2023 biennium budget request by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2020	Approp. Fiscal 2020	Approp. Fiscal 2021	Request Fiscal 2022	Request Fiscal 2023
FTE	0.00	134.07	134.07	134.07	134.07
Personal Services	7,737,859	8,945,193	9,307,508	9,748,924	9,769,165
Operating Expenses	4,260,586	5,110,111	4,965,084	4,963,368	4,964,008
Benefits & Claims	7,256,342	14,617,475	15,202,000	15,202,000	15,202,000
Transfers	61,010	366,000	25,000	25,000	25,000
Debt Service	2,982	17,676	0	0	0
Total Expenditures	\$19,318,779	\$29,056,455	\$29,499,592	\$29,939,292	\$29,960,173
General Fund	4,457,871	5,911,445	6,093,902	6,142,432	6,145,636
State/Other Special Rev. Funds	1,282,093	1,310,179	1,320,155	1,355,924	1,356,172
Federal Spec. Rev. Funds	13,578,815	21,834,831	22,085,535	22,440,936	22,458,365
Total Funds	\$19,318,779	\$29,056,455	\$29,499,592	\$29,939,292	\$29,960,173
Total Ongoing	\$19,318,779	\$29,056,455	\$29,499,592	\$29,939,292	\$29,960,173
Total OTO	\$0	\$0	\$0	\$0	\$0

Program Discussion -

FY 2020 Appropriation Compared to FY 2020 Actual Expenditures

DET expended 66.5% of the total 2020 appropriation. Unexpended appropriations were primarily general fund and federal funds. The amount of unexpended general fund and federal funds totaled 24.6% and 37.8% respectively. Most of the unexpended appropriation occurred in the vocational rehabilitation program. Unexpended general fund in the vocational rehabilitation program totaled \$1.2 million out of a total appropriation of \$5.5 million.

FY 2020 Appropriations Compared to FY 2021 Appropriations

The FY 2021 appropriation is 1.5% higher than FY 2020. The FY 2021 general fund appropriation is 3.1%, or \$182,457 higher than the FY 2020 appropriation. Most of the difference was the result of two program transfers during FY 2020. A total of \$65,000 was the result of the AmeriCorps Volunteers In Service To America (VISTA) program being transferred to Human and Community Services Division. The second transfer, totaling \$55,679, was transferred to the director's office in order to cover personal services payouts for retiring personnel.

Executive Request

The executive request for FY 2022 and FY 2023 proposes a total fund increase of 1.5% and 1.6% respectively over the base year appropriation.

5.0% Plan

Statute requires that agencies submit plans to reduce general fund and certain state special revenue funds by 5.0%. A complete list of the entire 2023 biennium 5.0% plan submitted for this agency can be found online in [Tab D of the Section B Subcommittee page](#).

DET has created a 5.0% reduction plan that includes a total savings of \$222,894 in general fund and \$64,105 in state special revenue. These savings would be realized by reducing operating costs, reducing contracts for services with the Montana Independent Living Project (MILP), and reducing MTAP funding.

According to the plan, a reduction in personnel and operations would require delays in staffing, reduced travel, and standard office expenditures. In addition, program workload would have to be shifted and reduced resources would affect the delivery of program priorities. A reduction in MTAP would result in the delivery of MTAP services and equipment being delayed to consumers, and fewer consumers would utilize MTAP's services and equipment as reduced outreach would not make them aware of service availability.

Program Personal Services

The requested \$1.3 million increase in personal services is almost exclusively due to formula based changes.

Funding

The following table shows proposed program funding by source of authority.

Department of Public Health & Human Services, 01-Disability Empl & Transitions						
Funding by Source of Authority						
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	12,288,068	0	0	0	12,288,068	20.51 %
02159 Handicapped Telecommunications	1,877,004	0	0	0	1,877,004	69.21 %
02434 02 Indirect Activity Prog 01	35,092	0	0	0	35,092	1.29 %
02365 MTAP Transfers	800,000	0	0	0	800,000	29.50 %
State Special Total	\$2,712,096	\$0	\$0	\$0	\$2,712,096	4.53 %
03234 Promise Grant	0	0	0	0	0	0.00 %
03588 93.802 - Disabil Deter Adm 100	12,109,089	0	0	0	12,109,089	26.97 %
03604 84.126 - Rehab-Sec110 A 78.7%	26,507,351	0	0	0	26,507,351	59.04 %
03365 03 Indirect Activity Prog 01	1,237,623	0	0	0	1,237,623	2.76 %
03554 84.169 - Independent Living 90	460,758	0	0	0	460,758	1.03 %
03555 84.177 - Indep Living Old BLIN	439,600	0	0	0	439,600	0.98 %
03557 84.187 - Vic Sup Employment	398,988	0	0	0	398,988	0.89 %
03558 84.224 - Mon Tech 100%	852,060	0	0	0	852,060	1.90 %
03559 84.265 - In Service Training 9	0	0	0	0	0	0.00 %
03024 Soc Sec - Trust Funds	2,563,832	0	0	0	2,563,832	5.71 %
03226 VR Supported Empl VI-B Youth	330,000	0	0	0	330,000	0.73 %
Federal Special Total	\$44,899,301	\$0	\$0	\$0	\$44,899,301	74.96 %
Proprietary Total	\$0	\$0	\$0	\$0	\$0	0.00 %
Total All Funds	\$59,899,465	\$0	\$0	\$0	\$59,899,465	

DET is funded primarily by a variety of federal funds accounting for 75.0% of the total. Some programs are fully funded with federal funds including disability determinations and the Montech assistive technology program, while other federally funded programs require varying levels of state matching funds. There are 9 federal funds with ongoing HB 2 authority at DET. Most of the federal fund authority is contained in four programs including:

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

General fund is used to support 20.5% of program costs while state special revenue supports the remaining 4.5%. About half of each are used to support administrative costs with the remaining general fund being used to support Vocational Rehabilitation and remaining state special revenue being used to support the MTAP program.

LFD ISSUE	<p>The Montana Telecommunications Access Program (MTAP) is responsible for overseeing the Montana Relay program which allows people who are deaf to use telephone services, and offering assistive equipment and services to Montanans whose disabilities make it hard for them to use the phone.</p> <p>MTAP revenue is raised by a fee of 10 cents per month assessed on subscriber connections and prepaid wireless telecommunication services per 53-19-311 MCA.</p> <p>The 2019 Legislature authorized a total of \$3.5 million in transfers from the MTAP program including \$1.5 million in FY 2020 and \$2.0 million in FY 2021. The \$2.0 million in funds that were transferred in FY 2021 has been included in the base budget calculation and is requested for both years of the 2023 biennium. This includes biennial requests of \$800,000 at DET, and</p>
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\$1.6 million at both Developmental Services Division and Addictive and Mental Disorders Division.

During the last four biennia, DET received a HB 2 language appropriation of \$775,000 each fiscal year to cover a contingent Federal Communications Commission mandate, which would require states to provide both video and internet protocol relay services for people with severe hearing, mobility or speech impairments. The executive has requested a language appropriation for \$775,000 during both years of the 2023 biennium. Through the end of FY 2020, DET has yet to utilize any of this authority

The table below shows the actual and projected revenues and expenditures for MTAP through FY 2023.

Department of Public Health and Human Services 02159 Montana Telecommunications Access Program							
	FY 2017 Actuals	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Actuals	FY 2021 Estimated	FY 2022 Requested	FY 2023 Requested
Fund Balance	2,918,744	3,428,764	3,984,276	4,475,040	3,448,411	1,906,647	379,749
Revenue ¹	1,361,681	1,370,772	1,388,332	1,425,135	1,346,988	1,371,107	1,377,336
Disbursements ²	(851,661)	(815,259)	(898,351)	(951,763)	(888,753)	(898,005)	(881,158)
MTAP Transfers ³				(1,500,000)	(2,000,000)	(2,000,000)	(2,000,000)
Remaining Balance	3,428,764	3,984,276	4,474,257	3,448,411	1,906,647	379,749	(1,124,073)
Contingency Appropriation for Relay Services					775,000	775,000	775,000
Ending Fund Balance with Contingency					1,131,647	(1,170,251)	(3,449,073)
1 FY 2021 - FY 2023 Revenues are based on the average annual revenue from FY 2015 - FY 2020							
2 FY 2021 - FY 2023 Disbursements are based on the average annual disbursements from FY 2015 - FY 2020							
3 MTAP transfers in FY 2021 are requested							

Based on the average revenue and disbursements from the MTAP fund between FY 2015 – FY 2020 the MTAP fund no longer has a balance large enough to support this request.

Legislative Options:

1. Increase the fee in 53-19-311, MCA to a level that generates the revenues needed to support the funding request.
2. Authorize alternative funding to support the funding request.
3. Eliminate the transfer and reduce the corresponding authority.
4. Approve the request as submitted, with the understanding that the fund balance is in danger of being overdrawn.

Program Budget Summary by Category

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

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2022	Budget Fiscal 2023	Biennium Fiscal 22-23	Percent of Budget	Budget Fiscal 2022	Budget Fiscal 2023	Biennium Fiscal 22-23	Percent of Budget
2021 Base Budget	6,093,902	6,093,902	12,187,804	99.18 %	29,499,592	29,499,592	58,999,184	98.50 %
SWPL Adjustments	48,530	51,734	100,264	0.82 %	439,700	460,581	900,281	1.50 %
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	\$6,142,432	\$6,145,636	\$12,288,068		\$29,939,292	\$29,960,173	\$59,899,465	

Present Law Adjustments

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

Present Law Adjustments										
	-----Fiscal 2022-----					-----Fiscal 2023-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	48,944	35,769	356,703	441,416	0.00	51,993	36,017	373,647	461,657
DP 3 - Inflation Deflation	0.00	(414)	0	(1,302)	(1,716)	0.00	(259)	0	(817)	(1,076)
Grand Total All Present Law Adjustments	0.00	\$48,530	\$35,769	\$355,401	\$439,700	0.00	\$51,734	\$36,017	\$372,830	\$460,581

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

DP 1 - Personal Services -

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

- Formula based changes
- Personal services management decisions
- Modifications made to the personal services budget in the 2021 biennium

DP 3 - Inflation Deflation -

The executive requests adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include food, postage, gasoline, and others.

Program Biennium Comparison

The following table compares the 2021 biennium appropriated budget and the 2023 biennium budget request by type of expenditure and source of funding.

Program Biennium Comparison				
Budget Item	Appropriated Budget 20-21	Requested Budget 22-23	Biennium Change	Biennium % Change
Personal Services	64,808,214	65,956,385	1,148,171	1.77 %
Operating Expenses	15,030,839	13,197,668	(1,833,171)	(12.20)%
Equipment & Intangible Assets	143,400	50,000	(93,400)	(65.13)%
Grants	21,743,518	23,246,398	1,502,880	6.91 %
Benefits & Claims	456,197,057	462,615,738	6,418,681	1.41 %
Transfers	5,333,720	4,242,220	(1,091,500)	(20.46)%
Debt Service	132,150	0	(132,150)	(100.00)%
Total Expenditures	\$563,388,898	\$569,308,409	\$5,919,511	1.05 %
General Fund	49,269,349	50,062,921	793,572	1.61 %
State/Other Special Rev. Funds	3,548,180	3,845,156	296,976	8.37 %
Federal Spec. Rev. Funds	510,571,369	515,400,332	4,828,963	0.95 %
Total Funds	\$563,388,898	\$569,308,409	\$5,919,511	1.05 %
Total Ongoing	\$563,388,898	\$569,308,409	\$5,919,511	1.05 %
Total OTO	\$0	\$0	\$0	0.00 %

Program Biennium Comparison -

The biennium comparison table shows a total growth of 1.1%. Compared to the FY 2021 base appropriation, the growth is 0.4%.

Program Description

Human and Community Services Division (HCSD) administers multiple public assistance programs that fall into two categories, public assistance and intergovernmental human services.

HCSD public assistance responsibilities include both eligibility determinations and program administration. HCSD public assistance programs include:

- Temporary Assistance for Needy Families (TANF) is a federal block grant that provides monthly payments to low-income families and children who meet income and resource eligibility standards
- Supplemental Nutrition Assistance (SNAP) provides benefits to eligible families to supplement their food budget
- Healthy Montana Kids (HMK) Children’s Health Insurance Plan (CHIP) which provides health coverage to eligible Montana children up to age 19
- Medicaid eligibility determinations are provided by HCSD for multiple Medicaid programs, spread across the entire agency, for children, pregnant women, seniors, disabled persons, and other eligible adults

Intergovernmental Human Services include:

- The Low-Income Energy Assistance Program (LIEAP)
- Weatherization programs
- Community Services Block Grant is a federal grant managed by HCSC through a partnership with 10 Human Resource Councils (HRDC’s) throughout the state, intended to support community-based activities to reduce poverty
- The Emergency Solutions Grant provides federal funding for emergency shelter and homelessness prevention

Program Highlights

Human and Community Services Division Major Budget Highlights
<p>The executive proposes a total fund increase of 1.1% primarily due to:</p> <ul style="list-style-type: none"> • A \$6.4 million biennial increase for benefits and claims, most of which is due to the difference between the FY 2020 and FY 2021 appropriation

Program Actuals and Budget Comparison

The following table compares FY2020 actual expenditures to the 2021 biennium appropriated budget and the 2023 biennium budget request by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2020	Approp. Fiscal 2020	Approp. Fiscal 2021	Request Fiscal 2022	Request Fiscal 2023
FTE	0.00	492.50	492.50	492.50	492.50
Personal Services	30,333,715	32,100,689	32,707,525	32,934,556	33,021,829
Operating Expenses	7,224,091	8,429,940	6,600,899	6,598,361	6,599,307
Equipment & Intangible Assets	118,252	118,400	25,000	25,000	25,000
Grants	9,055,091	10,366,572	11,376,946	11,623,199	11,623,199
Benefits & Claims	205,371,594	225,466,059	230,730,998	231,307,869	231,307,869
Transfers	2,721,616	3,212,610	2,121,110	2,121,110	2,121,110
Debt Service	19,395	132,150	0	0	0
Total Expenditures	\$254,843,754	\$279,826,420	\$283,562,478	\$284,610,095	\$284,698,314
General Fund	22,992,625	24,454,828	24,814,521	25,015,890	25,047,031
State/Other Special Rev. Funds	1,367,855	1,689,721	1,858,459	1,920,998	1,924,158
Federal Spec. Rev. Funds	230,483,274	253,681,871	256,889,498	257,673,207	257,727,125
Total Funds	\$254,843,754	\$279,826,420	\$283,562,478	\$284,610,095	\$284,698,314
Total Ongoing	\$254,843,754	\$279,826,420	\$283,562,478	\$284,610,095	\$284,698,314
Total OTO	\$0	\$0	\$0	\$0	\$0

Program Discussion -

FY 2020 Appropriation Compared to FY 2020 Actual Expenditures

HCSD expended 91.1% of the total 2020 HB2 appropriation including 94.0% of general fund. Unexpended general fund totaled \$1.5 million, \$0.9 million of which was in the Offices of Public Assistance. HCSD expended 90.8% of the federal fund appropriation. Unexpended federal funds occurred primarily in the Supplemental Nutrition Assistance Program (SNAP) and Temporary Assistance for Needy Families (TANF).

FY 2020 Appropriations compared to FY 2021 Appropriations

The FY 2021 appropriation is 1.3% higher than the FY 2020 appropriation. Most of the difference was the result of executive modifications totaling \$5.3 million to the benefits and claims appropriation for FY 2020. A total of \$2.6 million was transferred from benefits and claims to other expenditures within HCSD while \$2.6 million was transferred to other DPHHS divisions.

FY 2021 Legislative Budget compared to FY 2021 base

The FY 2021 Base Budget is 15.1% less than the FY 2021 Legislative Budget. This is almost exclusively due to a reorganization within the department. A total of \$51.8 million out of a legislative appropriation of \$335.4 million was reduced through executive modifications during FY 2020. Just under \$52.1 million of the modifications were the result of a transfer to the new Early Childhood and Family Support Division (CFSD). All appropriations for child care and the stars to quality program were transferred to the new division.

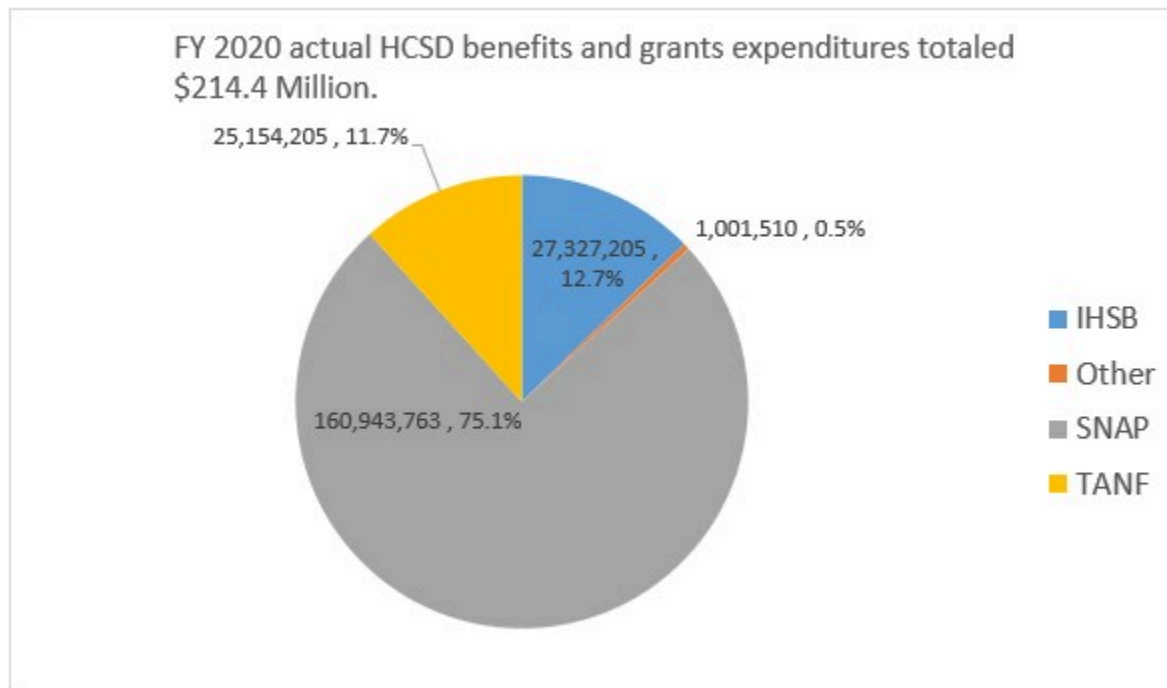
Executive Request

The executive request for FY 2022 and FY 2023 proposes a total fund increase of 0.4% over the base year appropriation.

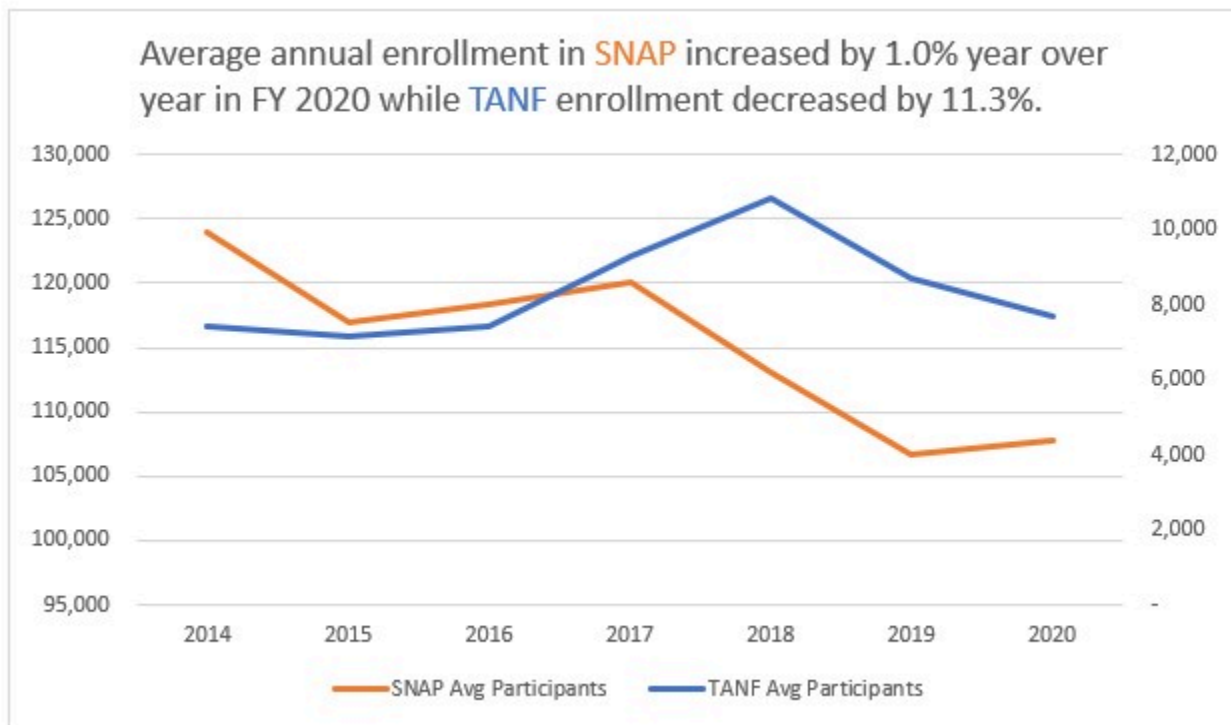
Just under 81.3% of the HCSD proposed budget is comprised of benefits and claims. A total of 11.6% of the budget request is for personal services, the majority of which occur in the Office of Public Assistance (OPA). Medicaid eligibility determination functions are HCSD responsibilities, specifically within OPA.

The benefits and claims at HCSD are non-Medicaid federal funds along with any state match required by the programs administered. For example, TANF funds are block granted to states with a requirement for state match known as “maintenance of effort” (MOE). MOE provisions include specified state spending levels and general requirements on the use of funds. Each state receiving TANF funds must spend at least 75% percent of the amount it spent on welfare and related programs in fiscal year 1994, before TANF was created. Montana must meet specific federal requirements related to program participation to meet the 75% requirement, otherwise the MOE can be as high as 80%. In addition, if the state fails to meet the MOE requirement, it risks having future TANF appropriations reduced.

In FY 2020 the HCSD budget for Benefits & Claims and Grants accounted for more than 84.1% of total expenditures. These are driven primarily by the SNAP program which accounts for just under three quarters of the total. The table below illustrates the Benefits & Claims and Grants expenditures at HCSD during FY 2020.



Due to the large portion of HCSD budget expenditures in these programs, significant changes to enrollment can have significant impacts on the budget. The number of participants in SNAP and TANF did increase during the early stages of the pandemic but not in a manner that would suggest a change in the long-term trend. The table below illustrates the average annual participation in SNAP and TANF.



5.0% Plan

Statute requires that agencies submit plans to reduce general fund and certain state special revenue funds by 5.0%. A complete list of the entire 2023 biennium 5.0% plan submitted for this agency can be found online in [Tab D of the Section B Subcommittee page](#).

HCSD has created a 5.0% reduction plan that includes a total savings of \$1.1 million in general fund and \$107,617 in state special revenue. These savings would be realized by reducing operating costs and a reduction in the TANF MOE.

According to the plan, reduced personnel and operations require delays in staffing, reduced travel and standard office expenditures. In addition, program workload would have to be shifted and reduced resources would affect the delivery of program priorities. Finally, TANF MOE is the required Maintenance of Effort to receive the TANF Federal Block grant. If the MOE is not met there are penalties that would require additional general fund. The consequences could include reduced benefits to TANF clients and a loss of services available to clients through a reduction to contractors that provide those services.

Funding

The following table shows proposed program funding by source of authority.

Department of Public Health & Human Services, 02-Human & Community Services						
Funding by Source of Authority						
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	50,062,921	0	0	0	50,062,921	8.79 %
02099 69010-VISTA-Community Cost Shr	112,398	0	0	0	112,398	2.92 %
02375 02 Indirect Activity Prog 02	2,924,190	0	0	0	2,924,190	76.05 %
02515 School Lunch OPI/Warehouse	0	0	0	0	0	0.00 %
02597 Healthy Montana Kids Plan	0	0	0	0	0	0.00 %
02688 6901-TANF Overpayments	130,000	0	0	0	130,000	3.38 %
02772 Tobacco Hlth and Medicaid Init	71,090	0	0	0	71,090	1.85 %
02789 6901-CHIP/MCHA Tobacco Sett Fd	0	0	0	0	0	0.00 %
02931 Food Stamp Recoupment Account	0	0	0	0	0	0.00 %
02974 Univ Low-Income Energy Assist	607,478	0	0	0	607,478	15.80 %
State Special Total	\$3,845,156	\$0	\$0	\$0	\$3,845,156	0.68 %
03135 HOPWA TriState HELP CFDA14.241	1,040,000	0	0	0	1,040,000	0.20 %
03181 10.561 Food Stamp Perf. Bonus	0	0	0	0	0	0.00 %
03573 93.569 - CSBG Adm	6,528,219	0	0	0	6,528,219	1.27 %
03580 6901-93.778 - Med Adm 50%	1,293,209	0	0	0	1,293,209	0.25 %
03678 6901-Food Stamp Benefits	345,133,644	0	0	0	345,133,644	66.96 %
03679 6901-HOPWA CFDA#14-241	1,004,684	0	0	0	1,004,684	0.19 %
03382 03 Indirect Activity Prog 02	38,184,533	0	0	0	38,184,533	7.41 %
03426 CHIP Program Fed	0	0	0	0	0	0.00 %
03467 6901-Homeless Mgmt Info System	107,556	0	0	0	107,556	0.02 %
03519 93.045 - Aging Meals 100%	121,423	0	0	0	121,423	0.02 %
03544 10.561 - FS E & T - 50%	433,684	0	0	0	433,684	0.08 %
03545 10.561 - FS E & T - 100%	522,872	0	0	0	522,872	0.10 %
03546 10.561 - FS Adm - Fed Exp 50%	1,743,242	0	0	0	1,743,242	0.34 %
03547 10.568 - Emerg Food Assist 100	967,775	0	0	0	967,775	0.19 %
03548 10.569 - Food Distr - Fed Exp	5,336,348	0	0	0	5,336,348	1.04 %
03550 14.231 - Emerg Shelter - HUD 5	1,400,766	0	0	0	1,400,766	0.27 %
03552 81.042 - Weather Ben 100%	5,416,905	0	0	0	5,416,905	1.05 %
03553 Housing Preservation Grant	90,200	0	0	0	90,200	0.02 %
03572 93.568 - LIEAP Blk Grt Adm	41,878,609	0	0	0	41,878,609	8.13 %
03066 81.042 BPA	996,052	0	0	0	996,052	0.19 %
03072 69010-CNS-Grants-VISTA	431,880	0	0	0	431,880	0.08 %
03074 Aging - Nutrition Services HDM	0	0	0	0	0	0.00 %
03103 TANF Administration	0	0	0	0	0	0.00 %
03109 TANF Benefits	60,823,652	0	0	0	60,823,652	11.80 %
03965 CSFP	1,361,534	0	0	0	1,361,534	0.26 %
03974 Medicaid Exp HELP Act Admin	583,545	0	0	0	583,545	0.11 %
Federal Special Total	\$515,400,332	\$0	\$0	\$0	\$515,400,332	90.53 %
Proprietary Total	\$0	\$0	\$0	\$0	\$0	0.00 %
Total All Funds	\$569,308,409	\$0	\$0	\$0	\$569,308,409	

HCSD costs are driven by the benefits delivered by HCSD staff and providers throughout the state, and the administrative costs associated with benefit provisions. HCSD is funded primarily by a variety of federal funds accounting for just over 90.5% of the 2023 biennium budget request.

General fund is 8.8% of the 2023 budget request. General funds are used to support TANF MOE requirements and are used as a match for federal programs such as Medicaid and SNAP eligibility determinations.

Program Budget Summary by Category

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

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2022	Budget Fiscal 2023	Biennium Fiscal 22-23	Percent of Budget	Budget Fiscal 2022	Budget Fiscal 2023	Biennium Fiscal 22-23	Percent of Budget
2021 Base Budget	24,814,521	24,814,521	49,629,042	99.13 %	283,562,478	283,562,478	567,124,956	99.62 %
SWPL Adjustments	201,369	232,510	433,879	0.87 %	224,493	312,712	537,205	0.09 %
PL Adjustments	0	0	0	0.00 %	823,124	823,124	1,646,248	0.29 %
New Proposals	0	0	0	0.00 %	0	0	0	0.00 %
Total Budget	\$25,015,890	\$25,047,031	\$50,062,921		\$284,610,095	\$284,698,314	\$569,308,409	

Present Law Adjustments

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

Present Law Adjustments										
	-----Fiscal 2022-----					-----Fiscal 2023-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	201,760	62,595	(37,324)	227,031	0.00	232,756	65,734	15,814	314,304
DP 3 - Inflation Deflation	0.00	(391)	(56)	(2,091)	(2,538)	0.00	(246)	(35)	(1,311)	(1,592)
DP 2002 - IHSB Federal Authority	0.00	0	0	823,124	823,124	0.00	0	0	823,124	823,124
Grand Total All Present Law Adjustments	0.00	\$201,369	\$62,539	\$783,709	\$1,047,617	0.00	\$232,510	\$65,699	\$837,627	\$1,135,836

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

DP 1 - Personal Services -

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

- Formula based changes
- Personal services management decisions
- Modifications made to the personal services budget in the 2021 biennium

DP 3 - Inflation Deflation -

The executive requests adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include food, postage, gasoline, and others.

DP 2002 - IHSB Federal Authority -

This present law adjustment requests an increase in federal funds of \$1,646,248 for the biennium. This change package maintains existing services for the Low Income Energy Assistance Program (LIEAP) and The Emergency Food Assistance Program (TEFAP) in the Human and Community Services Division.

69010 - Department Of Public Health & Human Services 03-Child and Family Services Division

Program Biennium Comparison

The following table compares the 2021 biennium appropriated budget and the 2023 biennium budget request by type of expenditure and source of funding.

Program Biennium Comparison				
Budget Item	Appropriated Budget 20-21	Requested Budget 22-23	Biennium Change	Biennium % Change
Personal Services	58,362,057	59,534,087	1,172,030	2.01 %
Operating Expenses	12,861,273	12,134,589	(726,684)	(5.65)%
Grants	16,001,391	13,626,560	(2,374,831)	(14.84)%
Benefits & Claims	120,881,635	129,506,514	8,624,879	7.13 %
Transfers	1,503,182	476,182	(1,027,000)	(68.32)%
Debt Service	2,316	2,316	0	0.00 %
Total Expenditures	\$209,611,854	\$215,280,248	\$5,668,394	2.70 %
General Fund	121,745,940	126,982,251	5,236,311	4.30 %
State/Other Special Rev. Funds	3,758,555	3,758,600	45	0.00 %
Federal Spec. Rev. Funds	84,107,359	84,539,397	432,038	0.51 %
Total Funds	\$209,611,854	\$215,280,248	\$5,668,394	2.70 %
Total Ongoing	\$209,611,854	\$215,280,248	\$5,668,394	2.70 %
Total OTO	\$0	\$0	\$0	0.00 %

Program Biennium Comparison -

The 2023 biennium budget proposes an increase of 2.7%, with an increase in general fund of 4.3%. Compared to the FY 2021 base appropriation, the biennial request is an increase of 0.8%.

Program Description

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

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

CFSD Region Map

REGION VI

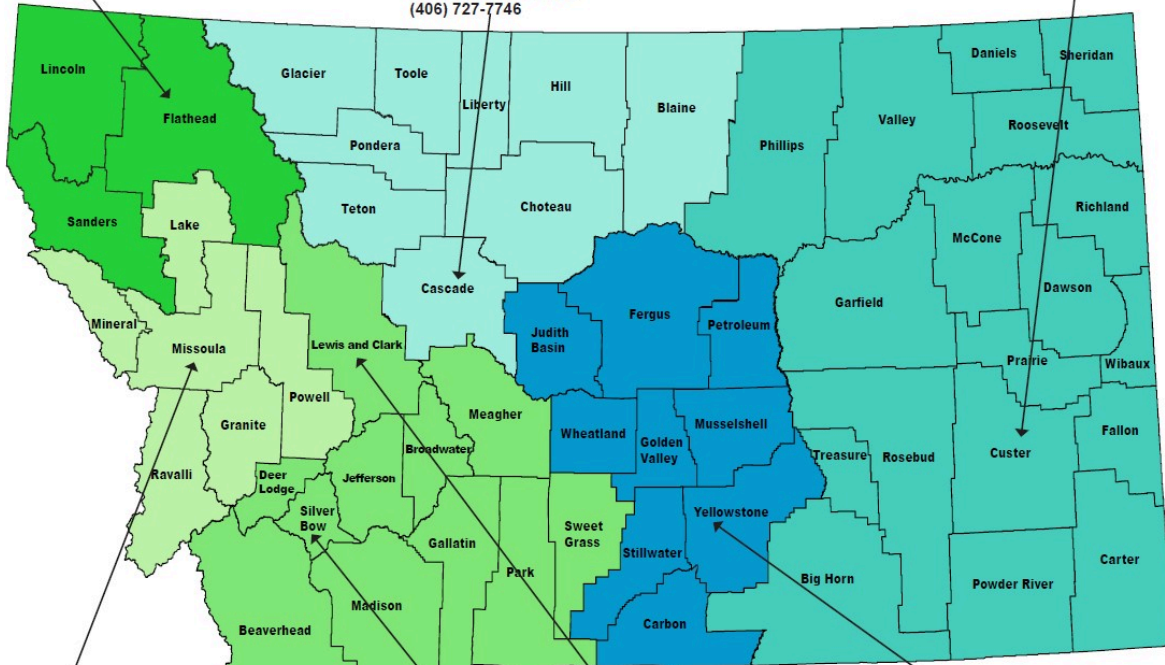
Angie Rolando, Regional Administrator
 Teri Magers, Admin Support Supervisor
 121 Financial Dr. Ste. C
 Kalispell, MT 59901
 (406) 300-7418

REGION II

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

REGION I

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



REGION V

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

REGION IV

Laura McCullough, Interim R/A for L&C County
 Jennifer Hoerauf, Regional Administrator
 Jade Herrera, Admin Support Supervisor
 700 Casey St.
 Butte, MT 59701
 (406) 496-4950

REGION III

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

Updated August 4, 2020

Program Highlights

CFSD Major Budget Highlights
<ul style="list-style-type: none"> • The proposed budget includes growth over the biennium of 2.7%, which is driven by growth in benefits and claims • CFSD caseload growth has leveled out after increasing significantly in the 2013-2019 period <ul style="list-style-type: none"> ◦ Foster care caseload has declined in the FY 2019-2020 period while adoption and guardianship caseload have continued to increase • CFSD has started implementation of the federal Family First Prevention Services Act with compliance with FFPSA set for October 2021. FFPSA does permit federal matching funds for prevention services, or services designed to prevent child removal. This portion of FFPSA is optional for states

Program Actuals and Budget Comparison

The following table compares FY 2020 actual expenditures to the 2021 biennium appropriated budget and the 2023 biennium budget request by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2020	Approp. Fiscal 2020	Approp. Fiscal 2021	Request Fiscal 2022	Request Fiscal 2023
FTE	0.00	428.97	428.97	428.97	428.97
Personal Services	29,201,390	29,538,149	28,823,908	29,734,754	29,799,333
Operating Expenses	6,696,965	6,756,073	6,105,200	6,058,609	6,075,980
Grants	9,133,779	9,188,111	6,813,280	6,813,280	6,813,280
Benefits & Claims	53,916,206	56,128,378	64,753,257	64,753,257	64,753,257
Transfers	1,293,277	1,265,091	238,091	238,091	238,091
Debt Service	26,371	1,158	1,158	1,158	1,158
Total Expenditures	\$100,267,988	\$102,876,960	\$106,734,894	\$107,599,149	\$107,681,099
General Fund	56,757,005	58,892,606	62,853,334	63,462,848	63,519,403
State/Other Special Rev. Funds	1,679,498	1,879,255	1,879,300	1,879,300	1,879,300
Federal Spec. Rev. Funds	41,831,485	42,105,099	42,002,260	42,257,001	42,282,396
Total Funds	\$100,267,988	\$102,876,960	\$106,734,894	\$107,599,149	\$107,681,099
Total Ongoing	\$100,267,988	\$102,876,960	\$106,734,894	\$107,599,149	\$107,681,099
Total OTO	\$0	\$0	\$0	\$0	\$0

Program Discussion -

FY 2020 Appropriation Compared to FY 2020 Actual Expenditures

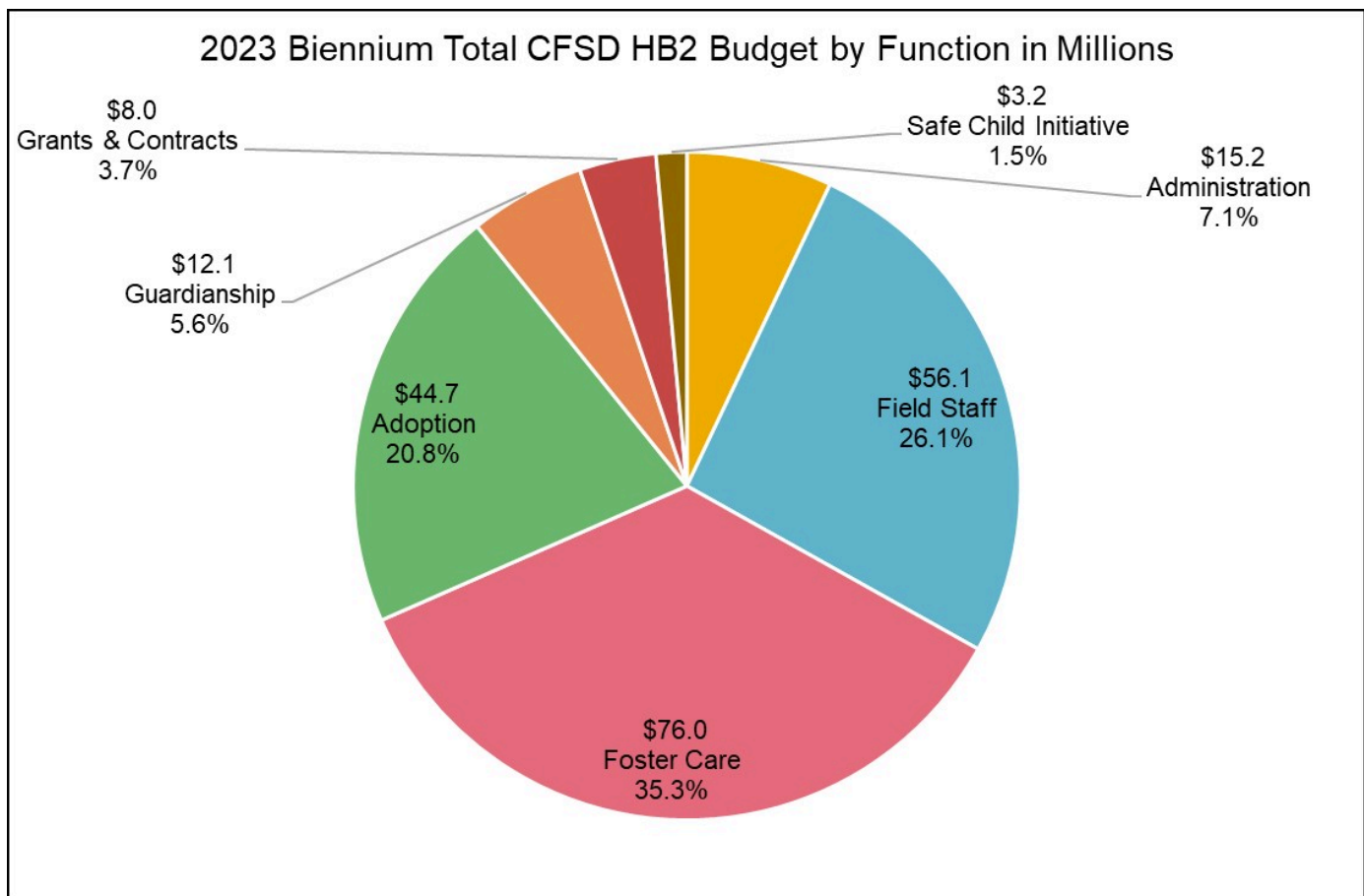
In FY 2020 CFSD expended 97.5% of its overall HB2 budget, and 96.4% of its general fund budget. The FY 2020 CFSD budget increased by \$1.8 million during the fiscal year due to transfers of authority from other DPHHS divisions.

FY 2020 Appropriation Compared to FY 2021 Appropriation

CFSD FY 2021 total appropriations are 3.9%, or \$3.9 million, higher than the FY 2020 total appropriation of \$102.9 million.

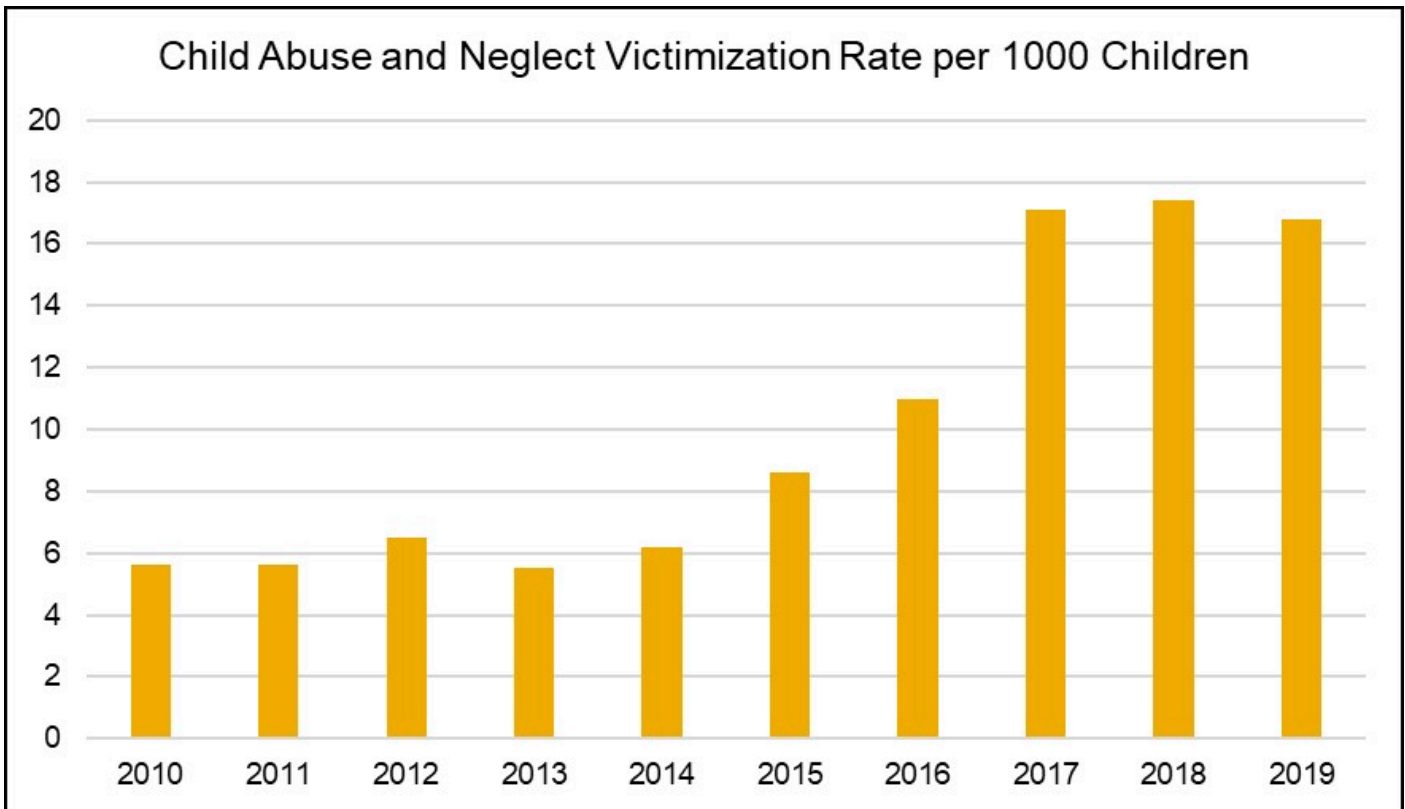
Expenditure Categories

Personal services comprise 27.6% of the biennium budget request, while benefits and claims make up 60.1%. The CFSD budget request is funded with 58.9% general fund and 39.2% federal funds. The chart below illustrates the major function areas of the 2023 CFSD HB 2 budget request. Field staff, which includes child protection caseworkers, foster care, and adoption make up the large majority of the request.

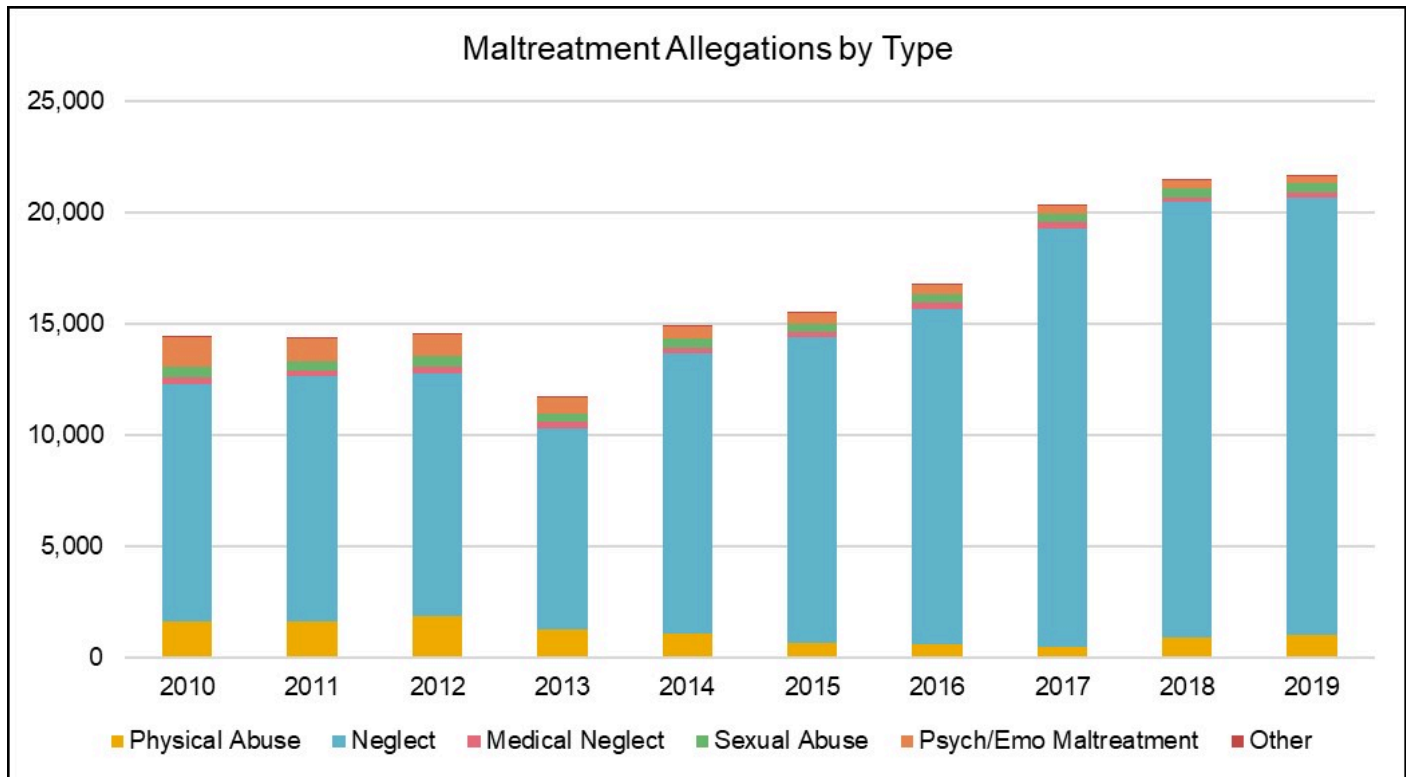


Caseload

Montana has experienced rising rates of child abuse and neglect (CAN) over the last decade or so. The chart below illustrates this trend with CAN victimization rates: child victims per 1000 children in a year. For example, in 2017 about 17.1 out of 1000 children were victimized in Montana (a total of nearly 4000 CAN victims in calendar year 2017). CAN rates have leveled off (as of end of CY 2019) after several years of significant increase.



The graph below provides additional detail on the nature of child abuse and neglect allegations in Montana from 2010-2019. This graph includes both substantiated and unsubstantiated allegations. The large majority of allegations over this time period involve neglect. Neglect has been increasing in real terms over this period as well as when compared to other types of maltreatment. Note that allegations of physical abuse increased from 2017-2019 after declining through the 2012-2017 period.

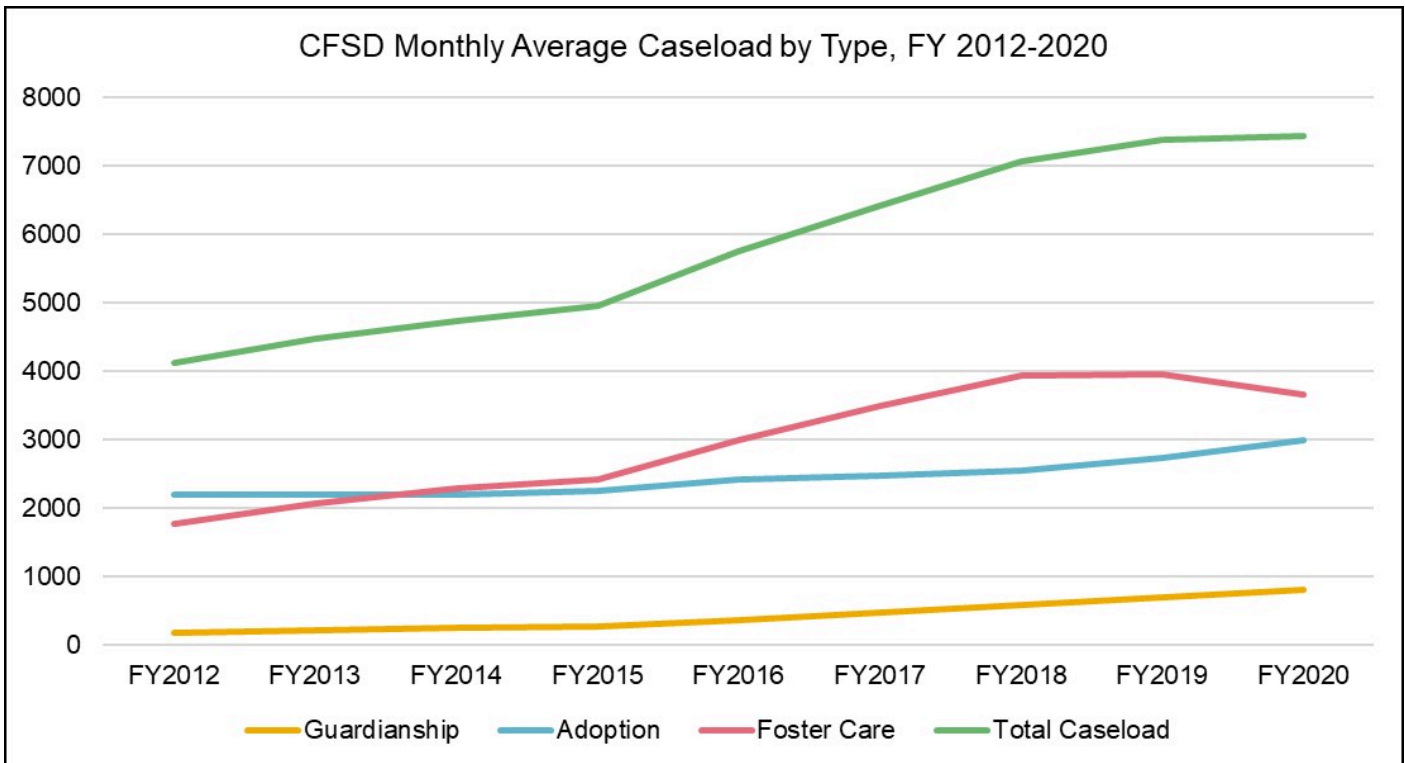
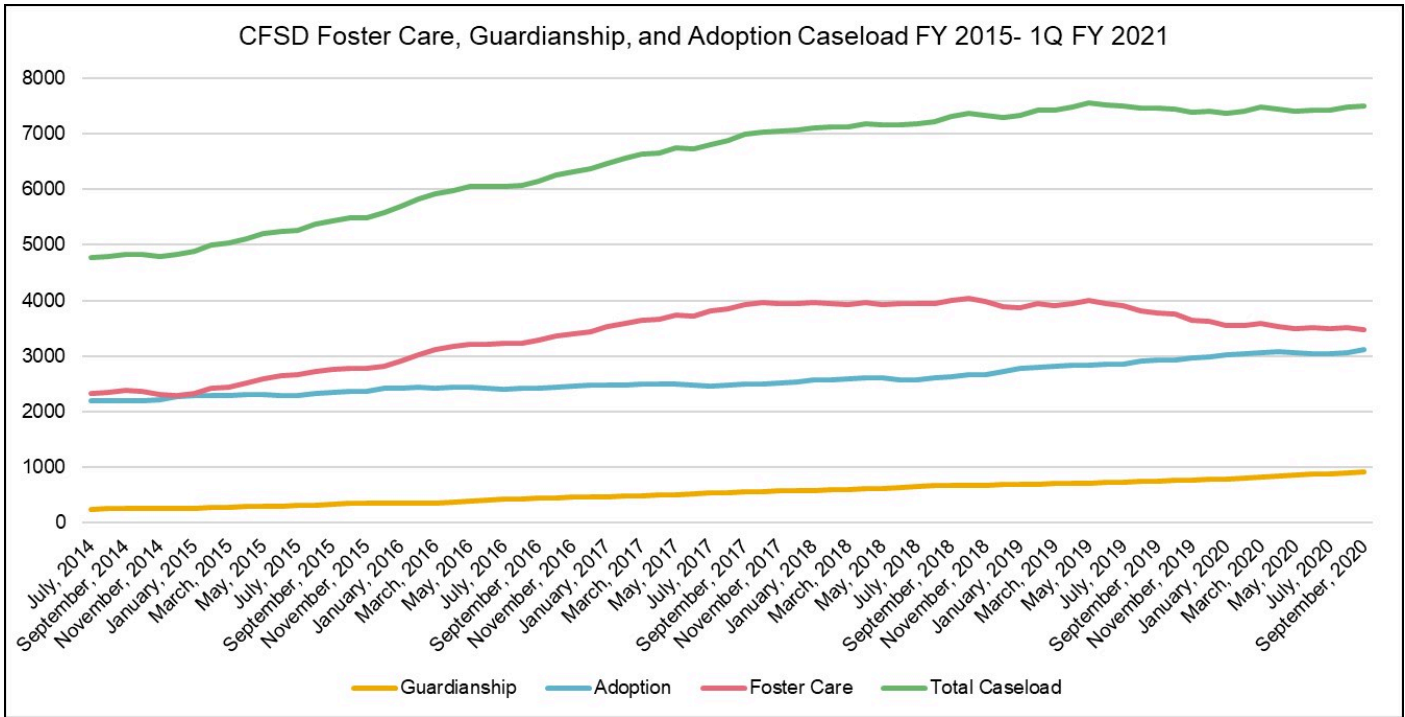


A related trend is the rate at which children who are victims of abuse/neglect are removed from the home. This is generally referred to as “out-of-home-placement” (OOHP) and is an outcome that most research suggests should be avoided whenever possible as it generally has suboptimal long-run impacts on the child. The OOHP rate has been rising in Montana over the past decade or so. From the [CFSD 2020-2024 5 Year Plan](#): “Montana’s removal rate increased significantly between FY 2014 (5.6 per 1000 children) and SFY18 (10.4). Over the past year, it has decreased to 10.2, which is still one of the highest per capita rates in the nation. Currently in SFY19, 38% of children are returned home within three months; therefore, CFSD must strive to prevent removal and to increase safety resources to support families in a time of crisis.”

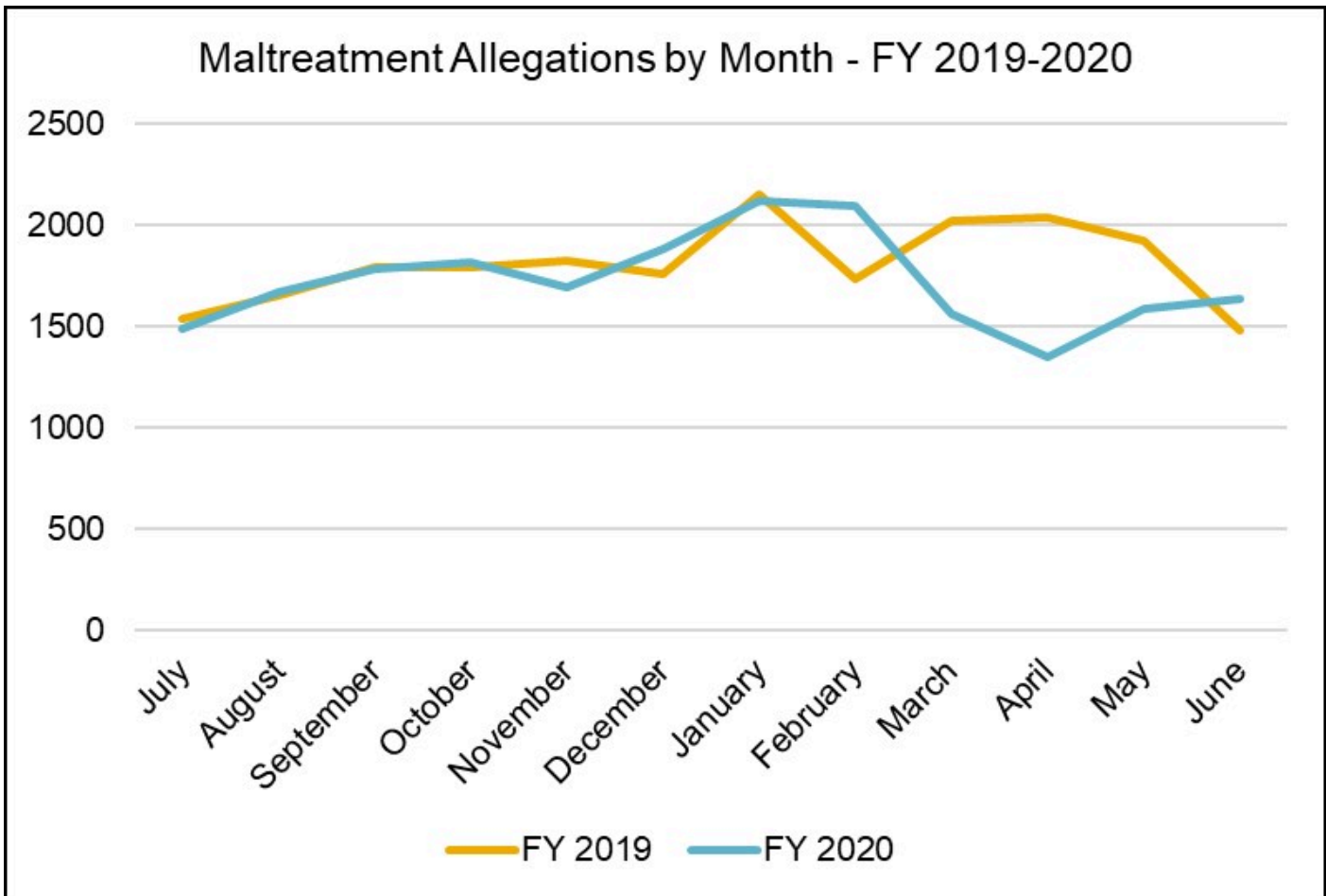
The interim Children, Families, Health, and Human Services Committee completed interim studies on HJR 48 (which “requested a study of ways to support families involved in the child protect services system and reduce the number of children removed from their homes for suspected child abuse or neglect”) and HJR 49 (which “requested a study of the role of law enforcement and the courts in the child protective services system”). Detailed information may be found at <https://leg.mt.gov/committees/interim/2020cfhhs/hjr48-49/>.

The graphs below illustrate the caseload associated with OOHP. The top graph shows monthly caseload broken down by type (foster care, guardianship, and adoption) from FY 2015 through the 1st quarter of FY 2021. Note that the total caseload has leveled off beginning in about the spring of 2019, and that foster care caseload has declined after years of increase, while guardianship and adoption numbers have slowly increased over this period.

The bottom graph shows monthly average caseload for each type of caseload by fiscal year for FY 2012-2020. This graph illustrates the increase in caseload over the last decade along with the flattening out in more recent years, along with the recent decrease in foster care caseload.



Finally, the graph below shows the number of maltreatment referrals over the past 2 fiscal years. A significant decrease in referrals coincides with COVID-19 related school closures in the winter/spring of 2020. A decrease in referrals could be associated with an increase in child maltreatment if there is a stable level of maltreatment but lower probabilities of detection and intervention. The referral rate did seem to return to normal at the end of FY 2020.



Families First Prevention Services Act (FFPSA)

FFPSA permits states to access federal funding for prevention services, or services that are intended to prevent OOHP. DPHHS has created a [webpage](#) summarizing their action on FFPSA.

The National Conference of State Legislatures (NCSL) summarizes FFPSA: “In February 2018 President Trump signed the [Bipartisan Budget Act of 2018 \(H.R. 1892\)](#). Included in the act is the Family First Prevention Services Act, which has the potential to dramatically change child welfare systems across the country. One of the major areas this legislation changes is the way Title IV-E funds can be spent by states. Title IV-E funds previously could be used only to help with the costs of foster care maintenance for eligible children; administrative expenses to manage the program; and training for staff, foster parents, and certain private agency staff; adoption assistance; and kinship guardianship assistance. Now states, territories, and tribes with an approved Title IV-E plan have the option to use these funds for prevention services that would allow “candidates for foster care” to stay with their parents or relatives. States will be reimbursed for prevention services for up to 12 months. A written, trauma-informed prevention plan must be created, and services will need to be evidence-based.”

Additionally, the U.S. Congress passed the [Family First Transition Act](#) in 2019. According to NCSL, this act “provides financial relief for states as their child welfare systems develop prevention-focused infrastructure and is intended to encourage timely implementation of the 2018 Family First Act.”

According to the CFSD website the agency is intending to develop a prevention plan and planning to access federal fund reimbursement (50%) for prevention services.

69010 - Department Of Public Health & Human Services 03-Child and Family Services Division

5% Reduction Plan

Statute requires that agencies submit plans to reduce general fund and certain state special revenue funds by 5%. A summary of the entire 2023 biennium 5% plan submitted for this agency is in the appendix.

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

Funding

The following table shows proposed program funding by source of authority.

Department of Public Health & Human Services, 03-Child and Family Services Division Funding by Source of Authority							
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	126,982,251	0	0	0	126,982,251	58.95 %	
02209 Third Party Contributions-F.C.	3,575,432	0	0	0	3,575,432	91.95 %	
02473 Assault Intervention & Trtmnt	169,002	0	0	0	169,002	4.35 %	
02483 Adoption Services / SA	0	0	0	130,000	130,000	3.34 %	
02496 Family Preservation Conference	14,166	0	0	0	14,166	0.36 %	
02376 02 Indirect Activity Prog 03	0	0	0	0	0	0.00 %	
State Special Total	\$3,758,600	\$0	\$0	\$130,000	\$3,888,600	1.81 %	
03185 Caseworker Visits	0	0	0	0	0	0.00 %	
03224 Access & Visitation Grt 93.597	191,100	0	0	0	191,100	0.23 %	
03579 93.667 - SSBG - Benefits	16,024	0	0	0	16,024	0.02 %	
03593 03 Indirect Activity Prog 03	19,370,475	0	0	0	19,370,475	22.91 %	
03458 6901 - Chafee - ETV 93.599	353,952	0	0	0	353,952	0.42 %	
03522 93.556 - Family Preservation	1,779,888	0	0	0	1,779,888	2.11 %	
03526 93.643 - Child Justice	199,774	0	0	0	199,774	0.24 %	
03527 93.645 - IV-B CWS	0	0	0	0	0	0.00 %	
03529 IV-E Guardianship	5,304,760	0	0	0	5,304,760	6.27 %	
03530 6901-Foster Care 93.658	27,601,604	0	0	0	27,601,604	32.65 %	
03531 6901-Subsidized Adopt 93.659	22,761,656	0	0	0	22,761,656	26.92 %	
03532 93.669 - Child Abuse	278,904	0	0	0	278,904	0.33 %	
03533 93.671 - Domestic Violence	1,579,890	0	0	0	1,579,890	1.87 %	
03536 93.674 - IV-E Independent Livi	1,148,490	0	0	0	1,148,490	1.36 %	
03103 TANF Administration	0	0	0	0	0	0.00 %	
03109 TANF Benefits	3,952,880	0	0	0	3,952,880	4.68 %	
03964 Adoption Incentive Funds	0	0	0	0	0	0.00 %	
03148 VOCA Fatality Review	0	0	0	0	0	0.00 %	
03460 Kinship Navigator Program	0	0	0	0	0	0.00 %	
Federal Special Total	\$84,539,397	\$0	\$0	\$0	\$84,539,397	39.25 %	
Proprietary Total	\$0	\$0	\$0	\$0	\$0	0.00 %	
Total All Funds	\$215,280,248	\$0	\$0	\$130,000	\$215,410,248		

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

Statutory appropriations are made for adoption services. These revenues come from adoption services fees and fund personal services and operating expenses in CFSD. The executive request from this fund is \$130,000 over the biennium. This fund enters FY 2021 with a balance of \$699,667.

69010 - Department Of Public Health & Human Services 03-Child and Family Services Division

Program Budget Summary by Category

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

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2022	Budget Fiscal 2023	Biennium Fiscal 22-23	Percent of Budget	Budget Fiscal 2022	Budget Fiscal 2023	Biennium Fiscal 22-23	Percent of Budget
2021 Base Budget	62,853,334	62,853,334	125,706,668	99.00 %	106,734,894	106,734,894	213,469,788	99.16 %
SWPL Adjustments	609,514	666,069	1,275,583	1.00 %	864,255	946,205	1,810,460	0.84 %
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	\$63,462,848	\$63,519,403	\$126,982,251		\$107,599,149	\$107,681,099	\$215,280,248	

Present Law Adjustments

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

	-----Fiscal 2022-----					-----Fiscal 2023-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	641,241	0	269,605	910,846	0.00	685,966	0	289,459	975,425
DP 3 - Inflation Deflation	0.00	(31,727)	0	(14,864)	(46,591)	0.00	(19,897)	0	(9,323)	(29,220)
Grand Total All Present Law Adjustments	0.00	\$609,514	\$0	\$254,741	\$864,255	0.00	\$666,069	\$0	\$280,136	\$946,205

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

DP 1 - Personal Services -

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

- Expected changes
- Personal services management decisions
- Modifications made to the personal services budget in the 2021 biennium

DP 3 - Inflation Deflation -

The executive requests adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include food, postage, gasoline, and others.

Program Biennium Comparison

The following table compares the 2021 biennium appropriated budget and the 2023 biennium budget request by type of expenditure and source of funding.

Program Biennium Comparison				
Budget Item	Appropriated Budget 20-21	Requested Budget 22-23	Biennium Change	Biennium % Change
Personal Services	13,844,325	12,362,471	(1,481,854)	(10.70)%
Operating Expenses	14,476,584	2,362,092	(12,114,492)	(83.68)%
Grants	1,276,104	1,376,102	99,998	7.84 %
Transfers	195,000	130,000	(65,000)	(33.33)%
Debt Service	39,070	0	(39,070)	(100.00)%
Total Expenditures	\$29,831,083	\$16,230,665	(\$13,600,418)	(45.59)%
General Fund	10,895,172	7,194,698	(3,700,474)	(33.96)%
State/Other Special Rev. Funds	2,161,244	926,205	(1,235,039)	(57.14)%
Federal Spec. Rev. Funds	16,774,667	8,109,762	(8,664,905)	(51.65)%
Total Funds	\$29,831,083	\$16,230,665	(\$13,600,418)	(45.59)%
Total Ongoing	\$29,831,083	\$16,230,665	(\$13,600,418)	(45.59)%
Total OTO	\$0	\$0	\$0	0.00 %

Program Biennium Comparison -

The 2023 biennium budget proposes a decrease of 45.6%, with a decrease in general fund of 34.0%. Compared to the FY 2021 base appropriation, the biennial request is a decrease of 10.1%. Expenditures in the Director's Office have been inflated due to the COVID-19 public health emergency as the agency used the Director's Office to route and track COVID-19 expenditures.

Program Description

The Director's Office provides overall policy development and administrative guidance for the department. Included in the Director's Office are legal affairs, personnel services, public information, and the Office of Fair Hearings. 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.

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

Program Highlights

DPHHS Director's Office Major Budget Highlights
<ul style="list-style-type: none"> • Federal funds associated with COVID-19 led to higher expenditures in the Director's Office in FY 2020. Some of this expenditure is currently listed as HB 2 but will shift out of HB 2 as federal reimbursement occurs • The executive requests a transfer of Suicide Prevention authority in the Director's Office to the Addictive and Mental Disorders Division for FY 2022 and 2023

Program Actuals and Budget Comparison

The following table compares F Y 2020 actual expenditures to the 2021 biennium appropriated budget and the 2023 biennium budget request by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2020	Approp. Fiscal 2020	Approp. Fiscal 2021	Request Fiscal 2022	Request Fiscal 2023
FTE	0.00	64.75	64.75	63.75	63.75
Personal Services	8,508,455	7,568,746	6,275,579	6,171,939	6,190,532
Operating Expenses	7,159,065	12,483,049	1,993,535	1,180,876	1,181,216
Grants	205,353	588,053	688,051	688,051	688,051
Transfers	126,265	130,000	65,000	65,000	65,000
Debt Service	10,067	39,070	0	0	0
Total Expenditures	\$16,009,205	\$20,808,918	\$9,022,165	\$8,105,866	\$8,124,799
General Fund	4,188,758	6,893,446	4,001,726	3,592,465	3,602,233
State/Other Special Rev. Funds	902,348	1,199,245	961,999	462,461	463,744
Federal Spec. Rev. Funds	10,918,099	12,716,227	4,058,440	4,050,940	4,058,822
Total Funds	\$16,009,205	\$20,808,918	\$9,022,165	\$8,105,866	\$8,124,799
Total Ongoing	\$16,009,205	\$20,808,918	\$9,022,165	\$8,105,866	\$8,124,799
Total OTO	\$0	\$0	\$0	\$0	\$0

Program Discussion -

FY 2020 Appropriation Compared to FY 2020 Actual Expenditures

In FY 2020 the Director's Office expended 76.9% of its overall HB 2 budget, and 60.8% of its general fund budget. The FY 2020 Director's Office budget increased by \$10.8 million during the fiscal year. Most of this increase, \$8.3 million, was in federal funds and related to COVID-19 expenditures.

FY 2020 Appropriation Compared to FY 2021 Appropriation

Director's Office FY 2021 total appropriations are 56.6% lower (\$11.7 million) than the FY 2020 total appropriation of \$20.8 million. This difference is primarily due to the increase in federal COVID-19 authority in FY 2020 discussed above, which at this time does not carry over to FY 2021.

Comparison of FY 2021 Legislative Budget to FY 2021 Base

Executive modifications increased the FY 2021 budget for the Director's Office by 1.8%, or \$158,652. This change included increases in personal services of \$675,520 and decreases in operating expenses and grants totaling \$581,868.

Executive Request

The executive request for the Director's Office 2023 biennium budget is 45.6% lower than the 2021 biennium appropriated budget. This requested reduction is due to higher than anticipated federal funds spending in FY 2020-21 due to COVID-19, and a proposed transfer of a suicide prevention program to another division. The initial executive request for the FY 2020-21 biennium was \$19.2 million as compared to the \$29.8 million that has been budgeted in the Director's Office in the 2021 biennium.

- This program expended \$7.1 million in HB 2 authority in federal FEMA public assistance funds associated with COVID-19 in FY 2020, which led to higher than anticipated HB 2 expenditures. OBPP has indicated these expenditures will shift out of HB 2 once federal reimbursement from FEMA becomes available.
- All termination costs (sick leave payouts, etc.) are funded in this division. Other divisions transfer funds to make the payout. In FY 2020, \$1.4 million in total funds and \$746,952 in general fund were transferred and paid from this division. As a consequence, FY 2020 has inflated costs that are not included in either FY 2021 or the 2023 biennium but will be reflected in transfers from other divisions as the next biennium unfolds.

5% Reduction Plan

Statute requires that agencies submit plans to reduce general fund and certain state special revenue funds by 5%. A summary of the entire 2023 biennium 5% plan submitted for this agency is in the appendix.

The Director's Office has created a 5% reduction plan that includes a total savings of \$208,681 in general fund and \$45,117 in state special revenue. These savings are realized by reducing operating expenses. The agency includes a note indicating "Reducing operating expenses would require delays in staffing, reduced travel and standard office expenditures. Program workload would have to be shifted and reduced resources would affect the delivery of program priorities."

Funding

The following table shows proposed program funding by source of authority.

Department of Public Health & Human Services, 04-Director's Office Funding by Source of Authority							
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	7,194,698	0	0	0	7,194,698	44.33 %	
02377 02 Indirect Activity Prog 04	926,205	0	0	0	926,205	100.00 %	
02987 Tobacco Interest	0	0	0	0	0	0.00 %	
State Special Total	\$926,205	\$0	\$0	\$0	\$926,205	5.71 %	
03593 03 Indirect Activity Prog 03	15,120	0	0	0	15,120	0.19 %	
03594 03 Indirect Activity Prog 04	8,094,642	0	0	0	8,094,642	99.81 %	
03674 COVID CRF HHS	0	0	0	0	0	0.00 %	
03698 FEMA Public Assistance	0	0	0	0	0	0.00 %	
03942 COVID Provider Relief Stimulus	0	0	0	0	0	0.00 %	
Federal Special Total	\$8,109,762	\$0	\$0	\$0	\$8,109,762	49.97 %	
Proprietary Total	\$0	\$0	\$0	\$0	\$0	0.00 %	
Total All Funds	\$16,230,665	\$0	\$0	\$0	\$16,230,665		

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

Program Budget Summary by Category

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

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2022	Budget Fiscal 2023	Biennium Fiscal 22-23	Percent of Budget	Budget Fiscal 2022	Budget Fiscal 2023	Biennium Fiscal 22-23	Percent of Budget
2021 Base Budget	4,001,726	4,001,726	8,003,452	111.24 %	9,022,165	9,022,165	18,044,330	111.17 %
SWPL Adjustments	(7,039)	2,125	(4,914)	(0.07)%	(14,077)	4,252	(9,825)	(0.06)%
PL Adjustments	0	0	0	0.00 %	0	0	0	0.00 %
New Proposals	(402,222)	(401,618)	(803,840)	(11.17)%	(902,222)	(901,618)	(1,803,840)	(11.11)%
Total Budget	\$3,592,465	\$3,602,233	\$7,194,698		\$8,105,866	\$8,124,799	\$16,230,665	

Present Law Adjustments

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

Present Law Adjustments	-----Fiscal 2022-----					-----Fiscal 2023-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	(6,046)	601	(6,647)	(12,092)	0.00	2,948	1,860	1,089	5,897
DP 2 - Fixed Costs	0.00	(244)	(34)	(209)	(487)	0.00	(353)	(49)	(304)	(706)
DP 3 - Inflation Deflation	0.00	(749)	(105)	(644)	(1,498)	0.00	(470)	(66)	(403)	(939)
Grand Total All Present Law Adjustments	0.00	(\$7,039)	\$462	(\$7,500)	(\$14,077)	0.00	\$2,125	\$1,745	\$382	\$4,252

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

DP 1 - Personal Services -

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

- Expected changes
- Personal services management decisions
- Modifications made to the personal services budget in the 2021 biennium

DP 2 - Fixed Costs -

Fixed costs are fees charged to agencies for a variety of services provided by other state agencies. The executive requests adjustments in fixed costs. Examples include: warrant writer, motor pool, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 3 - Inflation Deflation -

The executive requests adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include food, postage, gasoline, and others.

New Proposals

The New Proposals table shows new changes to spending

New Proposals	-----Fiscal 2022-----					-----Fiscal 2023-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 33004 - Transfer Suicide Prevention Prgm from DO to AMDD	(1.00)	(402,222)	(500,000)	0	(902,222)	(1.00)	(401,618)	(500,000)	0	(901,618)
Total	(1.00)	(\$402,222)	(\$500,000)	\$0	(\$902,222)	(1.00)	(\$401,618)	(\$500,000)	\$0	(\$901,618)

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

DP 33004 - Transfer Suicide Prevention Prgm from DO to AMDD -

The executive proposes to transfer the current suicide prevention budget in the Director's Office to the Addictive and Mental Disorders Division. The request moves the FY 2021 appropriation of \$803,840 in general fund and \$1,000,000 in state special revenue to AMDD in FY 2022 and FY 2023.

Program Biennium Comparison

The following table compares the 2021 biennium appropriated budget and the 2023 biennium budget request by type of expenditure and source of funding.

Program Biennium Comparison				
Budget Item	Appropriated Budget 20-21	Requested Budget 22-23	Biennium Change	Biennium % Change
Personal Services	18,790,381	19,663,974	873,593	4.65 %
Operating Expenses	3,994,759	3,921,226	(73,533)	(1.84)%
Equipment & Intangible Assets	42,912	42,912	0	0.00 %
Debt Service	26,434	0	(26,434)	(100.00)%
Total Expenditures	\$22,854,486	\$23,628,112	\$773,626	3.39 %
General Fund	6,510,846	6,806,318	295,472	4.54 %
State/Other Special Rev. Funds	826,591	726,624	(99,967)	(12.09)%
Federal Spec. Rev. Funds	15,517,049	16,095,170	578,121	3.73 %
Total Funds	\$22,854,486	\$23,628,112	\$773,626	3.39 %
Total Ongoing	\$22,854,486	\$23,628,112	\$773,626	3.39 %
Total OTO	\$0	\$0	\$0	0.00 %

Program Biennium Comparison -

The 2023 biennium budget proposes an increase of 3.4%, with an increase in general fund of 4.5%. Compared to the FY 2021 base appropriation, the biennial request is an increase of 2.9%.

Program Description

The purpose of the Child Support Services Division (CSSD) is to pursue and obtain financial and medical support for children by establishing, enforcing, and collecting financial obligations from non-custodial parents. Program staff locates absent parents, identifies assets, establishes paternity, and ensures obligated parents maintain medical health insurance coverage for their dependent children.

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

Program Highlights

CSSD Major Budget Highlights
<ul style="list-style-type: none"> • The proposed budget includes growth over the biennium of 3.4%, which is driven by growth in personal services • Collections increased significantly between FY 2019 and FY 2020 due to CSSD’s ability to access CARES (Coronavirus Aid, Relief, and Economic Security) Act economic impact payments in cases where child support payments were owed

Program Actuals and Budget Comparison

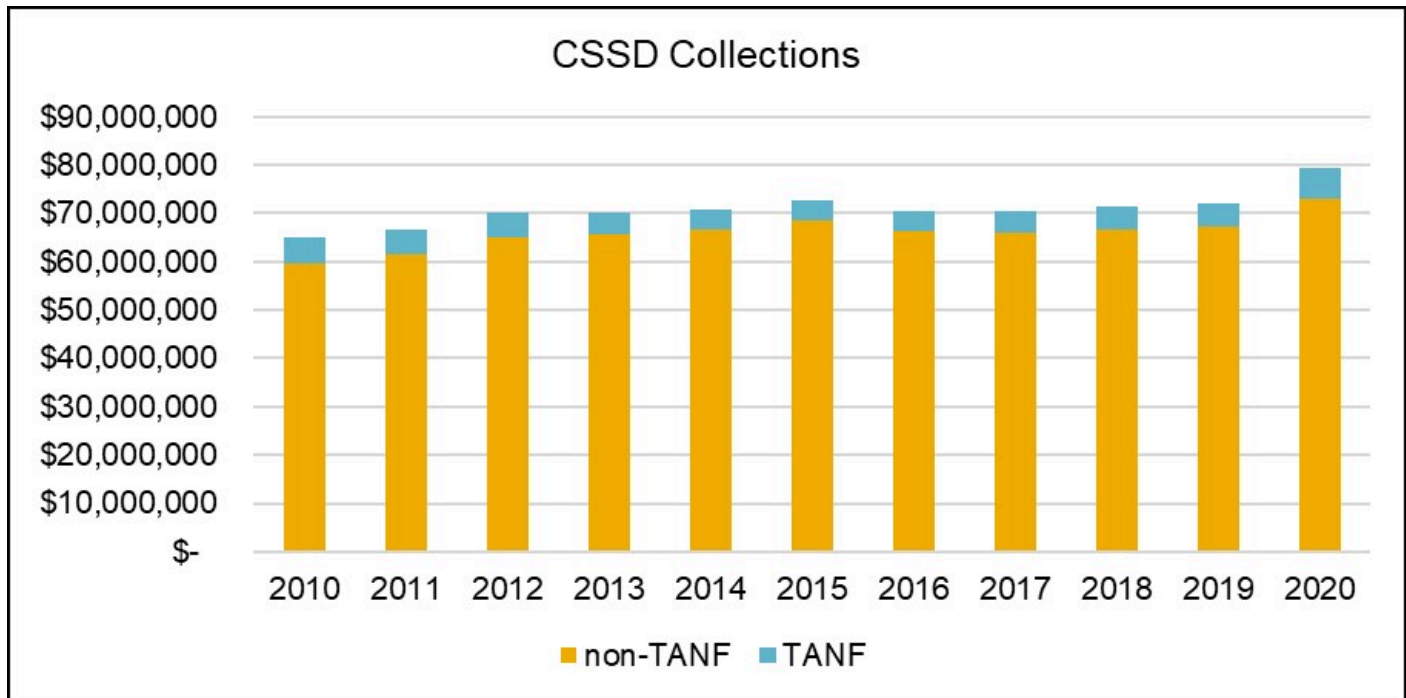
The following table compares FY 2020 actual expenditures to the 2021 biennium appropriated budget and the 2023 biennium budget request by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2020	Approp. Fiscal 2020	Approp. Fiscal 2021	Request Fiscal 2022	Request Fiscal 2023
FTE	0.00	129.81	129.81	129.81	129.81
Personal Services	9,276,062	9,288,548	9,501,833	9,816,280	9,847,694
Operating Expenses	1,996,445	2,034,146	1,960,613	1,960,613	1,960,613
Equipment & Intangible Assets	0	21,456	21,456	21,456	21,456
Debt Service	10,558	26,434	0	0	0
Total Expenditures	\$11,283,065	\$11,370,584	\$11,483,902	\$11,798,349	\$11,829,763
General Fund	3,198,595	3,219,939	3,290,907	3,397,819	3,408,499
State/Other Special Rev. Funds	458,743	463,279	363,312	363,312	363,312
Federal Spec. Rev. Funds	7,625,727	7,687,366	7,829,683	8,037,218	8,057,952
Total Funds	\$11,283,065	\$11,370,584	\$11,483,902	\$11,798,349	\$11,829,763
Total Ongoing	\$11,283,065	\$11,370,584	\$11,483,902	\$11,798,349	\$11,829,763
Total OTO	\$0	\$0	\$0	\$0	\$0

Program Discussion -

Federal regulation mandates a child support enforcement program under Title IV-D of the Social Security Act in order for states to maintain eligibility for the federal Temporary Assistance for Needy Families (TANF) block grant. Collection of child support owed to TANF families is automatically assigned to the state and is used to reimburse federal and state governments for benefits paid to the families. Additionally, child support enforcement services must be provided to any applicant regardless of income level.

In FY 2020, CSSD collected \$79.4 million on behalf of both TANF and non-TANF children and their custodial parents (see chart below). Non-TANF collections were \$72.9 million and TANF collections were \$6.4 million, of which \$1.9 million went into the CSSD state special revenue fund. This collection amount is a significant increase from FY 2019 and is due to CSSD's ability to access CARES (Coronavirus Aid, Relief, and Economic Security) Act individual economic impact payments in cases where child support payments were owed.



5% Reduction Plan

Statute requires that agencies submit plans to reduce general fund and certain state special revenue funds by 5%. A summary of the entire 2023 biennium 5% plan submitted for this agency is in the appendix.

CSSD has created a 5% reduction plan that includes a total savings of \$159,823 in general fund and \$22,937 in state special revenue. These savings are realized by reducing operating expenses, and for which the agency has stated: "Reducing operating expenses would require delays in staffing, reduced travel and standard office expenditures. Program workload would have to be shifted and reduced resources would affect the delivery of program priorities."

Funding

The following table shows proposed program funding by source of authority.

Department of Public Health & Human Services, 05-Child Support Services Division Funding by Source of Authority							
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	6,806,318	0	0	0	6,806,318	28.81 %	
02187 Child Support State Share	726,624	0	0	0	726,624	100.00 %	
State Special Total	\$726,624	\$0	\$0	\$0	\$726,624	3.08 %	
03269 Child Support Incentive	2,373,886	0	0	0	2,373,886	14.75 %	
03570 93.563 - Child Support IVD 66%	13,721,284	0	0	0	13,721,284	85.25 %	
Federal Special Total	\$16,095,170	\$0	\$0	\$0	\$16,095,170	68.12 %	
Proprietary Total	\$0	\$0	\$0	\$0	\$0	0.00 %	
Total All Funds	\$23,628,112	\$0	\$0	\$0	\$23,628,112		

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

State Special Revenue

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

Program Budget Summary by Category

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

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2022	Budget Fiscal 2023	Biennium Fiscal 22-23	Percent of Budget	Budget Fiscal 2022	Budget Fiscal 2023	Biennium Fiscal 22-23	Percent of Budget
2021 Base Budget	3,290,907	3,290,907	6,581,814	96.70 %	11,483,902	11,483,902	22,967,804	97.21 %
SWPL Adjustments	106,912	117,592	224,504	3.30 %	314,447	345,861	660,308	2.79 %
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	\$3,397,819	\$3,408,499	\$6,806,318		\$11,798,349	\$11,829,763	\$23,628,112	

Present Law Adjustments

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

Present Law Adjustments	-----Fiscal 2022-----					-----Fiscal 2023-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	106,912	0	207,535	314,447	0.00	117,592	0	228,269	345,861
Grand Total All Present Law Adjustments	0.00	\$106,912	\$0	\$207,535	\$314,447	0.00	\$117,592	\$0	\$228,269	\$345,861

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

DP 1 - Personal Services -

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

- Expected changes
- Personal services management decisions
- Modifications made to the personal services budget in the 2021 biennium

Program Biennium Comparison

The following table compares the 2021 biennium appropriated budget and the 2023 biennium budget request by type of expenditure and source of funding.

Program Biennium Comparison				
Budget Item	Appropriated Budget 20-21	Requested Budget 22-23	Biennium Change	Biennium % Change
Personal Services	8,781,759	7,825,808	(955,951)	(10.89)%
Operating Expenses	17,280,259	18,024,797	744,538	4.31 %
Debt Service	45,726	11,352	(34,374)	(75.17)%
Total Expenditures	\$26,107,744	\$25,861,957	(\$245,787)	(0.94)%
General Fund	9,273,681	9,488,616	214,935	2.32 %
State/Other Special Rev. Funds	2,111,022	1,986,383	(124,639)	(5.90)%
Federal Spec. Rev. Funds	14,723,041	14,386,958	(336,083)	(2.28)%
Total Funds	\$26,107,744	\$25,861,957	(\$245,787)	(0.94)%
Total Ongoing	\$26,107,744	\$25,861,957	(\$245,787)	(0.94)%
Total OTO	\$0	\$0	\$0	0.00 %

Program Biennium Comparison -

The biennium comparison table shows a total decrease of 0.9%, but with an increase in general fund of 2.3%. Compared to the FY 2021 base, the requested budget for the 2023 biennium represents an increase of 1.2%.

Program Description

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

Program Highlights

Business and Financial Services Division Major Budget Highlights
<p>The executive proposes a total fund decrease of 0.9% primarily due to:</p> <ul style="list-style-type: none"> • A \$1.0 million decrease in personal services which is offset by a \$0.7 million increase in operating expenses

Program Actuals and Budget Comparison

The following table compares FY 2020 actual expenditures to the 2021 biennium appropriated budget and the 2023 biennium budget request by type of expenditure and source of funding.

69010 - Department Of Public Health & Human Services 06-Business & Financial Services Div.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2020	Approp. Fiscal 2020	Approp. Fiscal 2021	Request Fiscal 2022	Request Fiscal 2023
FTE	0.00	54.00	54.00	54.00	54.00
Personal Services	3,542,717	4,316,760	4,464,999	3,908,371	3,917,437
Operating Expenses	8,858,327	8,977,423	8,302,836	9,284,098	8,740,699
Debt Service	23,671	40,050	5,676	5,676	5,676
Total Expenditures	\$12,424,715	\$13,334,233	\$12,773,511	\$13,198,145	\$12,663,812
General Fund	4,637,483	4,738,841	4,534,840	4,861,095	4,627,521
State/Other Special Rev. Funds	1,081,543	1,201,075	909,947	1,000,476	985,907
Federal Spec. Rev. Funds	6,705,689	7,394,317	7,328,724	7,336,574	7,050,384
Total Funds	\$12,424,715	\$13,334,233	\$12,773,511	\$13,198,145	\$12,663,812
Total Ongoing	\$12,424,715	\$13,334,233	\$12,773,511	\$13,198,145	\$12,663,812
Total OTO	\$0	\$0	\$0	\$0	\$0

Program Discussion -

FY 2020 Appropriation Compared to FY 2020 Actual Expenditures

BFSD expended 93.2% of the total FY 2020 appropriation including 97.9% of general fund. Most of the unspent appropriation at BFSD were federal funds for administrative costs associated with the Medicaid expansion program.

FY 2020 Appropriations compared to FY 2021 Appropriations

The FY 2021 appropriation is 4.2% lower than the FY 2020 appropriation. More than 73.6% of the difference is due to a restricted biennial appropriation for legislative audits that occurs in FY 2020 but not FY 2021.

Executive Request

The executive request for FY 2022 and FY 2023 proposes a total fund increase of 1.2% over the base year appropriation. The request includes a present law reduction for personal services of \$1.1 million which is offset by a present law increase of \$1.4 million for fixed costs.

5.0% Plan

Statute requires that agencies submit plans to reduce general fund and certain state special revenue funds by 5.0%. A complete list of the entire 2023 biennium 5.0% plan submitted for this agency can be found online in [Tab D of the Section B Subcommittee page](#).

BFSD has created a 5.0% reduction plan that includes a total savings of \$305,533 in general fund and \$75,291 in state special revenue. These savings would be realized by reducing operating costs.

According to the plan, these decreases would require delays in staffing, reduced travel and standard office expenditures. In addition, program workload would have to be shifted and reduced resources would affect the delivery of program priorities.

Program Personal Services

The executive proposes a 12.5% decrease in personal services in FY 2022 and a 12.3% decrease in FY 2023 compared to the base year appropriation, primarily due to formula based changes.

69010 - Department Of Public Health & Human Services 06-Business & Financial Services Div.

Funding

The following table shows proposed program funding by source of authority.

Department of Public Health & Human Services, 06-Business & Financial Services Div.							
Funding by Source of Authority							
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	9,488,616	0	0	0	9,488,616	36.69 %	
02382 02 Indirect Activity Prog 06	1,986,383	0	0	0	1,986,383	100.00 %	
02597 Healthy Montana Kids Plan	0	0	0	0	0	0.00 %	
02789 6901-CHIP/MCHA Tobacco Sett Fd	0	0	0	0	0	0.00 %	
State Special Total	\$1,986,383	\$0	\$0	\$0	\$1,986,383	7.68 %	
03580 6901-93.778 - Med Adm 50%	0	0	0	0	0	0.00 %	
03591 03 Indirect Activity Prog 06	14,386,958	0	0	0	14,386,958	100.00 %	
03426 CHIP Program Fed	0	0	0	0	0	0.00 %	
03974 Medicaid Exp HELP Act Admin	0	0	0	0	0	0.00 %	
Federal Special Total	\$14,386,958	\$0	\$0	\$0	\$14,386,958	55.63 %	
Proprietary Total	\$0	\$0	\$0	\$0	\$0	0.00 %	
Total All Funds	\$25,861,957	\$0	\$0	\$0	\$25,861,957		

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

BFSD functions include: accounts payable, audit coordination, cash management, contract management, facility reimbursement, financial and accounting oversight, lease management, mail handling, preparation and filing of federal financial reports, property management, purchasing of supplies and equipment, and records management.

Nearly all BFSD activities are funded with indirect revenues from all fund types. The exception to this are facility reimbursement activities. General fund is used to support facility reimbursement staff who are responsible for collecting private funds, private insurance, Medicaid, and Medicare from patients receiving services at DPHHS facilities. Funds collected reimburse the general fund as well as state special funds used to support facilities such as the Montana Chemical Dependency Center (MCDC) cost recovery fund. In FY 2020, BFSD collected \$21.4 million for facility reimbursements, most of which are deposited into the general fund.

Program Budget Summary by Category

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

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2022	Budget Fiscal 2023	Biennium Fiscal 22-23	Percent of Budget	Budget Fiscal 2022	Budget Fiscal 2023	Biennium Fiscal 22-23	Percent of Budget
2021 Base Budget	4,534,840	4,534,840	9,069,680	95.58 %	12,773,511	12,773,511	25,547,022	98.78 %
SWPL Adjustments	326,255	92,681	418,936	4.42 %	424,634	(109,699)	314,935	1.22 %
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	\$4,861,095	\$4,627,521	\$9,488,616		\$13,198,145	\$12,663,812	\$25,861,957	

69010 - Department Of Public Health & Human Services 06-Business & Financial Services Div.

Present Law Adjustments

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

Present Law Adjustments	-----Fiscal 2022-----					-----Fiscal 2023-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	(45,269)	(5,487)	(505,872)	(556,628)	0.00	(41,056)	(4,981)	(501,525)	(547,562)
DP 2 - Fixed Costs	0.00	371,548	96,020	513,756	981,324	0.00	133,752	80,944	223,206	437,902
DP 3 - Inflation Deflation	0.00	(24)	(4)	(34)	(62)	0.00	(15)	(3)	(21)	(39)
Grand Total All Present Law Adjustments	0.00	\$326,255	\$90,529	\$7,850	\$424,634	0.00	\$92,681	\$75,960	(\$278,340)	(\$109,699)

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

DP 1 - Personal Services -

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

- Formula based changes
- Personal services management decisions
- Modifications made to the personal services budget in the 2021 biennium

DP 2 - Fixed Costs -

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

DP 3 - Inflation Deflation -

The executive requests adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include food, postage, gasoline, and others.

Program Biennium Comparison

The following table compares the 2021 biennium appropriated budget and the 2023 biennium budget request by type of expenditure and source of funding.

Program Biennium Comparison				
Budget Item	Appropriated Budget 20-21	Requested Budget 22-23	Biennium Change	Biennium % Change
Personal Services	23,796,024	25,626,736	1,830,712	7.69 %
Operating Expenses	16,061,454	16,088,999	27,545	0.17 %
Equipment & Intangible Assets	283,482	283,482	0	0.00 %
Grants	28,390,111	28,481,480	91,369	0.32 %
Benefits & Claims	7,502,102	7,690,708	188,606	2.51 %
Transfers	1,530,200	1,530,200	0	0.00 %
Debt Service	89,864	0	(89,864)	(100.00)%
Total Expenditures	\$77,653,237	\$79,701,605	\$2,048,368	2.64 %
General Fund	6,180,435	6,528,633	348,198	5.63 %
State/Other Special Rev. Funds	28,330,615	28,693,245	362,630	1.28 %
Federal Spec. Rev. Funds	43,142,187	44,479,727	1,337,540	3.10 %
Total Funds	\$77,653,237	\$79,701,605	\$2,048,368	2.64 %
Total Ongoing	\$77,653,237	\$79,701,605	\$2,048,368	2.64 %
Total OTO	\$0	\$0	\$0	0.00 %

Program Biennium Comparison -

The 2023 biennium budget proposes an increase of 2.6%, with an increase in general fund of 5.6%. Compared to the FY 2021 base appropriation, the biennial request is an increase of 1.9%.

Program Description

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

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

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

Program Highlights

PHSD Major Budget Highlights
<ul style="list-style-type: none"> • The proposed budget includes growth over the biennium of 2.6%, which is driven by growth in personal services • The family & community health programs formerly operated by PHSD were moved to the new Early Childhood & Family Support Division in FY 2020

Program Actuals and Budget Comparison

The following table compares F Y 2020 actual expenditures to the 2021 biennium appropriated budget and the 2023 biennium budget request by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2020	Approp. Fiscal 2020	Approp. Fiscal 2021	Request Fiscal 2022	Request Fiscal 2023
FTE	0.00	155.25	155.25	155.25	155.25
Personal Services	12,196,991	11,747,342	12,048,682	12,791,372	12,835,364
Operating Expenses	8,973,682	8,013,678	8,047,776	8,043,748	8,045,251
Equipment & Intangible Assets	5,330	141,741	141,741	141,741	141,741
Grants	11,598,665	14,149,371	14,240,740	14,240,740	14,240,740
Benefits & Claims	1,569,721	3,656,748	3,845,354	3,845,354	3,845,354
Transfers	326,750	765,100	765,100	765,100	765,100
Debt Service	13,379	89,864	0	0	0
Total Expenditures	\$34,684,518	\$38,563,844	\$39,089,393	\$39,828,055	\$39,873,550
General Fund	3,059,126	3,065,914	3,114,521	3,260,959	3,267,674
State/Other Special Rev. Funds	12,050,106	13,994,514	14,336,101	14,342,637	14,350,608
Federal Spec. Rev. Funds	19,575,286	21,503,416	21,638,771	22,224,459	22,255,268
Total Funds	\$34,684,518	\$38,563,844	\$39,089,393	\$39,828,055	\$39,873,550
Total Ongoing	\$34,684,518	\$38,563,844	\$39,089,393	\$39,828,055	\$39,873,550
Total OTO	\$0	\$0	\$0	\$0	\$0

Program Discussion -

Figure 1 below presents the PHSD 2023 biennium budget request by type of expenditure. Grants are the largest component (35.7%) and represent funds provided to local entities that contract to provide broad-based public services. Examples include public health education and improvements in emergency preparedness. Benefits and claims are services to individuals who meet specific eligibility criteria and are 9.6% of the total. Personal services comprise 32.2% of the total while operating expenses make up 20.2%.

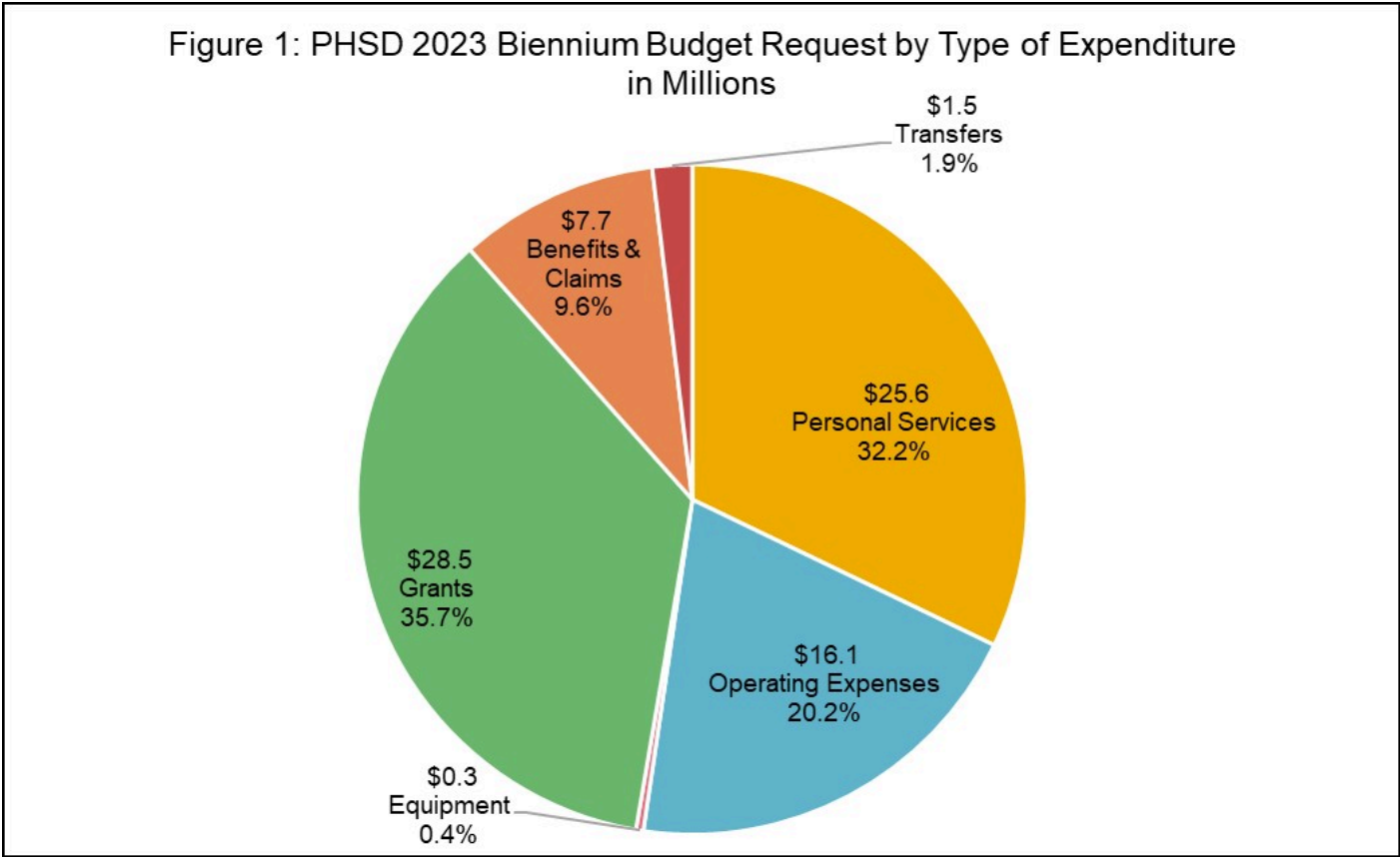
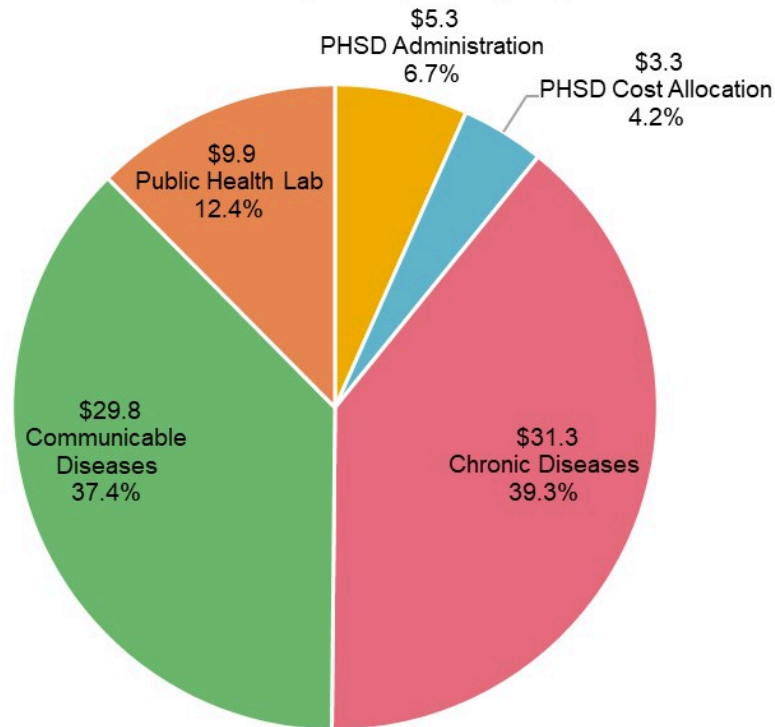


Figure 2 below shows the 2023 biennium budget request by major function.

Figure 2: PHSD 2023 Biennium Budget Request by Major Function in Millions



Chronic disease prevention is the largest component of the budget request at 39.3% of the total and includes these programs:

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

Communicable disease prevention and health promotion is the second largest component of the budget request at 37.4% of the total and includes the following functions:

- Food and consumer safety
- Communicable disease and epidemiology
- Sexually transmitted disease and HIV prevention

The state public health laboratory is 12.4% of the total. Division administration is about 6.7%, and cost allocation is 4.2%.

In FY 2020 DPHHS created a new division, the Early Childhood & Family Support Division (ECFSD). This division took on programs and authority that had previously resided in other DPHHS divisions across the agency. The family & community health programs that were previously part of PHSD's tasks have been moved to ECFSD. This reorganization accounts for a large decrease in PHSD's budget request compared to the 2021 biennium budget request. Family & community health programs made up 36.1% of PHSD's budget request in the 2021 biennium.

COVID-19 Impacts

The COVID-19 public health emergency resulted in unanticipated budget authority and expenditures in PHSD. All COVID-19-related authority and expenditures in this division were federally funded. COVID-19 authority in FY 2020 totaled \$61.2 million and expenditures were \$6.2 million. The largest expenditures were for epidemiology and laboratory capacity (\$4.0 million) and public health crisis response (\$2.2 million). This unused authority has rolled forward into FY 2021. As of the end of November 2020 (FY 2021) PHSD has expended an additional \$26.5 million in federal COVID-19 authority. The largest expenditure is for epidemiology and laboratory capacity, a total of \$21.5 million from the Paycheck Protection Program and Health Care Enhancement Act (must be spent by 11/17/22) and \$3.3 million from the CARES Act (must be spent by 4/22/22).

5% Reduction Plan

Statute requires that agencies submit plans to reduce general fund and certain state special revenue funds by 5%. A summary of the entire 2023 biennium 5% plan submitted for this agency is in the appendix.

PHSD has created a 5% reduction plan that includes a total annual savings of \$200,274 in general fund and \$569,255 in state special revenue. These savings are realized by reducing operating expenses and reducing public health contracts. The agency notes that “Reducing operating expenses would require delays in staffing, reduced travel and standard office expenditures. Program workload would have to be shifted and reduced resources would affect the delivery of program priorities.” Reducing public health contracts would “reduce support for local grants, training... Minimal impact for some public health patient services as a result of additional federal resources available.”

Funding

The following table shows proposed program funding by source of authority.

Department of Public Health & Human Services, 07-Public Health & Safety Div						
Funding by Source of Authority						
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	6,528,633	0	0	0	6,528,633	8.19 %
02199 DHES Food & Consumer	13,928	0	0	0	13,928	0.05 %
02366 Public Health Laboratory	6,800,656	0	0	0	6,800,656	23.70 %
02379 02 Indirect Activity Prog 07	640,954	0	0	0	640,954	2.23 %
02419 Vital Statistics	812,440	0	0	0	812,440	2.83 %
02462 Food/Lodging License	2,392,866	0	0	0	2,392,866	8.34 %
02512 BRFS Survey Fees	253,210	0	0	0	253,210	0.88 %
02566 Medical Marijuana	246,616	0	0	0	246,616	0.86 %
02765 Insurance Policies Fees SB278	0	0	0	0	0	0.00 %
02790 6901-Statewide Tobacco Sttlmnt	16,293,115	0	0	0	16,293,115	56.78 %
02987 Tobacco Interest	1,239,460	0	0	0	1,239,460	4.32 %
State Special Total	\$28,693,245	\$0	\$0	\$0	\$28,693,245	36.00 %
03159 Tuberculosis Grant	349,009	0	0	0	349,009	0.78 %
03274 Ryan White Act, Title II	1,782,592	0	0	0	1,782,592	4.01 %
03275 Adult Viral Hepatitis Prevent	224,506	0	0	0	224,506	0.50 %
03596 03 Indirect Activity Prog 07	1,985,079	0	0	0	1,985,079	4.46 %
03602 BRFS Program	922,274	0	0	0	922,274	2.07 %
03607 Tobacco Control Program	1,936,686	0	0	0	1,936,686	4.35 %
03610 Hospital Preparedness Ebola	0	0	0	0	0	0.00 %
03712 6901-Cancer Registries 93.283	633,749	0	0	0	633,749	1.42 %
03788 MT Disability & Health	676,206	0	0	0	676,206	1.52 %
03336 Food Inspection Program	188,184	0	0	0	188,184	0.42 %
03346 Highway Safety/EMS Cont	0	0	0	0	0	0.00 %
03366 EMSC SPROC	403,196	0	0	0	403,196	0.91 %
03392 Colorectal Cancer Screening	1,054,824	0	0	0	1,054,824	2.37 %
03402 Addressing Asthma	811,982	0	0	0	811,982	1.83 %
03415 Breast and Cervical Health	3,786,897	0	0	0	3,786,897	8.51 %
03540 Ryan White Treatment Rebate	1,621,938	0	0	0	1,621,938	3.65 %
03551 Preventive Health Block Grant	1,937,451	0	0	0	1,937,451	4.36 %
03569 ACA-ELC Non-PPHF	1,880,408	0	0	0	1,880,408	4.23 %
03004 EMS Data Injury	378,548	0	0	0	378,548	0.85 %
03014 MT Retail Food Academy	114,732	0	0	0	114,732	0.26 %
03903 Emergency Preparedness	9,951,374	0	0	0	9,951,374	22.37 %
03904 Bioterr. Hospital Preparedness	1,859,267	0	0	0	1,859,267	4.18 %
03936 Vaccination Program	2,846,820	0	0	0	2,846,820	6.40 %
03937 STD Program	681,936	0	0	0	681,936	1.53 %
03938 Aids Fed. Cat. #13.118	2,420,854	0	0	0	2,420,854	5.44 %
03969 Ryan White ADAP Shortfall	2,135,280	0	0	0	2,135,280	4.80 %
03979 69010 Comprehensv Cancer Contrl	761,914	0	0	0	761,914	1.71 %
03104 DLI MOU Adult Lead	0	0	0	0	0	0.00 %
03023 Ryan White Part B Supplemental	0	0	0	0	0	0.00 %
03082 Environmental Health Program	58,013	0	0	0	58,013	0.13 %
03831 Prescription Drug Overdose	0	0	0	0	0	0.00 %
03270 Walk with Ease Self-Direct Pgm	0	0	0	0	0	0.00 %
03321 Opioid Overdose Crisis Coop	0	0	0	0	0	0.00 %
03431 Improve Health Diabetes Heart	3,076,008	0	0	0	3,076,008	6.92 %
03475 Innovative Diab Heart Stroke	0	0	0	0	0	0.00 %
03528 NVDRS Violent Death Data	0	0	0	0	0	0.00 %
03700 Innovative Approach Incl Hlth	0	0	0	0	0	0.00 %
03947 COVID-19 Supplemental Funding	0	0	0	0	0	0.00 %
Federal Special Total	\$44,479,727	\$0	\$0	\$0	\$44,479,727	55.81 %
Proprietary Total	\$0	\$0	\$0	\$0	\$0	0.00 %
Total All Funds	\$79,701,605	\$0	\$0	\$0	\$79,701,605	

The 2023 biennium PHSD budget request is funded by general fund (8.2%), state special revenue (36.0%), and federal funds (55.8%). General fund is used to fund a portion of each of the major functions discussed above. There are over 30 funding sources that support PHSD, with the majority being federal categorical grants that fund specific activities. The major sources of state special revenue are:

- Tobacco settlement funds and tobacco settlement trust fund interest (see the state special revenue fund balance table in the DPHHS Agency Summary for detail on these funds)

- Public health laboratory fees
- Licensing fees for food manufacturers or food sales establishments (5% of an annual license fee of \$115) and penalties for failure to renew licenses in a timely manner

Program Budget Summary by Category

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

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2022	Budget Fiscal 2023	Biennium Fiscal 22-23	Percent of Budget	Budget Fiscal 2022	Budget Fiscal 2023	Biennium Fiscal 22-23	Percent of Budget
2021 Base Budget	3,114,521	3,114,521	6,229,042	95.41 %	39,089,393	39,089,393	78,178,786	98.09 %
SWPL Adjustments	146,438	153,153	299,591	4.59 %	738,662	784,157	1,522,819	1.91 %
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	\$3,260,959	\$3,267,674	\$6,528,633		\$39,828,055	\$39,873,550	\$79,701,605	

Present Law Adjustments

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

Present Law Adjustments	-----Fiscal 2022-----					-----Fiscal 2023-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	146,438	6,600	589,652	742,690	0.00	153,153	14,547	618,982	786,682
DP 3 - Inflation Deflation	0.00	0	(64)	(3,964)	(4,028)	0.00	0	(40)	(2,485)	(2,525)
Grand Total All Present Law Adjustments	0.00	\$146,438	\$6,536	\$585,688	\$738,662	0.00	\$153,153	\$14,507	\$616,497	\$784,157

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

DP 1 - Personal Services -

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

- Expected changes
- Personal services management decisions
- Modifications made to the personal services budget in the 2021 biennium

DP 3 - Inflation Deflation -

The executive requests adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include food, postage, gasoline, and others.

Program Biennium Comparison

The following table compares the 2021 biennium appropriated budget and the 2023 biennium budget request by type of expenditure and source of funding.

Program Biennium Comparison				
Budget Item	Appropriated Budget 20-21	Requested Budget 22-23	Biennium Change	Biennium % Change
Personal Services	12,225,997	13,070,011	844,014	6.90 %
Operating Expenses	2,984,885	2,875,216	(109,669)	(3.67)%
Equipment & Intangible Assets	1,050	1,050	0	0.00 %
Grants	1,169,882	1,169,882	0	0.00 %
Debt Service	6,866	0	(6,866)	(100.00)%
Total Expenditures	\$16,388,680	\$17,116,159	\$727,479	4.44 %
General Fund	4,976,848	5,097,340	120,492	2.42 %
State/Other Special Rev. Funds	885,151	937,322	52,171	5.89 %
Federal Spec. Rev. Funds	10,526,681	11,081,497	554,816	5.27 %
Total Funds	\$16,388,680	\$17,116,159	\$727,479	4.44 %
Total Ongoing	\$16,388,680	\$17,116,159	\$727,479	4.44 %
Total OTO	\$0	\$0	\$0	0.00 %

Program Biennium Comparison -

The biennium comparison table shows a total growth of 4.4%. Compared to the FY 2021 base appropriation, the growth is 3.7%.

Program Description

The Quality Assurance Division (QAD) promotes and protects the safety and well-being of people in Montana by providing responsive and independent assessment and monitoring of human services. This includes activities related to licensing, fraud investigations, fair hearings, and ensuring federal compliance.

Statutory Authority - Quality Assurance Division - 42 U.S.C. 1818 and 42 U.S.C. 1919; 45 U.S.C.; Title 50, Chapter 5, parts 1 and 2; Title 50, Chapter 5, part 11; Title 52, Chapter 2, part 7; and Title 53, Chapter 2, section 501, MCA; CFR 21, CFR 49, CFR 10; P.L. 102-359 (10-27-92).

Program Highlights

Quality Assurance Division Major Budget Highlights
<p>The executive requests a total fund increase of 4.4% over the 2021 biennium primarily due to a \$0.6 million present law increase for personal services.</p> <p>QAD transferred the Medical Marijuana program through a reorganization during FY 2020 to the Operations Services Division, formerly Management and Fair Hearings Division. This resulted in a reduction of \$2.1 million in the QAD base budget year and included the transfer of 20 HB 2 FTE.</p>

Program Actuals and Budget Comparison

The following table compares FY 2020 actual expenditures to the 2021 biennium appropriated budget and the 2023 biennium budget request by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2020	Approp. Fiscal 2020	Approp. Fiscal 2021	Request Fiscal 2022	Request Fiscal 2023
FTE	0.00	85.50	85.50	85.50	85.50
Personal Services	5,886,828	6,001,125	6,224,872	6,526,416	6,543,595
Operating Expenses	1,055,974	1,538,742	1,446,143	1,435,652	1,439,564
Equipment & Intangible Assets	0	525	525	525	525
Grants	570,572	584,941	584,941	584,941	584,941
Debt Service	2,153	6,866	0	0	0
Total Expenditures	\$7,515,527	\$8,132,199	\$8,256,481	\$8,547,534	\$8,568,625
General Fund	2,350,971	2,456,326	2,520,522	2,544,542	2,552,798
State/Other Special Rev. Funds	353,003	417,054	468,097	468,259	469,063
Federal Spec. Rev. Funds	4,811,553	5,258,819	5,267,862	5,534,733	5,546,764
Total Funds	\$7,515,527	\$8,132,199	\$8,256,481	\$8,547,534	\$8,568,625
Total Ongoing	\$7,515,527	\$8,132,199	\$8,256,481	\$8,547,534	\$8,568,625
Total OTO	\$0	\$0	\$0	\$0	\$0

Program Discussion -

FY 2020 Appropriation Compared to FY 2020 Actual Expenditures

QAD expended 92.4% of the total FY 2020 appropriation including 95.7% of general fund.

FY 2020 Appropriations compared to FY 2021 Appropriations

The FY 2021 appropriation is 1.5% higher than the FY 2020 appropriation. Most of the difference is due to HB 175, passed during the 2019 Legislative session which included a broadband pay increase.

FY 2021 Legislative Budget compared to FY 2021 base

The FY 2021 QAD base budget is 30.0% lower than the original FY 2021 legislative budget. This is due entirely to a reorganization that moved the Medical Marijuana Program from QAD to the Operations Services Division (OSD) within the Operations Services Branch. This reorganization included the transfer of 20.0 FTE and \$3.5 million in FY 2021 appropriations.

Executive Request

The executive request for FY 2022 and FY 2023 proposes a total fund increase of 3.7% over the base year appropriation. The request includes a 5.0% present law increase for personal services totaling \$0.6 million.

5.0% Plan

Statute requires that agencies submit plans to reduce general fund and certain state special revenue funds by 5.0%. A complete list of the entire 2023 biennium 5.0% plan submitted for this agency can be found online in [Tab D of the Section B Subcommittee page](#).

QAD has created a 5.0% reduction plan that includes a total annual savings of \$164,492 in general fund and \$11,340 in state special revenue. These savings would be realized by reducing operating costs.

According to the plan, these reductions would result in delays in staffing, reduced travel and standard office expenditures. Program workload would have to be shifted and reduced resources would affect the delivery of program priorities.

Program Personal Services

Personal services comprise 75.4% of the base year appropriation at QAD. The executive proposes a 4.8% increase in personal services in FY 2022 and a 5.1% increase in FY 2023 over the base year appropriation. The requested increase in personal services is almost exclusively due to management decisions.

Funding

The following table shows proposed program funding by source of authority.

Department of Public Health & Human Services, 08-Quality Assurance Division Funding by Source of Authority							
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	5,097,340	0	0	0	5,097,340	29.78 %	
02034 Earmarked Alcohol Funds	184,605	0	0	0	184,605	19.69 %	
02043 Med Provider Revalidation Fees	1,000	0	0	0	1,000	0.11 %	
02379 02 Indirect Activity Prog 07	0	0	0	0	0	0.00 %	
02380 02 Indirect Activity Prog 08	33,093	0	0	0	33,093	3.53 %	
02497 6901-Lien & Estate - SLTCD	143,646	0	0	0	143,646	15.33 %	
02566 Medical Marijuana	0	0	0	0	0	0.00 %	
02585 Recovery Audit Contract	191,528	0	0	0	191,528	20.43 %	
02597 Healthy Montana Kids Plan	0	0	0	0	0	0.00 %	
02789 6901-CHIP/MCHA Tobacco Sett Fd	0	0	0	0	0	0.00 %	
02760 Private Alt Adoi Res Programs	383,450	0	0	0	383,450	40.91 %	
State Special Total	\$937,322	\$0	\$0	\$0	\$937,322	5.48 %	
03299 Support Pregnant & Parent Teen	(285)	0	0	0	(285)	(0.00)%	
03303 Title 18 CLIA	327,417	0	0	0	327,417	2.95 %	
03580 6901-93.778 - Med Adm 50%	1,825,578	0	0	0	1,825,578	16.47 %	
03597 03 Indirect Activity Prog 08	2,437,146	0	0	0	2,437,146	21.99 %	
03335 FDA Mammography Inspections	60,260	0	0	0	60,260	0.54 %	
03359 Recovery Audit Program	282,668	0	0	0	282,668	2.55 %	
03426 CHIP Program Fed	0	0	0	0	0	0.00 %	
03530 6901-Foster Care 93.658	180,143	0	0	0	180,143	1.63 %	
03934 Title 19	991,353	0	0	0	991,353	8.95 %	
03935 Title 18	3,687,646	0	0	0	3,687,646	33.28 %	
03960 Rural Hospital Flexibility Prog	1,289,571	0	0	0	1,289,571	11.64 %	
03974 Medicaid Exp HELP Act Admin	0	0	0	0	0	0.00 %	
Federal Special Total	\$11,081,497	\$0	\$0	\$0	\$11,081,497	64.74 %	
Proprietary Total	\$0	\$0	\$0	\$0	\$0	0.00 %	
Total All Funds	\$17,116,159	\$0	\$0	\$0	\$17,116,159		

QAD is funded by a variety of federal funds accounting for 64.7% of the proposed total. QAD activities pertaining to certifications, licensure, and program compliance are supported primarily by 5 different federal funding sources, some of which support more than one function.

Federal Medicaid and Medicare funds are used to support multiple activities including certification of nursing homes and home health services, a department of Justice fraud surveillance contract, federal match for the Recovery Audit Program, the nurse aide registry, and more. Clinical laboratory improvements amendments (CLIA) supports reviews of laboratories that wish to qualify for federal funding. Rural hospital flexibility grants are used to help local hospitals maintain their critical access hospital (CAH) status.

General fund is used to support 29.8% of program costs with state special supporting the remaining 5.5%. General fund supports a wide range of administrative functions including:

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

State special revenues include:

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

Program Budget Summary by Category

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

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2022	Budget Fiscal 2023	Biennium Fiscal 22-23	Percent of Budget	Budget Fiscal 2022	Budget Fiscal 2023	Biennium Fiscal 22-23	Percent of Budget
2021 Base Budget	2,520,522	2,520,522	5,041,044	98.90 %	8,256,481	8,256,481	16,512,962	96.48 %
SWPL Adjustments	24,020	32,276	56,296	1.10 %	291,053	312,144	603,197	3.52 %
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	\$2,544,542	\$2,552,798	\$5,097,340		\$8,547,534	\$8,568,625	\$17,116,159	

Present Law Adjustments

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

Present Law Adjustments	-----Fiscal 2022-----					-----Fiscal 2023-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	28,497	582	272,465	301,544	0.00	35,082	1,229	282,412	318,723
DP 3 - Inflation Deflation	0.00	(4,477)	(420)	(5,594)	(10,491)	0.00	(2,806)	(263)	(3,510)	(6,579)
Grand Total All Present Law Adjustments	0.00	\$24,020	\$162	\$266,871	\$291,053	0.00	\$32,276	\$966	\$278,902	\$312,144

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

DP 1 - Personal Services -

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

- Formula based changes
- Personal services management decisions
- Modifications made to the personal services budget in the 2021 biennium

DP 3 - Inflation Deflation -

The executive requests adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include food, postage, gasoline, and others.

Program Biennium Comparison

The following table compares the 2021 biennium appropriated budget and the 2023 biennium budget request by type of expenditure and source of funding.

Program Biennium Comparison				
Budget Item	Appropriated Budget 20-21	Requested Budget 22-23	Biennium Change	Biennium % Change
Personal Services	10,403,181	10,137,594	(265,587)	(2.55)%
Operating Expenses	52,542,452	51,257,949	(1,284,503)	(2.44)%
Equipment & Intangible Assets	418,412	418,412	0	0.00 %
Debt Service	189,078	182,532	(6,546)	(3.46)%
Total Expenditures	\$63,553,123	\$61,996,487	(\$1,556,636)	(2.45)%
General Fund	25,955,136	25,884,435	(70,701)	(0.27)%
State/Other Special Rev. Funds	3,458,851	2,789,905	(668,946)	(19.34)%
Federal Spec. Rev. Funds	34,139,136	33,322,147	(816,989)	(2.39)%
Total Funds	\$63,553,123	\$61,996,487	(\$1,556,636)	(2.45)%
Total Ongoing	\$63,553,123	\$61,996,487	(\$1,556,636)	(2.45)%
Total OTO	\$0	\$0	\$0	0.00 %

Program Biennium Comparison -

The biennium comparison table shows a total reduction of 2.5%. Compared to the FY 2021 base appropriation, the appropriation request amounts to a decrease of 1.7%.

Program Description

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

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

Program Highlights

Technology Services Division Major Budget Highlights
The executive requests a total fund decrease of 2.5% over the 2021 biennium primarily due to a \$1.1 million present law decrease for SITSD Service Now costs.

Program Actuals and Budget Comparison

The following table compares FY 2020 actual expenditures to the 2021 biennium appropriated budget and the 2023 biennium budget request by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2020	Approp. Fiscal 2020	Approp. Fiscal 2021	Request Fiscal 2022	Request Fiscal 2023
FTE	0.00	56.00	56.00	56.00	56.00
Personal Services	4,806,528	5,286,278	5,116,903	5,062,562	5,075,032
Operating Expenses	26,659,791	26,436,504	26,105,948	25,593,128	25,664,821
Equipment & Intangible Assets	0	209,206	209,206	209,206	209,206
Debt Service	852	97,812	91,266	91,266	91,266
Total Expenditures	\$31,467,171	\$32,029,800	\$31,523,323	\$30,956,162	\$31,040,325
General Fund	12,666,885	12,785,962	13,169,174	12,925,383	12,959,052
State/Other Special Rev. Funds	1,836,758	2,024,368	1,434,483	1,391,587	1,398,318
Federal Spec. Rev. Funds	16,963,528	17,219,470	16,919,666	16,639,192	16,682,955
Total Funds	\$31,467,171	\$32,029,800	\$31,523,323	\$30,956,162	\$31,040,325
Total Ongoing	\$31,467,171	\$32,029,800	\$31,523,323	\$30,956,162	\$31,040,325
Total OTO	\$0	\$0	\$0	\$0	\$0

Program Discussion -

FY 2020 Appropriation Compared to FY 2020 Actual Expenditures

TSD expended 98.2% of the total FY 2020 appropriation including 99.1% of general fund.

FY 2020 Appropriations compared to FY 2021 Appropriations

The FY 2021 appropriation is 0.5% lower than the FY 2020 appropriation. Most of the difference is due to multiple program transfers made during FY 2020 that resulted in the FY 2020 appropriation being higher than the FY 2021 appropriation.

FY 2021 Legislative Budget compared to FY 2021 base

The FY 2021 TSD base budget is \$87,619 lower than the FY 2021 legislative budget. This includes a \$0.4 million program transfer of general fund into TSD which was offset by a reorganization resulting in a total FY 2021 decrease of \$445,233 across all fund types. The reorganization moved the Project Management Bureau into the Operations Services Division (OSD). This reorganization included the transfer of 7.0 FTE.

Executive Request

The executive request for FY 2022 and FY 2023 proposes a total fund decrease of 1.7% compared to the base year appropriation. The request includes a 0.9% decrease for personal services and a 1.8% decrease for operating expenses compared to the base year appropriation.

5.0% Plan

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

TSD has created a 5.0% reduction plan that includes a total annual savings of \$883,260 in general fund and \$128,573 in state special revenue. These savings would be realized by reducing operating costs.

According to the plan, these reductions would require delays in staffing, reduced travel and standard office expenditures. In addition, program workload would have to be shifted and reduced resources would affect the delivery of program priorities.

Program Personal Services

Personal services comprise 16.4% of the base year appropriation at TSD. The executive proposes a 1.1% decrease in personal services in FY 2022 and a 0.8% decrease in FY 2023 compared to the base year appropriation. The requested decrease in personal services is primarily due to expected changes which are calculated independent of agency choices. Examples of expected changes include longevity adjustments, rate changes to workers compensation and unemployment insurance, and changes to benefit rates.

Funding

The following table shows proposed program funding by source of authority.

Department of Public Health & Human Services, 09-Technology Services Division						
Funding by Source of Authority						
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	25,884,435	0	0	0	25,884,435	41.75 %
02381 02 Indirect Activity Prog 09	2,789,905	0	0	0	2,789,905	100.00 %
02597 Healthy Montana Kids Plan	0	0	0	0	0	0.00 %
02789 6901-CHIP/MCHA Tobacco Sett Fd	0	0	0	0	0	0.00 %
State Special Total	\$2,789,905	\$0	\$0	\$0	\$2,789,905	4.50 %
03580 6901-93.778 - Med Adm 50%	0	0	0	0	0	0.00 %
03598 03 Indirect Activity Prog 09	33,322,147	0	0	0	33,322,147	100.00 %
03426 CHIP Program Fed	0	0	0	0	0	0.00 %
Federal Special Total	\$33,322,147	\$0	\$0	\$0	\$33,322,147	53.75 %
Proprietary Total	\$0	\$0	\$0	\$0	\$0	0.00 %
Total All Funds	\$61,996,487	\$0	\$0	\$0	\$61,996,487	

TSD receives general fund, state special revenue, and federal funds through a federally approved cost allocation formula that is generally referred to as indirect activity. The funding formula is derived from those funds expended on functions benefitting or serving other programs in the department. About 41.8% of TSD HB 2 authority is general fund, while federal funds and state special comprise around 53.8% and 4.5% respectively.

Program Budget Summary by Category

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

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2022	Budget Fiscal 2023	Biennium Fiscal 22-23	Percent of Budget	Budget Fiscal 2022	Budget Fiscal 2023	Biennium Fiscal 22-23	Percent of Budget
2021 Base Budget	13,169,174	13,169,174	26,338,348	101.75 %	31,523,323	31,523,323	63,046,646	101.69 %
SWPL Adjustments	(13,778)	19,891	6,113	0.02 %	(34,351)	49,812	15,461	0.02 %
PL Adjustments	(240,413)	(240,413)	(480,826)	(1.86)%	(543,210)	(543,210)	(1,086,420)	(1.75)%
New Proposals	10,400	10,400	20,800	0.08 %	10,400	10,400	20,800	0.03 %
Total Budget	\$12,925,383	\$12,959,052	\$25,884,435		\$30,956,162	\$31,040,325	\$61,996,487	

Present Law Adjustments

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

	Fiscal 2022					Fiscal 2023				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Present Law Adjustments										
DP 1 - Personal Services	0.00	(21,774)	(4,318)	(28,249)	(54,341)	0.00	(16,782)	(3,323)	(21,766)	(41,871)
DP 2 - Fixed Costs	0.00	8,356	1,671	10,863	20,890	0.00	36,899	7,380	47,968	92,247
DP 3 - Inflation Deflation	0.00	(360)	(72)	(468)	(900)	0.00	(226)	(45)	(293)	(564)
DP 901 - SITSD Service Now Reduction	0.00	(240,413)	(40,177)	(262,620)	(543,210)	0.00	(240,413)	(40,177)	(262,620)	(543,210)
Grand Total All Present Law Adjustments	0.00	(\$254,191)	(\$42,896)	(\$280,474)	(\$577,561)	0.00	(\$220,522)	(\$36,165)	(\$236,711)	(\$493,398)

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

DP 1 - Personal Services -

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

- Formula based changes
- Personal services management decisions
- Modifications made to the personal services budget in the 2021 biennium

DP 2 - Fixed Costs -

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

DP 3 - Inflation Deflation -

The executive requests adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include food, postage, gasoline, and others.

DP 901 - SITSD Service Now Reduction -

The executive requests a decrease in funding because of the purchase of ServiceNow licenses and programs for the 2023 biennium. The executive is anticipating operating efficiencies and other savings by using ServiceNow. The request includes a decrease in general fund of \$240,413 in FY 2022 and FY 2023, a state special decrease of \$40,177 in FY 2022 and FY 2023, and a federal fund decrease of \$262,620 in FY 2022 and FY 2023.

New Proposals

The New Proposals table shows new changes to spending

	Fiscal 2022					Fiscal 2023				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 904 - NRIS/GIS Fixed Costs	0.00	10,400	0	0	10,400	0.00	10,400	0	0	10,400
Total	0.00	\$10,400	\$0	\$0	\$10,400	0.00	\$10,400	\$0	\$0	\$10,400

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

DP 904 - NRIS/GIS Fixed Costs -

The 2019 Legislature enacted HB 633 requiring the Legislative Finance Committee (LFC) to conduct a study of the funding of digital library services. The LFC recommended that the Office of Budget and Program Planning include an assessment for the natural resource information system (NRIS) and the geographic information system (GIS) as a fixed cost to state agencies beginning in the 2023 biennium. The assessment is made to those agencies that utilize the NRIS/GIS.

Program Biennium Comparison

The following table compares the 2021 biennium appropriated budget and the 2023 biennium budget request by type of expenditure and source of funding.

Program Biennium Comparison				
Budget Item	Appropriated Budget 20-21	Requested Budget 22-23	Biennium Change	Biennium % Change
Personal Services	21,302,534	22,015,534	713,000	3.35 %
Operating Expenses	7,965,161	7,854,744	(110,417)	(1.39)%
Benefits & Claims	557,472,719	594,686,320	37,213,601	6.68 %
Debt Service	77,564	75,864	(1,700)	(2.19)%
Total Expenditures	\$586,817,978	\$624,632,462	\$37,814,484	6.44 %
General Fund	169,224,373	214,402,038	45,177,665	26.70 %
State/Other Special Rev. Funds	13,148,494	13,404,024	255,530	1.94 %
Federal Spec. Rev. Funds	404,445,111	396,826,400	(7,618,711)	(1.88)%
Total Funds	\$586,817,978	\$624,632,462	\$37,814,484	6.44 %
Total Ongoing	\$586,817,978	\$624,632,462	\$37,814,484	6.44 %
Total OTO	\$0	\$0	\$0	0.00 %

Program Biennium Comparison -

The biennium comparison table shows a total growth increase of 6.4%, including a general fund increase of 26.7%. Compared to the FY 2021 base appropriation, the appropriation request amounts to an increase of 0.9%.

Program Description

The role of the Developmental Services Division is to facilitate efficient delivery of effective services to adults and children with developmental disabilities and children with serious emotional disturbances. The division facilitates a wide range of services, all with the underlying goal of assisting Montanans with disabilities in living full lives within their community. The division includes the Developmental Disabilities Program, the Intensive Behavior Center (IBC) at Boulder, 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 two home and community based Medicaid waivers, the state’s IDEA early intervention program, and the (currently operational) state facility at the Intensive Behavior Center in Boulder. These services include transportation, residential and work habilitation, adaptive equipment, and some medical services not covered by the state Medicaid plan.

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, 29USC 721 et seq., 29USC 796, et seq., 29USC 774, et seq., 29USC 777(b), 29USC 2201 et seq., 42 USC 75, 6602, 72USC 1300, 42CFR 441.302(b), 4CFR 441.302(g), 45CFR 74.62, and 34CFR Part 303.

Program Highlights

Developmental Services Division Major Budget Highlights
<p>The executive requests a total fund increase of 6.4% over the 2021 biennium totaling \$37.8 million. This includes an increase in general fund appropriation of \$45.2 million which is partially offset by a decrease in federal funds totaling \$7.6 million.</p> <ul style="list-style-type: none"> • Most of the increase in general fund and decrease in federal funds are due to changes to the Comprehensive School and Community Treatment (CSCT) program. Changes to CSCT are primarily responsible for: <ul style="list-style-type: none"> ◦ A decrease of \$89.0 million in 100% federal Medicaid funds ◦ This decrease is offset by a requested \$52.7 million increase in Medicaid Core federal funds; approximately \$40.0 million is for CSCT ◦ An increase of \$28.4 million in Medicaid Core general fund, approximately \$21.7 million is for CSCT • Additional changes to the funding request at DSD include: <ul style="list-style-type: none"> ◦ An increase of \$3.2 million in general fund and \$3.2 million in federal funds over the base year appropriation for Medicaid Administration ◦ A requested increase of \$4.6 million in general fund and \$8.5 million in federal funds for the Developmentally Disabled (DD) waiver
Legislative Action Items
<ul style="list-style-type: none"> • Executive actions at DPHHS during FY 2021 resulted in a fund switch in the CSCT program that resulted in an estimated \$21.7 million general fund increase to the 2023 budget request. These changes have been incorporated into the Medicaid caseload present law adjustment, limiting legislative oversight of the executive action taken. • The executive request includes \$2.0 million in appropriations from transfers from the Montana Telecommunications Access Program (MTAP) based on transfers made by the 2019 Legislature. The MTAP program no longer has a fund balance sufficient to support the total amount requested

Program Actuals and Budget Comparison

The following table compares FY 2020 actual expenditures to the 2021 biennium appropriated budget and the 2023 biennium budget request by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2020	Approp. Fiscal 2020	Approp. Fiscal 2021	Request Fiscal 2022	Request Fiscal 2023
FTE	0.00	155.90	155.90	155.90	155.90
Personal Services	9,709,136	10,480,431	10,822,103	10,993,450	11,022,084
Operating Expenses	2,791,147	3,967,734	3,997,427	3,926,313	3,928,431
Benefits & Claims	239,500,086	262,739,924	294,732,795	288,685,613	306,000,707
Debt Service	39,156	39,632	37,932	37,932	37,932
Total Expenditures	\$252,039,525	\$277,227,721	\$309,590,257	\$303,643,308	\$320,989,154
General Fund	76,856,425	78,840,098	90,384,275	103,995,603	110,406,435
State/Other Special Rev. Funds	6,445,204	6,446,482	6,702,012	6,702,012	6,702,012
Federal Spec. Rev. Funds	168,737,896	191,941,141	212,503,970	192,945,693	203,880,707
Total Funds	\$252,039,525	\$277,227,721	\$309,590,257	\$303,643,308	\$320,989,154
Total Ongoing	\$252,039,525	\$277,227,721	\$309,590,257	\$303,643,308	\$320,989,154
Total OTO	\$0	\$0	\$0	\$0	\$0

Program Discussion -

FY 2020 Appropriation Compared to FY 2020 Actual Expenditures

DSD expended 90.9% of the total FY 2020 appropriation including 97.5% of general fund, 87.9% of federal funds and all state special funds. A total of \$18.1 million of the \$23.2 million in unspent federal funds, representing 77.9%, were from the Comprehensive School and Community Treatment (CSCT) program. CSCT is a school-based behavior health service for children with Serious Emotional Disturbance (SED).

FY 2020 Appropriations compared to FY 2021 Appropriations

The FY 2021 appropriation is 11.7% higher than the FY 2020 appropriation. This is primarily the result of the federal Families First Coronavirus Response Act (FFCRA) which approved a 6.2% enhanced Federal Medicaid Assistance Percentage (FMAP) retroactive to January 1, 2020. The enhanced FMAP remained in effect through the end of FY 2020. In response to the enhanced FMAP, DSD reduced the FY 2020 general fund appropriation by \$7.4 million. It should be noted that there was a subsequent increase to the federal funds appropriation. However, the increase in federal funding is not part of HB2 and is therefore not included in the table above as only HB2 appropriations and expenditures are included in the budget analysis.

In addition to the FFCRA, DSD transferred \$7.5 million in federal funds authority to the Director's office where COVID related expenses were handled by the department. The remaining difference was primarily the result of the HB2 appropriation for Children's Mental Health being \$8.3 million higher in FY 2021 than FY 2020.

FY 2021 Legislative Budget compared to FY 2021 base

The FY 2021 DSD legislative budget was \$7.9 million higher than the FY 2021 base budget. Just under \$7.5 million of the difference is due to a departmental reorganization. Part C of the Individuals with Disabilities Education Act (IDEA) were transferred to a new division, Early Childhood and Family Support (ECFS). Two FTE were included in the reorganization. Part C of IDEA is a grant to states for intervention services for infants and toddlers with disabilities, ages birth through 2 years.

Executive Request

The executive request for FY 2022 and FY 2023 results in a total fund increase of 1.8% over the base year appropriation. The request includes a 3.4% increase for personal services, totaling \$0.7 million, a 3.5% decrease for operating expenses, totaling \$0.3 million, and a 1.8% increase for benefits and claims, totaling \$10.9 million.

Comprehensive School and Community Treatment (CSCT)

The Comprehensive School and Community Treatment (CSCT) program provides emotional and behavioral support to students. Once admitted, students receive services at school, home, and in the community. The program involves mental health service centers under contract with a public school district.

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Comprehensive School and Community Treatment (CSCT) Funding Changes

CSCT was previously funded with federal funds and an in-kind match from school districts. However, according to the department, the Centers for Medicare and Medicaid services (CMS) directed MT to change the funding methodology so that the CSCT rate no longer includes the in-kind match provided by public school districts. The LFD requested documentation of the CMS requirement for this funding switch but as of this writing, none has been provided. DPHHS requested and amended the Montana Medicaid state plan to accommodate the CSCT funding change on July 1, 2020. CSCT services are now provided at the standard FMAP rate with the department responsible for the state fund portion.

The funding changes to CSCT result in a \$89.0 million reduction of Medicaid benefit 100% funds during the 2023 biennium. CSCT is currently funded at the traditional Medicaid FMAP within Medicaid Core. This change to the CSCT program has been included in the present-law adjustment for Medicaid Core. DPHHS is requesting a present law increase for Medicaid Core totaling \$81.1 million including \$28.4 million in general fund. Based on Medicaid projections provided by DPHHS, it is estimated that \$21.7 million of the requested general fund present law caseload increase is for CSCT.

Statute requires that new proposals be presented to the legislature for changes to sources of funding, also referred to as funding shifts or switches. The funding switch from in-kind school district contributions to general fund is included as part of the statewide present law adjustment to Medicaid Core. Statewide present law adjustments do not include specific decision points for the legislature to determine its support for increased general fund support for the division's decisions discussed above.

Legislative Options:

1. Approve the executive request for Medicaid Core including the CSCT funding switch as submitted.
2. Request the agency create a separate decision package for the CSCT portion of the Medicaid Core adjustment. This may be considered a new proposal as statute requires policies that result in a fund switch to be considered new proposals.
3. Instruct the agency to revert to the previous funding method where school districts are responsible for providing the state match portion of CSCT.
4. Work with CSCT policy stakeholders and section E legislators to investigate alternative options that might mitigate the GF impact of the CSCT funding switch.

Intensive Behavior Center (IBC)

The 2017 Legislature passed HB 387 authorizing a permanent 12-bed secure Intensive Behavior Center (IBC) at the Boulder Campus, formerly the Montana Developmental Center. The IBC, also referred to as the Assessment and Stabilization Unit (ASU), remains at the Boulder Campus and is funded entirely with state general fund. The IBC is a locked and enclosed facility that serves individuals with developmental disabilities in need of intensive treatment due to, "continuous or repeated behaviors that pose an imminent risk of serious harm to self or others."

The 12 bed IBC monthly census has never been lower than 10. Moreover, since January of 2016 the monthly facility census has averaged 11.3 individuals.

5.0% Plan

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

DSD has created a 5.0% reduction plan that includes a total annual savings of \$3.2 million in general fund and \$30,363 in state special revenue. These savings would be realized by reducing operating costs, a reduction of Medicaid reimbursement rates for Children’s Mental Health Bureau, and a reduction of Medicaid reimbursement rates for Developmentally Disabled services.

According to the plan, reducing operating expenses would require delays in staffing, reduced travel and standard office expenditures. Program workload would have to be shifted and reduced resources would affect the delivery of program priorities and service delivery which could put individuals with Intellectual Delays and Autism Spectrum Disorder at risk of needing a higher level of care. Reducing operating expense and reduction to programmatic supporting contracts will result in increased workload to personnel which could adversely affect delivery of services and programs.

A reduction in Medicaid reimbursement rates for Children’s Mental Health Bureau and for Developmentally Disabled may result in a reduced number of providers willing to provide services to Medicaid clients, or decrease the number of services they will provide to children and individuals with developmental disabilities in waiver and Medicaid services. The loss in access to home and community-based services could result in increased institutional costs.

Program Personal Services

Personal services comprise 3.5% of the base year appropriation at DSD. The executive proposes a 3.2% increase in personal services in FY 2022 and a 3.7% increase in FY 2023 over the base year appropriation. The requested increase in personal services is primarily due to management decisions.

Funding

The following table shows proposed program funding by source of authority.

Department of Public Health & Human Services, 10-Developmental Services Division Funding by Source of Authority							
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	214,402,038	0	0	0	214,402,038	34.32 %	
02035 IBC Vocational	2,552	0	0	0	2,552	0.02 %	
02597 Healthy Montana Kids Plan	2,309,508	0	0	0	2,309,508	17.23 %	
02772 Tobacco Hlth and Medicaid Init	9,366,384	0	0	0	9,366,384	69.88 %	
02987 Tobacco Interest	125,580	0	0	0	125,580	0.94 %	
02365 MTAP Transfers	1,600,000	0	0	0	1,600,000	11.94 %	
State Special Total	\$13,404,024	\$0	\$0	\$0	\$13,404,024	2.15 %	
03579 93.667 - SSBG - Benefits	3,565,162	0	0	0	3,565,162	0.90 %	
03580 6901-93.778 - Med Adm 50%	6,712,775	0	0	0	6,712,775	1.69 %	
03582 93.778 - Med Ben 100%	0	0	0	0	0	0.00 %	
03583 93.778 - Med Ben FMAP	382,138,164	0	0	0	382,138,164	96.30 %	
03599 03 Indirect Activity Prog 10	4,400,385	0	0	0	4,400,385	1.11 %	
03556 84.181 - Part H - Early Interv	0	0	0	0	0	0.00 %	
03974 Medicaid Exp HELP Act Admin	0	0	0	0	0	0.00 %	
03975 Medicaid Exp HELP Act Benefit	9,914	0	0	0	9,914	0.00 %	
Federal Special Total	\$396,826,400	\$0	\$0	\$0	\$396,826,400	63.53 %	
Proprietary Total	\$0	\$0	\$0	\$0	\$0	0.00 %	
Total All Funds	\$624,632,462	\$0	\$0	\$0	\$624,632,462		

In addition to the IBC, DSD is comprised of two additional programs including:

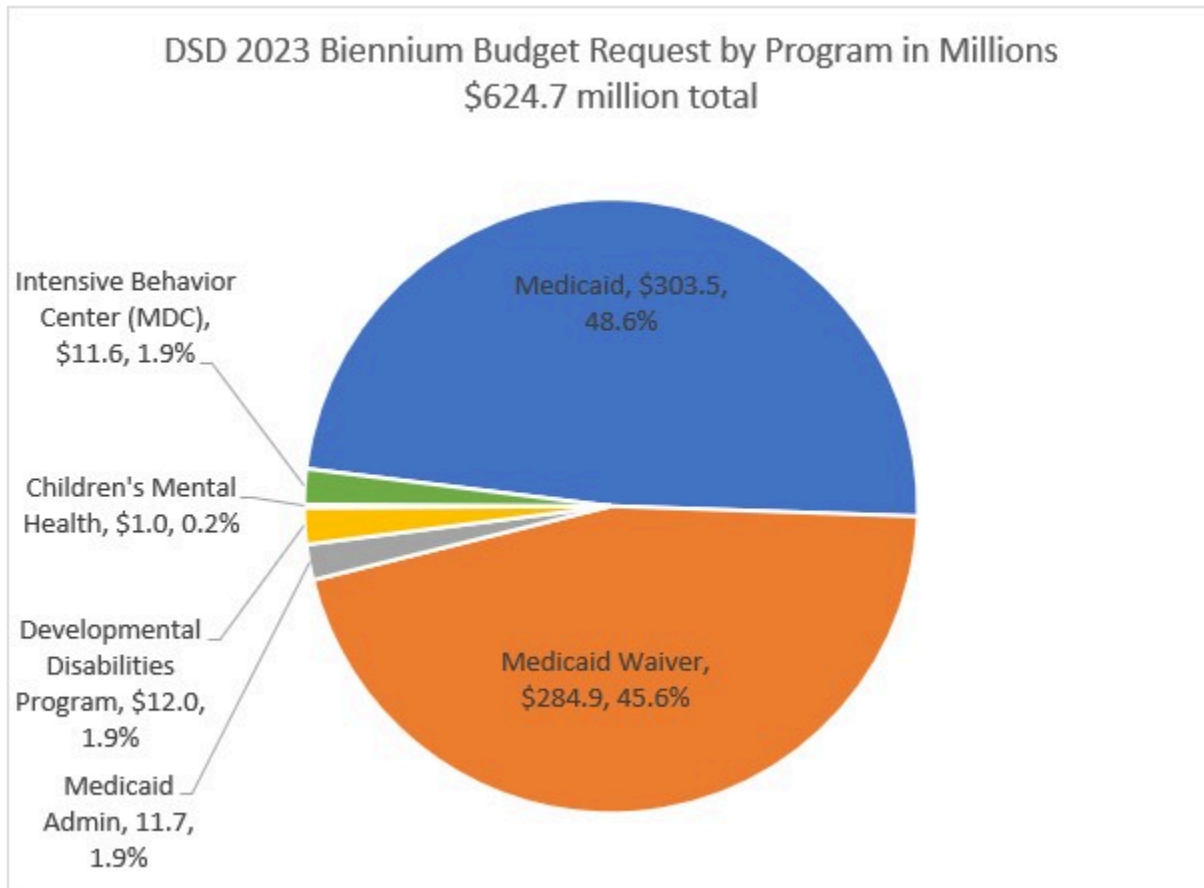
- Children’s mental Health Bureau (CMHB)
 - Responsible for providing mental health services for children enrolled in Medicaid
 - Administers school-based services including Comprehensive School and Community Treatment (CSCT) which are mental health services for children with Severe Emotional Disturbance (SED)
- Developmental Disabilities Program (DDP)
 - DDP oversees contracts with private and non-profit organizations that provide services to members of the DD community and their families

LFD COMMENT The 2019 Legislature authorized a total of \$3.5 million in transfers from the Montana Telecommunications Access Program (MTAP). A total of \$2.0 million was transferred in FY 2021 including \$800,000 to DSD for targeted case management. This funding was not one time only and has been included in the legislative base for the 2023 biennium and is included in the request for both years of the 2023 biennium. The executive request includes a total of \$2.0 million in MTAP transfers during both years of the 2023 biennium. However, based on the current fund balance, along with historical revenues and disbursements, the MTAP program would be over appropriated based on these amounts. For more information on the MTAP program, and the fund balance please see the Disability Employment and Transitions section of the budget analysis.

The executive request for the 2023 biennium totals \$624.6 million. Just over 63.5% of the total is federal funds, the majority of which are for benefits and claims provided at the standard FMAP. DDP and CMHB provide Medicaid services to the DD population which are funded at the Federal Medicaid Assistance Percentage (FMAP) with general funds used to cover the state match. The executive request includes the CSCT program funded at the standard FMAP as well.

Additional federal funds include the social services block grant and early intervention which are special education grants for infants and families provided by the US Department of Education.

The following table illustrates the 2023 biennium DSD budget request by program type.



General fund comprises 34.3% of the executive request. In addition to funding the state portion of Medicaid benefits, general fund is used for the IBC.

The request includes a total of 2.2% of funds from state special accounts. DSD receives a portion of state special revenue from Healthy Montana Kids (HMK), the tobacco health and Medicaid initiative, and tobacco interest. All state special revenue is used to cover the state portion of benefits and claims expenditures at DSD.

Program Budget Summary by Category

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

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2022	Budget Fiscal 2023	Biennium Fiscal 22-23	Percent of Budget	Budget Fiscal 2022	Budget Fiscal 2023	Biennium Fiscal 22-23	Percent of Budget
2021 Base Budget	90,384,275	90,384,275	180,768,550	84.31 %	309,590,257	309,590,257	619,180,514	99.13 %
SWPL Adjustments	54,135	73,313	127,448	0.06 %	111,414	142,166	253,580	0.04 %
PL Adjustments	13,557,193	19,948,847	33,506,040	15.63 %	(6,058,363)	11,256,731	5,198,368	0.83 %
New Proposals	0	0	0	0.00 %	0	0	0	0.00 %
Total Budget	\$103,995,603	\$110,406,435	\$214,402,038		\$303,643,308	\$320,989,154	\$624,632,462	

Present Law Adjustments

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

Present Law Adjustments	Fiscal 2022					Fiscal 2023				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	111,289	0	60,058	171,347	0.00	129,385	0	70,596	199,981
DP 2 - Fixed Costs	0.00	(54,250)	0	0	(54,250)	0.00	(54,250)	0	0	(54,250)
DP 3 - Inflation Deflation	0.00	(2,904)	0	(2,779)	(5,683)	0.00	(1,822)	0	(1,743)	(3,565)
DP 10891 - Med Exp Core DSD	0.00	551	0	(6,224)	(5,673)	0.00	551	0	(6,224)	(5,673)
DP 10991 - Med Core DSD	0.00	11,740,006	0	21,812,454	33,552,460	0.00	16,698,308	0	30,875,218	47,573,526
DP 10992 - Med Waiver DSD	0.00	1,706,007	0	3,169,692	4,875,699	0.00	2,867,574	0	5,302,153	8,169,727
DP 10993 - Med Federal DSD	0.00	0	0	(44,480,849)	(44,480,849)	0.00	0	0	(44,480,849)	(44,480,849)
DP 10996 - Med Core FMAP DSD	0.00	190,552	0	(190,552)	0	0.00	312,834	0	(312,834)	0
DP 10997 - Med Waiver FMAP DSD	0.00	(79,923)	0	79,923	0	0.00	69,580	0	(69,580)	0
Grand Total All Present Law Adjustments	0.00	\$13,611,328	\$0	(\$19,558,277)	(\$5,946,949)	0.00	\$20,022,160	\$0	(\$8,623,263)	\$11,398,897

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

DP 1 - Personal Services -

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

- Formula based changes
- Personal services management decisions
- Modifications made to the personal services budget in the 2021 biennium

DP 2 - Fixed Costs -

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

DP 3 - Inflation Deflation -

The executive requests adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include food, postage, gasoline, and others.

DP 10891 - Med Exp Core DSD

This present law adjustment for caseload growth in the Developmental Services Division covers the increase in the number of eligible individuals, utilization, acuity levels, and cost per service for medical care. This change package requests a reduction of \$11,346 in total funds. The biennial funding is an increase of \$1,102 in general fund and a reduction of \$12,448 in federal funds.

DP 10991 - Med Core DSD -

This present law adjustment for caseload growth in the Developmental Services Division covers the increase in the number of eligible individuals, utilization, acuity levels, and cost per service for medical care. This change package requests \$81,125,986 in total funds. The biennial funding is \$28,438,314 in general fund and \$52,687,672 in federal funds.

DP 10992 - Med Waiver DSD -

This present law adjustment for Medicaid Waiver caseload growth in the Developmental Services Division covers the increase in the number of eligible individuals, utilization, acuity levels, and cost per service for medical care. This change package requests \$13,045,426 in total funds. The biennial funding is \$4,573,581 in general fund, and \$8,471,845 in federal funds.

DP 10993 - Med Federal DSD -

This present law adjustment requests reduction of the 100% federally funded Medicaid services budget within Developmental Services Division. These Medicaid services will now be funded at the FMAP State match rate. This change package reduces \$44,480,849 federal funds in FY 2022 and \$44,480,849 federal funds in FY 2023. The biennial funding reduction is \$88,961,698.

DP 10996 - Med Core FMAP DSD -

This present law adjustment is necessary to maintain existing services for the Medicaid Core Program in the Developmental Services Division. The change package requests a general fund increase of \$190,552 in FY 2022 and \$312,834 in FY 2023 offsetting federal fund adjustments for each year. The total cost for the program does not change.

DP 10997 - Med Waiver FMAP DSD -

This present law adjustment is necessary to maintain existing services for the Medicaid Waiver program in the Developmental Services Division. The change package requests a general fund reduction of \$79,923 In FY 2022 and an increase of \$69,580 in FY 2023 with offsetting federal fund adjustments for each year. The total cost for the program does not change.

Program Biennium Comparison

The following table compares the 2021 biennium appropriated budget and the 2023 biennium budget request by type of expenditure and source of funding.

Program Biennium Comparison				
Budget Item	Appropriated Budget 20-21	Requested Budget 22-23	Biennium Change	Biennium % Change
Personal Services	7,853,333	7,256,671	(596,662)	(7.60)%
Operating Expenses	34,021,965	30,200,343	(3,821,622)	(11.23)%
Benefits & Claims	3,008,319,440	3,004,513,248	(3,806,192)	(0.13)%
Debt Service	16,842	0	(16,842)	(100.00)%
Total Expenditures	\$3,050,211,580	\$3,041,970,262	(\$8,241,318)	(0.27)%
General Fund	414,496,691	424,515,897	10,019,206	2.42 %
State/Other Special Rev. Funds	265,379,861	270,734,691	5,354,830	2.02 %
Federal Spec. Rev. Funds	2,370,335,028	2,346,719,674	(23,615,354)	(1.00)%
Total Funds	\$3,050,211,580	\$3,041,970,262	(\$8,241,318)	(0.27)%
Total Ongoing	\$3,050,211,580	\$3,041,970,262	(\$8,241,318)	(0.27)%
Total OTO	\$0	\$0	\$0	0.00 %

Program Biennium Comparison -

The 2023 biennium budget proposes a decrease of 0.3%, with an increase in general fund of 2.4%. Compared to the FY 2021 base appropriation, the biennial request is a decrease of 3.2%.

Program Description

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

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

The division administers Healthy Montana Kids (HMK) as a separate health insurance program and contracts with Blue Cross Blue Shield to provide third party administrator services. HMK dental and eyeglasses benefits are reimbursed directly by the department. HMK, also known as CHIP, is a voluntary state/federal partnership that reimburses for medical services for children at or below 261% of the federal poverty level (about \$68,000 for a family of four).

The Montana Medicaid Expansion Program is administered by the division to provide Medicaid coverage to Montanans whose income is below 138% of the federal poverty level (about \$35,500 for a family of four). Big Sky Rx is a state funded program that helps Montanans, who are at or below 200% of poverty and who are eligible for the Medicare Part D prescription drug program, pay for their Medicare premium. Big Sky Rx eligibility is determined by division staff. A related program, PharmAssist, pays for prescription drug counseling by a pharmacist and provides drug information and technical assistance to all Montanans.

Program Highlights

HRD Major Budget Highlights
<ul style="list-style-type: none"> • The proposed budget is a biennial reduction of 0.3% and is driven by reductions in operating expenses and benefits • Medicaid expansion is part of the HB 2 budget for the first time since its inception in 2016 • Medicaid enrollment declined in FY 2019-2020 before rising during the COVID-19-based economic contraction

Program Actuals and Budget Comparison

The following table compares FY 2020 actual expenditures to the 2021 biennium appropriated budget and the 2023 biennium budget request by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2020	Approp. Fiscal 2020	Approp. Fiscal 2021	Request Fiscal 2022	Request Fiscal 2023
FTE	0.00	43.62	43.62	43.62	43.62
Personal Services	2,964,389	3,862,950	3,990,383	3,621,514	3,635,157
Operating Expenses	16,556,196	17,852,919	16,169,046	15,081,741	15,118,602
Benefits & Claims	1,371,226,356	1,457,020,860	1,551,298,580	1,482,008,461	1,522,504,787
Debt Service	4,839	16,842	0	0	0
Total Expenditures	\$1,390,751,780	\$1,478,753,571	\$1,571,458,009	\$1,500,711,716	\$1,541,258,546
General Fund	148,777,359	181,424,719	233,071,972	203,874,251	220,641,646
State/Other Special Rev. Funds	123,451,754	130,394,619	134,985,242	137,576,125	133,158,566
Federal Spec. Rev. Funds	1,118,522,667	1,166,934,233	1,203,400,795	1,159,261,340	1,187,458,334
Total Funds	\$1,390,751,780	\$1,478,753,571	\$1,571,458,009	\$1,500,711,716	\$1,541,258,546
Total Ongoing	\$1,390,751,780	\$1,478,753,571	\$1,571,458,009	\$1,500,711,716	\$1,541,258,546
Total OTO	\$0	\$0	\$0	\$0	\$0

Program Discussion -

FY 2020 Appropriation Compared to FY 2020 Actual Expenditures

In FY 2020 HRD expended 89.5% of its overall HB 2 budget, and 82.9% of its general fund budget. FY 2020 HRD general fund authority decreased by \$20.7 million during the fiscal year due to the required reduction of general fund authority associated with the COVID-19-related increased federal match for Medicaid.

FY 2020 Appropriation Compared to FY 2021 Appropriation

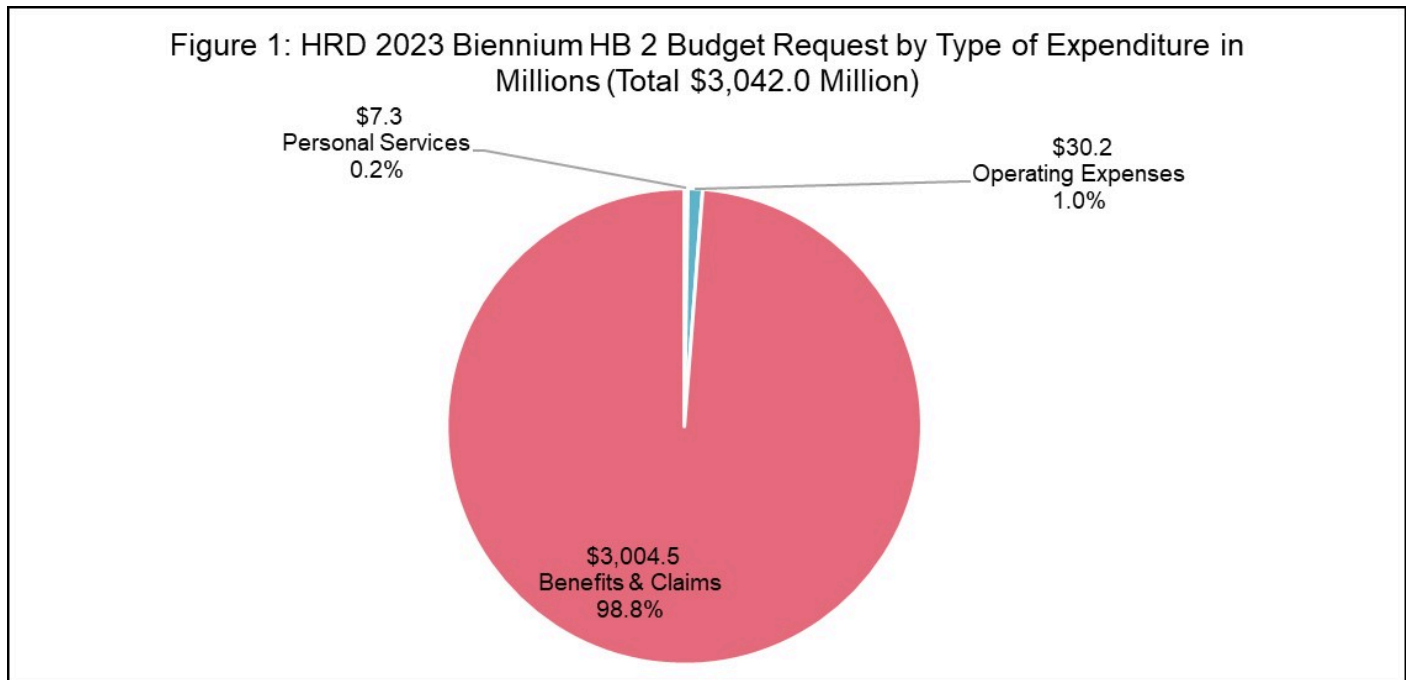
HRD FY 2021 total appropriations are 6.3% higher, or \$92.7 million higher, than the FY 2020 total appropriation of \$1,478.8 million.

Comparison of FY 2021 Legislative Budget to FY 2021 Base

Executive modifications decreased the FY 2021 base budget for HRD by 0.8%, or \$13.2 million. This change was primarily due to a transfer of authority to the Senior and Long-Term Care Division for the Community First Choice program.

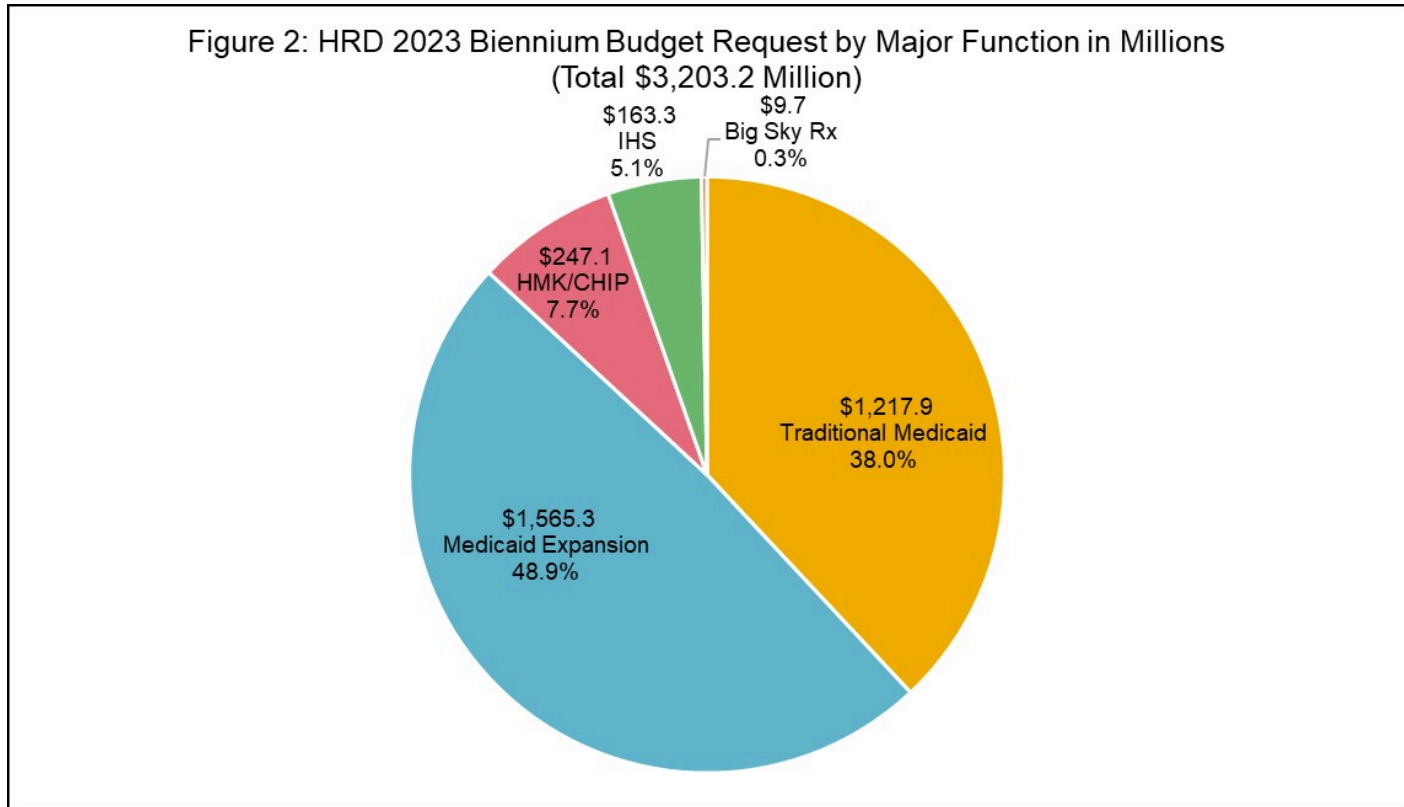
Executive Request

The Health Resources Division (HRD) 2023 biennium HB 2 budget request is \$3,042.0 million. The figure below illustrates the HRD budget request by major type of expenditure.



The majority (98.8%) of the HRD budget request supports benefits and claims, or payments for medical services. Operating costs are 1.0% and personal services are 0.2% of the total. Other DPHHS divisions include personal services and operating costs that support administration of some HRD programs. For instance, eligibility determination for Medicaid and Healthy Montana Kids (HMK) services is managed by the Human and Community Services Division, and funding for MMIS (Medicaid Management Information System) claims payment is budgeted in the Medicaid and Health Services Management Division.

The figure below shows the HRD 2023 biennium budget request (including statutory funding) by major function. Traditional Medicaid services (including Medicaid administration) are 38.0% of the budget request, while Medicaid expansion (which has shifted to being budgeted in HB 2) makes up 48.9% of the request. HMK services funded from the federal Children’s Health Insurance Program (CHIP) are 7.7% of the total. Indian Health Services Medicaid, which is 100% federal and statutorily funded is 5.1% of the request. Big Sky Rx, a program which helps low-income Medicare eligible persons pay the premium cost for Medicare Part D drug coverage, is 0.3% of the total.



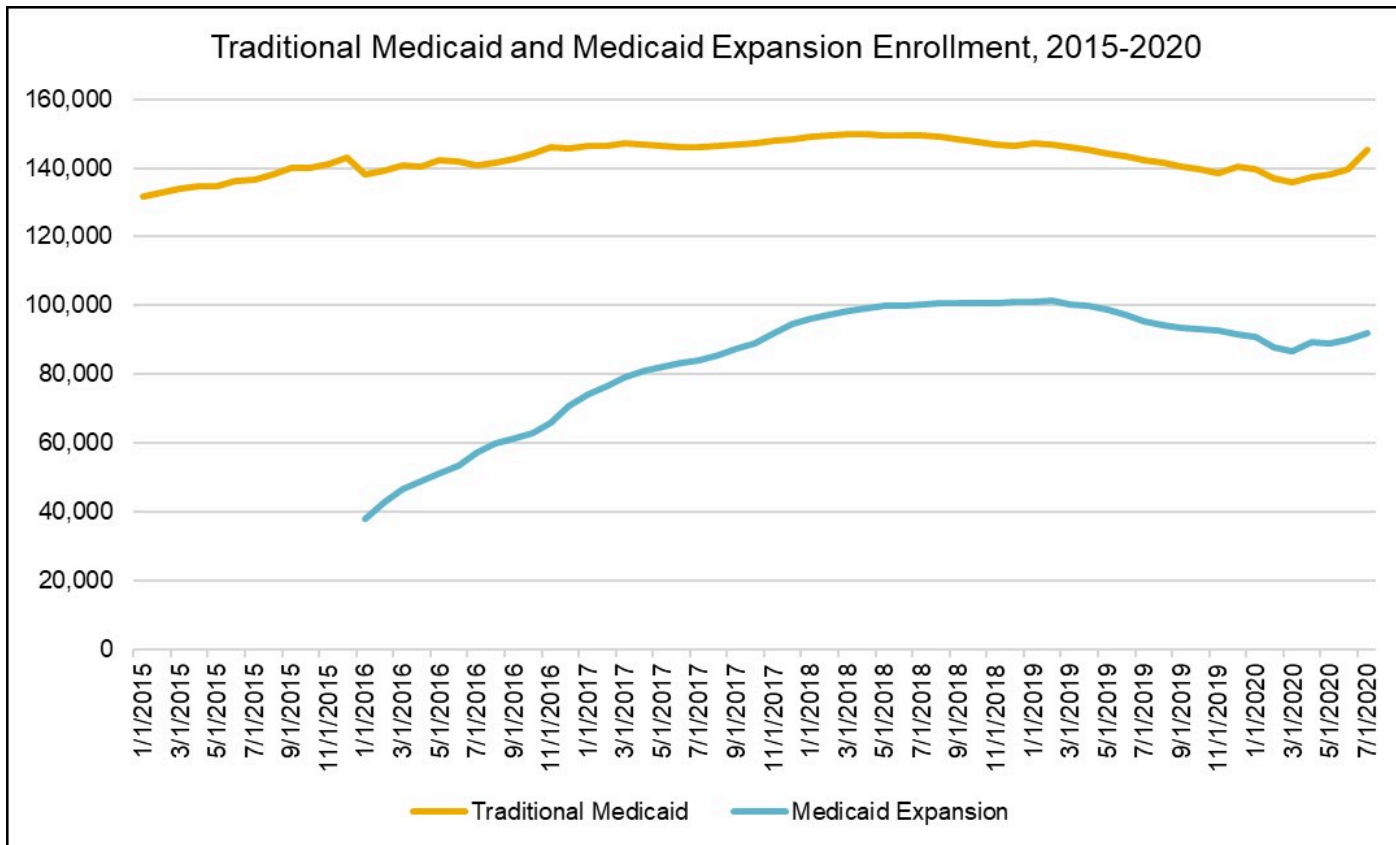
The following table presents recent and current Montana FMAPs by federal fiscal year (FFY). CHIP is funded with an enhanced federal FMAP, also detailed in the table below. Note that the COVID-enhanced FMAP (tied to the federal Families First Coronavirus Response Act) increased the FMAP for all states by 6.2 percentage points, retroactive to January 1, 2020, and changed the Montana FMAP from 64.78% to 70.98%. This lowers the state share of traditional Medicaid expenditures. While the duration of this enhanced rate is unknown, as long as it continues it will result in additional federal Medicaid funding of approximately \$20.0 million per quarter (and matching lower state costs). The enhanced FMAP will persist until the end of the quarter in which the Secretary of Health and Human Services declares an end to the COVID-19 state of emergency.

Montana FMAPs										
	FFY 2014	FFY 2015	FFY 2016	FFY 2017	FFY 2018	FFY 2019	FFY 2020	FFY 2020 (COVID enhanced)	FFY 2021	FFY 2022
Montana Standard FMAP	66.33%	65.90%	65.24%	65.56%	65.38%	65.54%	64.78%	70.98%	65.60%	64.90%
Montana E- FMAP for CHIP	76.43%	76.13%	98.67%	98.89%	98.77%	98.88%	86.85%	91.19%	75.92%	75.43%

Source: FFIS

Enrollment in Medicaid

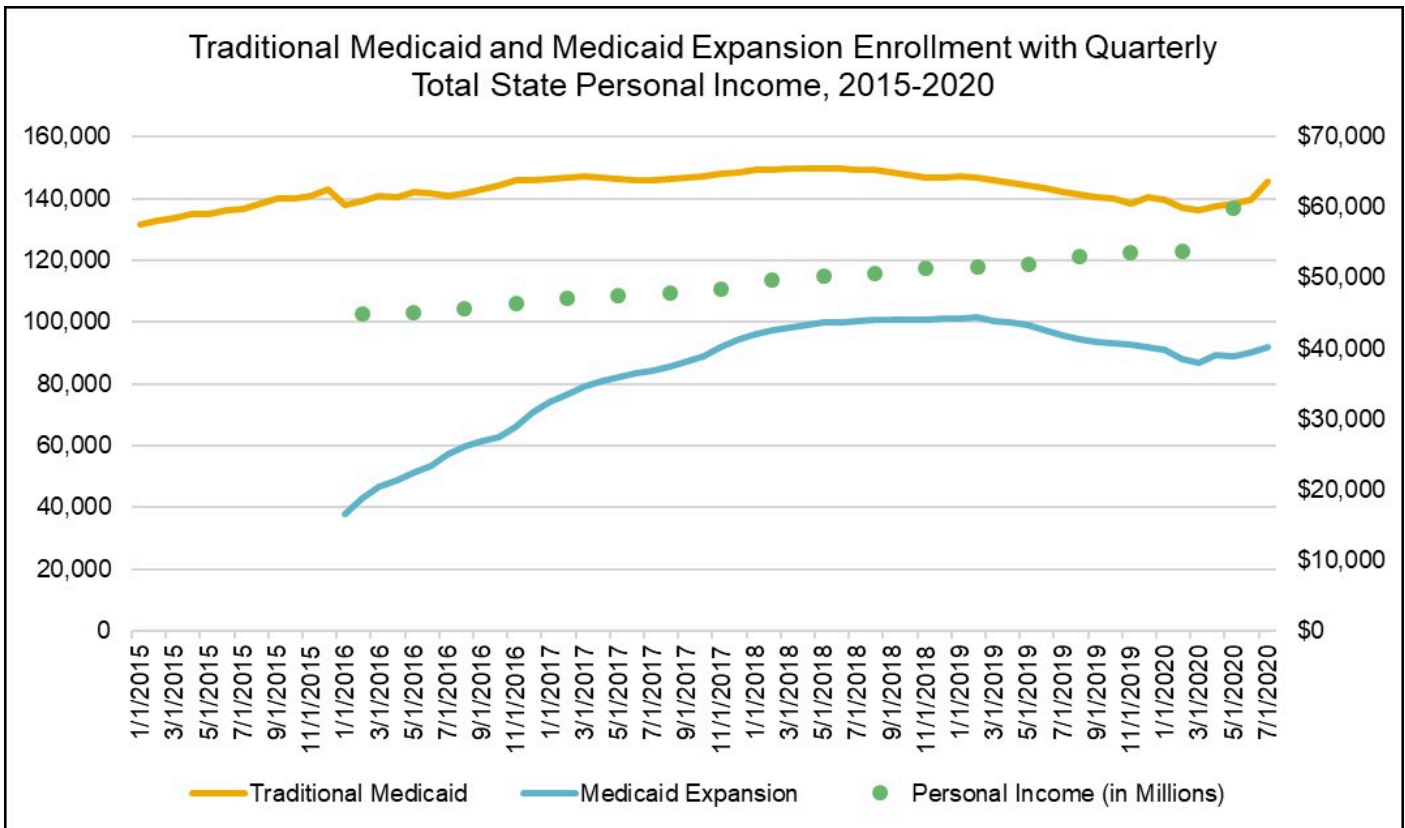
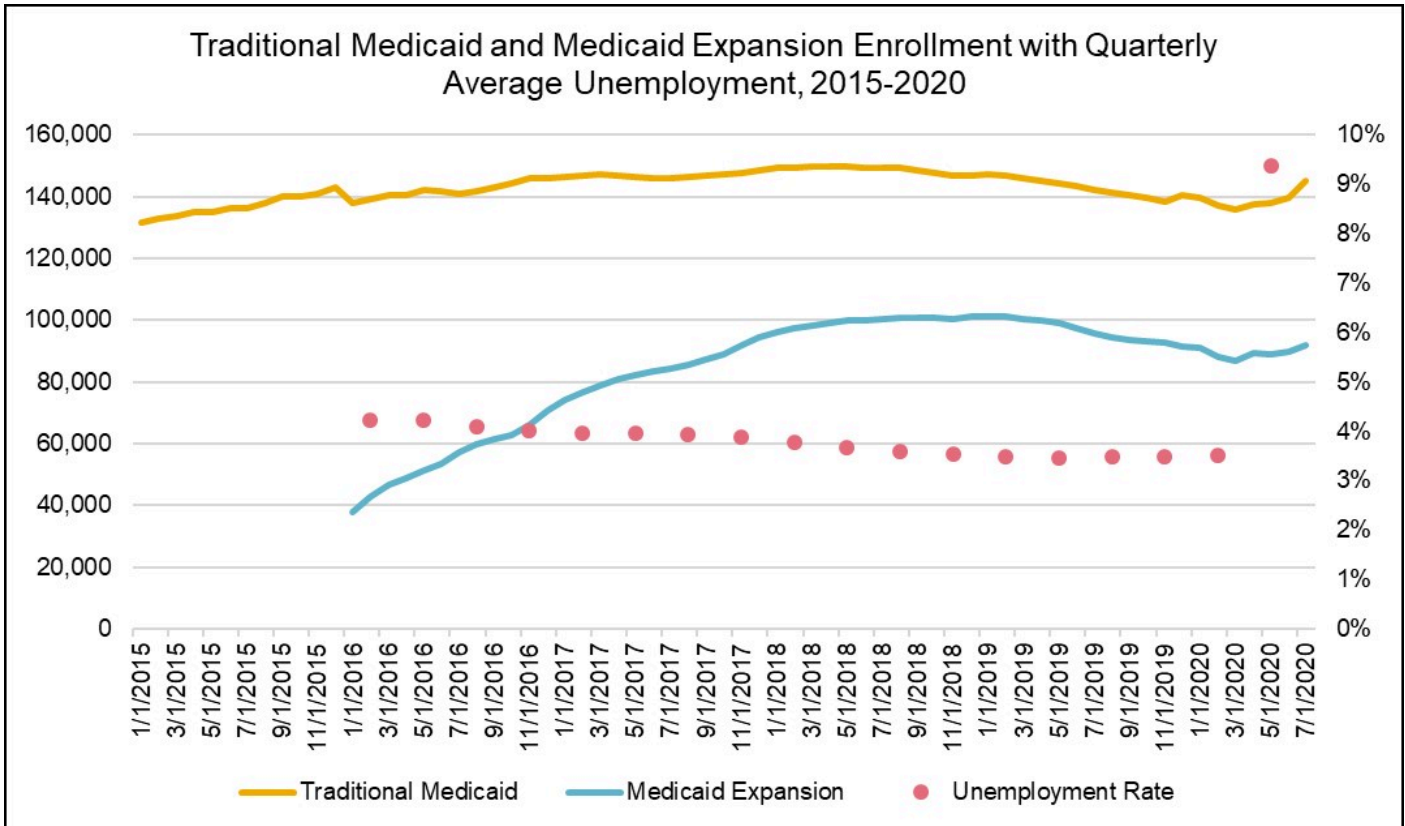
An important cost driver in Medicaid and CHIP services is the number of enrollees. The figure below shows total enrollment in Medicaid from 2015 to 2020. Medicaid enrollees fit into one or more eligibility categories: children, adults, blind/disabled, or elderly/aged.



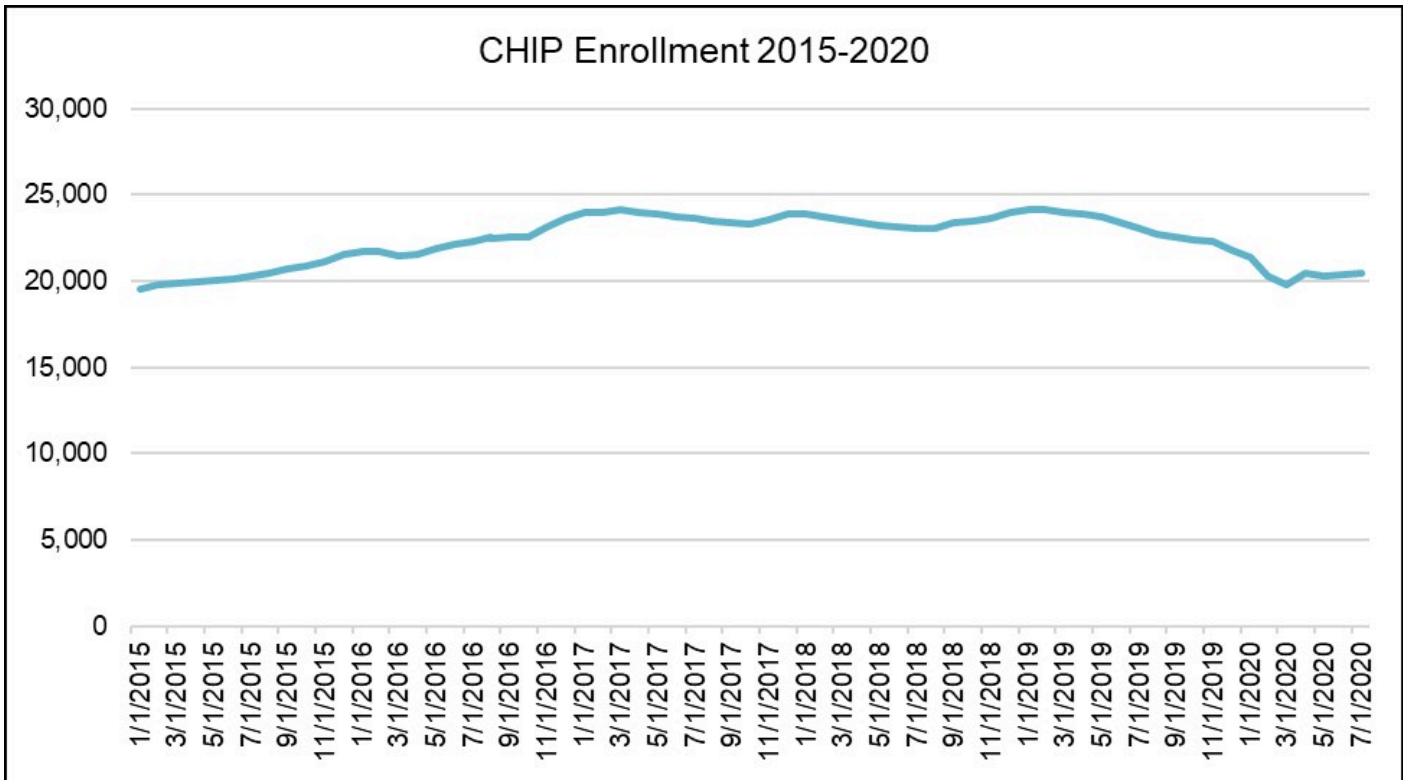
Several trends are apparent:

- Both traditional and expanded Medicaid enrollment increased from January 2016 (the first month of Medicaid expansion) through the spring of 2018. At the end of spring 2018 both began to flatten out
- Both traditional and expanded Medicaid have experienced a decline in enrollment from the spring of 2019 up until the spring of 2020, during which both traditional and expanded Medicaid have experienced an increase
- Medicaid trends changed as the COVID-based economic contraction came into play in the spring and summer of 2020

One might expect Medicaid enrollment to closely match the economic conditions in the state, but it is not clear from this sample that the two trends track one another closely. The graphs below show Medicaid enrollment, unemployment, and personal income. From the CY 2016-2018 period enrollment in traditional and expanded Medicaid both increased while the unemployment rate decreased, and personal income grew. One can clearly see the impact of the COVID-19-based economic contraction on Medicaid enrollment in the most recent months. Enrollment in both programs dropped in CY 2019, perhaps due to a strong state economy, although the relationship is a bit unclear given the trends in CY 2016-2018.



The following graph shows CHIP enrollment from 2015-2020. Note that enrollment in CHIP declined over the calendar year 2019 period before leveling out and slightly increasing during the COVID-19-based economic contraction.



Note that the average per-enrollee annual cost varies significantly by eligibility category. See the table below for detail. Elderly/aged Medicaid enrollees have especially high per-user costs in Montana as compared to other states.

Per User Medicaid Expenditures - FY 2014	
All Full Benefit Enrollees	\$6,733
Aged	\$21,581
Disabled	\$14,575
Adults	\$9,135
Children	\$3,132
Source: KFF Analysis of MSIS data	

5% Reduction Plan

Statute requires that agencies submit plans to reduce general fund and certain state special revenue funds by 5%. A summary of the entire 2023 biennium 5% plan submitted for this agency is in the appendix.

HRD has created a 5% reduction plan that includes a total annual savings of \$6.8 million in general fund and \$1.8 million in state special revenue. These savings are realized by reducing provider rates and reducing operating expenses. The provider rate reduction proposed would lead to a decrease in federal matching funds of about \$29.2 million: "The provider rate reduction could effect (sic) both adult and children Medicaid/CHIP beneficiaries, providers could decide not to provide services for medical visits. Also, this change could cause a cost shift to other services categories such as hospitals,

FQHC's and RHC's. Medicaid is not allowed to reduce FQHC's and RHC's reimbursement. Reducing operating expenses would require delays in staffing, reduced travel and standard office expenditures. Program workload would have to be shifted and reduced resources would affect the delivery of program priorities.”

Funding

The following table shows proposed program funding by source of authority.

Department of Public Health & Human Services, 11-Health Resource Division Funding by Source of Authority							
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	424,515,897	0	0	0	424,515,897	13.24 %	
02053 Medicaid IGT's	254,690	0	0	0	254,690	0.09 %	
02142 Medicaid Third Party Revenue	1,604,792	0	0	0	1,604,792	0.59 %	
02164 MT Univ System Grad Med Ed	0	0	0	0	0	0.00 %	
02311 02 Indirect Activity Prog 11	85,472	0	0	0	85,472	0.03 %	
02566 Medical Marijuana	0	0	0	0	0	0.00 %	
02597 Healthy Montana Kids Plan	69,038,650	0	0	0	69,038,650	25.50 %	
02772 Tobacco Hlth and Medicaid Init	12,968,486	0	0	0	12,968,486	4.79 %	
02789 6901-CHIP/MCHA Tobacco Sett Fd	16,479,971	0	0	0	16,479,971	6.09 %	
02987 Tobacco Interest	5,974,450	0	0	0	5,974,450	2.21 %	
02989 69010-Hospital Utilization Fee	102,328,751	0	0	0	102,328,751	37.80 %	
02067 Montana HELP Act	59,999,429	0	0	0	59,999,429	22.16 %	
02081 Pain Management Education	2,000,000	0	0	0	2,000,000	0.74 %	
State Special Total	\$270,734,691	\$0	\$0	\$0	\$270,734,691	8.45 %	
03580 6901-93.778 - Med Adm 50%	12,581,447	0	0	0	12,581,447	0.50 %	
03582 93.778 - Med Ben 100%	0	0	0	163,250,208	163,250,208	6.50 %	
03583 93.778 - Med Ben FMAP	744,047,594	0	0	2	744,047,596	29.64 %	
03611 03 Indirect Activity Prog 11	1,241,005	0	0	0	1,241,005	0.05 %	
03426 CHIP Program Fed	186,500,489	0	0	0	186,500,489	7.43 %	
03974 Medicaid Exp HELP Act Admin	1,892,179	0	0	0	1,892,179	0.08 %	
03975 Medicaid Exp HELP Act Benefit	1,290,284,085	0	0	0	1,290,284,085	51.41 %	
03977 Med Exp HELP Act Indian Health	110,172,875	0	0	0	110,172,875	4.39 %	
03480 HRSA Safeguarding Two Lives	0	0	0	0	0	0.00 %	
Federal Special Total	\$2,346,719,674	\$0	\$0	\$163,250,210	\$2,509,969,884	78.31 %	
Proprietary Total	\$0	\$0	\$0	\$0	\$0	0.00 %	
Total All Funds	\$3,041,970,262	\$0	\$0	\$163,250,210	\$3,205,220,472		

The 2023 biennium HRD HB 2 budget request is funded by general fund (14.0% of HB 2 funding authority), state special revenue (8.9% of HB 2 funding authority), and federal funds (77.1% of HB2 funding authority). General fund pays for the state Medicaid match, state CHIP match, and Medicare buy-in.

State special revenue is about 8.5% of the total request (including statutory expenditures) and includes several sources of revenue. State special revenue is used towards the state match for Medicaid and CHIP, and in the proposed budget it fully funds the Big Sky Rx program in the 2023 biennium. Federal funds include Medicaid and CHIP funds. Medicaid is an entitlement fund source, meaning that the federal government will match all eligible expenditures at a certain rate. This rate, known as the Federal Medical Assistance Percentage (FMAP), is determined by comparing the average per capita income of a state to the national average per capita income. The FMAP for Medicaid expansion is 90%, meaning that the federal government reimburses the state for 90% of the expenditures incurred under this program.

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

State Medicaid match

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

State CHIP match

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

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

- Tobacco revenue from the health and Medicaid initiatives account

Federal funds support 78.3% of the 2023 biennium budget request (including statutory expenditures). Federal funding sources include:

- Federal Medicaid matching funds: some at a 50% match (Medicaid program administration), some at 100% (Indian Health Services statutory expenditures), some at 90% (Medicaid expansion) and some at the FMAP rate discussed above (about 65% depending on the year)
- Federal CHIP matching funds: about 11 percentage points higher than the standard FMAP rate

Program Budget Summary by Category

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

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2022	Budget Fiscal 2023	Biennium Fiscal 22-23	Percent of Budget	Budget Fiscal 2022	Budget Fiscal 2023	Biennium Fiscal 22-23	Percent of Budget
2021 Base Budget	233,071,972	233,071,972	466,143,944	109.81 %	1,571,458,009	1,571,458,009	3,142,916,018	103.32 %
SWPL Adjustments	(146,065)	(139,856)	(285,921)	(0.07)%	(369,055)	(355,343)	(724,398)	(0.02)%
PL Adjustments	(29,051,656)	(20,700,470)	(49,752,126)	(11.72)%	(70,377,238)	(29,844,120)	(100,221,358)	(3.29)%
New Proposals	0	8,410,000	8,410,000	1.98 %	0	0	0	0.00 %
Total Budget	\$203,874,251	\$220,641,646	\$424,515,897		\$1,500,711,716	\$1,541,258,546	\$3,041,970,262	

Present Law Adjustments

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

Present Law Adjustments										
	-----Fiscal 2022-----					-----Fiscal 2023-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	(145,972)	3,047	(225,944)	(368,869)	0.00	(139,798)	3,200	(218,628)	(355,226)
DP 3 - Inflation Deflation	0.00	(93)	0	(93)	(186)	0.00	(58)	0	(59)	(117)
DP 11001 - Pain Management Program	0.00	0	1,000,000	0	1,000,000	0.00	0	1,000,000	0	1,000,000
DP 11791 - HMK Caseload HRD	0.00	0	2,234,296	6,903,929	9,138,225	0.00	0	3,786,876	11,625,725	15,412,601
DP 11796 - HMK FMAP HRD	0.00	0	3,757,023	(3,757,023)	0	0.00	0	3,890,641	(3,890,641)	0
DP 11891 - Med Exp Core HRD	0.00	1,171,766	(5,778,226)	(37,757,430)	(42,363,890)	0.00	926,225	(4,623,415)	(31,946,009)	(35,643,199)
DP 11893 - Med Exp Fed HRD	0.00	0	0	12,474,422	12,474,422	0.00	0	0	10,869,805	10,869,805
DP 11896 - Med Exp Core FMAP HRD	0.00	(7,573,294)	0	7,573,294	0	0.00	(7,573,294)	0	7,573,294	0
DP 11897 - Med Exp Core HUF HRD	0.00	0	1,345,205	12,106,849	13,452,054	0.00	0	1,969,367	17,724,299	19,693,666
DP 11899 - Med Exp Core HUF FMAP HRD	0.00	0	(824,313)	824,313	0	0.00	0	(824,313)	824,313	0
DP 11991 - Med Core HRD	0.00	(18,422,994)	0	(34,229,175)	(52,652,169)	0.00	(11,204,230)	0	(20,716,653)	(31,920,883)
DP 11993 - Med Federal HRD	0.00	0	0	(3,160,160)	(3,160,160)	0.00	0	0	(3,066,060)	(3,066,060)
DP 11994 - Med Other HRD	0.00	(440,667)	0	0	(440,667)	0.00	343,211	0	0	343,211
DP 11996 - Med Core FMAP HRD	0.00	(3,786,467)	0	3,786,467	0	0.00	(3,192,382)	0	3,192,382	0
DP 11997 - Med Core HUF HRD	0.00	0	(2,737,986)	(5,087,067)	(7,825,053)	0.00	0	(2,293,175)	(4,240,086)	(6,533,261)
DP 11999 - Med Core HUF FMAP HRD	0.00	0	3,591,837	(3,591,837)	0	0.00	0	3,674,143	(3,674,143)	0
Grand Total All Present Law Adjustments	0.00	(\$29,197,721)	\$2,590,883	(\$44,139,455)	(\$70,746,293)	0.00	(\$20,840,326)	\$6,583,324	(\$15,942,461)	(\$30,199,463)

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

DP 1 - Personal Services -

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

- Expected changes
- Personal services management decisions
- Modifications made to the personal services budget in the 2021 biennium

DP 3 - Inflation Deflation -

The executive requests adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include food, postage, gasoline, and others.

DP 11001 - Pain Management Program -

The executive requests a present law adjustment to fund the costs of alternative pain management treatments. This change package requests a biennial increase in state special revenue funds of \$2,000,000.

DP 11791 - HMK Caseload HRD-

The executive requests a present law adjustment for caseload growth in the Health Resource Division which covers the projected increase in the number of eligible individuals, utilization, acuity levels, and cost per service for medical care. This change package requests \$24,550,826 in total funds. The biennial funding is \$6,021,172 in state special funds and \$18,529,654 in federal funds.

DP 11796 - HMK FMAP HRD -

The executive requests a present law adjustment to maintain existing services for the Healthy Montana Kids program in the Health Resource Division. The change package requests a state special revenue fund increase of \$3,757,023 in FY 2022 and \$3,890,641 in FY 2023 with offsetting federal fund adjustments for each year. The total cost for the program does not change.

DP 11891 - Med Exp Core HRD -

The executive requests a present law adjustment for caseload growth in the Health Resource Division which covers the projected change in the number of eligible individuals, utilization, acuity levels, and cost per service for medical care. This change package requests a reduction of \$78,007,089 in total funds. The biennial funding is an increase in general fund of \$2,097,991, a decrease of \$10,401,641 in state special revenue funds and a decrease of \$69,703,439 in federal funds.

DP 11893 - Med Exp Fed HRD -

The executive requests a present law adjustment for caseload growth in the Health Resource Division which covers projected changes in the number of eligible individuals, utilization, acuity levels, and cost per service for medical care. This change package requests a biennial increase in federal funds of \$23,344,227.

DP 11896 - Med Exp Core FMAP HRD -

The executive requests a present law adjustment to maintain existing services for the Medicaid Expansion program in the Health Resource Division. The change package requests a general fund reduction of \$7,573,294 in FY 2022 and \$7,573,294 in FY 2023 with offsetting federal fund adjustments for each year. The total cost for the program does not change.

DP 11897 - Med Exp Core HUF HRD -

The executive requests a present law adjustment for the Medicaid Expansion hospital utilization fee in the Health Resources Division. This change package requests an increase of \$33,145,720 in total funds. The biennial funding is an increase of \$3,314,572 in state special revenue and increase of \$29,831,148 in federal funds.

DP 11899 - Med Exp Core HUF FMAP HRD -

The executive requests a present law adjustment to maintain existing services for the Medicaid Expansion Hospital Utilization Fee in the Health Resource Division. The change package requests a state special revenue fund decrease of \$824,313 in FY 2022 and \$824,313 in FY 2023 with offsetting federal fund adjustments for each year. The total cost for the program does not change.

DP 11991 - Med Core HRD -

The executive requests a present law adjustment for caseload growth in the Health Resources Division which covers projected changes in the number of eligible individuals, utilization, acuity levels, and cost per service for medical care. This change package requests a reduction of \$84,573,052 in total funds. The biennial funding is a decrease of \$29,627,224 in general fund and \$55,945,828 in federal funds.

DP 11993 - Med Federal HRD -

The executive requests a present law adjustment for caseload growth in the Health Resource Division which covers projected changes in the number of eligible individuals, utilization, acuity levels, and cost per service for medical care. This change package requests a biennial decrease in federal funds of \$6,226,220.

DP 11994 - Med Other HRD -

The executive requests a present law adjustment to maintain existing services for the Medicaid Clawback program in the Health Resources Division. The change package requests a reduction of total funds of \$97,456 for the biennium with a decrease in the general fund amount of \$440,667 in FY 2022 and an increase of \$343,211 in FY 2023.

DP 11996 - Med Core FMAP HRD -

The executive requests a present law adjustment to maintain existing services for the Medicaid program in the Health Resource Division. The change package requests a general fund decrease of \$3,786,467 in FY 2022 and \$3,192,382 in FY 2023 with offsetting federal fund adjustments for each year. The total cost for the program does not change.

DP 11997 - Med Core HUF HRD -

The executive requests a present law adjustment to maintain existing services for the Medicaid Inpatient Hospital Utilization Fee and programs in the Health Resources Division. The change package requests a reduction in total funds of \$14,358,314 for the biennium with a decrease in State Special Revenue of \$5,031,161 and a decrease in federal funds of \$9,327,153.

DP 11999 - Med Core HUF FMAP HRD -

The executive requests a present law adjustment to maintain existing services for the Medicaid program in the Health Resource Division. The change package requests a state special revenue increase of \$3,591,837 in FY 2022 and \$3,674,143 in FY 2023 with offsetting federal fund adjustments for each year. The total cost for the program does not change.

New Proposals

The New Proposals table shows new changes to spending

New Proposals	-----Fiscal 2022-----					-----Fiscal 2023-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 11789 - Realign Funding for CHIP/HMK	0.00	0	0	0	0	0.00	8,410,000	(8,410,000)	0	0
Total	0.00	\$0	\$0	\$0	\$0	0.00	\$8,410,000	(\$8,410,000)	\$0	\$0

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

DP 11789 - Realign Funding for CHIP/HMK

The executive requests a new proposal to maintain existing services for the Healthy Montana Kids program in the Health Resources Division. The change package requests an increase in general fund of \$8,410,000 in FY 2023 with an offsetting adjustment in I-146/CHIP tobacco settlement state special funds. The total cost for the program does not change.

Program Biennium Comparison

The following table compares the 2021 biennium appropriated budget and the 2023 biennium budget request by type of expenditure and source of funding.

Program Biennium Comparison				
Budget Item	Appropriated Budget 20-21	Requested Budget 22-23	Biennium Change	Biennium % Change
Personal Services	2,244,510	2,767,088	522,578	23.28 %
Operating Expenses	48,826,620	65,077,906	16,251,286	33.28 %
Grants	8,401,532	3,242,830	(5,158,702)	(61.40)%
Benefits & Claims	38,098	5,098	(33,000)	(86.62)%
Transfers	14,200	6,200	(8,000)	(56.34)%
Total Expenditures	\$59,524,960	\$71,099,122	\$11,574,162	19.44 %
General Fund	12,614,663	18,591,975	5,977,312	47.38 %
State/Other Special Rev. Funds	274,918	79,412	(195,506)	(71.11)%
Federal Spec. Rev. Funds	46,635,379	52,427,735	5,792,356	12.42 %
Total Funds	\$59,524,960	\$71,099,122	\$11,574,162	19.44 %
Total Ongoing	\$59,524,960	\$71,099,122	\$11,574,162	19.44 %
Total OTO	\$0	\$0	\$0	0.00 %

Program Biennium Comparison -

The 2023 biennium budget proposes an increase of 19.4%, with an increase in general fund of 47.4%. Compared to the FY 2021 base appropriation, the biennial request is an increase of 14.4%.

Program Description

The Medicaid & Health Services Management division (MHSM) is led by the Medicaid and Health Services Branch Manager. The Medicaid & Health Services Management 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 systems responsible for provider enrollment and self-service, Medicaid federal reporting, member care program and case management, and the processing and payment of Medicaid claims.

Program Highlights

MHSM Major Budget Highlights
<ul style="list-style-type: none"> Increases of 33.3% in operating expenses and 23.3% in personal services General fund is increased by 47.4% Medicaid expansion administration is now part of HB 2 and reflected in the HB 2 budget request for this division

Program Actuals and Budget Comparison

The following table compares FY 2020 actual expenditures to the 2021 biennium appropriated budget and the 2023 biennium budget request by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2020	Approp. Fiscal 2020	Approp. Fiscal 2021	Request Fiscal 2022	Request Fiscal 2023
FTE	0.00	10.00	10.00	10.00	10.00
Personal Services	929,288	1,176,781	1,067,729	1,382,349	1,384,739
Operating Expenses	22,227,809	24,222,817	24,603,803	28,547,458	36,530,448
Grants	559,674	3,002,194	5,399,338	1,621,415	1,621,415
Benefits & Claims	15,064	35,549	2,549	2,549	2,549
Transfers	2,526	11,100	3,100	3,100	3,100
Total Expenditures	\$23,734,361	\$28,448,441	\$31,076,519	\$31,556,871	\$39,542,251
General Fund	6,231,592	6,608,460	6,006,203	8,203,095	10,388,880
State/Other Special Rev. Funds	62,953	72,231	202,687	38,514	40,898
Federal Spec. Rev. Funds	17,439,816	21,767,750	24,867,629	23,315,262	29,112,473
Total Funds	\$23,734,361	\$28,448,441	\$31,076,519	\$31,556,871	\$39,542,251
Total Ongoing	\$23,734,361	\$28,448,441	\$31,076,519	\$31,556,871	\$39,542,251
Total OTO	\$0	\$0	\$0	\$0	\$0

Program Discussion -

This division houses the Montana Medicaid Information System (MMIS), which makes up a large portion of the operating expenses in this division. In FY 2020 MMIS spending accounted for over \$10.3 million of expenditures in this program, most of which was in operating expenses.

The requested budget includes a proposed 33.3% increase in operating expenses as compared to the 2021 biennium budget. The amount of this proposed increase is \$16.3 million, of which \$8.3 million is included in a present law decision package (DP 12001) tied to the MMIS and MPATH (Montana Program for Automating and Transforming Healthcare) systems.

The requested budget also includes a 23.3% increase in personal services relative to the 2021 biennium.

Medicaid expansion and associated administration shift to HB 2 starting in FY 2022, leading to an increased HB 2 budget request for this division, though these items are shown for comparison in the FY 2021 base budget in the tables in this analysis. Medicaid expansion federal funds in the proposed budget are \$21.3 million over the biennium and general fund is \$5.3 million.

5% Reduction Plan

Statute requires that agencies submit plans to reduce general fund and certain state special revenue funds by 5%. A summary of the entire 2023 biennium 5% plan submitted for this agency is in the appendix.

MHSM has created a 5% reduction plan that includes a total annual savings of \$264,739 in general fund and \$4,407 in state special revenue. These savings are realized by reducing operating expenses: “Reducing operating expenses would require delays in staffing, reduced travel and standard office expenditures. Program workload would have to be shifted and reduced resources would affect the delivery of program priorities.”

Funding

The following table shows proposed program funding by source of authority.

Department of Public Health & Human Services, 12-Medicaid & Health Svr Mgt Funding by Source of Authority							
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	18,591,975	0	0	0	18,591,975	26.15 %	
02220 02 Indirect Activity Prog 12	79,412	0	0	0	79,412	100.00 %	
State Special Total	\$79,412	\$0	\$0	\$0	\$79,412	0.11 %	
03305 03 Indirect Activity Prog 12	27,447,370	0	0	0	27,447,370	52.35 %	
03580 6901-93.778 - Med Adm 50%	2,874,690	0	0	0	2,874,690	5.48 %	
03523 93.566 - Refugee Soc. Serv	163,370	0	0	0	163,370	0.31 %	
03571 93.566 - Off Ref Reset Adm 10	611,749	0	0	0	611,749	1.17 %	
03974 Medicaid Exp HELP Act Admin	21,330,556	0	0	0	21,330,556	40.69 %	
Federal Special Total	\$52,427,735	\$0	\$0	\$0	\$52,427,735	73.74 %	
Proprietary Total	\$0	\$0	\$0	\$0	\$0	0.00 %	
Total All Funds	\$71,099,122	\$0	\$0	\$0	\$71,099,122		

MHSM receives general fund, state special revenue fund, and federal special revenue fund authority. The majority of MHSM funding is federal authority from Medicaid Administration (50% federal match) or Indirect Activity from the Cost Allocation Plan (CAP). General fund is used for Medicaid administration.

Program Budget Summary by Category

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

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2022	Budget Fiscal 2023	Biennium Fiscal 22-23	Percent of Budget	Budget Fiscal 2022	Budget Fiscal 2023	Biennium Fiscal 22-23	Percent of Budget
2021 Base Budget	6,006,203	6,006,203	12,012,406	64.61 %	31,076,519	31,076,519	62,153,038	87.42 %
SWPL Adjustments	95,959	96,694	192,653	1.04 %	314,587	316,989	631,576	0.89 %
PL Adjustments	2,100,933	4,285,983	6,386,916	34.35 %	165,765	8,148,743	8,314,508	11.69 %
New Proposals	0	0	0	0.00 %	0	0	0	0.00 %
Total Budget	\$8,203,095	\$10,388,880	\$18,591,975		\$31,556,871	\$39,542,251	\$71,099,122	

Present Law Adjustments

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

Present Law Adjustments	-----Fiscal 2022-----					-----Fiscal 2023-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	95,975	11,503	207,142	314,620	0.00	96,704	11,591	208,715	317,010
DP 3 - Inflation Deflation	0.00	(16)	0	(17)	(33)	0.00	(10)	0	(11)	(21)
DP 12001 - MMIS/MPATH/SLR Operations	0.00	2,100,933	(175,676)	(1,759,492)	165,765	0.00	4,285,983	(173,380)	4,036,140	8,148,743
Grand Total All Present Law Adjustments	0.00	\$2,196,892	(\$164,173)	(\$1,552,367)	\$480,352	0.00	\$4,382,677	(\$161,789)	\$4,244,844	\$8,465,732

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

DP 1 - Personal Services -

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

- Expected changes
- Personal services management decisions
- Modifications made to the personal services budget in the 2021 biennium

DP 3 - Inflation Deflation -

The executive requests adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include food, postage, gasoline, and others.

DP 12001 - MMIS/MPATH/SLR Operations -

The executive requests a present law adjustment to maintain existing services for Medicaid administration in the Medicaid Health Services Branch. The change package requests total funds of \$8,314,507 for the biennium. This biennial funding includes an increase in general fund of \$6,386,915, a reduction in state special revenue of \$349,056 and an increase of federal funds of \$2,276,648.

**LFD
COMMENT**

According to SITSD, the MPATH project is intended to: “procure software and services to replace the State’s aging legacy Medicaid Management Information System (MMIS). DPHHS will acquire discrete modules that align with the Final Rule for Mechanized Claims Processing and Information Retrieval Systems as described in 42 CFR 433.111, and successfully meet the goals and business needs identified by DPHHS during the modularity planning process.

The MPATH modularity blueprint includes the following modules: Systems Integration Services, Provider Services, Enterprise Data Warehouse Services, Data Analytics Services, Financial Support Services, Claims Processing and Management Services, Care Management Services, Customer Care Services, and Pharmacy Support Services. DPHHS will be developing and releasing RFP's related to these modules over the next two years.”

According to the agency this present law request is “needed for ongoing system maintenance and service level requirements.” The agency did not provide further documentation on this request.

According to SITSD the budget for MPATH totals \$103.8 million, \$72.8 of which is associated with HB 10 and \$31.1 of which is associated with HB 2. The MPATH delivery date is September 30, 2022.

Program Biennium Comparison

The following table compares the 2021 biennium appropriated budget and the 2023 biennium budget request by type of expenditure and source of funding.

Program Biennium Comparison				
Budget Item	Appropriated Budget 20-21	Requested Budget 22-23	Biennium Change	Biennium % Change
Personal Services	7,465,282	7,764,390	299,108	4.01 %
Operating Expenses	7,545,219	5,353,864	(2,191,355)	(29.04)%
Equipment & Intangible Assets	10,480	10,480	0	0.00 %
Debt Service	3,764	0	(3,764)	(100.00)%
Total Expenditures	\$15,024,745	\$13,128,734	(\$1,896,011)	(12.62)%
General Fund	2,151,345	1,994,936	(156,409)	(7.27)%
State/Other Special Rev. Funds	9,705,505	8,205,483	(1,500,022)	(15.46)%
Federal Spec. Rev. Funds	3,167,895	2,928,315	(239,580)	(7.56)%
Total Funds	\$15,024,745	\$13,128,734	(\$1,896,011)	(12.62)%
Total Ongoing	\$15,024,745	\$13,128,734	(\$1,896,011)	(12.62)%
Total OTO	\$0	\$0	\$0	0.00 %

Program Biennium Comparison -

The biennium comparison table shows a total reduction of 12.6%, including a general fund decrease of 7.3%.

Program Description

The Operations Services Division (OSD) is responsible for oversight, management and support of the Operations Services Branch of the Department of Public Health and Human Services. The Operations Services Branch provides leadership for the implementation and operation of the Department’s programs and services for Montanans through the provision of budgetary, financial, internal audit, and information management oversight, as well as providing project management and technical services. Also included in this division is the operation of the Montana medical marijuana program.

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

Program Highlights

Operation Services Division Major Budget Highlights
<ul style="list-style-type: none"> • The Project Management Bureau functions were transferred to OSD during FY 2020. This reorganization resulted in an increase of \$445,000 in the OSD base budget year and included the transfer of 7.0 FTE • The Medical Marijuana program was transferred to OSD during FY 2020. This reorganization resulted in an increase of \$2.1 million in the OSD base budget year and included the transfer of 20.0 FTE • The executive requests a decrease of \$2.0 million in state special revenue funds for the Pain Management program in the 2023 biennium

Program Actuals and Budget Comparison

The following table compares FY 2020 actual expenditures to the 2021 biennium appropriated budget and the 2023 biennium budget request by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2020	Approp. Fiscal 2020	Approp. Fiscal 2021	Request Fiscal 2022	Request Fiscal 2023
FTE	0.00	45.60	45.60	45.60	45.60
Personal Services	3,937,491	3,665,752	3,799,530	3,879,827	3,884,563
Operating Expenses	2,219,535	3,868,255	3,676,964	2,676,925	2,676,939
Equipment & Intangible Assets	0	5,240	5,240	5,240	5,240
Debt Service	1,638	3,764	0	0	0
Total Expenditures	\$6,158,664	\$7,543,011	\$7,481,734	\$6,561,992	\$6,566,742
General Fund	1,106,337	1,156,666	994,679	996,866	998,070
State/Other Special Rev. Funds	3,461,759	4,679,302	5,026,203	4,101,895	4,103,588
Federal Spec. Rev. Funds	1,590,568	1,707,043	1,460,852	1,463,231	1,465,084
Total Funds	\$6,158,664	\$7,543,011	\$7,481,734	\$6,561,992	\$6,566,742
Total Ongoing	\$6,158,664	\$7,543,011	\$7,481,734	\$6,561,992	\$6,566,742
Total OTO	\$0	\$0	\$0	\$0	\$0

Program Discussion -

FY 2020 Appropriations Compared to FY 2020 Actuals

OSD expended 81.6% of the total FY 2020 appropriation. Personal services were over expended by 7.4% and in operating expenses only 57.4% of the appropriated amount was utilized. State special revenue funds is where the greatest discrepancy between appropriations and actuals are found.

FY 2020 Appropriations Compared to FY 2021 Appropriations

The FY 2021 appropriation is 0.8% lower than the FY 2020 appropriation.

FY 2021 Legislative Budget Compared to FY 2021 Base Budget

The FY 2021 OSD base budget is \$1.7 million higher than the FY 2021 legislative budget. A reorganization moved the Project Management Bureau function from the Technology Service Division to OSD. This includes an increase of \$445,233 across all fund types and the transfer of 7.0 FTE. A reorganization also moved the Medical Marijuana program from the Quality Assurance Division to OSD. This includes the transfer of 20.0 FTE.

5.0% Plan

Statute requires that agencies submit plans to reduce general fund and certain state special revenue funds by 5%. A summary of the entire 2019 biennium 5.0% plan submitted for this agency can be found on the [Section B subcommittee page](#) under Tab 8 "Agency Materials".

OSD has created a 5.0% reduction plan that includes a total savings of \$77,000 in general fund and \$41,000 in state special revenue funds. These savings are achieved through a reduction in operating costs for the division. This reduction would impact staffing and workload.

Funding

The following table shows proposed program funding by source of authority.

Department of Public Health & Human Services, 16-Operations Services Division							
Funding by Source of Authority							
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	1,994,936	0	0	0	1,994,936	15.20 %	
02221 02 Indirect Activity Prog 16	345,019	0	0	0	345,019	4.20 %	
02566 Medical Marijuana	7,860,464	0	0	0	7,860,464	95.80 %	
State Special Total	\$8,205,483	\$0	\$0	\$0	\$8,205,483	62.50 %	
03304 03 Indirect Activity Prog 16	2,928,315	0	0	0	2,928,315	100.00 %	
03974 Medicaid Exp HELP Act Admin	0	0	0	0	0	0.00 %	
Federal Special Total	\$2,928,315	\$0	\$0	\$0	\$2,928,315	22.30 %	
Proprietary Total	\$0	\$0	\$0	\$0	\$0	0.00 %	
Total All Funds	\$13,128,734	\$0	\$0	\$0	\$13,128,734		

OSD receives general fund, state special revenue, and federal funds through a federally approved cost allocation formula that is generally referred to as indirect activity. The funding formula is derived from those funds expended on functions benefiting or serving other programs in the department. General funds are used to meet the match requirement for federally funded activities. The largest funding source is the Medical Marijuana state special revenue fund which comprises 59.9% of total funding.

Program Budget Summary by Category

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

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2022	Budget Fiscal 2023	Biennium Fiscal 22-23	Percent of Budget	Budget Fiscal 2022	Budget Fiscal 2023	Biennium Fiscal 22-23	Percent of Budget
2021 Base Budget	994,679	994,679	1,989,358	99.72 %	7,481,734	7,481,734	14,963,468	113.97 %
SWPL Adjustments	2,187	3,391	5,578	0.28 %	80,258	85,008	165,266	1.26 %
PL Adjustments	0	0	0	0.00 %	(1,000,000)	(1,000,000)	(2,000,000)	(15.23)%
New Proposals	0	0	0	0.00 %	0	0	0	0.00 %
Total Budget	\$996,866	\$998,070	\$1,994,936		\$6,561,992	\$6,566,742	\$13,128,734	

Present Law Adjustments

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

	-----Fiscal 2022-----					-----Fiscal 2023-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	2,202	75,695	2,400	80,297	0.00	3,401	77,387	4,245	85,033
DP 3 - Inflation Deflation	0.00	(15)	(3)	(21)	(39)	0.00	(10)	(2)	(13)	(25)
DP 11001 - Pain Management Program	0.00	0	(1,000,000)	0	(1,000,000)	0.00	0	(1,000,000)	0	(1,000,000)
Grand Total All Present Law Adjustments	0.00	\$2,187	(\$924,308)	\$2,379	(\$919,742)	0.00	\$3,391	(\$922,615)	\$4,232	(\$914,992)

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

DP 1 - Personal Services -

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

- Formula based changes
- Personal services management decisions
- Modifications made to the personal services budget in the 2021 biennium

DP 3 - Inflation Deflation -

The executive requests adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include food, postage, gasoline, and others.

DP 11001 - Pain Management Program -

This present law adjustment is necessary to fund the costs of alternative pain management treatments in the Health Resource Division. This change package requests a biennial decrease in state special revenue funds of \$2,000,000.

Program Biennium Comparison

The following table compares the 2021 biennium appropriated budget and the 2023 biennium budget request by type of expenditure and source of funding.

Program Biennium Comparison				
Budget Item	Appropriated Budget 20-21	Requested Budget 22-23	Biennium Change	Biennium % Change
Personal Services	28,166,417	29,958,040	1,791,623	6.36 %
Operating Expenses	23,568,962	27,822,285	4,253,323	18.05 %
Equipment & Intangible Assets	62,186	62,186	0	0.00 %
Grants	28,672,358	28,838,676	166,318	0.58 %
Benefits & Claims	609,603,939	611,294,567	1,690,628	0.28 %
Transfers	192,150	8,000	(184,150)	(95.84)%
Debt Service	197,499	182,198	(15,301)	(7.75)%
Total Expenditures	\$690,463,511	\$698,165,952	\$7,702,441	1.12 %
General Fund	140,888,834	157,127,655	16,238,821	11.53 %
State/Other Special Rev. Funds	95,084,837	90,448,315	(4,636,522)	(4.88)%
Federal Spec. Rev. Funds	454,489,840	450,589,982	(3,899,858)	(0.86)%
Total Funds	\$690,463,511	\$698,165,952	\$7,702,441	1.12 %
Total Ongoing	\$690,463,511	\$698,165,952	\$7,702,441	1.12 %
Total OTO	\$0	\$0	\$0	0.00 %

Program Biennium Comparison -

The 2023 biennium budget proposes an increase of 1.1%, with an increase in general fund of 11.5%. Compared to the FY 2021 base appropriation, the biennial request is a decrease of 1.9%.

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:

- 1) The Office on Aging provides meals, transportation, public education, information and assistance, long-term care ombudsman, and other services;
- 2) The 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;
- 3) The Medicaid Nursing Facility Program pays for care to Medicaid-eligible individuals in 69 Montana nursing homes;
- 4) The Protective Services Program investigates abuse, neglect, and exploitation through adult protective services social workers;
- 5) Skilled nursing facility care is provided to veterans at the 105-bed Montana Veterans Home (MVH) in Columbia Falls; the 80-bed Eastern Montana Veterans Home in Glendive; and has constructed and opened a 60-bed Southwest Montana Veterans Home (SWMVH) in Butte.
- 6) 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) ; 53-1-02 , 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). 6

Program Highlights

SLTC Major Budget Highlights
<ul style="list-style-type: none"> • The proposed budget includes growth over the biennium of 1.1% in all funds and 11.5% general fund • General fund growth is driven by a number of proposed funding shifts in Medicaid from state special and federal fund authority
Legislative Action Items
<ul style="list-style-type: none"> • The legislature may wish to review provider rate increases made by SLTC in the 2021 biennium interim

Program Actuals and Budget Comparison

The following table compares FY 2020 actual expenditures to the 2021 biennium appropriated budget and the 2023 biennium budget request by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2020	Approp. Fiscal 2020	Approp. Fiscal 2021	Request Fiscal 2022	Request Fiscal 2023
FTE	0.00	216.54	216.54	217.54	217.54
Personal Services	14,001,067	14,025,090	14,141,327	14,956,890	15,001,150
Operating Expenses	8,025,662	9,945,999	13,622,963	13,755,757	14,066,528
Equipment & Intangible Assets	10,700	31,093	31,093	31,093	31,093
Grants	13,545,820	14,253,020	14,419,338	14,419,338	14,419,338
Benefits & Claims	285,730,243	296,121,070	313,482,869	303,646,593	307,647,974
Transfers	6,555	188,150	4,000	4,000	4,000
Debt Service	74,720	121,215	76,284	91,099	91,099
Total Expenditures	\$321,394,767	\$334,685,637	\$355,777,874	\$346,904,770	\$351,261,182
General Fund	64,377,303	65,342,888	75,545,946	77,762,519	79,365,136
State/Other Special Rev. Funds	42,662,046	46,474,946	48,609,891	45,224,286	45,224,029
Federal Spec. Rev. Funds	214,355,418	222,867,803	231,622,037	223,917,965	226,672,017
Total Funds	\$321,394,767	\$334,685,637	\$355,777,874	\$346,904,770	\$351,261,182
Total Ongoing	\$321,394,767	\$334,685,637	\$355,777,874	\$346,904,770	\$351,261,182
Total OTO	\$0	\$0	\$0	\$0	\$0

Program Discussion

FY 2020 Appropriation Compared to FY 2020 Actual Expenditures

In FY 2020 SLTC expended 95.9% of its overall HB2 budget, and 98.6% of its general fund budget. The FY 2020 SLTC budget decreased by \$5.9 million during the fiscal year due to the required reduction of general fund authority associated with the COVID-19-related increased federal match for Medicaid.

FY 2020 Appropriation Compared to FY 2021 Appropriation

SLTC FY 2021 total appropriations are 6.3% higher, or \$21.1 million higher, than the FY 2020 total appropriation of \$334.7 million. This increase is due to increased authority for the Community First Choice program and increased provider rates.

Comparison of FY 2021 Legislative Budget to FY 2021 Base

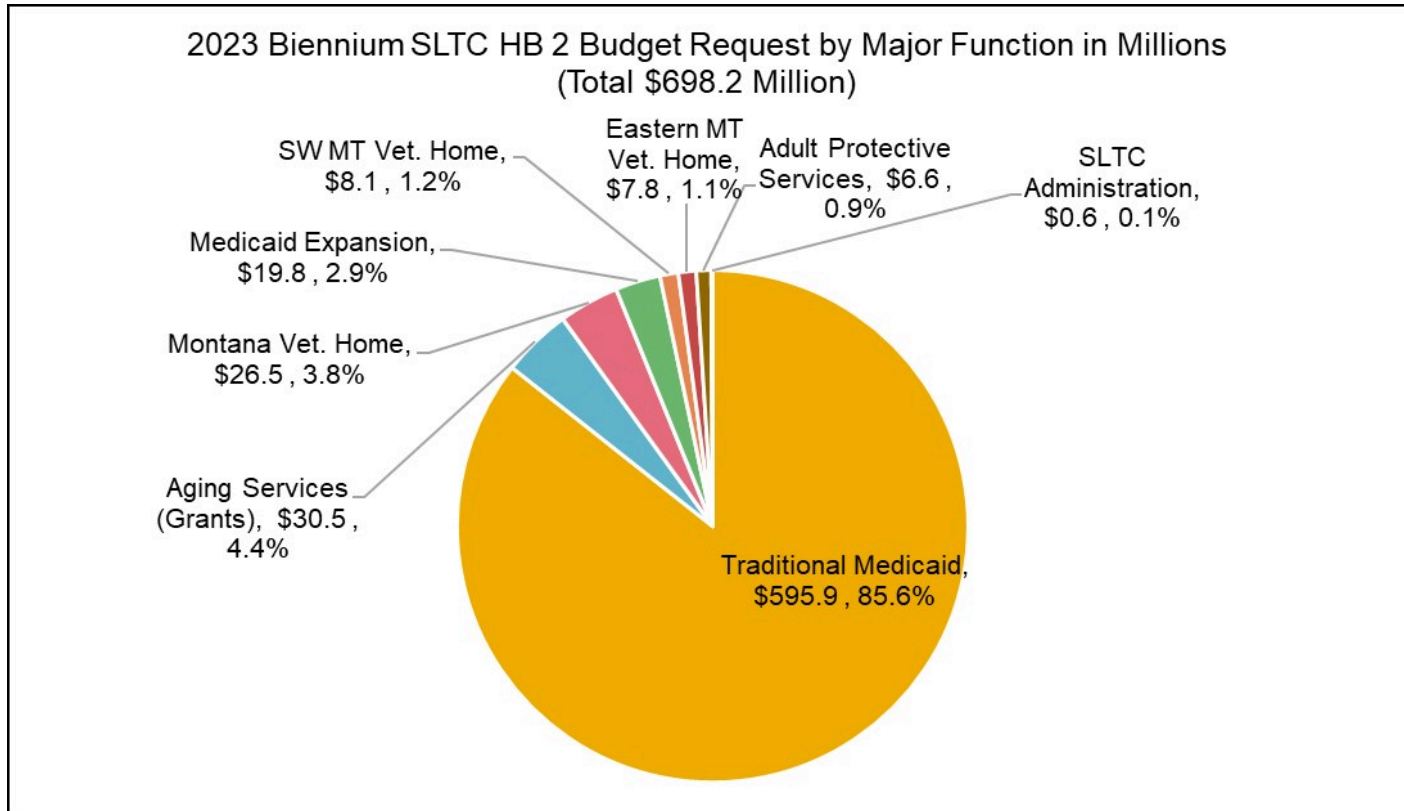
Executive modifications increased the FY 2021 budget for HRD by 3.5%, or \$11.9 million. This change was primarily due to a transfer of authority from HRD for the Community First Choice program.

Executive Request

The executive request for the SLTC 2023 biennium HB 2 budget is \$698.2 million. The requested growth in operating expenses is driven by the Veterans' Homes, in particular the Southwest Montana Veterans' home, which was in the process of opening during the interim and was budgeted for \$256,850 in operating expenses in FY 20 with expenditures of \$59,800 (including accruals). In FY 2021 SWMVH is budgeted for \$4.0 million in operating expenses. The FY 2022-23 requested budget for SWMVH is similar to the FY 21 amount: about \$8.0 million requested in operating expenses over the biennium. The requested growth in benefits and claims relative to the 2021 biennium is relatively flat at 0.3%. DPHHS did increase the budget authority for SLTC over the 2021 biennium interim: the final 2019 HB 2 budget for SLTC was \$651.7 million; this increased to \$690.5 million over the interim due to transfers of authority from other DPHHS divisions.

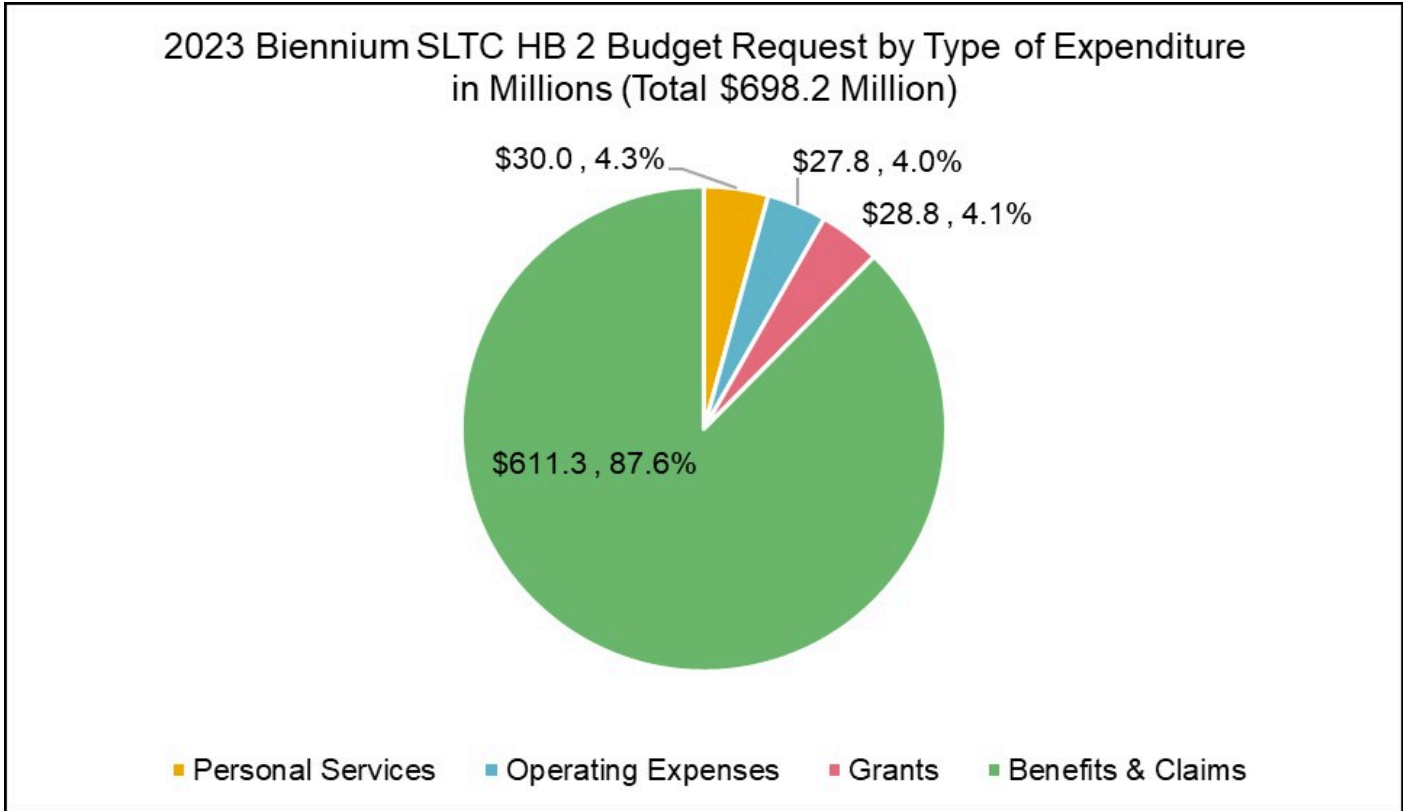
Biennium Budget by Major Function

The figure below shows the SLTC 2023 biennium budget request by major function. Appropriations for Medicaid services are the most significant budgetary item, comprising 85.6% of the 2023 biennium SLTC budget request. Note that these graphs include funding associated with Medicaid expansion which is 2.9% of the request and is funded in HB 2 going forward. Aging services are 4.4% of the request. The Montana Veterans' Home makes up 3.8%, while the Eastern Montana Veterans' Home makes up 1.1% and the Southwest Montana Veterans' Home is 1.2% of the total. Adult protective services are 0.9%, with division administration making up 0.1% of the total.



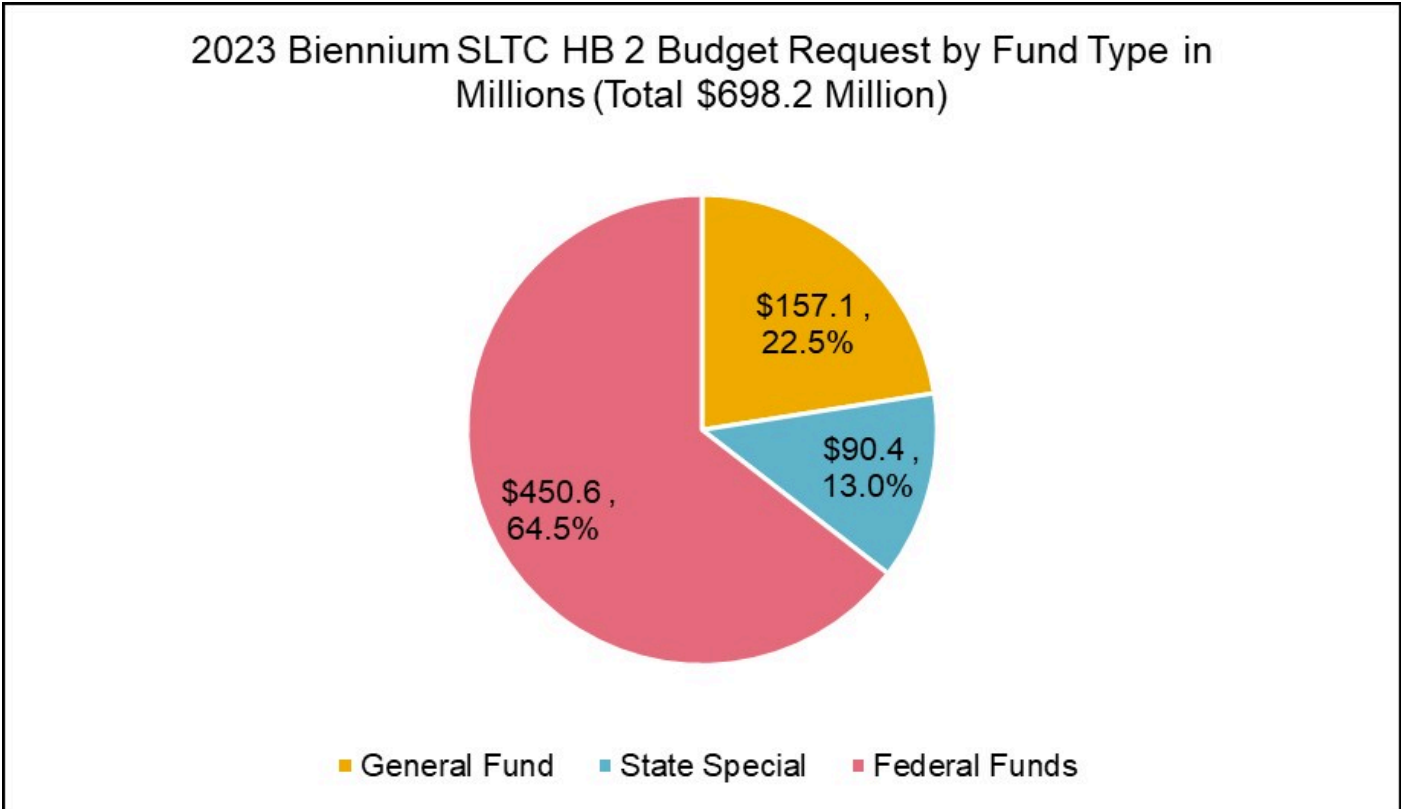
Biennium Budget by Expenditure Type

The chart below presents the SLTC 2023 biennium budget request by major expenditure. Benefits and claims, which are payments for services provided to persons who meet specific eligibility criteria, are 87.6% of the total request. Grants are 4.1% of the total and are primarily federal categorical grants for aging services. Most of these grant funds support contracts with Area Agencies on Aging to provide services such as Meals on Wheels, congregate meals, and other support services. Personal services are 4.0% of the total and fund the cost of state employees. Operating costs are 4.0%. The largest share of personal services and operating costs of the SLTC division pay for staff and operating of the Montana Veterans' Home. Equipment, debt service, and transfers combine for less than 1% of the total and are not reflected in the figure below.



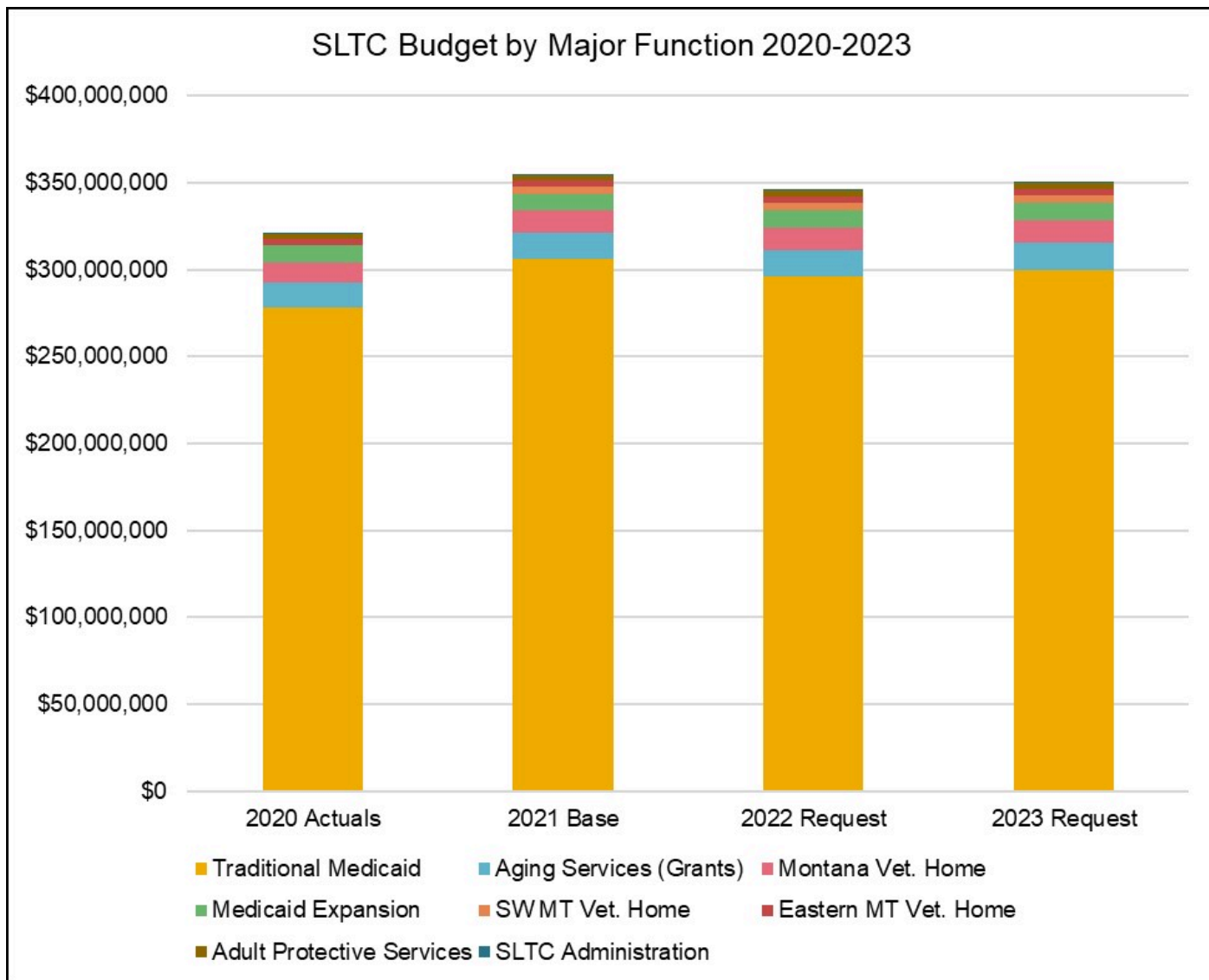
Major Funding Sources

The chart below shows the 2023 biennium budget request for SLTC by major funding source. Federal funds support 64.5% of the total and are primarily comprised of Medicaid matching funds, aging services grants, and Veterans’ Administration (VA) per diem payments for Montana veterans’ homes services. General fund comprises 22.5% of the total. The primary uses of general fund include state matching funds for Medicaid services and administration, adult protective services, and other administrative costs. State special revenue makes up 13.0% of the total and is supported by cigarette tax revenue that supports Montana veterans’ homes, and various taxes and fees that fund a portion of state Medicaid match. Funding is discussed in greater detail in the Funding section below.



SLTC Budget by Major Function: FY 2020-2023

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



As noted previously, nursing home services (including IGT payments) are the majority of Medicaid services expenditures for the division. For the most part, the other Medicaid services support the ability of persons to live in home and community settings while receiving services who might otherwise be served in facility-based care. The DPHHS-projected FY 2021 SLTC expenditure is \$348.1 million. More detail on Medicaid services in SLTC will be available during the Section B Subcommittee process.

Community First Choice and Home-Based Services

The 2013 Legislature approved the executive request to implement Community First Choice (CFC), a new optional Medicaid service. Prior to FY 2014, most Medicaid funded personal care services were provided in the home-based services category but shifted to the CFC program. CFC has an enhanced federal match, which is 6 percentage points above a state’s regular federal Medicaid match rate.

In addition to provision of personal care, CFC requires developing a person-centered service plan, including an emergency contact/response component in the plan, establishing and maintaining a comprehensive continuous quality assurance system specifically for the CFC benefit, collecting and reporting information for federal oversight, and completing an evaluation of the program. The CFC program grew significantly over the 2021 biennium. More detail on CFC will be available during the Section B Subcommittee process.

The Big Sky Waiver

The Big Sky Home and Community Based Services Program/Waiver, as defined by DPHHS: “allows people, who would otherwise be institutionalized, to live in their own home and community. The services are made available through the Department of Public Health & Human Services (DPHHS) and the Senior and Long-Term Care Division (SLTC).” More detail on the Big Sky Waiver will be available during the Section B Subcommittee process.

The 2023 DPHHS biennium request for Medicaid waiver services is \$90.3 million total funds. Home and community-based waiver service providers develop an individual service plan using a case management team, including the recipient. The service plan must meet the needs of the recipient and be cost effective. It is reviewed every 6 months or as the recipient's condition changes.

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

Veterans' Services

The 2023 biennium executive budget request for veterans' services totals \$42.5 million across the three Veterans' Homes. The Montana Veterans' Home (MVH) is the most significant component of the request because it is a state administered facility. The Eastern Montana Veterans' Home (EMVH) and the Southwest Montana Veterans' Home have contracted management, where the state passes through the federal VA reimbursement and some cigarette tax state special revenue. The balance of EMVH and SWMVH revenues is paid directly to the contracted manager.

Provider Rate Increases

SLTC increased certain provider rates during the interim. From the interim Children, Families, Health and Human Services HJR 50 report: “Effective May 1, 2020, the assisted living rates increased from an adjustable rate with a maximum of \$78.80 a day to a flat rate of \$104 a day. The change eliminated the previously used process of evaluating a person's level of care and adjusting the base rate to reflect the degree to which a person needed help with ADLs and other activities. Administrative rules published May 15 continued the \$104 daily rate through FY 2021.”

SLTC also adopted changes to Medicaid-funded nursing home provider rates, effective July 1, 2020. “The department adopted the rate changes, effective July 1, 2020. The basic nursing home rate is now based on two factors: a flat \$208.06 daily rate and a quality component based on two of the elements — staffing and quality — included in the 5-star rating system that CMS uses for evaluating and rating nursing homes. DPHHS is making about \$3 million available for the quality component of the funding. Each nursing home with a rating of 3 to 5 stars will receive the following quality payment in addition to the \$208 daily rate: \$3 per Medicaid bed day for 5 stars, \$2.25 per Medicaid bed day for 4 stars, and \$1.50 per Medicaid bed day for 3 stars.

5% Reduction Plan

Statute requires that agencies submit plans to reduce general fund and certain state special revenue funds by 5%. A summary of the entire 2023 biennium 5% plan submitted for this agency is in the appendix. SLTC has created a 5% reduction plan that includes a total annual savings of \$3.2 million in general fund and \$1.6 million in state special revenue. These savings are realized by reducing operating expenses, reducing contracts, reducing Area Agencies on Aging grants, and reducing Medicaid provider rates by about 3.9%.

Funding

The following table shows proposed program funding by source of authority.

Department of Public Health & Human Services, 22-Senior & Long-Term Care Funding by Source of Authority							
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	157,127,655	0	0	0	157,127,655	22.51 %	
02023 Private Ins. Medicaid Reim.-Ve	11,823,983	0	0	0	11,823,983	13.07 %	
02032 Vets-&l Lease	35,782	0	0	0	35,782	0.04 %	
02053 Medicaid IGT's	5,310,300	0	0	0	5,310,300	5.87 %	
02260 Cigarette Tax Revenue	10,036,880	0	0	0	10,036,880	11.10 %	
02497 6901-Lien & Estate - SLTCD	2,329,026	0	0	0	2,329,026	2.58 %	
02772 Tobacco Hlth and Medicaid Init	23,059,140	0	0	0	23,059,140	25.49 %	
02783 6901-Traumatic Brain Injury Dn	8,216	0	0	0	8,216	0.01 %	
02959 EMVH Clinic Rent	67,318	0	0	0	67,318	0.07 %	
02987 Tobacco Interest	2,287,224	0	0	0	2,287,224	2.53 %	
02990 69010-Nursing Home Utilization	33,994,276	0	0	0	33,994,276	37.58 %	
02367 Older Montanans Trust Distrib	1,496,170	0	0	0	1,496,170	1.65 %	
State Special Total	\$90,448,315	\$0	\$0	\$0	\$90,448,315	12.96 %	
03279 SLTC Lifespan Respite	200,196	0	0	0	200,196	0.04 %	
03579 93.667 - SSBG - Benefits	745,686	0	0	0	745,686	0.17 %	
03580 6901-93.778 - Med Adm 50%	3,369,202	0	0	0	3,369,202	0.75 %	
03583 93.778 - Med Ben FMAP	389,231,484	0	0	0	389,231,484	86.38 %	
03666 Aging - Caregiver III-E	1,755,775	0	0	0	1,755,775	0.39 %	
03350 Aging-SHIP-ACL	701,866	0	0	0	701,866	0.16 %	
03368 MIPPA CMS - SHIP	0	0	0	0	0	0.00 %	
03372 MIPPA CMS - ADRC	0	0	0	0	0	0.00 %	
03381 MIPPA CMS - AAA	0	0	0	0	0	0.00 %	
03456 69010-AOA Aging One-Stop Shop	2	0	0	0	2	0.00 %	
03501 64.014 - Vets St. Domic Care 1	361,386	0	0	0	361,386	0.08 %	
03512 MFP Demonstration Grant	791,814	0	0	0	791,814	0.18 %	
03514 10.570 - Elderly Feeding 100%	1,983,408	0	0	0	1,983,408	0.44 %	
03515 93.041 - Elder Abuse Prev 100%	40,296	0	0	0	40,296	0.01 %	
03516 93.042 - Ombudsman Activity 10	167,950	0	0	0	167,950	0.04 %	
03517 93.043 - Preventive Hlth 100%	238,704	0	0	0	238,704	0.05 %	
03518 93.044 - Aging Sup S & Train 1	4,251,208	0	0	0	4,251,208	0.94 %	
03519 93.045 - Aging Meals 100%	5,133,780	0	0	0	5,133,780	1.14 %	
03005 EMVH V-A Nursing Reimbursement	7,460,588	0	0	0	7,460,588	1.66 %	
03073 Aging - Farmers Market	217,696	0	0	0	217,696	0.05 %	
03074 Aging - Nutrition Services HDM	2,522,780	0	0	0	2,522,780	0.56 %	
03112 Vets-V.A. Reimb	10,496,682	0	0	0	10,496,682	2.33 %	
03116 Nursing Home Civil Penalties	643,000	0	0	0	643,000	0.14 %	
03974 Medicaid Exp HELP Act Admin	0	0	0	0	0	0.00 %	
03975 Medicaid Exp HELP Act Benefit	18,065,955	0	0	0	18,065,955	4.01 %	
03141 MBCC_Financial Exploitation	0	0	0	0	0	0.00 %	
03157 Alzheimer's Initiative SSS	0	0	0	0	0	0.00 %	
03277 Lifespan Respite Expansion	0	0	0	0	0	0.00 %	
03361 ACL State Grant for APS System	0	0	0	0	0	0.00 %	
03683 ADRC COVID	0	0	0	0	0	0.00 %	
03976 SWMVH Vets VA reimbursement	2,210,524	0	0	0	2,210,524	0.49 %	
Federal Special Total	\$450,589,982	\$0	\$0	\$0	\$450,589,982	64.54 %	
Proprietary Total	\$0	\$0	\$0	\$0	\$0	0.00 %	
Total All Funds	\$698,165,952	\$0	\$0	\$0	\$698,165,952		

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

The general fund supports:

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

General fund expenditures can increase due to:

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

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

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

State special revenue sources are used to fund the Montana veterans' homes including:

- Cigarette taxes
- Payments for facility services

Nursing Home Utilization Fee

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

Cigarette Tax Revenue

By statute, 8.3% of cigarette taxes collected are deposited into a state special revenue account for support of veterans' nursing home costs at state operated veterans' homes. Statute requires that funds in excess of \$2.0 million in the veterans' portion of the cigarette tax revenue be transferred to the general fund at the end of the fiscal year. Cigarette taxes are a declining revenue source. As of late November 2020 this fund had a balance of \$2.9 million. Services supported by the cigarette tax include:

- Operational costs of Montana veterans' homes
- Indirect administrative costs of DPHHS
- Long-range building projects

Program Budget Summary by Category

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

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2022	Budget Fiscal 2023	Biennium Fiscal 22-23	Percent of Budget	Budget Fiscal 2022	Budget Fiscal 2023	Biennium Fiscal 22-23	Percent of Budget
2021 Base Budget	75,545,946	75,545,946	151,091,892	96.16 %	355,777,874	355,777,874	711,555,748	101.92 %
SWPL Adjustments	354,611	367,392	722,003	0.46 %	464,375	499,252	963,627	0.14 %
PL Adjustments	1,861,962	3,451,798	5,313,760	3.38 %	(9,337,479)	(5,015,944)	(14,353,423)	(2.06)%
New Proposals	0	0	0	0.00 %	0	0	0	0.00 %
Total Budget	\$77,762,519	\$79,365,136	\$157,127,655		\$346,904,770	\$351,261,182	\$698,165,952	

Present Law Adjustments

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

Present Law Adjustments										
	-----Fiscal 2022-----					-----Fiscal 2023-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	364,848	(27,328)	122,374	459,894	0.00	373,812	(44,618)	160,959	490,153
DP 2 - Fixed Costs	0.00	0	12,334	4,531	16,865	0.00	0	12,334	4,531	16,865
DP 3 - Inflation Deflation	0.00	(10,237)	(27)	(2,120)	(12,384)	0.00	(6,420)	(17)	(1,329)	(7,766)
DP 22002 - Overtime-Holiday-Differential-MVH	0.00	0	210,921	70,306	281,227	0.00	0	221,382	73,794	295,176
DP 22004 - MVH Per Diem Request - SLTC	0.00	0	0	(223,395)	(223,395)	0.00	0	0	5,006	5,006
DP 22005 - EMVH Per Diem Request - SLTC	0.00	0	0	440,965	440,965	0.00	0	0	518,769	518,769
DP 22006 - Medicaid Fund Switch	0.00	851,852	(851,852)	0	0	0.00	851,852	(851,852)	0	0
DP 22891 - Med Exp Core SLTC	0.00	72,296	0	650,664	722,960	0.00	79,701	0	717,313	797,014
DP 22893 - Med Exp Fed SLTC	0.00	0	0	(39,943)	(39,943)	0.00	0	0	(39,943)	(39,943)
DP 22991 - Med Core SLTC	0.00	(1,657,097)	0	(2,921,697)	(4,578,794)	0.00	(393,137)	0	(264,970)	(658,107)
DP 22992 - Med Waiver SLTC	0.00	687,548	0	1,277,436	1,964,984	0.00	689,710	0	1,275,274	1,964,984
DP 22993 - Med Federal SLTC	0.00	0	0	(68,323)	(68,323)	0.00	0	0	(61,685)	(61,685)
DP 22994 - Med Other SLTC	0.00	(49,708)	(2,692,514)	(5,094,938)	(7,837,160)	0.00	(49,864)	(2,700,978)	(5,086,316)	(7,837,158)
DP 22996 - Med Core FMAP SLTC	0.00	1,766,536	0	(1,766,536)	0	0.00	2,011,992	0	(2,011,992)	0
DP 22997 - Med Waiver FMAP SLTC	0.00	(71,765)	0	71,765	0	0.00	(24,285)	0	24,285	0
DP 22998 - Med Other FMAP SLTC	0.00	262,300	(37,139)	(225,161)	0	0.00	285,829	(22,113)	(263,716)	0
Grand Total All Present Law Adjustments	0.00	\$2,216,573	(\$3,385,605)	(\$7,704,072)	(\$8,873,104)	0.00	\$3,819,190	(\$3,385,862)	(\$4,950,020)	(\$4,516,692)

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

DP 1 - Personal Services -

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

- Expected changes

- Personal services management decisions
- Modifications made to the personal services budget in the 2021 biennium

DP 2 - Fixed Costs -

Fixed costs are fees charged to agencies for a variety of services provided by other state agencies. The executive requests adjustments in fixed costs. Examples include: warrant writer, motor pool, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 3 - Inflation Deflation -

The executive requests adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include food, postage, gasoline, and others.

DP 22002 - Overtime-Holiday-Differential-MVH -

The executive requests a present law adjustment to maintain existing services for the Montana Veterans' Home in the Senior and Long-Term Care Division. This change package requests \$576,403 in total funds for the biennium. The increase is intended to fund overtime to maintain required staffing levels at this 24/7 acute services facility in addition to what is funded in SWPL 1. This change package requests an increase of \$432,303 in state special revenue and \$144,100 in federal funds for the biennium.

DP 22004 - MVH Per Diem Request - SLTC -

The executive requests a present law adjustment to federal authority for the federal Veterans Administration per diem rates that will be reimbursed for the nursing facility days of care at the Montana Veterans Home (MVH) in the Senior and Long-Term Care Division in the 2023 biennium. The VA per diem rate increases effective October 1st of each year. This change package requests a federal funds reduction of \$223,395 in FY 2022 and an increase of \$5,006 in FY 2023.

DP 22005 - EMVH Per Diem Request - SLTC -

The executive requests a present law adjustment to federal authority for the federal Veterans Administration per diem rates that will be reimbursed for the nursing facility days of care at the Eastern Montana Veterans Home (EMVH) in the Senior and Long-Term Care Division in the 2023 biennium. The VA per diem rate increases effective October 1st of each year. This change package requests an increase in federal funds of \$440,965 in FY 2022 and \$518,769 in FY 2023.

DP 22006 - Medicaid Fund Switch -

The executive requests a present law change package which reduces state special expenditures by \$851,852 each year of the biennium with an offsetting increase in general fund to align appropriation with anticipated expenditures.

DP 22891 - Med Exp Core SLTC -

The executive requests a present law adjustment for caseload growth in the Senior and Long-Term Care Division to cover anticipated increase in the number of eligible individuals, utilization, acuity levels, and cost per service for medical care. This change package requests an increase of \$1,519,974 in total funds for the biennium. The biennial funding is \$151,998 in general fund and \$1,367,976 in federal funds.

DP 22893 - Med Exp Fed SLTC -

The executive requests a present law adjustment which consists of a reduction of \$79,886 federal funds authority over the biennium. Funding is 100% federal funds.

DP 22991 - Med Core SLTC -

The executive requests a present law adjustment for caseload growth in the Senior and Long-Term Care Division to cover anticipated change in the number of eligible individuals, utilization, acuity levels, and cost per service for medical care. This change package requests a reduction of \$5,236,901 in total funds. The biennial funding is a reduction of \$1,115,620 in general fund and a reduction of \$5,236,901 in federal funds.

DP 22992 - Med Waiver SLTC -

The executive requests a present law adjustment for caseload growth in the Senior and Long-Term Care Division to cover anticipated increase in the number of eligible individuals, utilization, acuity levels, and cost per service for medical care. This change package requests an increase of \$3,929,968 in total funds. The biennial funding is \$1,351,909 in general fund and \$2,578,059 in federal funds.

DP 22993 - Med Federal SLTC -

The executive requests a present law adjustment for caseload growth in the Senior and Long-Term Care Division to cover anticipated change in the number of eligible individuals, utilization, acuity levels, and cost per service for medical care. This change package requests a reduction of \$130,008 in total funds for the biennium. The program is funded with 100% federal funds.

DP 22994 - Med Other SLTC -

The executive requests a present law adjustment in the Community Services Bureau Direct Care Wage and Health Care for Health Care Workers program and the Medicaid Intergovernmental Transfer (IGT) program in the Senior and Long-Term Care Division. The change package requests a reduction in total funds of \$15,674,320. The biennial funding is a reduction in state special revenue of \$5,294,226, and a reduction in federal funds of \$10,380,094.

DP 22996 - Med Core FMAP SLTC -

The executive requests a present law adjustment to maintain existing services for the Nursing Facility and Home-Based programs in the Senior and Long-Term Care Division. This change package requests a general fund increase of \$1,766,536 in FY 2022 and \$2,011,992 in FY 2023 with offsetting federal fund adjustments for each year. The total cost for the program does not change.

DP 22997 - Med Waiver FMAP SLTC -

The executive requests a present law adjustment in the Medicaid waiver program in the Senior and Long-Term Care Division. This change package requests a reduction in general fund of \$71,765 in FY 2022 and \$24,285 in FY 2023 with offsetting federal fund adjustments for each year. The total cost for the program does not change.

DP 22998 - Med Other FMAP SLTC -

The executive requests a present law adjustment in the Community First Choice Direct Care Wage and Health Care for Health Care Workers program and the Intergovernmental Transfer program in the Senior and Long-Term Care Division. This change package requests an increase in general fund of \$262,300 in FY 2022 and \$285,829 in FY 2023 with offsetting reductions in state special revenue of \$37,139 in FY 2022 and \$22,113 in FY 2023 and in federal funds of \$225,161 in FY

2022 and \$263,716 in FY 2023. The total cost for the program does not change.

New Proposals

The New Proposals table shows new changes to spending

New Proposals	-----Fiscal 2022-----					-----Fiscal 2023-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 22001 - SW MT Veterans Home FTE	1.00	0	0	0	0	1.00	0	0	0	0
Total	1.00	\$0	\$0	\$0	\$0	1.00	\$0	\$0	\$0	\$0

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

DP 22001 - SW MT Veterans Home FTE -

The executive requests 1.00 FTE to serve as a full time, on-site liaison to oversee the operations of Southwest Montana Veterans Home, which will be managed by a third-party vendor. The federal Veterans Administration requires this liaison to be onsite in order to be eligible for VA funding. DPHHS currently has a modified FTE in the position but needs a permanent FTE to fulfill the VA requirements. There is no net additional cost to fund the permanent position.

Program Biennium Comparison

The following table compares the 2021 biennium appropriated budget and the 2023 biennium budget request by type of expenditure and source of funding.

Program Biennium Comparison				
Budget Item	Appropriated Budget 20-21	Requested Budget 22-23	Biennium Change	Biennium % Change
Personal Services	9,429,992	9,733,762	303,770	3.22 %
Operating Expenses	7,265,441	7,500,998	235,557	3.24 %
Equipment & Intangible Assets	220,000	150,000	(70,000)	(31.82)%
Local Assistance	0	10,000,000	10,000,000	0.00 %
Grants	36,666,056	35,838,004	(828,052)	(2.26)%
Benefits & Claims	116,717,017	117,759,654	1,042,637	0.89 %
Transfers	10,000	10,000	0	0.00 %
Debt Service	14,462	0	(14,462)	(100.00)%
Total Expenditures	\$170,322,968	\$180,992,418	\$10,669,450	6.26 %
General Fund	26,600,951	36,503,542	9,902,591	37.23 %
State/Other Special Rev. Funds	8,210,235	8,625,355	415,120	5.06 %
Federal Spec. Rev. Funds	135,511,782	135,863,521	351,739	0.26 %
Total Funds	\$170,322,968	\$180,992,418	\$10,669,450	6.26 %
Total Ongoing	\$170,322,968	\$180,992,418	\$10,669,450	6.26 %
Total OTO	\$0	\$0	\$0	0.00 %

Program Biennium Comparison -

The biennium comparison table shows a total growth of 6.3%. This division is new as the result of an agency reorganization, so the growth is calculated as compared to the budget that was transferred in from other programs and established in the interim.

Program Description

The Early Childhood and Family Support Division (ECFS) was created by an agency reorganization in 2020 that transferred several programs into the newly formed division. ECFS is led by an administrator and a senior team, comprised of bureau chiefs and program managers. The three primary bureaus are:

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

In addition to the three bureaus, the No Kid Hungry project and the Children’s Trust Fund round out the senior team. The bulk of work in the Early Childhood and Family Support Division is in partnership with local community-based organizations, businesses, and clinics across the state.

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

The Family and Community Health Bureau (FCHB) provides a variety of programs targeted at improving the lives of women, infants, children, adolescents, and families. This includes universal newborn screenings and other support for parents and children through the Maternal Child Health Block Grant. Nutrition and breastfeeding support and education is provided across the state through Women, Infants, and Children Supplemental Nutrition Program (WIC). In addition, FCHB supports children with special health care needs through parent mentoring, financial assistance, and technical assistance. Other programs include reproductive health and clinical preventive services to women and men, as well as the Healthy Montana Families program that provides home visits to at risk families. The Fiscal and Operations Bureau coordinates, analyzes, implements and monitors the division budget; purchases supplies and equipment; assists with grant reporting and contracts; manages the division’s data systems, and provides internal control oversight the division.

Program Highlights

Early Childhood and Family Support Division Major Budget Highlights
<ul style="list-style-type: none"> • The Early Childhood and Family Support Division is a new division that was created as a result of a reorganization in FY 2020. This includes the transfer of \$85.2 million and 59.24 FTE from multiple divisions in DPHHS. The programs that were transferred include the Early Childhood Services Bureau (ECSB), Family and Community Health (FCH), Child Care Licensing, Individuals with Disabilities Education Act (IDEA) Part C, Children’s Trust Fund, and No Kid Hungry.

Program Actuals and Budget Comparison

The following table compares FY 2020 actual expenditures to the 2021 biennium appropriated budget and the 2023 biennium budget request by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2020	Approp. Fiscal 2020	Approp. Fiscal 2021	Request Fiscal 2022	Request Fiscal 2023
FTE	0.00	59.24	59.24	59.24	59.24
Personal Services	4,928,649	4,858,180	4,571,812	4,857,165	4,876,597
Operating Expenses	3,425,306	3,514,308	3,751,133	3,750,354	3,750,644
Equipment & Intangible Assets	81,208	145,000	75,000	75,000	75,000
Local Assistance	0	0	0	5,000,000	5,000,000
Grants	17,362,536	18,747,054	17,919,002	17,919,002	17,919,002
Benefits & Claims	47,359,604	57,837,190	58,879,827	58,879,827	58,879,827
Transfers	0	5,000	5,000	5,000	5,000
Debt Service	5,717	14,462	0	0	0
Total Expenditures	\$73,163,020	\$85,121,194	\$85,201,774	\$90,486,348	\$90,506,070
General Fund	11,733,695	13,359,180	13,241,771	18,251,771	18,251,771
State/Other Special Rev. Funds	3,480,817	4,053,840	4,156,395	4,312,498	4,312,857
Federal Spec. Rev. Funds	57,948,508	67,708,174	67,803,608	67,922,079	67,941,442
Total Funds	\$73,163,020	\$85,121,194	\$85,201,774	\$90,486,348	\$90,506,070
Total Ongoing	\$73,163,020	\$85,121,194	\$85,201,774	\$90,486,348	\$90,506,070
Total OTO	\$0	\$0	\$0	\$0	\$0

Program Discussion

FY 2020 Appropriations Compared to FY 2020 Actuals

ECFS expended 86.0% of total FY 2020 appropriation including 87.8% in general fund. This difference is primarily a result of benefits and claims, of which 81.9% of its FY 2020 appropriation was spent.

FY 2020 Appropriations Compared to FY 2021 Appropriations

ECFS FY 2021 appropriation is 0.1% higher than the FY 2020 appropriation.

FY 2021 Legislative Budget Compared to FY 2021 Base Budget

The ECFS FY 2021 base budget is \$85.2 million higher than the FY 2021 legislative budget. This is entirely the result of a reorganization within DPHHS that created this new division. The largest amount in the reorganization, \$51.8 million, came from Human and Community Services (HCS). Funding was also moved from the Public Health and Safety Division (PHSD), \$23.6 million, the Health Resources Division (HRD), \$13.2 million, and the Developmental Services Division (DSD), \$7.9 million. This included the transfer of 59.24 FTE from these divisions in DPHHS to the Addictive and Mental Disorders Division (AMDD).

5.0% Plan

Statute requires that agencies submit plans to reduce general fund and certain state special revenue funds by 5.0%. A summary of the entire 2023 biennium 5% plan can be found on the [Section B subcommittee page](#) under Tab 8 "Agency Materials".

ECFS has created a 5.0% reduction plan that includes a total savings of \$587,000 in general fund and \$173,000 in state special revenue funds. These savings are achieved through a reduction in STARS to Quality program grants and reduced services in the Special Health Genetics program. This will result in approximately 250 providers seeing a reduction in STARS to Quality incentives and support which affects the early childhood education for 700 students. In addition, the genetics program, which provides critical health screenings/testing and referrals for children and adults with genetic disorders, would see a reduction in services for metabolic testing for all newborns including referrals and follow-up services; genetic testing, consultation and services for children and adults; and neuropsychological testing and referral to providers.

Funding

The following table shows proposed program funding by source of authority.

69010 - Department Of Public Health & Human Services25-Early Childhood & Family Support Div.

Department of Public Health & Human Services, 25-Early Childhood & Family Support Div.							
Funding by Source of Authority							
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	36,503,542	0	0	0	36,503,542	19.69 %	
02089 Child Abuse & Neglect Program	312,565	0	0	0	312,565	3.62 %	
02698 69010-Prevention&Stabilization	1,665,164	0	0	0	1,665,164	19.31 %	
02765 Insurance Policies Fees SB278	2,581,790	0	0	0	2,581,790	29.93 %	
02772 Tobacco Hlth and Medicaid Init	51,338	0	0	0	51,338	0.60 %	
02773 Childrens Special Health Svc.	926,474	0	0	0	926,474	10.74 %	
02790 6901-Statewide Tobacco Sttlmnt	806,340	0	0	0	806,340	9.35 %	
02987 Tobacco Interest	1,931,030	0	0	0	1,931,030	22.39 %	
02076 PRAMS Suvey Fees	10,000	0	0	0	10,000	0.12 %	
02225 02 Indirect Activity Prog 25	340,654	0	0	0	340,654	3.95 %	
State Special Total	\$8,625,355	\$0	\$0	\$0	\$8,625,355	4.65 %	
03146 10.577 WIC BF Peer Counseling	416,580	0	0	0	416,580	0.30 %	
03236 Child Nutrition	23,123,898	0	0	0	23,123,898	16.49 %	
03246 WIC Admin	10,758,868	0	0	0	10,758,868	7.67 %	
03250 Child Care Mandatory/MOE	3,597,650	0	0	0	3,597,650	2.57 %	
03251 Child Care Admin	1,505,290	0	0	0	1,505,290	1.07 %	
03252 Child Care Matching	11,040,374	0	0	0	11,040,374	7.87 %	
03273 Primary Care Services	317,278	0	0	0	317,278	0.23 %	
03576 LAUNCH Grant	0	0	0	0	0	0.00 %	
03579 93.667 - SSBG - Benefits	6,371,346	0	0	0	6,371,346	4.54 %	
03677 6901-CACFP 10.558 & 10.560	1,620,526	0	0	0	1,620,526	1.16 %	
03690 6901-Rape Prev & Educ 93.126	712,988	0	0	0	712,988	0.51 %	
03713 6901-WIC Farmer Market 10.572	104,388	0	0	0	104,388	0.07 %	
03362 Data Integration	180,120	0	0	0	180,120	0.13 %	
03530 6901-Foster Care 93.658	2,149,146	0	0	0	2,149,146	1.53 %	
03534 93.672 - Child Abuse Challenge	493,660	0	0	0	493,660	0.35 %	
03535 WIC EBT Implementation	0	0	0	0	0	0.00 %	
03539 93.600 Headstart	259,962	0	0	0	259,962	0.19 %	
03541 State Loan Repayment Program	300,228	0	0	0	300,228	0.21 %	
03556 84.181 - Part H - Early Interv	3,221,808	0	0	0	3,221,808	2.30 %	
03026 Family Planning Title X	0	0	0	4,364,430	4,364,430	3.11 %	
03027 WIC (Women,Infants & Children)	19,758,586	0	0	0	19,758,586	14.09 %	
03031 Maternal & Child Health	4,488,560	0	0	0	4,488,560	3.20 %	
03057 Newborn Hearing Screening	504,007	0	0	0	504,007	0.36 %	
03063 Preschool Development	15,364	0	0	0	15,364	0.01 %	
03096 Discretionary Child Care	42,130,800	0	0	0	42,130,800	30.04 %	
03823 Oral Health Workforce	684,692	0	0	0	684,692	0.49 %	
03826 Healthy Montana Teen Parents 2	(254)	0	0	0	(254)	(0.00)%	
03827 Personal Resp Education Prgm	401,160	0	0	0	401,160	0.29 %	
03206 MIECHV - Service Delivery	826,090	0	0	0	826,090	0.59 %	
03417 PRAMS Pregnancy Risk Assesment	332,495	0	0	0	332,495	0.24 %	
03566 93.560 - AFDC Ben FMAP	(1,906)	0	0	0	(1,906)	(0.00)%	
03390 Healthy MT Teen Parent PHSD	0	0	0	0	0	0.00 %	
03039 WIC Infrastructure Crow Clinic	0	0	0	0	0	0.00 %	
03121 Maternal Health Innov Prgm	0	0	0	0	0	0.00 %	
03377 Preschool Development-SysGrTB	0	0	0	0	0	0.00 %	
03446 CACFP Training	0	0	0	0	0	0.00 %	
03473 Pediatric MH Care Access Prg	0	0	0	0	0	0.00 %	
03474 MT Adolescent Health Prg(MAHP)	0	0	0	0	0	0.00 %	
03525 Sexual Risk Avoidance Educatio	0	0	0	0	0	0.00 %	
03625 03 Indirect Activity Prog 25	549,817	0	0	0	549,817	0.39 %	
03804 CACFP Technology Innov Grant	0	0	0	0	0	0.00 %	
Federal Special Total	\$135,863,521	\$0	\$0	\$4,364,430	\$140,227,951	75.65 %	
Proprietary Total	\$0	\$0	\$0	\$0	\$0	0.00 %	
Total All Funds	\$180,992,418	\$0	\$0	\$4,364,430	\$185,356,848		

ECFS receives general fund, state special revenue fund, and federal special revenue fund authority. The 2023 biennium ECFS budget request is funded 19.7% general fund, 4.7% state special revenue fund, and 75.7% federal funds. The major sources of state special revenue are:

- Tobacco settlement funds and tobacco settlement trust fund interest - For additional information see the state special

69010 - Department Of Public Health & Human Services25-Early Childhood & Family Support Div.

revenue fund balance table in the DPHHS Agency Summary

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

Family Planning Title X has statutory authority of \$4.4 million. 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. of the federal Public Health Service Act and 42 CFR, Subpart A, Part 59.

Program Budget Summary by Category

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

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2022	Budget Fiscal 2023	Biennium Fiscal 22-23	Percent of Budget	Budget Fiscal 2022	Budget Fiscal 2023	Biennium Fiscal 22-23	Percent of Budget
2021 Base Budget	13,241,771	13,241,771	26,483,542	72.55 %	85,201,774	85,201,774	170,403,548	94.15 %
SWPL Adjustments	10,000	10,000	20,000	0.05 %	284,574	304,296	588,870	0.33 %
PL Adjustments	0	0	0	0.00 %	0	0	0	0.00 %
New Proposals	5,000,000	5,000,000	10,000,000	27.39 %	5,000,000	5,000,000	10,000,000	5.53 %
Total Budget	\$18,251,771	\$18,251,771	\$36,503,542		\$90,486,348	\$90,506,070	\$180,992,418	

Present Law Adjustments

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

Present Law Adjustments	-----Fiscal 2022-----					-----Fiscal 2023-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	10,000	156,103	119,250	285,353	0.00	10,000	156,462	138,323	304,785
DP 3 - Inflation Deflation	0.00	0	0	(779)	(779)	0.00	0	0	(489)	(489)
Grand Total All Present Law Adjustments	0.00	\$10,000	\$156,103	\$118,471	\$284,574	0.00	\$10,000	\$156,462	\$137,834	\$304,296

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

DP 1 - Personal Services -

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

- Formula based changes
- Personal services management decisions
- Modifications made to the personal services budget in the 2021 biennium

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DP 3 - Inflation Deflation -

The executive requests adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include food, postage, gasoline, and others.

New Proposals

The New Proposals table shows new changes to spending

New Proposals	-----Fiscal 2022-----					-----Fiscal 2023-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 25001 - Early Childhood Education (Bien)	0.00	5,000,000	0	0	5,000,000	0.00	5,000,000	0	0	5,000,000
Total	0.00	\$5,000,000	\$0	\$0	\$5,000,000	0.00	\$5,000,000	\$0	\$0	\$5,000,000

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

DP 25001 - Early Childhood Education (Bien) -

The Executive requests \$10 million in general funds for the 2023 biennium to provide early education for 4-year olds in Montana. The request is contingent on passage and approval of legislation.

Program Biennium Comparison

The following table compares the 2021 biennium appropriated budget and the 2023 biennium budget request by type of expenditure and source of funding.

Program Biennium Comparison				
Budget Item	Appropriated Budget 20-21	Requested Budget 22-23	Biennium Change	Biennium % Change
Personal Services	103,561,685	109,454,856	5,893,171	5.69%
Operating Expenses	37,184,134	36,330,758	(853,376)	(2.30)%
Equipment & Intangible Assets	212,420	284,920	72,500	34.13%
Grants	7,672,746	8,017,746	345,000	4.50%
Benefits & Claims	258,596,010	336,868,133	78,272,123	30.27%
Transfers	117,500	45,000	(72,500)	(61.70)%
Debt Service	260,617	195,533	(65,084)	(24.97)%
Total Expenditures	\$407,605,112	\$491,196,946	\$83,591,834	20.51%
General Fund	167,887,831	186,936,975	19,049,144	11.35%
State/Other Special Rev. Funds	40,595,219	49,961,875	9,366,656	23.07%
Federal Spec. Rev. Funds	199,122,062	254,298,096	55,176,034	27.71%
Total Funds	\$407,605,112	\$491,196,946	\$83,591,834	20.51%
Total Ongoing	\$407,605,112	\$491,196,946	\$83,591,834	20.51%
Total OTO	\$0	\$0	\$0	0.00%

Program Biennium Comparison -

The biennium comparison table shows a total growth of 20.5%.

Program Description

The Addictive and Mental Disorders (AMDD) 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 the federal poverty level. The division also manages three inpatient facilities: the Montana State Hospital in Warm Springs, the Montana Chemical Dependency Center in Butte, and the Montana Mental Health Nursing Care Center in Lewistown.

Statutory Authority - Mental health is in Title 53, Chapter 21, parts 1 through 7 and part 10, MCA and PL 102-321, CFR. Chemical dependency is in Title 53, Chapters 1 and 24, MCA, and Part C, Title XIX of the Social Security Act.

Program Highlights

<p>Addictive and Mental Disorders Division Major Budget Highlights</p>
<ul style="list-style-type: none"> • There is a proposed increase in benefits and claims in AMDD for the 2023 biennium of \$78.3 million ; a 30.3% increase. This request is a present law adjustment for Medicaid caseload, utilization and costs for services • There is a request to move the Suicide Prevention Program from the Directors Office to AMDD. This includes \$0.8 million in general fund and \$1.0 million in state special revenue in FY 2022 and FY 2023. There is also a request for an increase of \$1.0 million in state special revenue funds for the suicide prevention program
<p>Legislative Action Items</p>
<ul style="list-style-type: none"> • Due to timing issues regarding when the executive branch was willing to provide information, sufficient data was not available at the time of publication of this Budget Analysis to properly analyze the increased present law Medicaid caseload requested. This is especially pertinent in AMDD, where the combined present law caseload adjustment requested for both traditional Medicaid and Medicaid expansion represents a 15.5% general fund growth beyond the agency’s November 2020 projected expenditures in FY 2021. Alternately, other Medicaid divisions have a reduction in Medicaid present law requests. Without the detailed data behind the agency projections, this request is difficult to evaluate. <p>It is anticipated that prior to the Section B subcommittee meeting in January, this more detailed data will be available to staff and legislators. Legislators may want to allocate sufficient time to evaluating and fully understanding the reasons and decision points included in the total biennial increased Medicaid request for \$79.0 million, of which \$11.8 million is general fund.</p>

Program Actuals and Budget Comparison

The following table compares F Y 2020 actual expenditures to the 2021 biennium appropriated budget and the 2023 biennium budget request by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2020	Approp. Fiscal 2020	Approp. Fiscal 2021	Request Fiscal 2022	Request Fiscal 2023
FTE	0.00	741.75	741.75	742.75	742.75
Personal Services	45,751,759	51,233,745	52,327,940	54,650,179	54,804,677
Operating Expenses	22,866,062	19,775,273	17,408,861	18,163,114	18,167,644
Equipment & Intangible Assets	15,100	69,960	142,460	142,460	142,460
Grants	6,404,109	4,163,873	3,508,873	4,008,873	4,008,873
Benefits & Claims	116,288,579	129,661,141	128,934,869	164,448,196	172,419,937
Transfers	108,500	95,000	22,500	22,500	22,500
Debt Service	266,370	142,994	117,623	115,146	80,387
Total Expenditures	\$191,700,479	\$205,141,986	\$202,463,126	\$241,550,468	\$249,646,478
General Fund	73,927,762	82,137,974	85,749,857	92,890,073	94,046,902
State/Other Special Rev. Funds	18,081,317	20,082,719	20,512,500	24,417,426	25,544,449
Federal Spec. Rev. Funds	99,691,400	102,921,293	96,200,769	124,242,969	130,055,127
Total Funds	\$191,700,479	\$205,141,986	\$202,463,126	\$241,550,468	\$249,646,478
Total Ongoing	\$191,700,479	\$205,141,986	\$202,463,126	\$241,550,468	\$249,646,478
Total OTO	\$0	\$0	\$0	\$0	\$0

Program Discussion -

FY 2020 Appropriations Compared to FY 2020 Actuals

AMDD expended 93.4% of the total FY 2020 appropriation. While the majority of the unused authority was in benefits and claims, where \$13.4 million was not spent, personal services also maintained a surplus of \$5.5 million. Alternately, operating expenses and grants were overspent by a combined \$5.3 million.

FY 2020 Appropriations Compared to FY 2021 Appropriations

The FY 2021 appropriation is 1.3% lower than the FY 2020 appropriation. The largest reduction between years is in operating expenses, which are \$2.4 million lower in FY 2021.

FY 2021 Legislative Budget Compared to FY 2021 Base Budget

The AMDD FY 2021 base budget is \$0.6 million lower than the FY 2021 legislative budget.

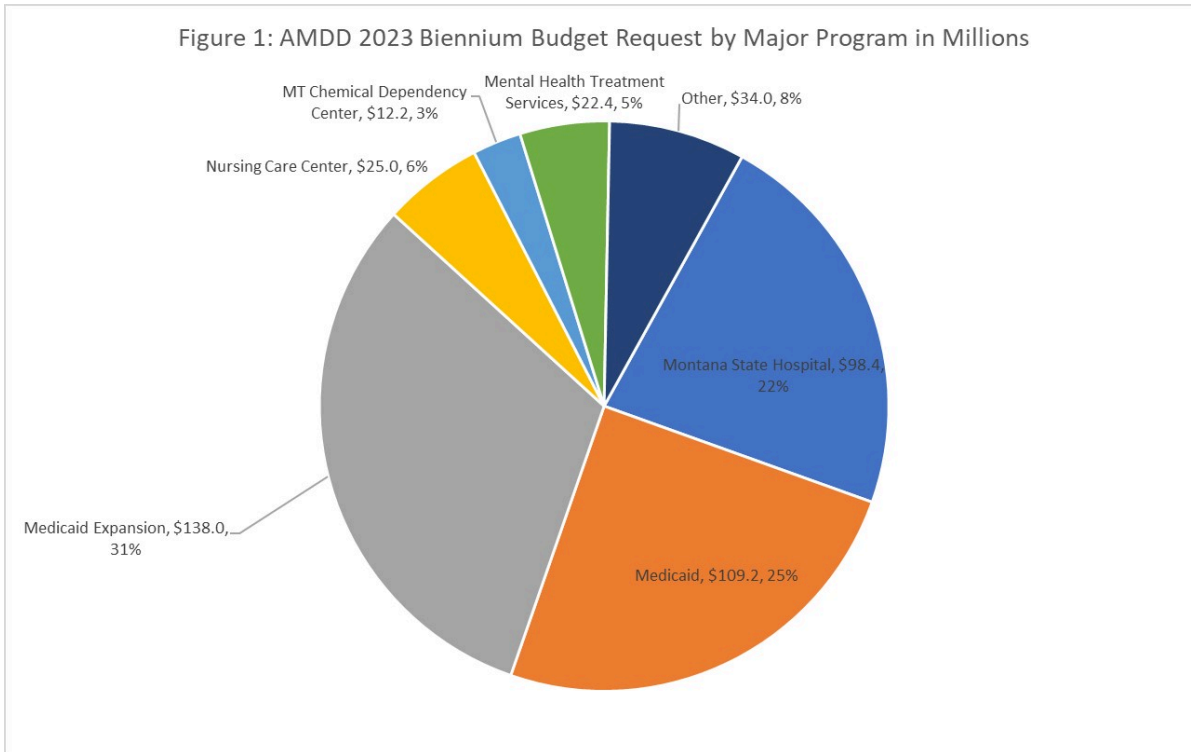
5.0% Plan

Statute requires that agencies submit plans to reduce general fund and certain state special revenue funds by 5.0%. A summary of the entire 2019 biennium 5.0% plan submitted for this agency can be found on the [Section B subcommittee page](#) under Tab 8 "Agency Materials".

AMDD has created a 5.0% reduction plan that includes a total annual savings of \$3.5 million in general fund, \$4.7 million in state special revenue, and \$3.5 million in federal revenue. These savings would be realized by reducing operating costs, personal services, and the provider rate. The primary impact to both the Montana State Hospital (MSH) and the Montana Mental Health Nursing Care Center (MMHNCC) would be to reduce the populations to achieve reductions. A decrease in provider rates could result in less providers within the Medicaid network and an overall reduction in services and access to behavioral health services for Medicaid members.

AMDD Program Budget

Figure 1 shows the major programs administered by AMDD. Medicaid Expansion is the largest portion of the budget request at 31%, followed by Medicaid 25%, MSH at 22%, and the AMDD waiver at 11%.



State Facility Costs

A total of 6 facilities are run by the Department of Public Health and Human Services (DPHHS). AMDD is responsible for 3 of them including:

- Montana State Hospital (MSH)
- Montana Chemical Dependency Center (MCDC)
- Montana Mental Health Nursing Care Center (MMHNCC)

The 3 AMDD facilities account for 70.2% of the proposed AMDD budget. A large portion of division general fund goes to the Montana State Hospital (MSH) and the Montana Mental Health Nursing Care Center (MMHNCC), specifically for personal services.

LFD COMMENT	Information Necessary to Complete Facilities Analysis Not Yet Received At the time of publishing, the agency had not yet responded to requests for average daily population for the majority of the facilities. It is anticipated that this information will be made available during the subcommittee process. The average daily population (ADP) for the three facilities operated by AMDD is based on FY 2020 census information provided by the department. All three facilities generate revenues. MSH and MMHNCC collect revenues from patients with insurance which can be private insurance, Medicare, Medicaid, and others. Revenues collected from insurance sources at these two facilities go to the general fund. MCDC collects revenues from insurance sources, be they public or private as well. However, these revenues go into a cost recovery state special account used to fund the facility.
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Funding

The following table shows proposed program funding by source of authority.

Department of Public Health & Human Services, 33-Addictive & Mental Disorders Div.						
Funding by Source of Authority						
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	186,936,975	0	0	0	186,936,975	37.42 %
02034 Earmarked Alcohol Funds	15,179,204	0	0	4,860,884	20,040,088	34.36 %
02384 02 Indirect Activity Prog 33	758,165	0	0	0	758,165	1.30 %
02394 Montana State Hospital Rev Acc	0	0	0	3,505,000	3,505,000	6.01 %
02598 MCDC Cost Recovery	5,865,710	0	0	0	5,865,710	10.06 %
02691 6901-MSH/DOC Maint Agreement	280,162	0	0	0	280,162	0.48 %
02772 Tobacco Hlth and Medicaid Init	22,889,872	0	0	0	22,889,872	39.24 %
02987 Tobacco Interest	3,388,762	0	0	0	3,388,762	5.81 %
02365 MTAP Transfers	1,600,000	0	0	0	1,600,000	2.74 %
02060 Medicaid Peer Support	0	0	0	0	0	0.00 %
State Special Total	\$49,961,875	\$0	\$0	\$8,365,884	\$58,327,759	11.68 %
03171 Data Infrastructure Developmnt	268,255	0	0	0	268,255	0.11 %
03580 6901-93.778 - Med Adm 50%	883,771	0	0	0	883,771	0.35 %
03582 93.778 - Med Ben 100%	0	0	0	0	0	0.00 %
03583 93.778 - Med Ben FMAP	112,738,058	0	0	0	112,738,058	44.33 %
03601 03 Indirect Activity Prog 33	545,979	0	0	0	545,979	0.21 %
03491 Tobacco Retail Inspctn Program	0	0	0	0	0	0.00 %
03505 93.150 - Mntal Hlth - Homeless	606,034	0	0	0	606,034	0.24 %
03506 93.279 - ADAD - Data Contract	0	0	0	0	0	0.00 %
03507 93.958 - Mntal Hlth - Blk Grt	1,908,919	0	0	0	1,908,919	0.75 %
03508 93.959 - ADAD - Blk Grt 100%	13,121,370	0	0	0	13,121,370	5.16 %
03974 Medicaid Exp HELP Act Admin	0	0	0	0	0	0.00 %
03975 Medicaid Exp HELP Act Benefit	124,225,710	0	0	0	124,225,710	48.85 %
03065 Opioid STR Grant	0	0	0	0	0	0.00 %
03386 SPF PFS AMDD	0	0	0	0	0	0.00 %
03538 Zero Suicide	0	0	0	0	0	0.00 %
03577 Opioid AMDD Site-Based DOC	0	0	0	0	0	0.00 %
03684 State Opioid Response Grant	0	0	0	0	0	0.00 %
03605 Emergency Mntl Disorders COVID	0	0	0	0	0	0.00 %
Federal Special Total	\$254,298,096	\$0	\$0	\$0	\$254,298,096	50.90 %
Proprietary Total	\$0	\$0	\$0	\$0	\$0	0.00 %
Total All Funds	\$491,196,946	\$0	\$0	\$8,365,884	\$499,562,830	

AMDD is funded by general fund, state special revenue funds. and federal funds. General funds are 38.1% of the total funding requested in the executive’s proposed 2023 biennium budget and are used to support:

- State adult mental health facility costs
- State Medicaid match
- Adult mental health community services
- Community chemical dependency group home services for adults with methamphetamine and other addictions

State special revenue funds account for 9.8% of the total funding requested and are used for:

- Montana chemical dependency center state facility costs
- Community chemical dependency services
- State Medicaid match for chemical dependency services

LFD The 2019 Legislature authorized a total of \$3.5 million in transfers from the Montana Telecommunications

COMMENT Access Program (MTAP). A total of \$2.0 million was transferred in FY 2021 including \$800,000 to AMDD for targeted case management. This funding was not one time only and has been included in the legislative base for the 2023 biennium and is included in the request for both years of the 2023 biennium. The executive request includes a total of \$2.0 million in MTAP transfers during both years of the 2023 biennium. However, based on the current fund balance, along with historical revenues and disbursements, the MTAP program would be over appropriated based on these amounts. For more information on the MTAP program, and the fund balance please see the Disability Employment and Transitions section of the budget analysis.

Federal funds are 52.1% of the total funding requested and are used to support a variety of programs including:

- The federal portion of Medicaid administrative and benefits costs
- The Projects for Assistance in Transition from Homelessness Program (PATH)
- Mental health block grant
- Funds to evaluate the mental health needs of nursing home residents

There is \$8.4 million in statutory funding , which accounts for 17.4% of state special revenue funds.

Program Budget Summary by Category

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

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2022	Budget Fiscal 2023	Biennium Fiscal 22-23	Percent of Budget	Budget Fiscal 2022	Budget Fiscal 2023	Biennium Fiscal 22-23	Percent of Budget
2021 Base Budget	85,749,857	85,749,857	171,499,714	91.74 %	202,463,126	202,463,126	404,926,252	82.44 %
SWPL Adjustments	1,052,294	1,160,715	2,213,009	1.18 %	1,468,798	1,593,671	3,062,469	0.62 %
PL Adjustments	5,685,700	6,734,712	12,420,412	6.64 %	36,216,322	44,188,063	80,404,385	16.37 %
New Proposals	402,222	401,618	803,840	0.43 %	1,402,222	1,401,618	2,803,840	0.57 %
Total Budget	\$92,890,073	\$94,046,902	\$186,936,975		\$241,550,468	\$249,646,478	\$491,196,946	

Present Law Adjustments

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

	Fiscal 2022					Fiscal 2023				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	1,112,242	408,921	6,533	1,527,696	0.00	1,251,319	420,483	10,996	1,682,798
DP 2 - Fixed Costs	0.00	(48,940)	2,195	0	(46,745)	0.00	(83,699)	2,195	0	(81,504)
DP 3 - Inflation Deflation	0.00	(11,008)	(1,024)	(121)	(12,153)	0.00	(6,905)	(642)	(76)	(7,623)
DP 33001 - Overtime-Holiday-Differential-MSH	0.00	432,062	0	0	432,062	0.00	432,062	0	0	432,062
DP 33002 - Overtime-Holiday-Differential-MCDC	0.00	0	74,410	0	74,410	0.00	0	74,410	0	74,410
DP 33003 - Overtime-Holiday-Differential-MMHNCC	0.00	196,523	0	0	196,523	0.00	196,523	0	0	196,523
DP 33891 - Med Exp Core AMDD	0.00	1,979,121	0	17,812,090	19,791,211	0.00	2,266,087	0	20,394,788	22,660,875
DP 33991 - Med Core AMDD	0.00	3,396,879	64,892	6,431,830	9,893,601	0.00	4,114,615	111,817	7,814,687	12,041,119
DP 33992 - Med Waiver AMDD	0.00	0	1,952,590	3,627,834	5,580,424	0.00	0	2,995,779	5,539,204	8,534,983
DP 33993 - Med Federal AMDD	0.00	0	0	248,091	248,091	0.00	0	0	248,091	248,091
DP 33996 - Med Core FMAP AMDD	0.00	(318,885)	336,770	(17,885)	0	0.00	(274,575)	340,432	(65,857)	0
DP 33997 - MED Waiver FMAP AMDD	0.00	0	66,172	(66,172)	0	0.00	0	87,475	(87,475)	0
Grand Total All Present Law Adjustments	0.00	\$6,737,994	\$2,904,926	\$28,042,200	\$37,685,120	0.00	\$7,895,427	\$4,031,949	\$33,854,358	\$45,781,734

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

DP 1 - Personal Services -

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

- Formula based changes
- Personal services management decisions
- Modifications made to the personal services budget in the 2021 biennium

DP 2 - Fixed Costs -

The request includes a reduction of \$46,745 in FY 2022 and \$81,504 in FY 2023 to provide the funding required in the budget to pay fixed costs assessed by other agencies within state government for the services they provide. Examples of fixed costs include liability and property insurance, legislative audit, warrant writer, payroll processing, and others. The rates charged for these services are approved in a separate portion of the budget.

DP 3 - Inflation Deflation -

The executive requests adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include food, postage, gasoline, and others.

DP 33001 - Overtime-Holiday-Differential-MSH -

This present law adjustment is to maintain existing services for the Montana State Hospital program in the Addictive and Mental Disorders Division. This change package requests \$864,124 in general fund for the biennium. The increase is necessary to fully fund overtime to maintain required staffing levels at this 24/7 acute services facility in addition to what is funded in SWPL 1. This service is funded with 100% general fund.

DP 33002 - Overtime-Holiday-Differential-MCDC -

This present law adjustment is to maintain existing services for the Montana Chemical Dependency program in the Addictive and Mental Disorders Division. This change package requests \$148,820 in state special revenue for the biennium. The increase is necessary to fully fund overtime to maintain required staffing levels at this 24/7 acute services facility in addition to what is funded in SWPL 1.

DP 33003 - Overtime-Holiday-Differential-MMHNCC -

This present law adjustment is to maintain existing services for the Montana Mental Health Nursing Care Center Program in the Addictive and Mental Disorders Division. The change package requests \$393,046 in general fund for the biennium. The increase is necessary to fully fund overtime and maintain required staffing levels at this 24/7 acute services facility in addition to what is funded in SWPL 1. This service is funded with 100% general fund.

DP 33891 - Med Exp Core AMDD -

This present law adjustment for Medicaid Expansion caseload growth in the Addictive and Mental Disorders Division covers the increase in the number of eligible individuals, utilization, acuity levels, and cost per service for medical care. This change package requests \$42,452,086 in total funds. The biennial funding is \$4,245,208 in general fund, and \$38,206,878 in federal funds.

DP 33991 - Med Core AMDD -

This present law adjustment for caseload growth in the Addictive and Mental Disorders Division covers the increase in the number of eligible individuals, utilization, acuity levels, and cost per service for medical care. This change package requests an increase of \$21,934,720 in total funds. The biennial funding is \$7,511,494 in general fund, \$176,709 in state special revenue, and \$14,246,517 in federal funds.

DP 33992 - Med Waiver AMDD -

This present law adjustment for caseload growth in the Addictive and Mental Disorders Division covers the increase in the number of eligible individuals, utilization, acuity levels, and cost per service for medical care. This change package requests an increase of \$14,115,407 in total funds. The biennial funding is \$4,948,3690 in state special revenue and \$9,167,038 in federal funds.

DP 33993 - Med Federal AMDD -

This present law adjustment requests an increase in federal funds of \$248,091 in FY 2022 and \$248,091 in FY 2023 to fund growth for Medicaid services within the Addictive and Mental Disorders Division. Funding is 100% federal funds.

DP 33996 - Med Core FMAP AMDD -

This present law adjustment is necessary to maintain existing services for the Medicaid Core program in the Addictive and Mental Disorders Division. This change package requests a reduction in general fund of \$318,885 in FY 2022 and \$274,575 in FY 2023 with an offsetting increase state special revenue funds of \$336,770 in FY 2022 and \$340,432 in FY 2023 as well as an offsetting reduction in federal funds of \$17,885 in FY 2022 and \$65,857 in FY 2023. The total cost for the program does not change.

DP 33997 - MED Waiver FMAP AMDD -

This present law adjustment is necessary to maintain existing services for the Medicaid Waiver program in the Addictive and Mental Disorders Division. The change package requests a state special revenue fund increase of \$66,172 in FY 2022 and \$87,475 in FY 2023 with offsetting federal fund adjustments for each year. The total cost for the program does not change.

New Proposals

The New Proposals table shows new changes to spending

New Proposals	-----Fiscal 2022-----					-----Fiscal 2023-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 33004 - Transfer Suicide Prevention Prgm from DO to AMDD	1.00	402,222	500,000	0	902,222	1.00	401,618	500,000	0	901,618
DP 33005 - Suicide Prevention	0.00	0	500,000	0	500,000	0.00	0	500,000	0	500,000
Total	1.00	\$402,222	\$1,000,000	\$0	\$1,402,222	1.00	\$401,618	\$1,000,000	\$0	\$1,401,618

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

DP 33004 - Transfer Suicide Prevention Prgm from DO to AMDD -

This proposal transfers the current Suicide Prevention budget in the Director's Office to the Addictive and Mental Disorders Division. The request moves the FY 2021 budgeted expenses of \$803,840 in general fund and \$1,000,000 in state special revenue to AMDD in FY 2022 and FY 2023. This change package is dependent on passage of proposed legislation.

DP 33005 - Suicide Prevention -

This new proposal is a request for \$500,000 state special revenue funds each year of the biennium to expand training and outreach to communities through evidenced based prevention models. These programs would be overseen by the Montana Department of Public Health and Human Services through contracts with public entities, such as Montana Public Health Institute, county public health departments, and professional associations for targeted training and technical assistance. This would be an expansion of current suicide prevention programs to focus on public health concepts, such as wellness and primary prevention.