

SB 411 / HB 387 MDC TRANSITION UPDATE

A Report Prepared for the
Legislative Finance Committee

By
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INTRODUCTION

The 2015 Legislature passed SB 411 requiring the Department of Public Health and Human Services (DPHHS) develop a plan and close the Montana Developmental Center (MDC). When SB 411 passed, there were 51 residents at MDC. The department was instructed to move most of the residents into community services by Dec. 31, 2016. A final closure date was set for June 30, 2017.

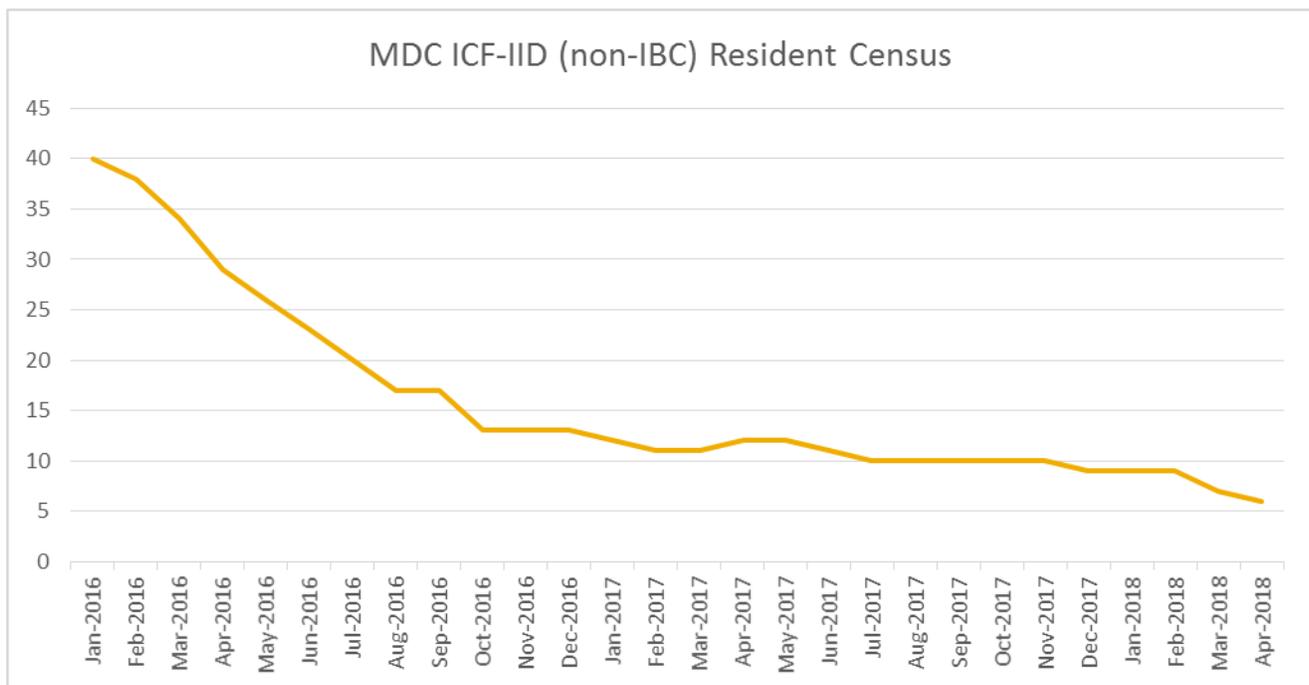
When the 2017 Legislature convened, 25 residents remained at the facility. The 2017 Legislature passed HB 387 to extend the closure date for the MDC cottages to June 30, 2019. In addition, HB 387 authorized a permanent 12-bed secure Intensive Behavior Center (IBC) at the facility. The IBC serves individuals 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.” This report is intended to provide a status update on the transition of MDC as well as a financial analysis as a result of the population transition.

CLOSURE IMPLEMENTATION STATUS

CURRENT ENROLLMENT

Montana Developmental Center is regulated as two separate entities. The part slated to close is regulated as an Intermediate Care Facility for Individuals with Intellectual Disabilities (ICF-IID). The 12 bed IBC is regulated as an Intermediate Care Facility for Developmentally Disabled (ICF-DD).

As of April 30, 2018 the total census at MDC was 17. The IBC was holding 11 of these residents. Residents in the cottages have steadily declined since the passage of HB 387, as of this writing 6 clients remain in an MDC cottage. DPHHS has reduced the cottage population by 85% since January of 2016.



Seven of the seventeen residents at MDC have been accepted into and are awaiting placement in community services. Another six have been referred, but not yet accepted for community placement.

FINANCIAL UPDATE

FACILITY FINANCIAL OVERVIEW

MDC costs per resident vary based on the population being served. ICF-IID individuals are eligible for federal funding assistance through three primary sources:

1. Medicaid federal match reimbursement;
2. Public institution reimbursements; and
3. ICF Utilization fees

Medicaid federal match reimbursements are used to cover part of the costs for benefits and claims of ICF-IID individuals. Public institution reimbursements and ICF utilization fees are federal revenues that go into the general fund.

The IBC (ICF-DD) is an institutional (secure) setting in which residents are not eligible for federal assistance. This means that after the cottages close, the entire cost of operating the IBC will be the responsibility of the state.

EXPENDITURES

The chart below shows the impact of the population transition at MDC.

MDC Cost Per Resident						
	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018 ¹
Expenditures	Actuals	Actuals	Actuals	Actuals	Actuals	Estimated
General Fund	\$15,370,378	\$14,170,627	\$14,912,043	\$16,427,658	\$12,077,846	\$9,677,026
Federal	<u>8,086,022</u>	<u>7,772,044</u>	<u>7,228,631</u>	<u>6,730,292</u>	<u>2,312,741</u>	<u>2,242,938</u>
Total	23,456,400	21,942,671	22,140,674	23,157,950	14,390,587	11,919,964
Population						
Avg. Census	58	56	53	49	26	20
FTE	253.35	250.67	250.67	192.93	192.93	144
Cost/Resident						
General Fund	265,007	253,047	281,359	335,258	464,533	483,851
Federal	<u>139,414</u>	<u>138,787</u>	<u>136,389</u>	<u>137,353</u>	<u>88,952</u>	<u>112,147</u>
Total	\$404,421	\$391,833	\$417,749	\$472,611	\$553,484	\$595,998
1 Expenditures weighted as of 5/15/2018.						

As the population of MDC has decreased, the associated costs per resident have risen. From FY 2014 to FY 2018 the average population at the facility decreased by 65.5%. However, the expenditures during that time only decreased by 49.2%. This is primarily a result of fixed costs being applied to a lower number of residents. There are also items like FTE that have been reduced, but are not as variable as the resident base. While residents have been reduced by 65.5%, the FTE have dropped by only 42.6%. There are 144 FTE at MDC, but a recent review shows that 110.35 are currently filled.

REVENUES

DPHHS receives federal revenues for public institution reimbursements and ICF utilization fees related to MDC. However, these revenues are only received for the ICF-IID (non-IBC) portion of the facility. As the ICF-IID population has decreased, so have federal revenues.

MDC Federal Revenues						
	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018 ¹
Revenues ¹	Actuals	Actuals	Actuals	Actuals	Actuals	Estimated
Public Inst. Reimb.	\$8,114,433	\$7,527,510	\$7,852,810	\$6,784,774	\$2,379,199	\$2,029,600
ICF Utilization Fee	<u>951,767</u>	<u>906,220</u>	<u>906,155</u>	<u>1,036,982</u>	<u>743,617</u>	<u>546,887</u>
Total	\$9,066,200	\$8,433,730	\$8,758,965	\$7,821,756	\$3,122,816	\$2,576,487

1 Revenues from federal reimbursements are projected to be zero beginning in FY 2020.

GENERAL FUND IMPACT

The chart below illustrates the general fund impact of the MDC transition.

MDC Transition Impact Per Resident						
	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018 ¹
General Fund Expenditure	Actuals	Actuals	Actuals	Actuals	Actuals	Estimated
General Fund	\$15,370,378	\$14,170,627	\$14,912,043	\$16,427,658	\$12,077,846	\$9,677,026
Revenues from federal sources	<u>9,066,200</u>	<u>8,433,730</u>	<u>8,758,965</u>	<u>7,821,756</u>	<u>3,122,816</u>	<u>2,576,487</u>
General Fund expenditures minus federal revenues	6,304,178	5,736,897	6,153,078	8,605,902	8,955,030	7,100,539
Federal Sources						
Federal Benefits & Claims	8,086,022	7,772,044	7,228,631	6,730,292	2,312,741	2,242,938
Revenues from federal sources	<u>9,066,200</u>	<u>8,433,730</u>	<u>8,758,965</u>	<u>7,821,756</u>	<u>3,122,816</u>	<u>2,576,487</u>
Total Federal Funding	17,152,222	16,205,774	15,987,596	14,552,048	5,435,557	4,819,425
Population						
Avg. Census	58	56	53	49	26	20
Impact/Resident						
General Fund	108,693	102,445	116,096	175,631	344,424	355,027
Federal	<u>295,728</u>	<u>289,389</u>	<u>301,653</u>	<u>296,981</u>	<u>209,060</u>	<u>240,971</u>
Total	\$404,421	\$391,833	\$417,749	\$472,611	\$553,484	\$595,998

1 Totals represent GF expenditures minus federal revenues.

2 Totals represent federal expenditures plus federal revenues.

This chart shows general fund expenditures minus the amount of federal revenues to illustrate the total general fund impact of MDC. Federal expenditures are combined with revenues from federal sources to illustrate the total amount of federal funding. The total ratio of federal vs. state dollars to serve residents at MDC is illustrated in the impact/resident at the bottom of the chart. Prior to the passage of SB 411 general funds covered an average of 26.9% of the cost to serve MDC residents. In FY 2018, the general fund is estimated to cover 59.6%. By FY 2020 state funds will cover nearly 100%.

Additional financial impacts may result from the MDC transition. All community based Medicaid waivers see turnover. Data has been requested as to whether or not MDC residents have had to return or ended up in another DPHHS or correctional setting. In addition, any impacts on community health services, local law enforcement, and additional services funded with state dollars is unknown.

DD WAIVER COMPARISON

In April of 2018 there were 17 residents at MDC with an average cost plan of \$205,171. The current FMAP is 65.38%. If one of the current residents transitioned onto a Developmentally Disabled waiver, the average cost for community placement would be paid with \$134,141 federal funds and \$71,030 general fund.

SUMMARY

DPHHS has made significant progress toward reducing the number of ICF-IID residents at MDC. The monthly census has reduced every month for the past 34 months. As the facility moves toward becoming an Intensive Behavior Center, it will rely almost completely on state funds.