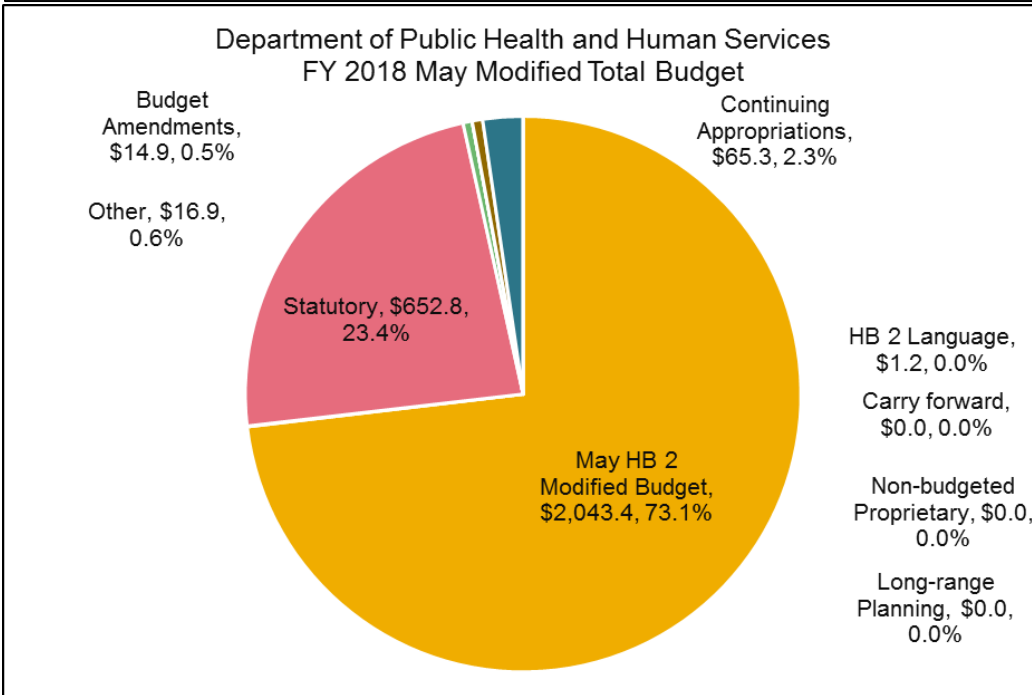
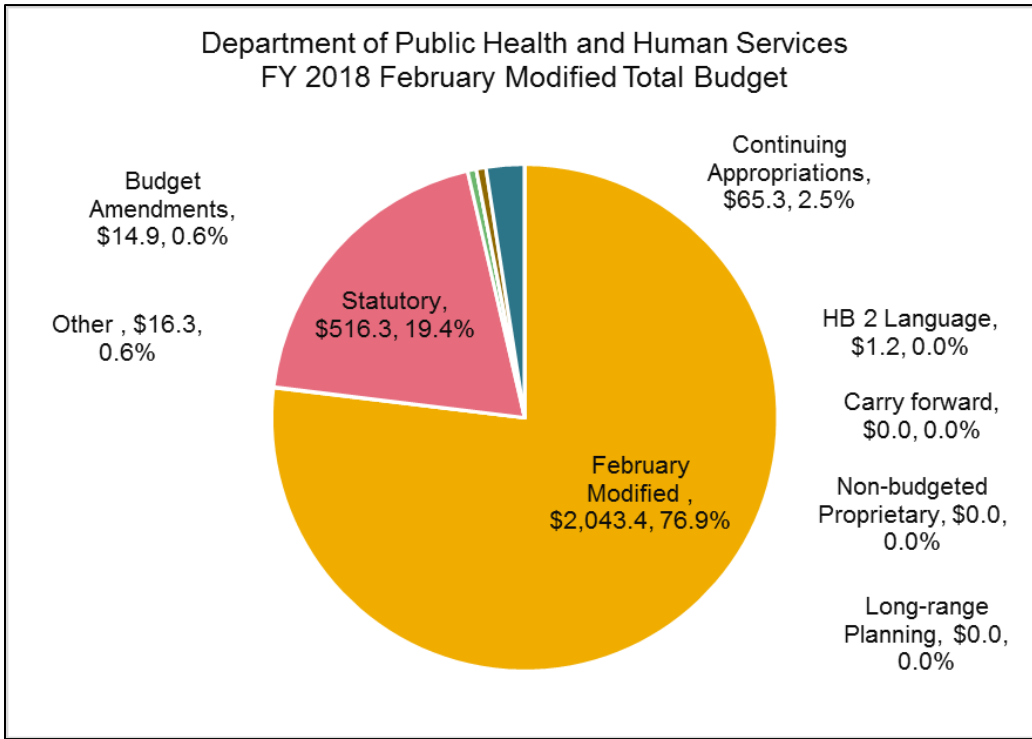


# DEPARTMENT OF PUBLIC HEALTH AND HUMAN SERVICES

## BUDGET AND EXPENDITURE HIGHLIGHTS

- The Department of Public Health and Human Services (DPHHS) is currently projecting a general fund shortfall of \$9.4 million, which is offset to some degree by a projected surplus of \$4.6 million in state special revenue for a total projected state funds shortfall of \$4.8 million
  - The areas in which DPHHS projects the largest portions of the \$9.4 million general fund shortfall are:
    - Child & Family Services Division (CFSD) administration (\$4.1 million) with the benefits and operations expenditures associated with higher child welfare caseloads as the primary driver of this projected shortfall
    - Medicaid benefits and services (\$1.6 million)
      - Medicaid hospital services expenditures are projected to be \$7.8 million higher than budgeted
      - Medicaid Managed Care expenditures are projected to be \$3.7 million higher than budgeted
      - These higher than budgeted expenditures are offset by other Medicaid categories in which spending is projected to be lower than anticipated – especially Medicaid Acute Services & Pharmacy (\$5.3 million)
      - This \$1.6 million shortfall is after the inclusion of \$5.3 million general fund of Medicaid contingency funds. Please note: not including this contingency funding would increase the size of the overall projected general fund shortfall: from \$9.4 million to \$14.7 million
      - DPHHS is projecting a surplus of \$992,907 in the Children’s Autism Program, but is indicating this surplus is legislatively restricted, which it is not. If this amount is not considered available to cover shortages in other programs the general fund Medicaid shortfall would be increased to \$2.6 million and the overall general fund shortfall increased to \$10.4 million
    - Montana State Hospital (\$1.6 million), with private contractor costs indicated as the reason expenditures are higher than budgeted
    - Child & Family Services Division foster care benefits (\$1.4 million)
    - Disability Employment & Transitions Division - Vocational Rehabilitation benefits (\$873,000), have an April modified budget of \$6.1 million. This projected shortfall is attributed to unfunded federal mandates, additional expenditures to comply with reporting requirements, and inability to control benefit costs
    - Child & Family Services Division subsidized adoption benefits (\$610,768)
- DPHHS completed several transfers of authority between its divisions in the February-May period. The majority of general fund shifted in these transactions moved from the Health Resources Division to the Child and Family Services Division (CFSD) to cover child protection and foster care expenditures. CFSD authority increased by \$5.4 million (all fund types) in the February-May period
  - The documentation for two of these transfers (which shifted a total of \$4.4 million general fund out of Medicaid in the Health Resources Division) indicates they will be reversed “once supplemental appropriation authority is available”
- DPHHS increased the statutory appropriation for the HELP Act by \$2.3 million general fund authority and \$134.2 million federal special revenue authority

# TOTAL APPROPRIATION AUTHORITY OVERVIEW



*These charts show the February total appropriation authority compared to the May total appropriation authority for the agency (Appendix B).*

In May, DPHHS budget authority for FY 2018 is 73.1% in HB 2 and 23.4% from statutory appropriations. Statutory appropriations are described by program in the next table.

## Statutory Appropriations

DPHHS Statutory Appropriations	
02 Human & Community Services	\$ 2,023,897
03 Child & Family Services	\$ 65,000
04 Directors Office	\$ 78,831
06 Business & Financial Services	\$ 156,167
07 Public Health & Safety Div	\$ 2,042,312
09 Technology Services Division	\$ 2,957,485
10 Developmental Services Div	\$ 2,500
11 Health Resources Division	\$ 586,133,602
12 Medicaid & Health Svcs Mngmt	\$ 5,805,980
22 Senior & Long Term Care Svcs	\$ 9,396,579
33 Addictive & Mental Disorders	\$ 44,112,766
<b>Total</b>	<b>\$ 652,775,119</b>

The HELP Act is the largest DPHHS program funded with statutory appropriations: \$564.1 million in FY 2018, or 86.4% of total DPHHS statutory authority. HELP Act funding is largely concentrated in three DPHHS divisions: the Health Resources Division (HRD) has \$476.0 million in statutory authority for the HELP Act, while the Senior & Long-Term Care Division has \$9.4 million and the Addictive & Mental Disorders Division has \$39.9 million in HELP Act funding.

Another large source of statutory funding is the Indian Health Service program within HRD: federal authority for the Medicaid Indian Health Service program is \$82.4 million.

Other statutory authority includes earmarked alcohol taxes (\$2.4 million), family planning (\$2.0 million), and bond payments for the Montana State Hospital (\$1.8 million).

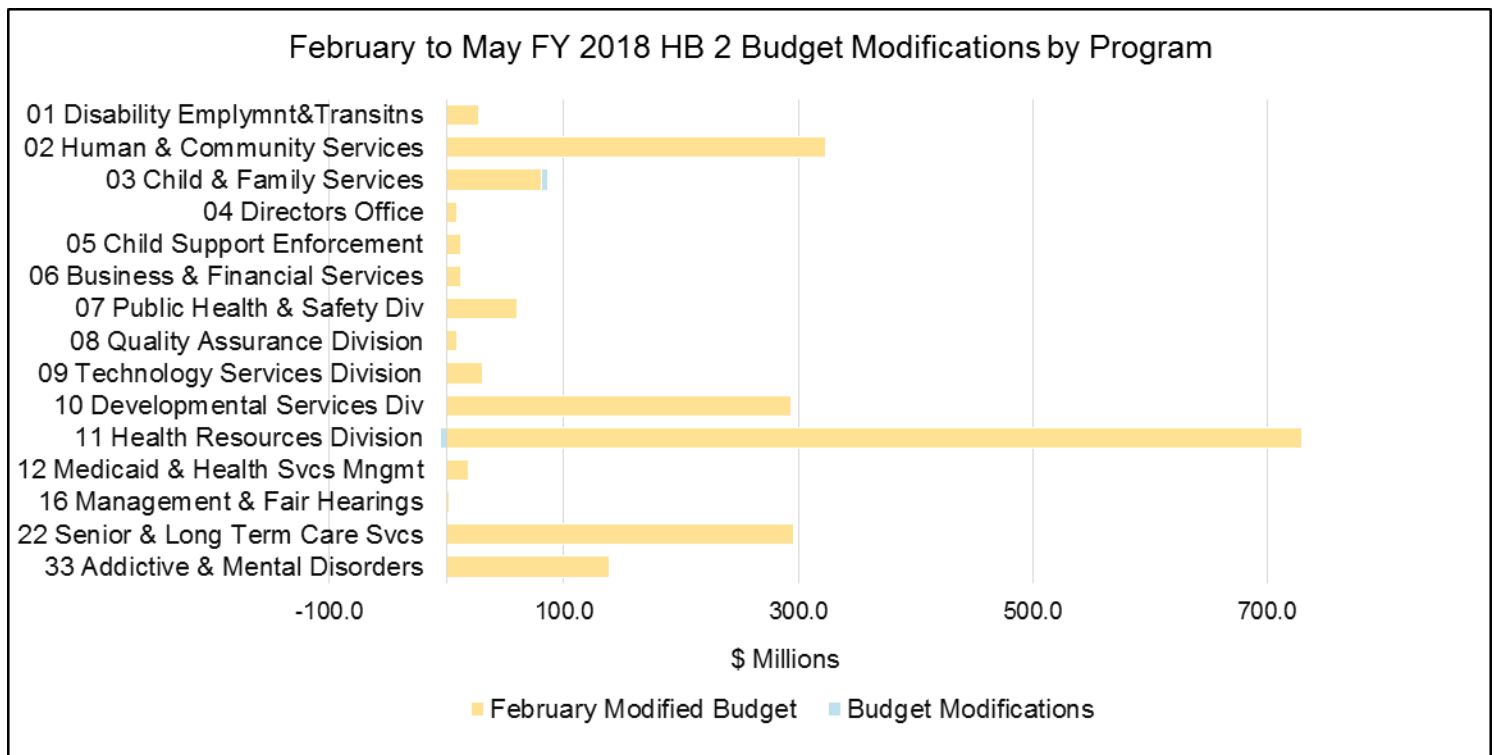
The statutory authority for the HELP Act is not limited, and the numbers reflected in the table are less than the projected expenditures at this point in time. It is expected that the department will increase those appropriations at fiscal year-end. The HELP Act is discussed in more detail in the HELP Act section of the Medicaid Monitoring Report.

## Budget Amendments

DPHHS completed only one budget amendment in the February to May period. It involved shifting \$88,452 in federal authority from grants to personal services to establish 1.5 modified FTE in the Maternal, Infant and Early Childhood Home Visiting Service Delivery Program within the Public Health and Safety Division.

# HB 2 BUDGET MODIFICATIONS

## Budget Modification by Program



Program	February Modified Budget	Modifications			May Modified Budget	Variance to Feb.
		Increases	Decreases	Total		
01 Disability Emplmnt&Transitns	27,970,511	730,000	-	730,000	28,700,511	2.6%
02 Human & Community Services	323,613,811	178,000	(418,000)	(240,000)	323,373,811	-0.1%
03 Child & Family Services	80,812,708	5,435,000	-	5,435,000	86,247,708	6.7%
04 Directors Office	8,988,846	1,041,229	(105,351)	935,878	9,924,724	10.4%
05 Child Support Enforcement	11,775,347	150,000	(1,414,505)	(1,264,505)	10,510,842	-10.7%
06 Business & Financial Services	11,841,270	40,000	(600,000)	(560,000)	11,281,270	-4.7%
07 Public Health & Safety Div	60,482,826	-	(95,000)	(95,000)	60,387,826	-0.2%
08 Quality Assurance Division	8,966,733	-	(100,000)	(100,000)	8,866,733	-1.1%
09 Technology Services Division	30,892,684	-	-	-	30,892,684	0.0%
10 Developmental Services Div	293,531,518	3,009,000	(3,009,000)	-	293,531,518	0.0%
11 Health Resources Division	729,215,414	-	(5,481,821)	(5,481,821)	723,733,593	-0.8%
12 Medicaid & Health Svcs Mngmt	18,439,731	373,427	(256,606)	116,821	18,556,552	0.6%
16 Management & Fair Hearings	1,853,402	523,627	-	523,627	2,377,029	28.3%
22 Senior & Long Term Care Svcs	295,766,389	-	-	-	295,766,389	0.0%
33 Addictive & Mental Disorders	139,289,149	3,074,000	(3,074,000)	-	139,289,149	0.0%
<b>Grand Total</b>	<b>2,043,440,339</b>	<b>14,554,283</b>	<b>(14,554,283)</b>	<b>-</b>	<b>2,043,440,339</b>	<b>0.0%</b>

*This chart and table show budget modifications by program from February through May.*

The bar graph above visually summarizes DPHHS budget modifications from February to May while the table provides the associated dollar amounts.

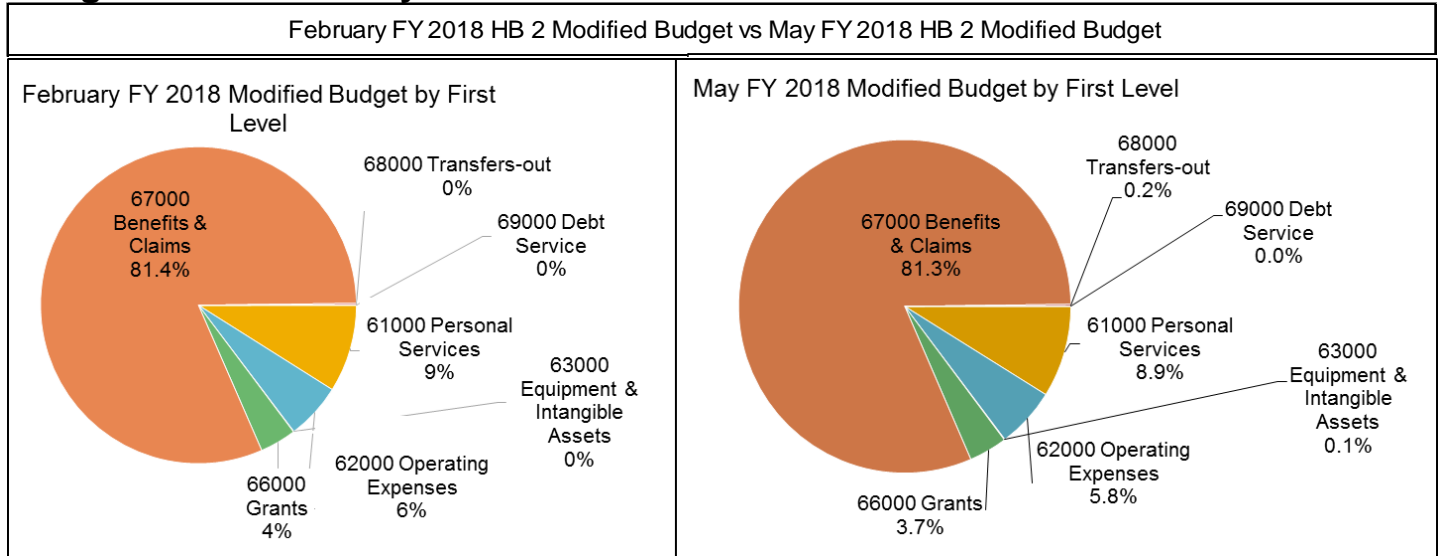
The budget modifications in the February to May period include transfers in authority across DPHHS divisions. Most notably, CFSD transferred in \$5.4 million total funds (\$4.0 million general fund) from other DPHHS divisions to cover expenditures related to foster care, adoption, and other child protective services. These expenditures are related to high child welfare caseloads.

The Health Resources Division transferred \$4.4 million general fund authority to cover expenditures at CFSD and the Vocational Rehabilitation Program in the Disability Employment and Transitions Divisions. The

supporting documents from OBPP note that these transfers are temporary and that “once supplemental appropriation authority is available, a budget change document will be submitted to reverse this transfer.”

The Child Support Enforcement Division transferred authority and FTE to the Director’s Office in a permanent reorganization intended to concentrate legal staff and associated resources in the Director’s Office.

## Budget Modification by First Level



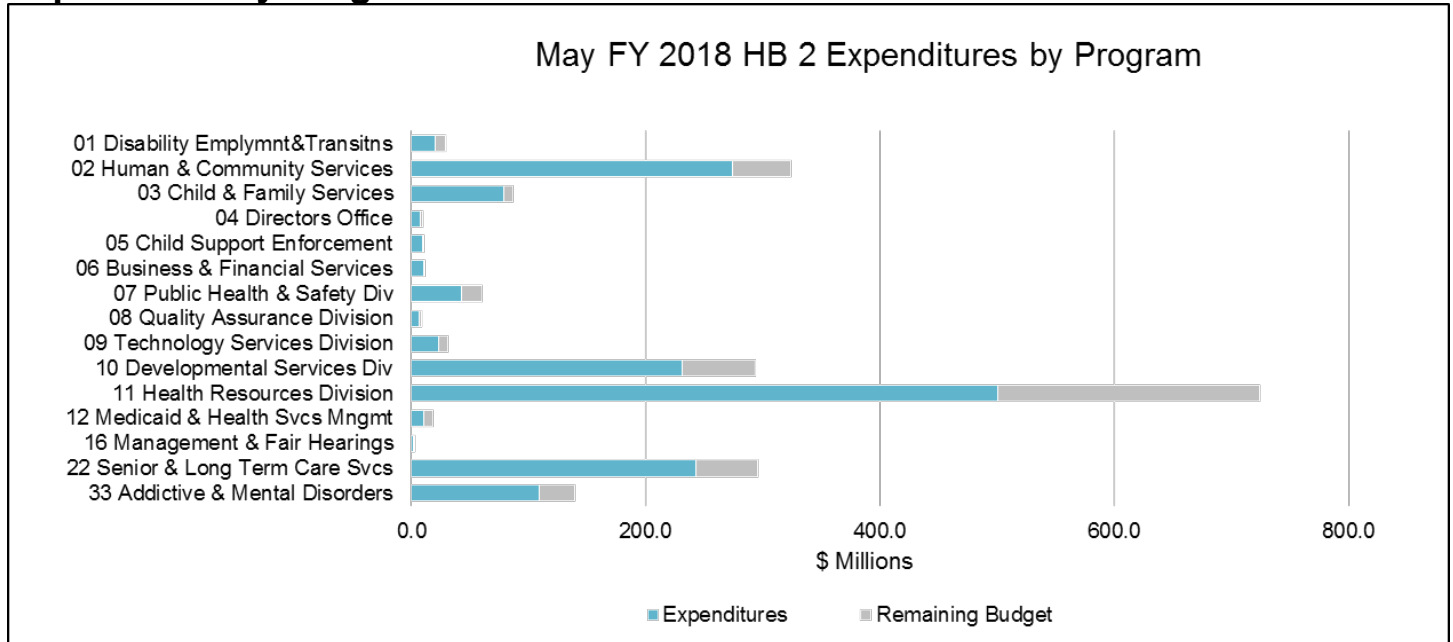
First Level	February Modified Budget	Modifications			May Modified Budget	Variance to Feb.
		Increases	Decreases	Total		
61000 Personal Services	182,573,702	3,184,959	(4,489,477)	(1,304,518)	181,269,184	-0.7%
62000 Operating Expenses	117,355,186	2,860,000	(833,556)	2,026,444	119,381,630	1.7%
63000 Equipment & Intangible Assets	1,171,721	178,000	-	178,000	1,349,721	15.2%
66000 Grants	75,751,939	184,273	(133,500)	50,773	75,802,712	0.1%
67000 Benefits & Claims	1,662,875,090	7,870,051	(9,097,750)	(1,227,699)	1,661,647,391	-0.1%
68000 Transfers-out	3,382,762	277,000	-	277,000	3,659,762	8.2%
69000 Debt Service	329,939	-	-	-	329,939	0.0%
<b>Grand Total</b>	<b>2,043,440,339</b>	<b>14,554,283</b>	<b>(14,554,283)</b>	<b>-</b>	<b>2,043,440,339</b>	<b>0.0%</b>

The above charts show HB 2 FY 2018 modified budget as of May by first level compared to February modified budget by first level.

Modifications to the DPHHS budget from the February-May period did not significantly change the distribution of first-level budget authority. The reduction in benefits and claims and increase in operating expenses are largely associated with transfers from Medicaid benefits within the Health Resources Division to child protective services within the Child and Family Services Division. Supporting documents indicate these transfers will be reversed when supplemental authority is available.

# AGENCY HB 2 EXPENDITURES

## Expenditure by Program

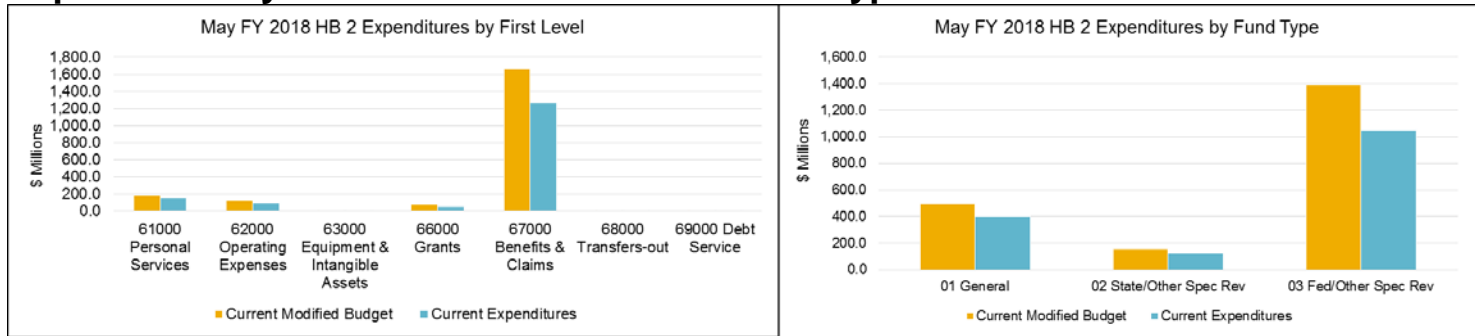


Program	May Modified Budget	Expenditures	Remaining Budget	% Expended
01 Disability Emplmnt&Transitns	28,700,511	20,458,558	8,241,953	71.3%
02 Human & Community Services	323,373,811	274,086,824	49,286,987	84.8%
03 Child & Family Services	86,247,708	78,396,428	7,851,280	90.9%
04 Directors Office	9,924,724	7,692,119	2,232,605	77.5%
05 Child Support Enforcement	10,510,842	9,329,809	1,181,033	88.8%
06 Business & Financial Services	11,281,270	10,293,577	987,693	91.2%
07 Public Health & Safety Div	60,387,826	42,862,606	17,525,220	71.0%
08 Quality Assurance Division	8,866,733	6,696,906	2,169,828	75.5%
09 Technology Services Division	30,892,684	23,644,098	7,248,586	76.5%
10 Developmental Services Div	293,531,518	231,462,471	62,069,047	78.9%
11 Health Resources Division	723,733,593	500,438,019	223,295,574	69.1%
12 Medicaid & Health Svcs Mngmt	18,556,552	10,075,490	8,481,062	54.3%
16 Management & Fair Hearings	2,377,029	1,636,424	740,605	68.8%
22 Senior & Long Term Care Svcs	295,766,389	242,750,629	53,015,760	82.1%
33 Addictive & Mental Disorders	139,289,149	109,162,977	30,126,172	78.4%
<b>Grand Total</b>	<b>2,043,440,339</b>	<b>1,568,986,934</b>	<b>474,453,405</b>	<b>76.8%</b>

*This table shows current expenditures by program and remaining authority for HB 2 budget.*

Most DPHHS divisions are well below the 91% expenditure rate that would be expected at this point in the fiscal year. Some of this lower than expected expenditure is related to a lag in Medicaid charges and payments (especially in the Health Resources Division). DPHHS divisions with low fiscal year expenditures are expected to spend the rest of their remaining budget by fiscal year end, although it is possible that some federal authority may not be spent if matching state dollars are not available. The spending rate in the Child and Family Services Division is high relative to other divisions: this is related to the high child welfare caseload levels (and corresponding higher expenditures for foster care, guardianship, adoption, and child protection workers) discussed above.

## Expenditure By First Level Account and Fund Type



May FY 2018 HB 2 Expended by First Level				May FY 2018 HB 2 Expended by Fund Type			
First Level	May Modified HB 2	Expended	% Expended	Fund Type	May Modified HB 2	Expended	% Expended
61000 Personal Services	181,269,184	150,902,379	83.2%	01 General	497,080,811	400,300,619	80.5%
62000 Operating Expenses	119,381,630	98,417,143	82.4%	02 State/Other Spec Rev	155,076,862	120,607,598	77.8%
63000 Equipment & Intangible Assets	1,349,721	25,956	1.9%	03 Fed/Other Spec Rev	1,391,282,666	1,048,078,717	75.3%
66000 Grants	75,802,712	53,447,294	70.5%	<b>Grand Total</b>	<b>2,043,440,339</b>	<b>1,568,986,934</b>	<b>76.8%</b>
67000 Benefits & Claims	1,661,647,391	1,262,487,224	76.0%				
68000 Transfers-out	3,659,762	3,475,878	95.0%				
69000 Debt Service	329,939	231,060	70.0%				
<b>Grand Total</b>	<b>2,043,440,339</b>	<b>1,568,986,934</b>	<b>76.8%</b>				

The above graphics show HB 2 modified budget compared to expenditures by first level and fund type.

## REQUIRED REPORTS

The Medicaid Monitoring and HELP Act Reports are available as a combined separate document.