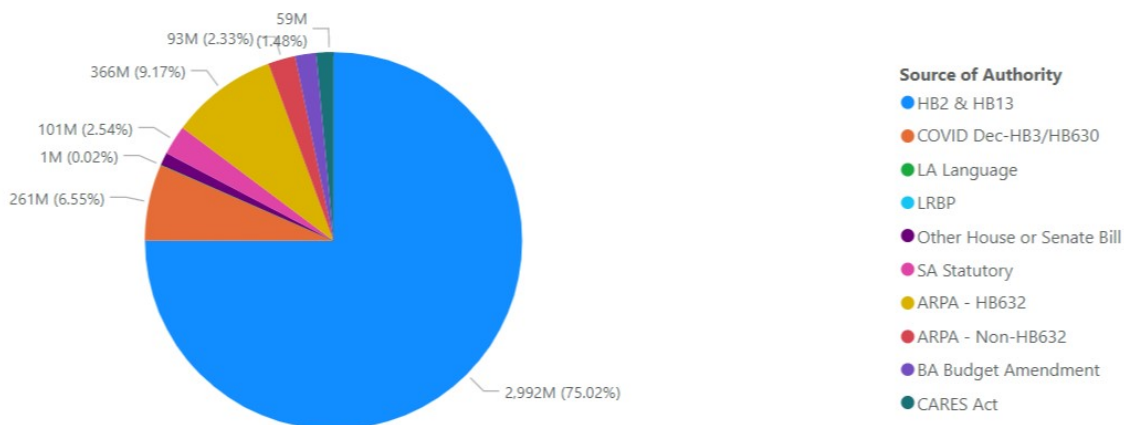


DEPARTMENT OF PUBLIC HEALTH & HUMAN SERVICES (DPHHS)

TOTAL APPROPRIATION AUTHORITY

The total appropriation authority for the agency is shown in the pie chart below. HB 2 and HB 13 provide 75.0% of the total authority for this agency. All types of appropriation authority for this agency are described below, including total budget and the percent expended by source of authority.

Total Modified Budget by Source of Authority



Source of Authority	Modified Budget	Expended Budget	Percent Expended	
HB2 & HB13	2,991,961,194	932,652,540	31.2%	<div><div></div></div>
COVID Dec-HB3/HB630	261,428,907	26,966,105	10.3%	<div><div></div></div>
LA Language	775,000			
LRBP	83,265			
Other House or Senate Bill	43,656,419	1,626,746	3.7%	<div><div></div></div>
SA Statutory	101,160,251	26,967,425	26.7%	<div><div></div></div>
ARPA - HB632	365,595,000	13,175,903	3.6%	<div><div></div></div>
ARPA - Non-HB632	93,026,726	48,565,885	52.2%	<div><div></div></div>
BA Budget Amendment	71,596,300	15,009,353	21.0%	<div><div></div></div>
CARES Act	59,120,510	23,208,715	39.3%	<div><div></div></div>
Total	3,988,403,571	1,088,172,671	27.3%	

FiscalMonth

☐ Select all

☒ Jul

☒ Aug

☒ Sep

☒ Oct

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☐ Mar

☐ Apr

☐ May

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Budget Amendments

Budget Amendment (BA) authority totaled \$71.6 million (all federal funds) as of the end of November 2021, and expenditures were \$15.0 million. The largest area of authority was indirect activity funding for the Health Information Exchange in the Technology Services Division (TSD): authority totaled \$33.5 million with expenditures of \$4.8 million. Note that BAs involving COVID-19 are categorized separately as ARPA Non-HB 632 in the graphic above and are discussed separately in the COVID-19 section below. BA authority also existed in the following divisions:

- Addictive and Mental Disorders Division (AMDD) – spending of \$4.7 million from a budget of \$17.1 million, largely on opioid response, crisis counseling, the Partnerships for Success grant, and the Zero Suicide Program
- Public Health and Safety Division (PHSD) – spending of \$2.2 million from a budget of \$10.3 million, largely on prescription drug overdose activities, diabetes/heart health/stroke activities, and epidemiology and laboratory capacity
- Early Childhood and Family Support Division (ECFSD) – spending of \$2.5 million from a budget of \$4.7 million, mostly on maternal/infant home visiting, Healthy MT Teen Parent Program, pediatric mental health care access, and the Maternal Health Innovations Program
- Child and Family Services Division (CFSD) – spending of \$183,632 from a budget of \$2.4 million on caseworker visits, the Kinship Navigator Program, and adoption incentives
- Senior and Long-Term Care Division (SLTC) – spending of \$394,527 million from a budget of \$2.4 million, mostly on elder abuse prevention, Alzheimer’s activities, adult protective services, and lifespan respite
- Health Resources Division (HRD) – spending of \$297,212 from a budget of \$1.1 million on perinatal health
- Human and Community Services Division (HCSD) - spending of \$29,936 on a budget of \$69,741 for food stamp performance bonuses, income verification, and emergency food assistance

Language

Language (LA) authority is associated with Montana Telecommunications Access Program (MTAP). As of the beginning of December 2021, none of the \$775,000 in HB 2 language authority had been expended.

Statutory Appropriations

The largest statutory appropriation in DPHHS is for the Indian Health Service component of Medicaid, which is 100.0% federal funding. As of the end of November 2021, budget authority for this program was \$94.6 million and expenditures were \$25.2 million.

Other statutory authority in DPHHS is associated with:

- Alcohol tax distributions to AMDD – budget of \$2.4 million state special revenue (SSR) with spending of \$6,244
- Title X family planning – budget of \$2.2 million federal funds with spending of \$544,624
- Montana State Hospital bond payments – budget of \$1.8 million SSR with spending of \$1.1 million
- Adoption services fees – budget of \$250,000 SSR with spending of \$48,125

Other Bills

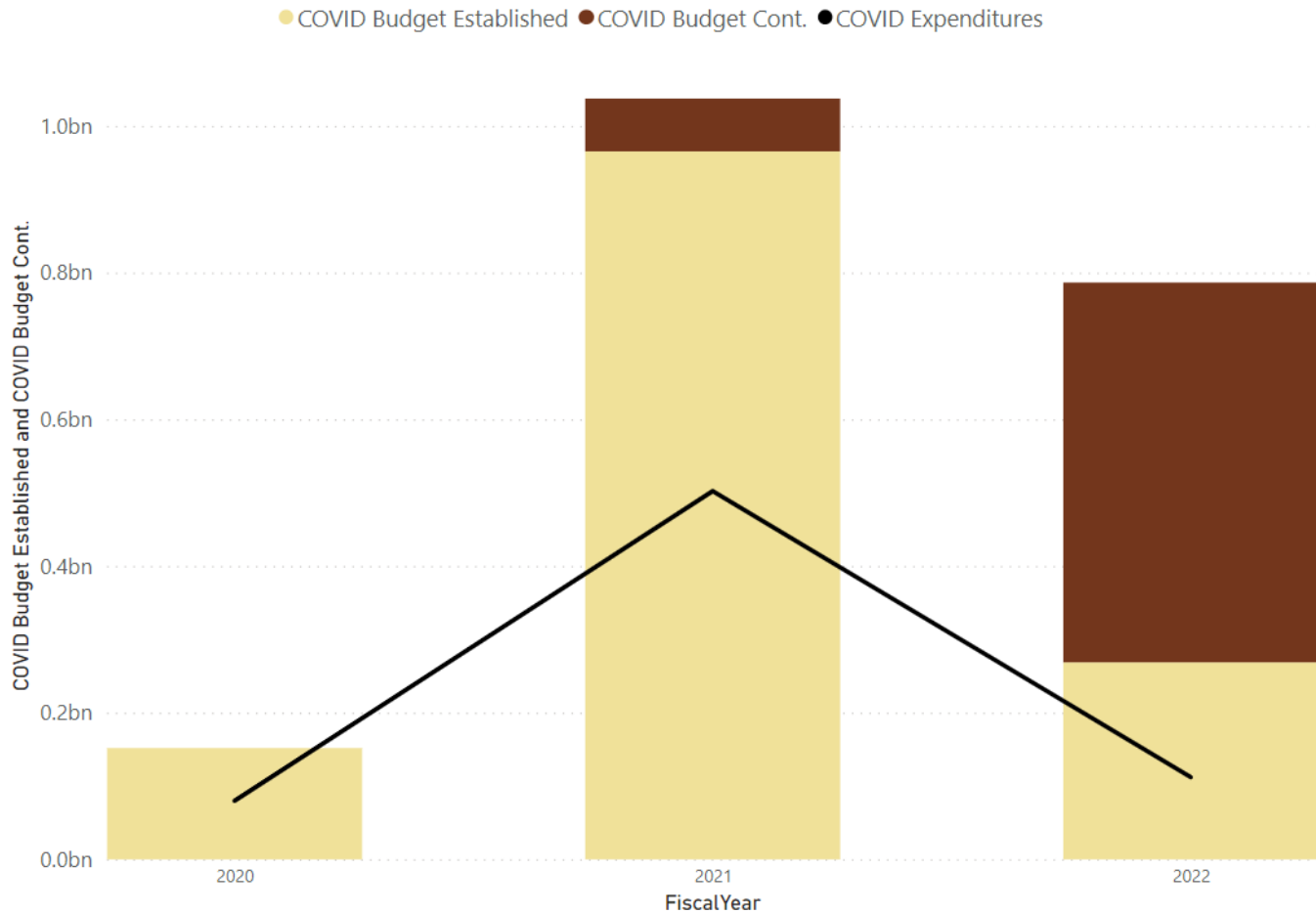
Other bills authority totals \$43.7 million and is associated with the items listed below. Budgets and expenditures are current through the end of November 2021.

- HB 4: authority of \$375,219 for long-range information technology (IT) projects including the Temporary Assistance for Needy Families (TANF), Client Assistance Program (CAPS), Supplemental Nutrition Assistance Program (SNAP), and Combined Health Information and Montana Eligibility System (CHIMES) systems; no expenditures to date
- HB 5: authority of \$600,000 for Southwest Montana Veterans Home in the Senior and Long-Term Care Division, with \$600,000 of unspent authority
- HB 10: authority of \$17.7 million for long-range IT projects, largely accounted for by the Medicaid Management Information System (MMIS); \$1.7 million has been expended to date
- HB 57: authority of \$16,526 for child protective services (CPS) review hearings, no expenditures to date
- HB 459: authority of \$41,731 for CPS worker certification, no expenditures to date
- HB 701: authority of \$25.0 million for Healing and Ending Addiction Through Recovery and Treatment (HEART) fund-related Medicaid services, with \$25.0 million of unspent authority

COVID-19 Authority

The following chart is provided to allow the legislature to examine the funding that is available to the agency for COVID-19 impacts. Administrative authority for CARES I and ARPA appropriations was allocated to the agency by the Governor's Office. Administrative authority is not an appropriation and thus is not included in the total appropriation authority shown on the previous page.

COVID Established Budget, COVID Continuing Budget, and COVID Expenditures by Fiscal Year



In FY 2020:

DPHHS established \$151.8 million in budget authority tied to CARES I (plus Federal HR 6074, 6201, and 266). Of this total, \$79.7 million was expended in FY 2020, and \$72.0 million was carried over to FY 2021. Of the \$79.7 million expended in FY 2020 significant expenditure areas included:

- \$39.5 million in enhanced Federal Medical Assistance Percentage (FMAP) (budget of \$39.5 million)
- \$6.7 million from the child care and development fund (budget of \$10.1 million)
- \$5.0 million for nonprofit organizations focused on social services (budget of \$5.2 million)
- \$3.7 million for public health clinics (budget of \$3.7 million)
- \$3.6 million for Low Income Home Energy Assistance Program (LIEAP) (budget of \$5.2 million)
- \$3.2 million for the Child and Adult Care Food Program (budget of \$5.3 million)
- \$3.1 million for epidemiology and laboratory capacity (budget of \$49.9 million)
 - Unspent authority of \$46.8 million for epidemiology and laboratory capacity was carried over to FY 2021

In FY 2021:

DPHHS established \$412.9 million in budget authority tied to CARES I (plus Federal HR 6074, 6201, and 266). DPHHS also carried over \$72.0 million in unused CARES I authority from FY 2020. Total CARES I expenditures in FY 2021 were \$448.0 million. Significant expenditure areas included:

- \$97.2 million for enhanced SNAP (budget of \$103.4 million)
- \$75.2 million for enhanced FMAP (budget of \$75.2 million)

- \$58.8 million for childcare (budget of \$58.8 million)
- \$50.1 million for nonprofit organizations focused on social services (budget of \$50.1 million)
- \$33.3 million for agency costs related to COVID-19 which include regular and overtime hours of work as well as costs related to personal protective equipment (PPE) and distancing (budget of \$33.3 million)
- \$32.6 million for nursing facility supplemental payments (budget of \$32.6 million)
- \$26.3 million for epidemiology and laboratory capacity (budget of \$46.8 million)
- \$17.4 million for COVID testing (budget of \$17.4 million)
- \$14.0 million for quarantine/isolation relief payments (budget of \$14.0 million)
 - Unspent authority of \$20.5 million for epidemiology and laboratory capacity was carried over to FY 2022

DPHHS established \$310.3 million in budget authority tied to CARES II (HB 3 and HB 630). Total CARES II expenditures in FY 2021 were \$39.2 million. Significant expenditure areas included:

- \$24.1 million for enhanced SNAP (budget of \$33.2 million)
- \$8.0 million from the child care and development fund (budget of \$28.4 million)
- \$3.6 million for epidemiology and laboratory capacity (budget of \$61.5 million)
- \$3.4 million for immunizations under Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) (budget of \$9.7 million)
 - Unspent authority of \$58.0 million for epidemiology and laboratory capacity was carried over to FY 2022
 - Unspent authority of \$16.6 million for immunizations was carried over to FY 2022
 - Unspent authority of \$130.8 million for testing, tracing, and mitigation was carried over to FY 2022
 - Unspent authority of \$20.4 million for childcare development was carried over to FY 2022

DPHHS established \$231.3 million in budget authority tied to ARPA/HB 632. Total ARPA expenditures in FY 2021 were \$15.0 million. The only expenditure was for nursing home supplemental payments.

- Unspent authority of \$12.8 million for immunizations was carried over to FY 2022
- Unspent authority of \$32.2 million for epidemiology and laboratory capacity: reopening schools was carried over to FY 2022
- Unspent authority of \$15.7 million for the public health workforce was carried over to FY 2022
- Unspent authority of \$109.7 million for testing was carried over to FY 2022

In FY 2022:

DPHHS established \$19.1 million in budget authority tied to CARES I (plus Federal HR 6074, 6201, and 266). DPHHS also carried over \$40.1 million in unused CARES I authority from FY 2021. Total CARES I expenditures to date in FY 2022 were \$24.7 million. Significant expenditure areas included:

- \$18.2 million for enhanced FMAP (budget of \$18.8 million)
- \$2.8 million for epidemiology and laboratory capacity (budget of \$20.5 million)

DPHHS carried over \$261.4 million in unused CARES II (HB 3 and HB 630) authority from FY 2021. Total CARES II expenditures to date in FY 2022 were \$27.7 million. Significant expenditure areas included:

- \$10.5 million for epidemiology and laboratory capacity (budget of \$58.0 million)
- \$6.0 million for immunizations (budget of \$16.6 million)
- \$2.6 million from the child care and development fund (budget of \$20.4 million)

- Large areas of unspent authority to date include \$47.5 million for epidemiology and laboratory capacity, \$130.8 million for testing, tracing, and mitigation, and \$17.8 million for childcare development

DPHHS established \$245.5 million in budget authority tied to ARPA/HB 632. DPHHS also carried over \$216.3 million in unused ARPA authority from FY 2021. Total ARPA expenditures to date in FY 2022 were \$62.2 million. Significant expenditure areas included:

- \$24.8 million for SNAP
- \$6.8 million for SNAP enhanced benefits
- \$23.4 million for home and community-based services supplemental payments
- \$2.5 million for epidemiology and laboratory capacity: reopening schools (budget of \$32.2 million)
 - Large areas of unspent authority to date include \$109.7 million for testing, \$68.1 million for childcare stabilization, and \$42.6 million for childcare development

HB 2 BUDGET MODIFICATIONS

Legislative Budget Compared to Modified Budget - HB 2 Only			
Agency Name	Legislative Budget	Modified Budget	Net Modifications
Public Health & Human Services	2,992,281,780	2,991,961,194	-320,586
ADDICTIVE & MENTAL DISORDERS	232,734,565	231,175,020	-1,559,545
BUSINESS & FINANCIAL SERVICES	13,021,242	13,572,271	551,029
CHILD & FAMILY SERVICES	108,086,839	107,842,618	-244,221
CHILD SUPPORT SERVICES	11,528,910	11,454,868	-74,042
DEVELOPMENTAL SERVICES DIV	308,892,622	306,185,974	-2,706,648
DIRECTORS OFFICE	7,588,308	28,605,673	21,017,365
DISABILITY EMPLOYMENT & TRANSITIONS	29,283,470	29,172,143	-111,327
EARLY CHILDHOOD & FAMILY SUPPORT	84,180,229	84,128,200	-52,029
HEALTH RESOURCES DIVISION	1,457,329,273	1,446,468,880	-10,860,393
HUMAN AND COMMUNITY SERVICES	283,268,023	283,136,123	-131,900
MEDICAID & HEALTH SERVICES MANAGEMENT	31,443,055	4,463,585	-26,979,470
OFFICE OF INSPECTOR GENERAL	8,355,780	9,237,012	881,232
OPERATIONS SERVICES DIVISION	5,422,995	1,528,666	-3,894,329
PUBLIC HEALTH & SAFETY DIV	39,400,371	39,304,851	-95,520
SENIOR & LONG TERM CARE SERVICES	341,142,303	337,204,826	-3,937,477
TECHNOLOGY SERVICES DIVISION	30,603,795	58,480,484	27,876,689
Total	2,992,281,780	2,991,961,194	-320,586

Acct & Lvl 1 DESC	Legislative Budget	Modified Budget	Net Modifications	
61000 Personal Services	199,412,221	200,594,166	1,181,945	
62000 Operating Expenses	150,584,228	150,537,300	-46,928	
63000 Equipment & Intangible Assets	651,721	666,721	15,000	
66000 Grants	70,218,839	68,242,329	-1,976,510	
67000 Benefits & Claims	2,567,861,525	2,565,270,425	-2,591,100	
68000 Transfers-out	3,248,901	6,124,281	2,875,380	
69000 Debt Service	304,345	525,972	221,627	

Fund Type	Legislative Budget	Modified Budget	Net Modifications	
01 General	596,468,895	596,148,309	-320,586	
02 State/Other Spec Rev	232,573,729	232,573,729	0	
03 Fed/Other Spec Rev	2,163,239,156	2,163,239,156	0	

The following chart shows the HB 2 budget as passed by the legislature, including the pay plan, and the HB 2 modified budget through November 30, 2021. Net modifications to the budget include operating plan changes from one expenditure account to another, program transfers, reorganizations, and agency transfers of authority. The **positive modifications** and **negative modifications** are shown by program, expenditure account, and fund type.

Several significant modifications were made to the DPHHS HB 2 budget through November of FY 2022. These include:

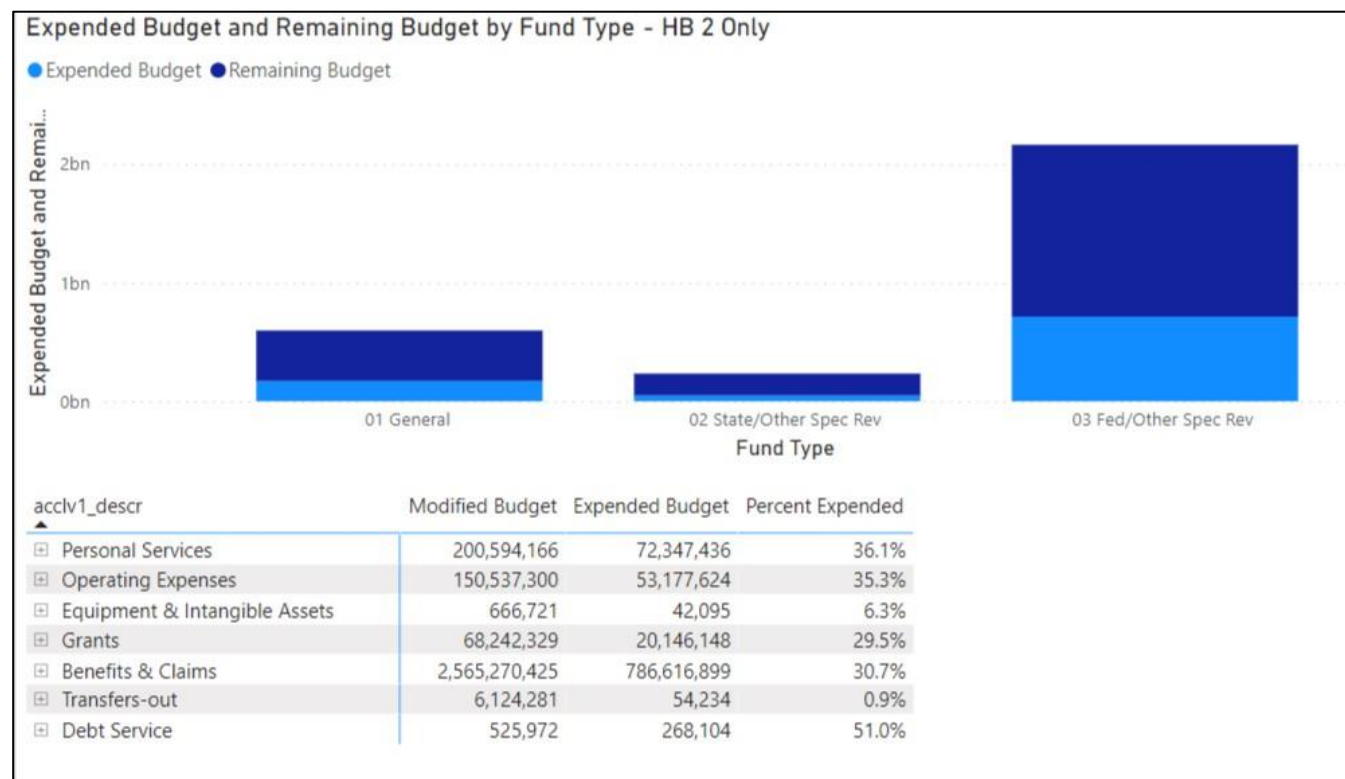
- In the Business and Financial Services Division (BFSD): a reorganization that moved state special revenue authority from the indirect activity state special revenue fund into BFSD to “alleviate historic funding shortfalls.” This reorganization increased the budget for BFSD by \$579,877
- In the Developmental Services Division (DSD): a transfer to the Director’s Office decreased the budget by \$3.4 million. This transfer is associated with a contingency fund tied to the state fund savings associated with the first fiscal quarter of enhanced FMAP in FY 2022. The particulars of this contingency fund are detailed in language in HB 2 (2021 session). This transfer to the Director’s Office was offset by a \$1.0 million transfer into DSD from HRD to fund home and community-based services direct care worker recruitment and retention
- In the Director’s Office: a transfer to the Director’s Office from the four Medicaid divisions increased the budget by \$18.2 million (of which \$16.7 million was general fund and \$1.5 million state special revenue). This transfer is associated with a contingency fund tied to the state fund savings associated with the first fiscal quarter of enhanced FMAP in FY 2022. An additional transfer from other divisions increased the budget in the Director’s Office by \$1.5 million for termination payouts. Finally, two reorganizations increased the Director’s Office budget by a total of \$1.4 million.
 - The first of these reorganizations increased authority in the Director’s Office by \$855,817 and 3.00 FTE with the establishment of the Office of Health and Human Services Innovation and the addition of an External Relations function
 - The second of these reorganizations added \$536,788 and 3.00 FTE by moving the Refugee/Special Population function, Office of American Indian Health, and Public Information Office to the Director’s Office
- In the Health Resources Division (HRD): a transfer to the Director’s Office decreased the budget by \$9.3 million. This transfer is associated with a contingency fund tied to the state fund savings associated with the first fiscal quarter of enhanced FMAP in FY 2022. A transfer to DSD and SLTC to fund home and community-based services direct care worker recruitment and retention further decreased the HRD budget by \$1.6 million
- In the Medicaid and Health Services Management Division (MHSM): two reorganizations decreased the budget in this division by \$27.0 million and 5.00 FTE. Montana’s Program for Automating and Transforming Healthcare (MPATH)/Medicaid Management Information System (MMIS) Administration/Operations were moved from MHSM to the Technology Services Division (TSD)
- In the Office of the Inspector General (OIG): a reorganization increased the budget by \$946,115 and 4.00 FTE due to the movement of the Internal Control and Risk Management functions from the Operations Services Division to OIG. Note that OIG was formerly called the Quality Assurance Division
- In the Operations Services Division (OSD): a reorganization reduced the budget by \$3.9 million and 16.00 FTE. The Project Management Bureau and the Forecasting Bureau were moved from OSD to the TSD. The Internal Audit Bureau was moved from OSD to OIG. OSD also transferred budget authority and FTE to the Director’s Office to establish the Office of Health and Human Services Innovation as well as the addition of an External Relations function to the Director’s Office
- In the Senior and Long-Term Care Division (SLTC): a transfer to the Director’s Office decreased the budget by \$4.4 million. This transfer is associated with a contingency fund tied to the state fund savings associated with the first fiscal quarter of enhanced FMAP in FY 2022. Another transfer increased the

budget by \$546,113. This transfer was made to fund home and community-based services direct care worker recruitment and retention

- In the Technology Services Division (TSD): two reorganizations increased the budget in this division by \$28.0 million and 17.00 FTE. These reorganizations moved the Project Management Bureau and the Forecasting Bureau from OSD to TSD and moved the MPATH/MMIS Administration/Operations from the Medicaid and Health Services Management Division to TSD
- Growth in transfers, which totaled \$2.9 million, was driven by the establishment of \$1.1 million in federal authority to transfer federal IV-E funds to OPD for legal services supporting children and families and an authority adjustment to support a transfer to the Department of Labor and Industry (DOLI) for SNAP and TANF contracts
- The reduction in benefits and claims of \$1.6 million was due to the increase in transfers to OPD, mentioned above, as well as the transfer of benefits and claims to personal services in the Director's Office
- The increase in personal services of \$1.2 million was driven by the transfer to the Director's Office associated with a contingency fund tied to the state fund savings associated with the first fiscal quarter of enhanced FMAP in FY 2022. This transfer reduced benefits and claims by \$18.1 million across the four Medicaid divisions; \$1.1 million of this transfer increased the personal services budget in the Director's Office
- The reduction in grants of \$2.0 million was due to the transfer to DOLI for SNAP and TANF contracts, mentioned above, as well as a shift from grants authority to operating expenses in the Director's Office

HB 2 APPROPRIATION AUTHORITY

The following chart shows the appropriated budget for the agency compared to expenditures through November 30, 2021.

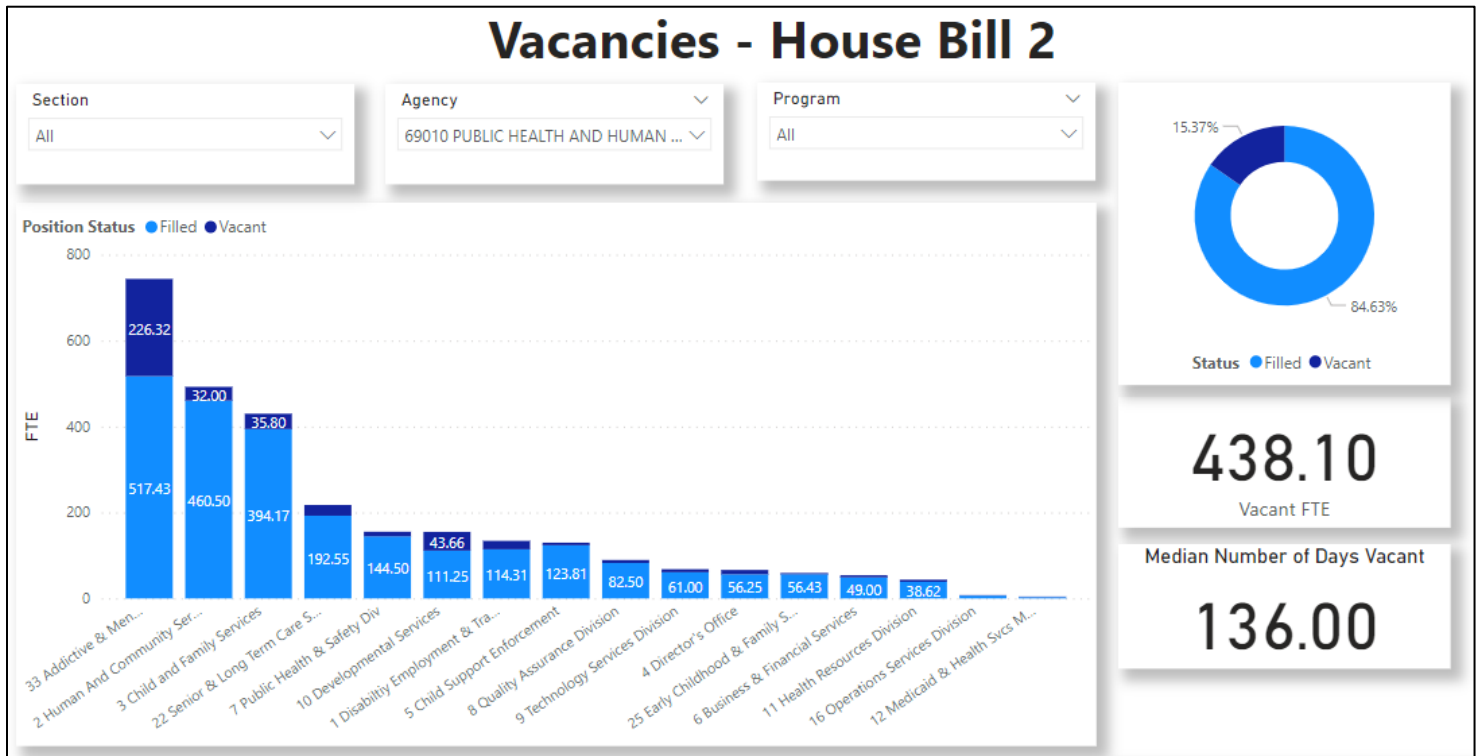


Program Name	Modified Budget	Expended Budget	Percent Expended
ADDICTIVE & MENTAL DISORDERS	231,175,020	83,465,900	36.1%
BUSINESS & FINANCIAL SERVICES	13,572,271	7,919,103	58.3%
CHILD & FAMILY SERVICES	107,842,618	37,848,120	35.1%
CHILD SUPPORT SERVICES	11,454,868	4,410,805	38.5%
DEVELOPMENTAL SERVICES DIV	306,185,974	63,382,013	20.7%
DIRECTORS OFFICE	28,605,673	3,464,403	12.1%
DISABILITY EMPLOYMNT & TRANSITNS	29,172,143	6,771,588	23.2%
EARLY CHILDHOOD & FAM SUPPORT	84,128,200	23,053,520	27.4%
HEALTH RESOURCES DIVISION	1,446,468,880	459,093,680	31.7%
HUMAN AND COMMUNITY SERVICES	283,136,123	109,298,297	38.6%
MEDICAID & HEALTH SVCS MNGMT	4,463,585	1,323,445	29.6%
OFFICE OF INSPECTOR GENERAL	9,237,012	3,050,942	33.0%
OPERATIONS SERVICES DIVISION	1,528,666	311,194	20.4%
PUBLIC HEALTH & SAFETY DIV	39,304,851	10,436,709	26.6%
SENIOR & LONG TERM CARE SVCS	337,204,826	100,460,232	29.8%
TECHNOLOGY SERVICES DIVISION	58,480,484	18,362,589	31.4%
Total	2,991,961,194	932,652,540	31.2%

Higher expenditures in BFSDD were driven by fixed costs expenditures to the Department of Administration (DOA). The lower percent expenditure in the Director's Office was the result of a higher modified budget due to the transfer of the enhanced FMAP contingency funding to the Director's Office.

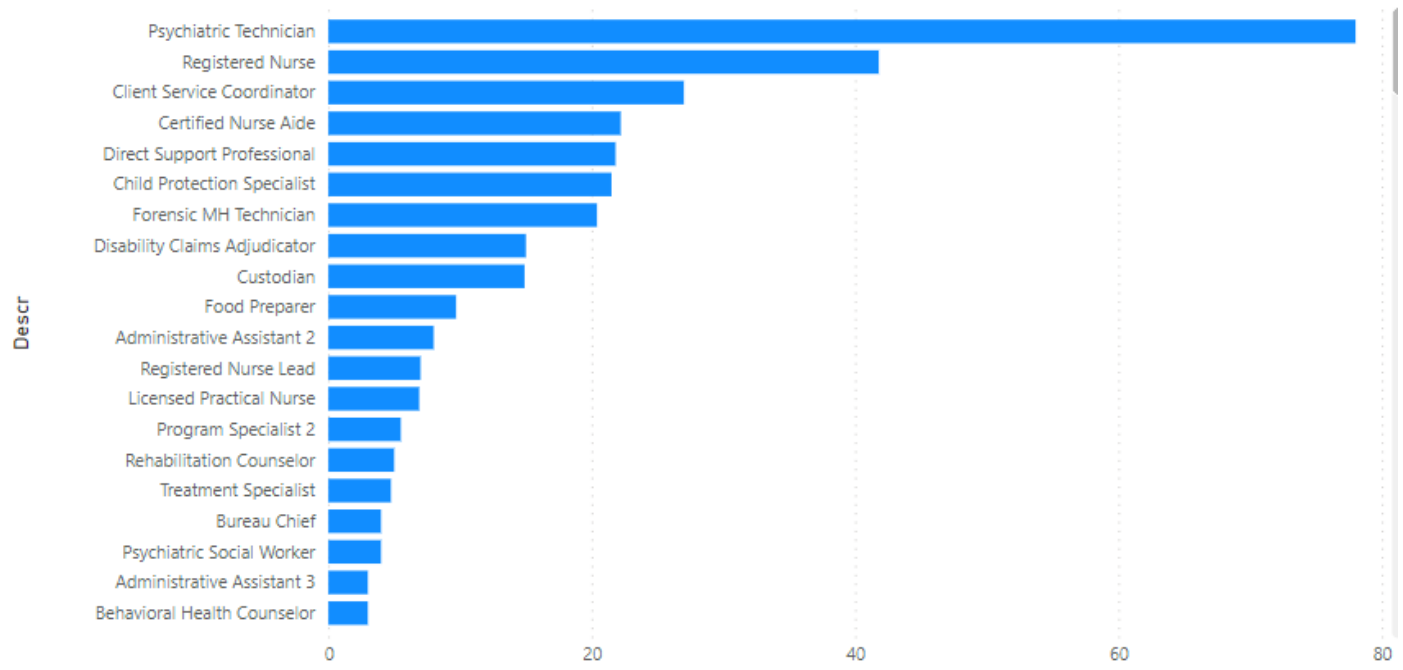
Personal Services

Personal services make up 6.7% of the DPHHS HB 2 budget in FY 2022. The modified budget amount for personal services is \$200.6 million; \$72.3 million, or 36.1%, has been expended to date. The image below provides detail on vacancies in DPHHS as of November 1, 2021.



In the column chart above DPHHS divisions are sorted by total FTE. AMDD, which is responsible for several facilities, including the Montana State Hospital, has both the most total FTE and the largest portion of vacancies. Of the 438.10 vacant positions over half are in AMDD. The adjacent bar chart provides more detail on the types of positions that have vacant FTE as of November 1, 2021.

Vacant FTE by Description (Nov. 1, 2021)



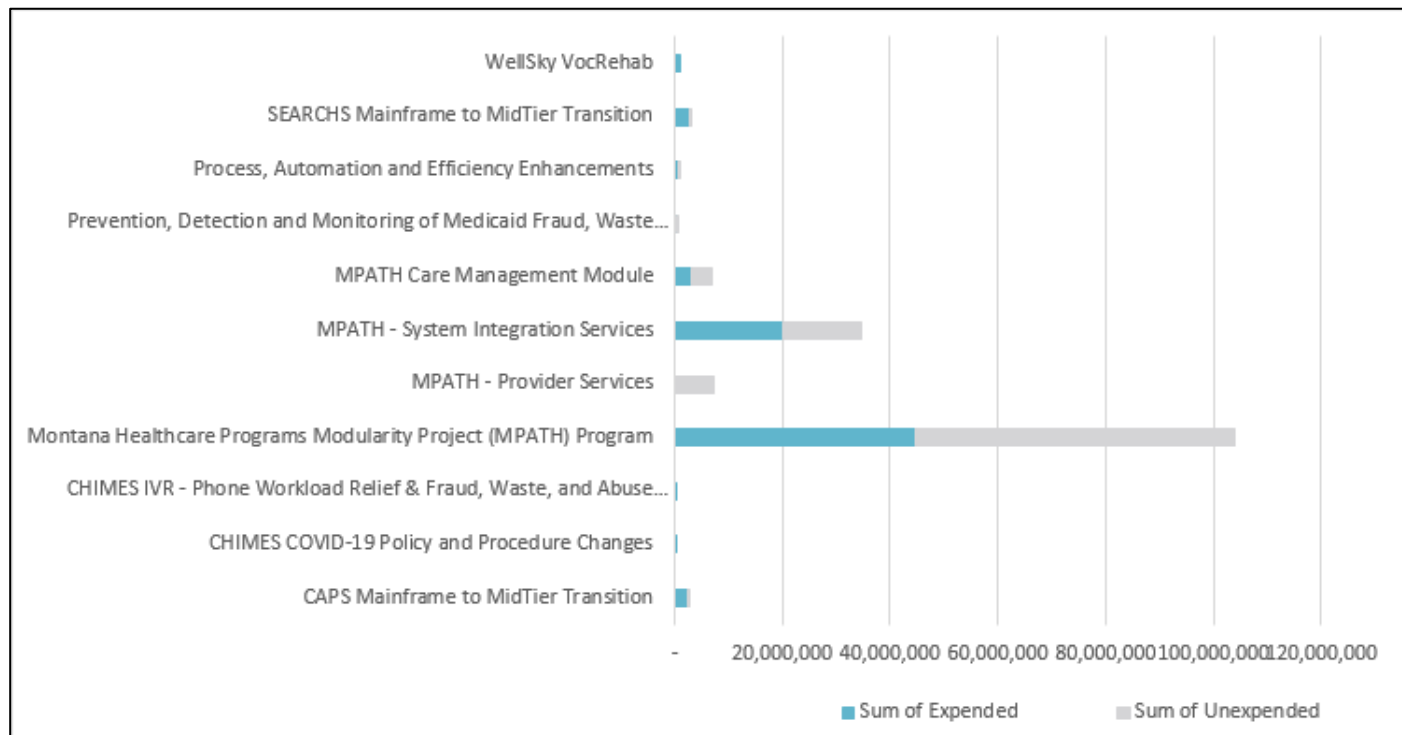
This image is not inclusive of every vacant position in DPHHS. The table below contains detail on utilization by FTE hours for each DPHHS division. Divisions are sorted by percent of hours utilized. Four divisions have exceeded their budgeted FTE hours at this point in the fiscal year. Note that AMDD is 73.1% utilized, reflective of the high number of vacancies in that division.

Hour Utilization: July 1, 2021 through November 1, 2021

Agency	Percent Utilized
69010 PUBLIC HEALTH AND HUMAN SERVICES	90.24%
3 Child and Family Services	110.84%
25 Early Childhood & Family Support	106.15%
5 Child Support Enforcement	102.85%
7 Public Health & Safety Div	101.54%
11 Health Resources Division	98.93%
9 Technology Services Division	96.39%
6 Business & Financial Services	95.32%
1 Disability Employment & Transitions Program	94.44%
4 Director's Office	92.18%
22 Senior & Long Term Care Svcs	91.83%
8 Quality Assurance Division	91.31%
2 Human And Community Services	90.39%
16 Operations Services Division	85.04%
10 Developmental Services	73.79%
33 Addictive & Mental Disorders	73.10%
12 Medicaid & Health Svcs Mngmt	55.04%
Total	90.24%

OTHER ISSUES

Information Technology Project Expenditures



Large Information Technology Projects Original and Revised Budgets			
Project	Original Budget	Revised Budget	Change from Original Budget
CAPS Mainframe to MidTier Transition	2,552,928	2,552,928	0.0%
CHIMES COVID-19 Policy and Procedure Changes	400,000	400,000	0.0%
CHIMES IVR - Phone Workload Relief & Fraud, Waste, and Abuse Alerting	499,000	499,000	0.0%
Montana Healthcare Programs Modularity Project (MPATH) Program	73,255,288	103,837,339	41.7%
MPATH - Provider Services	7,405,542	7,405,542	0.0%
MPATH - System Integration Services	34,660,000	34,660,000	0.0%
MPATH Care Management Module	6,954,980	6,954,980	0.0%
Prevention, Detection and Monitoring of Medicaid Fraud, Waste and Abuse	724,500	724,500	0.0%
Process, Automation and Efficiency Enhancements	999,925	999,925	0.0%
SEARCHS Mainframe to MidTier Transition	2,887,100	2,887,100	0.0%
WellSky VocRehab	1,100,000	1,100,000	0.0%

Large Information Technology Projects Original and Revised Delivery Date				
Project	Start Date	Original Delivery Date	Revised Delivery Date	Change from Original Delivery Date
CAPS Mainframe to MidTier Transition	5/7/2020	6/30/2021	10/11/2021	24.6%
CHIMES COVID-19 Policy and Procedure Changes	6/2/2020	7/31/2021	N/A	0.0%
CHIMES IVR - Phone Workload Relief & Fraud, Waste, and Abuse Alerting	6/2/2020	7/31/2021	N/A	0.0%
Montana Healthcare Programs Modularity Project (MPATH) Program	1/2/2017	9/30/2022	N/A	0.0%
MPATH - Provider Services	7/9/2018	8/5/2019	11/19/2021	213.5%
MPATH - System Integration Services	10/8/2018	9/30/2022	N/A	0.0%
MPATH Care Management Module	4/22/2019	2/22/2022	N/A	0.0%
Prevention, Detection and Monitoring of Medicaid Fraud, Waste and Abuse	6/8/2020	2/28/2021	5/31/2021	34.7%
Process, Automation and Efficiency Enhancements	4/17/2020	11/1/2020	3/31/2021	75.8%
SEARCHS Mainframe to MidTier Transition	3/4/2020	4/8/2021	9/30/2021	43.8%
WellSky VocRehab	3/10/2020	2/28/2021	6/30/2021	34.4%

The large majority of the IT project expenditures in DPHHS involve the Montana healthcare programs modularity project (MPATH). According to the State Information Technology Services Division, 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 request for proposals related to these modules over the next two years.” The comprehensive MPATH delivery date, which has been revised several times, is December 2024 according to DPHHS correspondence with LFD.

Required Reports

HB 2 language requires a report on the contingency fund submitted to the LFA December 1, 2021 to include: “a detailed accounting of the initial establishment of the contingency funding, by division, 1st level expenditure, SABHRS subclass, and fund.” An excerpt of this report is provided below:

“Initial Establishment of Contingency Funding

Division	Account	Subclass	Fund	Amount
Director's Office	61000	865HE	01100	\$ 2,097,486.00
Director's Office	62000	865HE	01100	\$ 62,973.00
Director's Office	66000	865HE	01100	\$ 48,441.00
Director's Office	67000	865HE	01100	\$ 14,467,702.00
General Fund Total				\$ 16,676,602.00
Division	Account	Subclass	Fund	Amount
Director's Office	61000	865HE	02377	\$ 67,802.00
Director's Office	62000	865HE	02377	\$ 2,036.00
Director's Office	66000	865HE	02377	\$ 1,566.00
Director's Office	67000	865HE	02377	\$ 1,407,044.00
State Special Total				\$ 1,478,448.00
TOTAL Funds				\$ 18,155,050.00

Detailed Accounting

The contingency funding is established as a one-time only biennial appropriation. At the time of this report no concrete plans for expenditure have been established beyond utilizing the funding for state match on positions eliminated during the 2021 Legislative Session. The first quarter of FY 2022 expenses that will be funded with contingency funds are as follows:

Quality Improvement Specialists:	\$21,225.12
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Legal Staff:	\$91,184.57"
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SB 191 requires that the agency report on proposed changes to Medicaid provider rates, Medicaid waivers, or the Medicaid state plan.

MEDICAID MONITORING

This report covers Medicaid benefits only: the administrative costs of the state Medicaid program are not included in this report. The state Medicaid program involves appropriations and expenditures by four different DPHHS divisions: Health Resources Division (HRD), Senior and Long-Term Care Division (SLTC), Developmental Services Division (DSD), and Addictive and Mental Disorders Division (AMDD). Medicaid expansion is discussed in the second half of this report.

SUMMARY

In the first of their statutorily required Budget State Reports (BSR), dated November 15, 2021, DPHHS is projecting a surplus in general fund authority of \$24.2 million for traditional Medicaid benefits. The department is also projecting a surplus in state special funds of \$5.6 million, and a federal funds deficit of \$13.0 million. Statute requires agencies to spend state special funds before general fund. Note that this projection does not appear to take into account the full impact of the 6.2 percentage point FMAP increase discussed in further detail below. DPHHS is currently assuming that they will receive this enhanced FMAP for the second and third quarters of FY 2022. The agency has not yet reduced their general fund and increased their federal fund appropriations accordingly. When this occurs, general fund authority will likely decrease by \$16.0-\$18.0 million per quarter (\$32.0-\$36.0 million total); and federal fund authority will increase by a like amount. It is possible that DPHHS will also receive this increased FMAP for the final quarter of FY 2022, and perhaps into FY 2023.

In this same BSR, Medicaid expansion is projected to be facing a general fund budget deficit of \$14.1 million, with a surplus of state special revenue funds of \$1.7 million, and federal funds deficit of \$131.4 million.

FY 2022 MEDICAID FUNDING AND BUDGET CHANGES

The table on the following page illustrates the current status of the Medicaid appropriation from July - October of FY 2022. Estimated FY 2022 totals are DPHHS projections based on data through October 31, 2021. Projection totals are agency numbers included in the DPHHS BSR dated November 15, 2021.

The largest contributing factor to the total reduction in general fund authority is the elimination of \$16.2 million of general fund appropriations, as required by statute, where federal policy provides additional funding. The Families First Coronavirus Response Act (FFCRA) provides a temporary 6.2 percentage point increase to each qualifying state's FMAP beginning January 1, 2020. The increase will extend through the last day of the calendar quarter in which the public health emergency declared by the Secretary of Health and Human Services for COVID-19 terminates. DPHHS is currently assuming that they will receive this enhanced FMAP for the second and third quarters of FY 2022, though related budget changes for the second and third quarters have not yet been made.

The overall \$11.2 million increase in state special revenue authority is largely due to administrative appropriation to DSD for CSCT. This moves \$9.0 million of general fund authority to CSCT for social services inter-government transfers and \$2.2 million to CSCT for bridge funding.

Federal authority increased by \$18.3 million. \$17.3 million of the increase was from the enhanced FMAP. The other \$1.0 million in federal funding authority came from program transfers for recruitment and retention.

FY 2022 Medicaid Benefits & Claims Appropriations Compared to DPHHS Projections

	FY 2022 Legislative Appropriation ¹	Executive Changes in Legislative Appropriation ²	FY 2022 Modified Appropriation	FY 2022 Projected Expenditures ³	Projected Surplus (Deficit)	Surplus (Deficit) as a % of Modified Budget
<u>10 Developmental Services Div.</u>						
General Fund	\$81,912,501	(\$3,176,847)	\$78,735,654	\$63,968,837	\$14,766,817	18.8%
State Special Revenue	\$5,699,714	\$11,177,808	\$16,877,522	\$13,662,744	\$3,214,778	19.0%
Federal Funds	\$207,349,465	\$4,246,542	\$211,596,007	\$184,978,155	\$26,617,852	12.6%
Subtotal	\$294,961,680	\$12,247,503	\$307,209,183	\$262,609,737	\$44,599,447	14.5%
<u>11 Health Resources Division</u>						
General Fund	\$160,458,553	(\$8,170,506)	\$152,288,047	\$158,462,586	(\$6,174,539)	-4.1%
State Special Revenue	\$54,975,814	\$417,848	\$55,393,662	\$56,688,408	(\$1,294,746)	-2.3%
Federal Funds	\$450,043,719	\$8,265,647	\$458,309,366	\$503,433,230	(\$45,123,864)	-9.8%
Subtotal	\$665,478,086	\$512,989	\$665,991,075	\$718,584,224	(\$52,593,150)	-7.9%
<u>22 Senior and Long Term Care</u>						
General Fund	\$64,412,530	(\$4,236,183)	\$60,176,347	\$46,820,798	\$13,355,549	22.2%
State Special Revenue	\$32,844,370	\$0	\$32,844,370	\$32,495,994	\$348,376	1.1%
Federal Funds	\$190,361,131	\$4,807,638	\$195,168,769	\$192,325,896	\$2,842,873	1.5%
Subtotal	\$287,618,031	\$571,455	\$288,189,486	\$271,642,688	\$16,546,798	5.7%
<u>33 Addictive and Mental Disorders</u>						
General Fund	\$14,940,373	(\$706,627)	\$14,233,746	\$11,948,935	\$2,284,811	16.1%
State Special Revenue	\$12,892,431	(\$358,950)	\$12,533,481	\$9,220,543	\$3,312,938	26.4%
Federal Funds	\$55,243,120	\$1,169,284	\$56,412,404	\$53,744,188	\$2,668,216	4.7%
Subtotal	\$83,075,924	\$103,707	\$83,179,631	\$74,913,666	\$8,265,964	9.9%
<u>Grand Total All Medicaid Services</u>						
General Fund	\$321,723,957	(\$16,290,163)	\$305,433,794	\$281,201,156	\$24,232,638	7.9%
State Special Revenue	\$106,412,329	\$11,236,706	\$117,649,035	\$112,067,689	\$5,581,346	4.7%
Federal Funds	\$902,997,435	\$18,489,111	\$921,486,546	\$934,481,469	(\$12,994,923)	-1.4%
Grand Total All Funds	\$1,331,133,721	\$13,435,654	\$1,344,569,373	\$1,327,750,315	\$16,819,060	1.3%

¹As originally established in IBARS, based on legislative appropriations.

²Changes in appropriation authority can include: reorganizations, transfer of authority among Medicaid programs, transfers to/from other DPHHS programs, or additional federal authority as authorized in statute. Modifications listed here are as of December 1, 2021.

³Expenditure projections are based on the November 15 DPHHS Budget Status Report.

MAJOR SERVICE CATEGORIES

Data in the following table are taken from the DPHHS budget status report dated November 15, 2021. The largest projected expenditure categories are hospital services, nursing facilities, and mental health services.

FY 2022 Medicaid Summary by Major Service Category			
Category	FY22 Current Budget	FY22 Expenditure Estimates	FY22 Projected Balance
Hospital Services	\$160,916,708	\$177,223,424	(\$19,145,327)
Hospital Utilization Fees/DSH	\$66,997,909	\$79,062,337	(\$9,225,817)
Physician and Professional Services	\$96,352,875	\$106,256,314	(\$9,903,439)
Pharmacy and Rebates	\$49,920,633	\$71,585,737	(\$21,665,104)
Dental	\$41,965,639	\$52,776,804	(\$10,811,165)
Health Centers and Clinics	\$37,386,230	\$38,061,617	(\$675,387)
Medical Equipment and Supplies	\$21,365,771	\$24,290,386	(\$2,924,615)
Laboratory and Imaging Services	\$23,573,449	\$6,924,769	\$16,648,680
Medical Transportation	\$9,412,559	\$9,805,576	(\$393,017)
Other Services	\$8,116,615	\$5,039,363	\$3,077,252
Nursing Facility	\$181,130,552	\$163,366,294	\$17,764,257
Home and Community Based - Other Services	\$3,815,032	\$1,379,654	\$2,435,378
Home and Community Based - Community	\$44,930,714	\$46,454,792	(\$1,524,078)
Home and Community Based - Big Sky Waiver	\$52,749,779	\$57,819,665	(\$5,069,886)
Care and Case Management	\$17,808,825	\$18,603,878	(\$795,053)
Substance Use Disorder Services	\$3,318,425	\$3,640,748	(\$322,323)
Mental Health Services	\$146,580,976	\$133,874,160	\$12,706,816
Home and Community Based - SDMI Waiver	\$17,031,839	\$14,422,162	\$2,609,677
Mental Health Services - HIFA Waiver	\$8,217,734	\$7,084,030	\$1,133,704
Developmental Disability Services	\$1,297,905	\$1,418,317	(\$120,412)
Home and Community Based - DD Waiver	\$144,252,612	\$137,607,028	\$6,645,584
Indian and Tribal Health Services	\$94,556,232	\$87,968,923	\$6,587,309
School Based - Physical Health	\$4,705,029	\$4,744,661	(\$39,632)
School Based - Mental Health	\$55,724,058	\$25,591,392	\$30,132,666
Medicare Buy-In	\$52,441,275	\$52,748,284	(\$307,009)
Total	\$1,344,569,374	\$1,327,750,315	\$16,819,060

MEDICAID EXPANSION

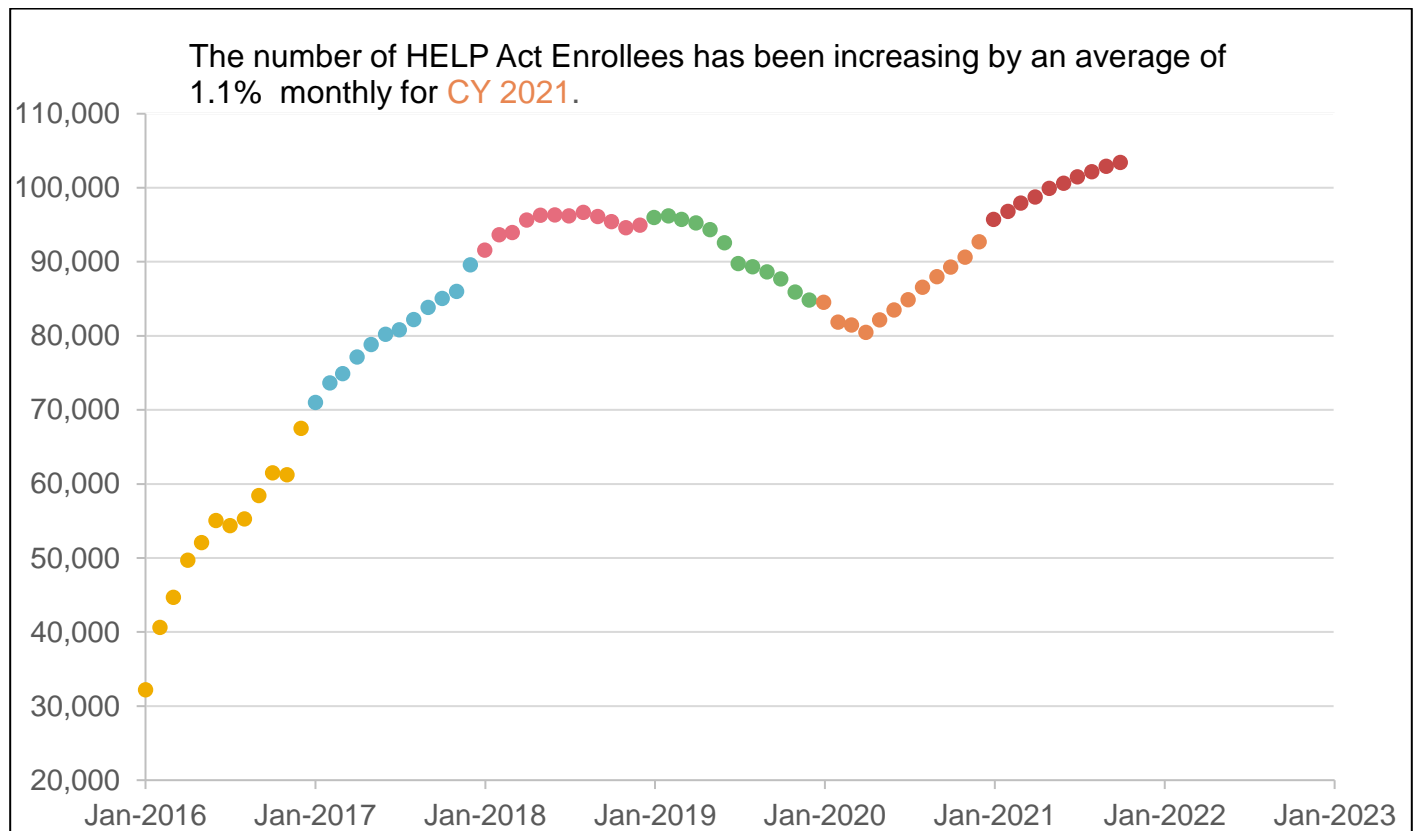
The Health and Economic Livelihood Partnership (HELP) Act of the 2015 Montana Legislature expanded Medicaid in Montana, as allowed by the Patient Protection and Affordable Care Act (ACA). Specifically, this provides Medicaid coverage for adults ages 19-64, with incomes less than 138.0% of the federal poverty rate for Montana. Benefits and claims for the expansion population are funded with 90.0% federal dollars (less an adjustment made for continuous eligibility) and 10.0% state dollars. Unlike traditional Medicaid, there are no FMAP adjustments to the expansion population as a result of the FFCRA and the federal match rate will remain at 90.0%, barring any future federal statute changes.

The 2019 Legislature passed HB 658, extending Medicaid expansion in Montana. Prior to HB 658, Medicaid expansion was statutorily appropriated. As directed in HB 658, expansion appropriations were included in HB 2 for the 2023 biennium.

The bill includes several changes to Medicaid expansion including the following: establishing community engagement requirements, revising eligibility verification procedures, establishing an employer grant program, and enacting fees on health service corporations and on hospital outpatient revenue, in addition to others. The majority of those changes are dependent upon a federal waiver from the Center for Medicare and Medicaid Services (CMS), which has not yet been approved.

ENROLLMENT UPDATE

As of October 2021, DPHHS was reporting a total of 103,400 individuals covered by Medicaid expansion. While enrollment had been trending downward since early 2019, the recent increase aligns closely with the COVID-19 pandemic and corresponding impacts on individuals. The following graph shows Medicaid expansion enrollment in Montana since the program was instituted.



FINANCIAL UPDATE

The one modification made to the Medicaid expansion budget was the intergovernmental transfer from the Montana University System to DPHHS for the Graduate Medical Education (GME) Program. The Medicaid expansion budget is projected to have a \$14.1 million general fund deficit, a \$1.7 million in state special revenue and a \$131.4 million federal fund deficit.

The table below summarizes the budget with one modification, DPHHS projections, and the resulting projected total budget deficit.

FY 2022 Medicaid expansion Benefits & Claims Appropriations Compared to DPHHS Projections

Agency and Fund Type	FY 2022 Legislative Appropriation ¹	Executive Changes in Legislative Appropriation ²	FY 2022 Modified Appropriation	FY 2022 Projected Expenditures ³	FY 2022 Budget Balance	Surplus/Deficit as a % of Budget
<u>10 Developmental Services Division</u>						
General Fund	\$539	\$0	\$539	\$1	\$538	100%
Federal Funds	\$4,858	\$0	\$4,858	\$0	\$4,858	100%
<u>11 Health Resources Division</u>						
General Fund	\$17,734,741	\$0	\$17,734,741	\$30,319,919	(\$12,585,178)	-71%
State Special Revenue	\$50,547,102	\$492,511	\$51,039,613	\$51,039,613	\$0	0%
Federal Funds	\$679,695,818	\$0	\$679,695,818	\$811,882,792	(\$132,186,974)	-19%
<u>22 Senior & Long Term Care</u>						
General Fund	\$861,099	\$0	\$861,099	\$960,274	(\$99,175)	-12%
Federal Funds	\$8,757,365	\$0	\$8,757,365	\$10,247,727	(\$1,490,362)	-17%
<u>33 Addictive & Mental Disorders</u>						
General Fund	\$6,670,852	\$0	\$6,670,852	\$8,043,861	(\$1,373,009)	-21%
State Special Revenue	\$1,749,845	\$0	\$1,749,845		\$1,749,845	100%
Federal Funds	\$74,695,434	\$0	\$74,695,434	\$72,394,748	\$2,300,686	3%
<u>Grand Total All Medicaid Expansion Benefits</u>						
General Fund	\$25,267,231	\$0	\$25,267,231	\$39,324,055	(\$14,056,823)	-56%
State Special Funds	\$52,296,947	\$492,511	\$52,789,458	\$51,039,613	\$1,749,845	3%
Federal Funds	\$763,153,475	\$0	\$763,153,475	\$894,525,267	(\$131,371,792)	-17%
Total	\$840,717,653	\$492,511	\$841,210,164	\$984,888,935	(\$143,678,770)	-17%

¹As originally established in IBARS, based on legislative appropriations.

²Changes in appropriation authority can include: reorganizations, transfer of authority among Medicaid programs, transfers to/from other DPHHS programs, or additional federal authority as authorized in statute. Modifications listed here are as of December 1, 2021.

³Expenditure projections are based on the November 15 DPHHS Budget Status Report.

MAJOR SERVICE CATEGORIES

The largest expenditure categories for major services are hospital services and hospital utilization fees. These two services accounted for 53.8% of the Medicaid expansion budget. Other categories of note are physician & professional services, pharmacy & rebates, and mental health services.

FY 2022 Medicaid Expansion Summary by Major Service Category			
Category	FY22 Current Budget	FY22 Expenditure Estimates	FY22 Projected Balance
Hospital Services	\$186,253,084	\$233,469,446	(\$44,001,433)
Hospital Utilization Fees/DSH	\$271,461,683	\$271,461,683	(\$3,214,929)
Physician and Professional Services	\$84,886,689	\$116,039,712	(\$31,153,023)
Pharmacy and Rebates	\$63,232,638	\$88,921,611	(\$25,688,973)
Dental	\$14,808,526	\$21,289,778	(\$6,481,252)
Health Centers and Clinics	\$41,047,903	\$35,839,881	\$5,208,022
Medical Equipment and Supplies	\$7,898,834	\$12,902,405	(\$5,003,571)
Laboratory and Imaging Services	\$12,267,702	\$18,433,208	(\$6,165,506)
Medical Transportation	\$5,569,903	\$8,618,451	(\$3,048,548)
Other Services	\$1,008,476	\$1,121,278	(\$112,802)
Nursing Facility	\$7,022,334	\$6,844,291	\$178,043
Home and Community Based - Other Services	\$1,772,365	\$1,504,814	\$267,551
Home and Community Based - Community First Choice	\$761,924	\$2,675,435	(\$1,913,511)
Home and Community Based - Big Sky Waiver	\$55,731	\$177,351	(\$121,620)
Care and Case Management	\$5,332,170	\$6,980,555	(\$1,648,385)
Substance Use Disorder Services	\$15,336,810	\$15,700,493	(\$363,683)
Mental Health Services	\$66,554,907	\$63,193,209	\$3,361,698
Home and Community Based - SDMI Waiver	\$23,388	\$68,337	(\$44,949)
Mental Health Services - HIFA Waiver	\$0	\$0	\$0
Developmental Disability Services	\$0	\$0	\$0
Home and Community Based - DD Waiver	\$0	\$0	\$0
Indian and Tribal Health Services	\$55,902,279	\$79,645,714	(\$23,743,435)
School Based - Physical Health	\$7,421	\$1,282	\$6,139
School Based - Mental Health	\$5,397	\$1	\$5,396
Medicare Buy-In	\$0	\$0	\$0
Total	\$841,210,164	\$984,888,935	(\$143,678,770)

OTHER INTERACTIONS

Department of Labor and Industry (DLI) HELP-Link

The HELP Link required report has been submitted to the LFC and Children, Families, Health, and Human Services Committee and can found [here](#) or on either committee's webpage.