

OFFICE OF THE GOVERNOR
BUDGET AND PROGRAM PLANNING
STATE OF MONTANA



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TO: Legislative Finance Committee (LFC)

FROM: Ryan Osmundson, Budget Director
Office of Budget and Program Planning

DATE: March 17, 2022

SUBJECT: DPHHS Federal Budget Authority Projected Budget Deficit

The Department of Public Health and Human Services (DPHHS) is currently projecting a deficit in federal special authority in FY 2022. During a conversation at the March 17, 2022 meeting of the LFC, the Office of Budget and Program Planning and Legislative Finance Committee discussed and agreed upon the option of the Executive to increase the federal authority with a budget amendment as described in 17-7-403, MCA.

The budget amendment will be in the amount of up to \$140 million federal revenue authority. The projected shortfall exists in Medicaid expansion drugs, hospital services, Indian Health Services, physician services and durable medical equipment within the Health Resources Division. The agency has been taking steps to mitigate this shortfall where and when prudent and will continue in the months to come. Attached is an agency appropriation deficit overview for the 2023 biennium.

OBPP and DPHHS staff commits to update the LFC and Interim Budget Committees (IBC) on the status of the deficit and any action associated with a related budget amendment to address the deficit at the June meetings of the LFC and IBC.

CC: Adam Meier, Director, DPHHS
Amy Carlson, Director, Legislative Fiscal Division

Attachment: DPHHS appropriation deficit overview

Appropriation Deficit Overview

Projected Federal Deficit as of 03/17/2022	SFY 2022	SFY 2023
03/17/2022 Supplemental Request	\$136,000,000	(\$136,000,000)
Projected Federal Deficit	(\$135,997,682)	(\$136,000,000)
Remaining anticipated Biennial Balance 06/30/2023	\$ 2,318	(\$272,000,000)

Health Resources Division	(\$135,997,682)
Medicaid Expansion Drugs	(\$30,158,829)
Medicaid Expansion Hospital Services	(\$48,474,901)
Medicaid Expansion IHS Services	(\$22,919,028)
Medicaid Expansion Physician Services	(\$30,203,918)
Medicaid Expansion DME	(\$4,241,006)
Total	(\$135,997,682)