THE DEPARTMENT OF PUBLIC HEALTH AND HUMAN SERVICES

An Agency Profile Prepared by the
Legislative Fiscal Division

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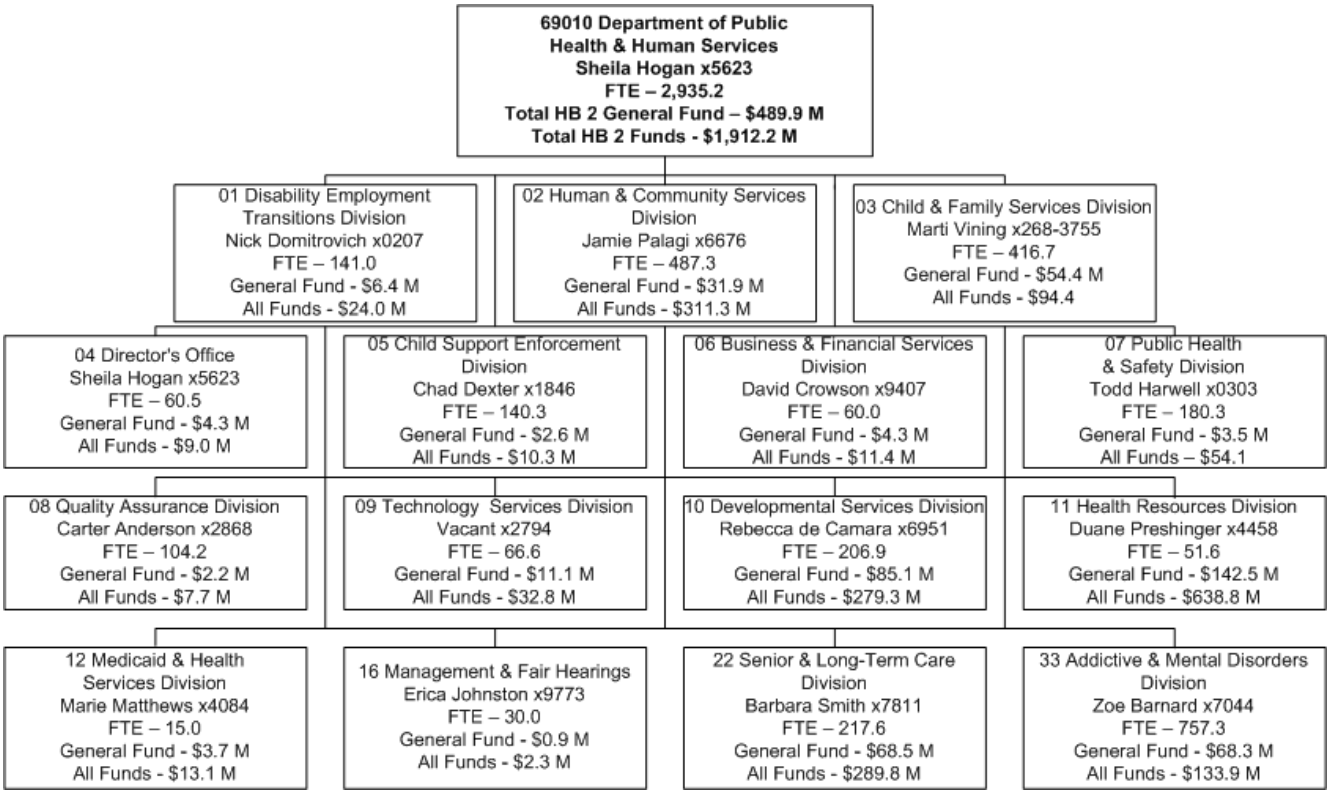
LFD
MONTANA LEGISLATIVE FISCAL DIVISION

INTRODUCTION

The Department of Public Health & Human Services (DPHHS) mission is: Improving and protecting the health, well-being and self-reliance of all Montanans.

Below is an organizational chart of the branch, including full-time employee (FTE) numbers, HB 2 base general fund appropriations, and the total of all funds. Unless otherwise noted all phone extensions are preceded by (406) 444.



HOW SERVICES ARE PROVIDED

Services administered by DPHHS include: public assistance, Medicaid, child welfare, 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 preservation of public health through chronic disease prevention).

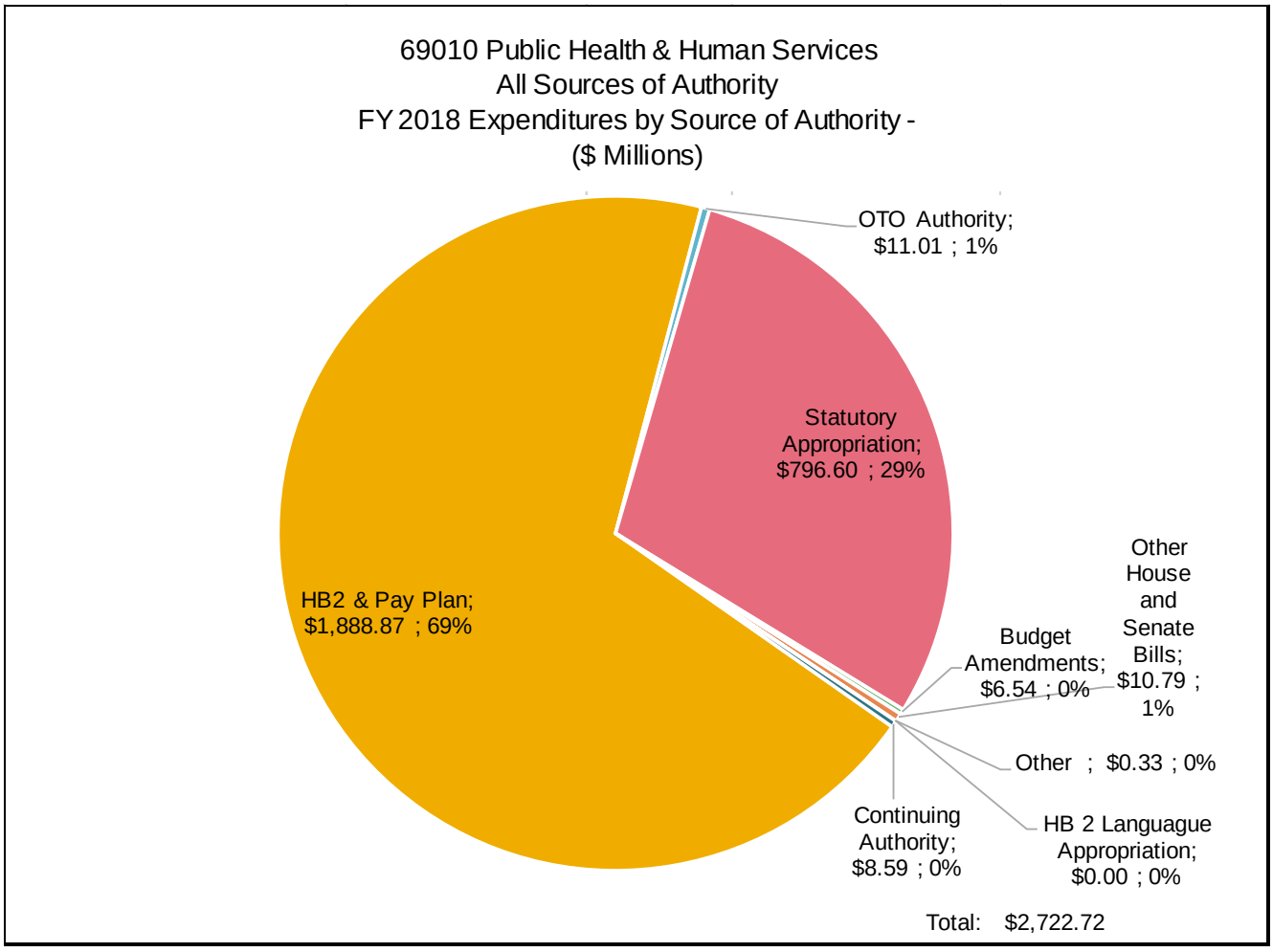
The department is also responsible for all state facilities except correctional institutions. DPHHS facilities include: Montana State Hospital, Warm Springs; Montana Mental Health Nursing Care Center, Lewistown; Montana Chemical Dependency Center, Butte; Eastern Montana Veterans' Home, Glendive; Montana Veterans' Home, Columbia Falls; and the Montana Developmental Center, Boulder.

DPHHS administers programs by contracting with providers and in some cases through direct provision of services. Most Medicaid, Healthy Montana Kids (HMK), child care, and other services that directly benefit low income individuals are delivered by contractors enrolled in provider networks with DPHHS. Other services, such as low-income energy assistance, out-of-home foster care, and development and maintenance of larger computer systems, are provided by businesses that contract with the department.

Foster care services are largely provided by families who contract with DPHHS. Some DPHHS programs employ staff who provide services directly to clients/consumers including: child and adult protective services; eligibility determination; child support enforcement and collection; and some case management functions. In addition, DPHHS operates six state facilities that provide medical care to individuals.

SOURCES OF SPENDING AUTHORITY

The following chart shows expenditures by source of authority in FY 2018.

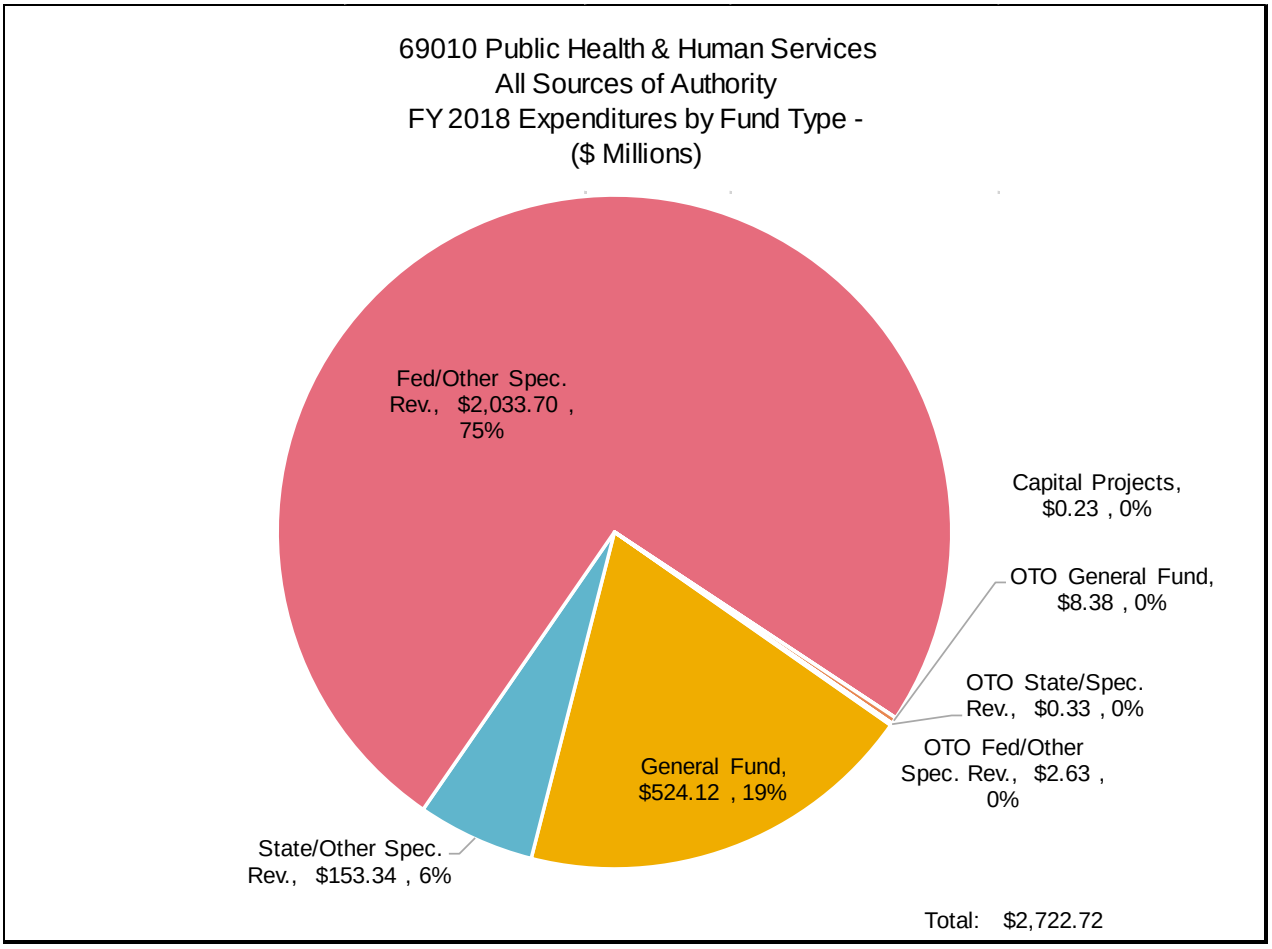


The majority of expenditures were associated with HB 2 authority, but DPHHS also had a significant amount of statutory spending (29%). Most of this statutory spending is associated with the HELP Act Medicaid expansion ($715.6 million) and Indian Health Services ($74.8 million program). Title X family planning makes up $1.9 million of the total.

FUNDING

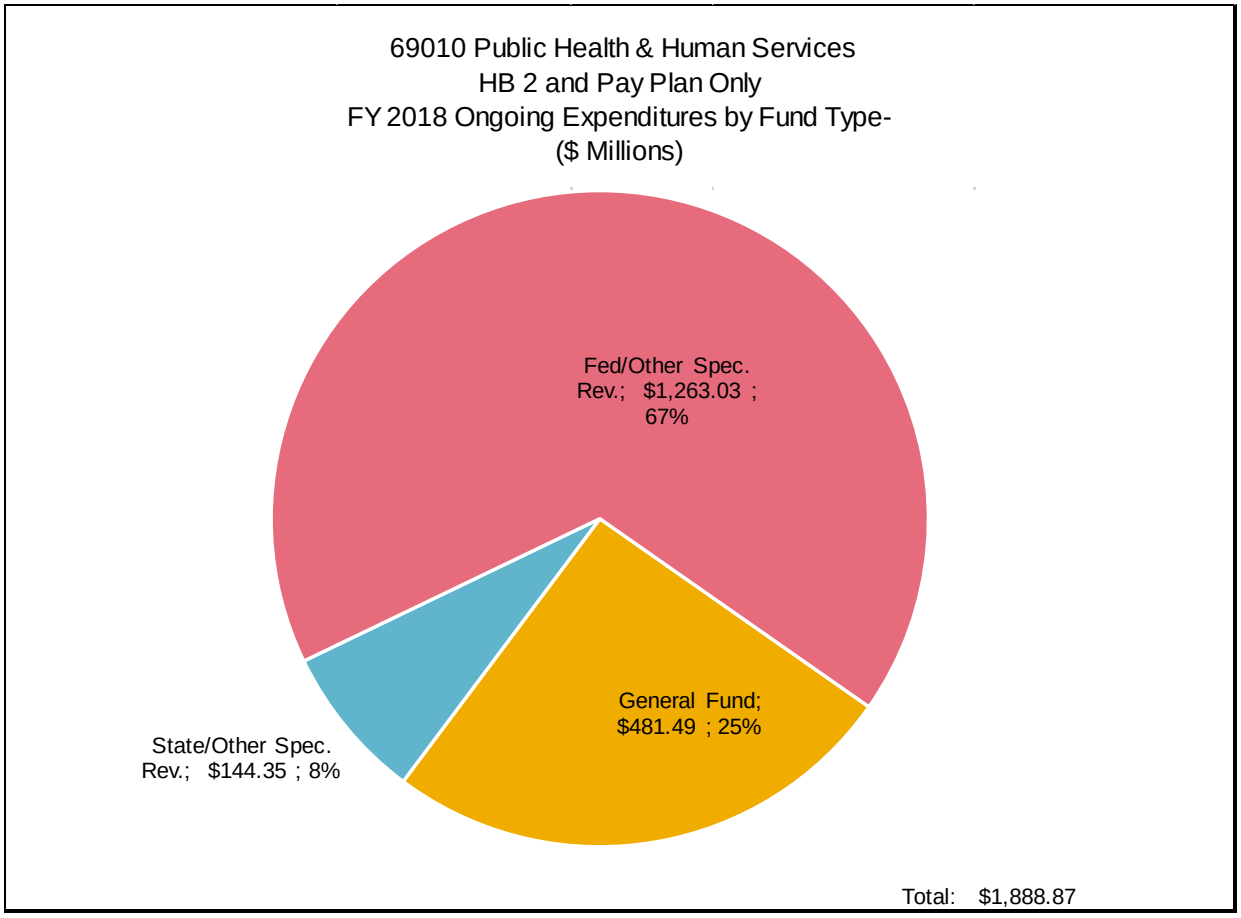
The two charts below show the agency's expenditures for both all sources of authority (top) and HB 2 & Pay Plan authority (bottom) by fund type. In FY 2018 29.2% of DPHHS expenditures were statutory – largely associated with the HELP Act. In FY 2016 only 8.0% of DPHHS expenditures were statutory. DPHHS is primarily funded with federal funds (74.7%) and general fund (19.3%). State special funds accounted for 5.6% of expenditures in FY 2018. The total for these charts is quite different due to the

large statutory amount of expenditures described above. The majority of DPHHS expenditures are matched with federal funds. Traditional (non-expansion) Medicaid expenditures were funded with 65.425% federal funds in SFY 2018 (state funds made up the remainder). Medicaid expansion was funded with 93.5% federal funds in SFY 2018. The Supplemental Nutritional Assistance Program (SNAP) is 100% federal funds, as is the Indian Health Services Medicaid program discussed above.



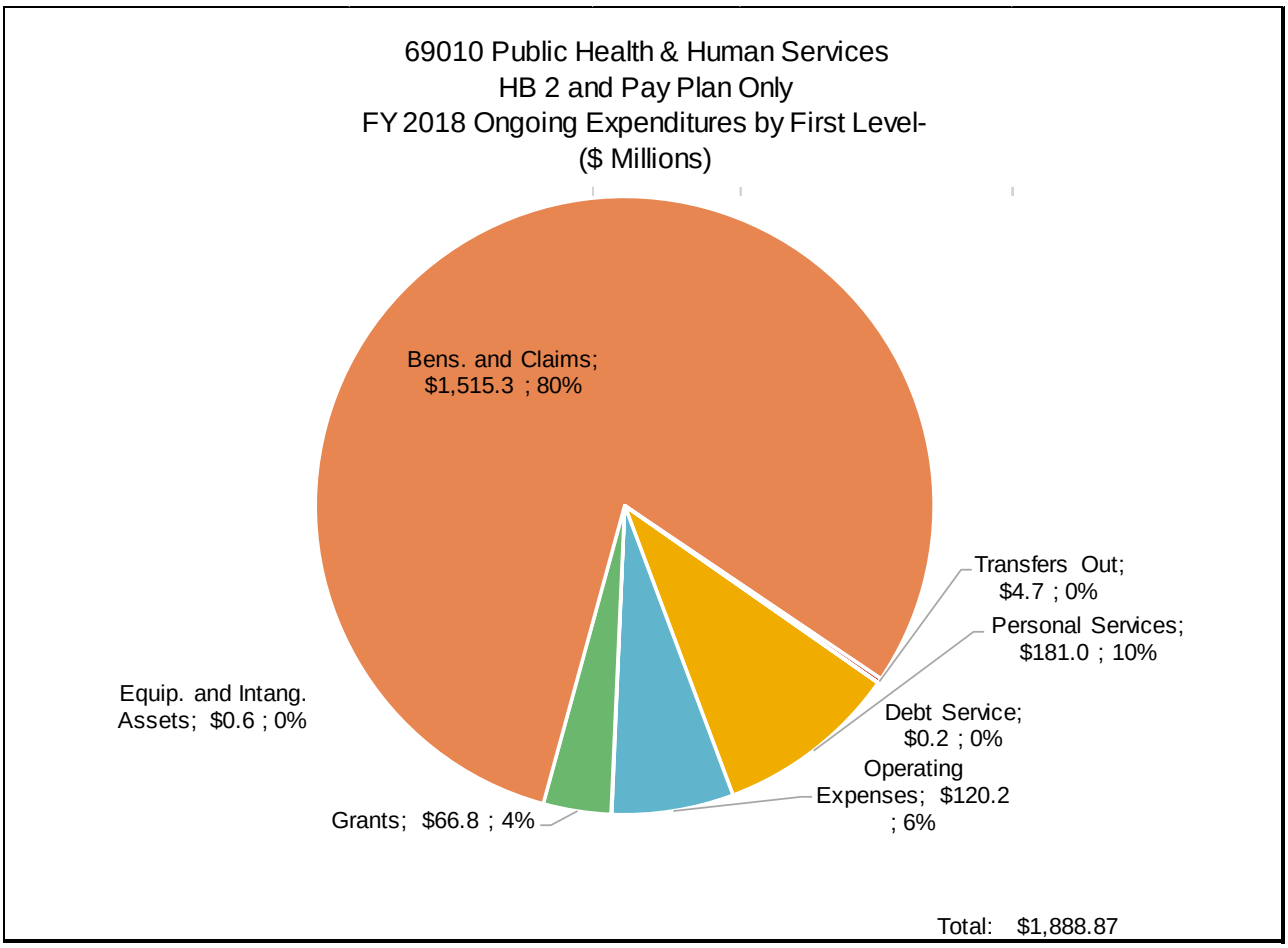
In FY 2018 DPHHS used 56 different state special revenue funds. The bulk of the $153.3 million state special revenue spending was made up of a handful of funds:

- Tobacco Health & Medicaid Initiative ($35.9 million)
- Healthy Montana Kids ($29.0 million)
- Hospital Utilization Fee ($19.2 million)
- Nursing Home Utilization ($11.3 million)
- Earmarked Alcohol ($8.7 million)
- Statewide Tobacco Settlement ($8.1 million)
- Tobacco Interest ($6.3 million)



EXPENDITURES

The chart below illustrates how HB 2 authority was spent in FY 2018. The majority of expenditures are for benefits and claims, which are services provided to individuals who meet specific eligibility criteria. Medicaid services (traditional Medicaid only, not including Medicaid expansion) accounted for $1,168.0 million of the total $1,515.3 million in benefits and claims expenditures in DPHHS. This chart does not include spending for the Indian Health Services Medicaid program, which is statutory.



HOW THE 2019 LEGISLATURE CAN EFFECT CHANGE

DPHHS expenditures are driven by the number of persons receiving or eligible to receive services, the cost of those services, and in some cases the availability of federal grant funds to address specific issues. In order to change expenditure levels and/or DPHHS activity, the legislature must address one or more of the following policies:

- Who will receive services
- The level or amount of services that will be provided
    - With Medicaid states must provide federally mandated services (hospital, physician) but can choose to provide or not provide optional services (pharmacy, dental, eyeglasses)
- In some instances, the amount paid for a unit of service
- Program management of DPHHS
- Structure and responsibilities of DPHHS

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Major Cost Drivers

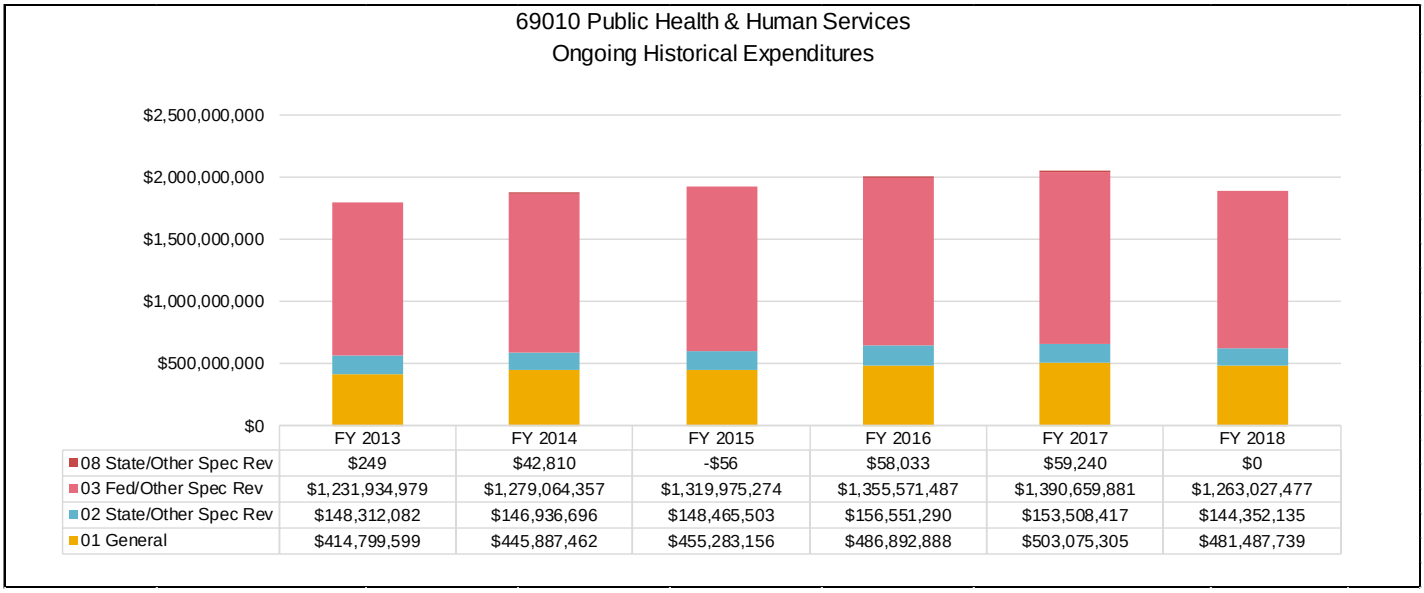
DPHHS Cost Drivers						
	FY 2012		FY 2016		FY 2018	
Program	Annual Cost Units or Users	Annual Cost per Unit or User	Annual Cost Users	Annual Cost per Unit or User	Annual Cost Users	Annual Cost per Unit or User
Medicaid Services: Total	$933,731,545	$9,236	$1,187,176,754	$8,533	$1,167,998,667	$7,891
Avg. Users/Month	101,095		139,129		148,019	
Medicaid Services: Children	$216,206,988	$3,529				
Avg. Users/Month	61,264		90,856		102,153	
Medicaid Services: Adults	$97,603,024	$7,571				
Avg. Users/Month	12,891		29,696		27,391	
Medicaid Services: Disabled	$417,491,132	$20,856				
Avg. Users/Month	20,018		19,527		18,770	
Medicaid Services: Aged	$202,430,401	$29,244				
Avg. Users/Month	6,922		Included in Adult		Included in Adult	
Medicaid Services: HELP Act			$158,569,600	$4,675	$709,398,836	$7,920
Avg. Users/Month			67,840		89,575	
TANF Cash Assistance	$31,971,154	$3,917	$34,816,501	$4,692	$40,866,445	$3,729
Avg. Cases/Month	8,162		7,420		10,960	
SNAP (Food Stamps)	$196,640,685	$1,554	$166,764,981	$1,442	$164,966,284	$1,401
Avg. Households/Month	126,547		115,627		117,756	
Foster/Guardian/Adopt	$30,131,589	$8,059	$ 40,852,017	$8,334	$52,209,746	$8,370
Avg. Children/Month	3,739		4,902		6,238	

The cost driver table above illustrates several of the many ways in which Montanans utilize DPHHS services. It also demonstrates the use of various services and that the cost of such services can change over time.

Consider Medicaid services, which (excluding HELP Act Medicaid expansion) made up $1,168.0 million of DPHHS total HB2 expenditures of $1,909.2 million in FY 2018: while total annual costs and monthly enrollees have increased over time, per user costs have decreased since 2009. Per user Medicaid costs have decreased due to an increasing proportion of enrollees that are children or non-disabled adults, enrollee categories which have relatively low average costs per user. The HELP Act of 2015 significantly expanded Medicaid enrollment in the state starting in January of 2016 among non-disabled, childless, low-income adults. Per-user HELP population costs were higher in FY 2018 than FY 2016 (which was a partial year). Note that the per-user annual costs for aged and disabled Medicaid enrollees are much higher than enrollees in other categories.

FUNDING/EXPENDITURE HISTORY, AUTHORITY USED TO ESTABLISH THE BASE BUDGET

The following chart shows the historical change in the department's funding and expenditures.



	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
08 State/Other Spec Rev	$249	$42,810	-$56	$58,033	$59,240	$0
03 Fed/Other Spec Rev	$1,231,934,979	$1,279,064,357	$1,319,975,274	$1,355,571,487	$1,390,659,881	$1,263,027,477
02 State/Other Spec Rev	$148,312,082	$146,936,696	$148,465,503	$156,551,290	$153,508,417	$144,352,135
01 General	$414,799,599	$445,887,462	$455,283,156	$486,892,888	$503,075,305	$481,487,739

MAJOR LEGISLATIVE CHANGES IN THE LAST 10 YEARS

2017 Session

- Established a statutory appropriation for the Indian Health Services (IHS) program (and removed it from HB 2 going forward)
- SB 261 led to some appropriation reductions for DPHHS in FY 2018
- Established a one-time-only general fund appropriation for the STARS to Quality daycare/Pre-K program
- Funded a wage increase for certain direct-care workers

2015 Session

- Passed the HELP Act to approve Medicaid expansion, with a 2019 sunset
- Passed a 2% annual provider rate increase and additional rate increases for some direct care workers
- Increased mental health community services and provided for the addition of a wing for dementia services at the Montana Mental Health Nursing Care Center, and expansion of the forensic wing and for staff and operating cost support for a new group home at the Montana State Hospital
- Expanded state sponsored mental health facility services

2013 Session

- Funded a 2.0% annual provider rate increase, with additional increases for selected providers
- Approved implementation of the Community First Choice Option for services for elderly and disabled persons funded with an enhanced federal Medicaid match rate
- Added funds to increase community services for disabled persons and partially offset reductions in those services made by DPHHS to contain cost overruns

- Changed the TANF eligibility standards to 30% of the 2011 FPL

2011 Session

- Provided funding for the Health Insurance Flexibility and Accountability (HIFA) waiver to move up to 800 low income persons with a severe and disabling mental illness from a limited state funded services to a Medicaid funded mental health and physical health
- Revised the medical marijuana laws with the passage of SB 423

2009 Session

- Appropriated funds to implement Healthy Montana Kids voter initiative, which:
    - Raised eligibility to 250% of the federal poverty level for CHIP services
    - Elimination of household assets
    - Created a state special revenue account to fund expanded enrollment by diverting 16.5% of the insurance premium tax proceeds from the general fund to the account
- Used general fund freed up due to the enhanced federal Medicaid match per the American Recovery and Reinvestment Act (ARRA) of 2009 for:
    - One-time provider rate increases
    - Additional community aging services
- Increased benefit levels for TANF to 33% of the 2009 federal poverty level (FPL)
- Raised the TANF eligibility standard to 30% of the 2009 FPL through September 30, 2010, when ARRA funds terminated
- Funded jail diversion mental health crisis community services

For more information on DPHHS, please visit the agency's website: https://dphhs.mt.gov/.