

# Funding for Montana Health and Human Services

Lois Steinbeck  
June 2018

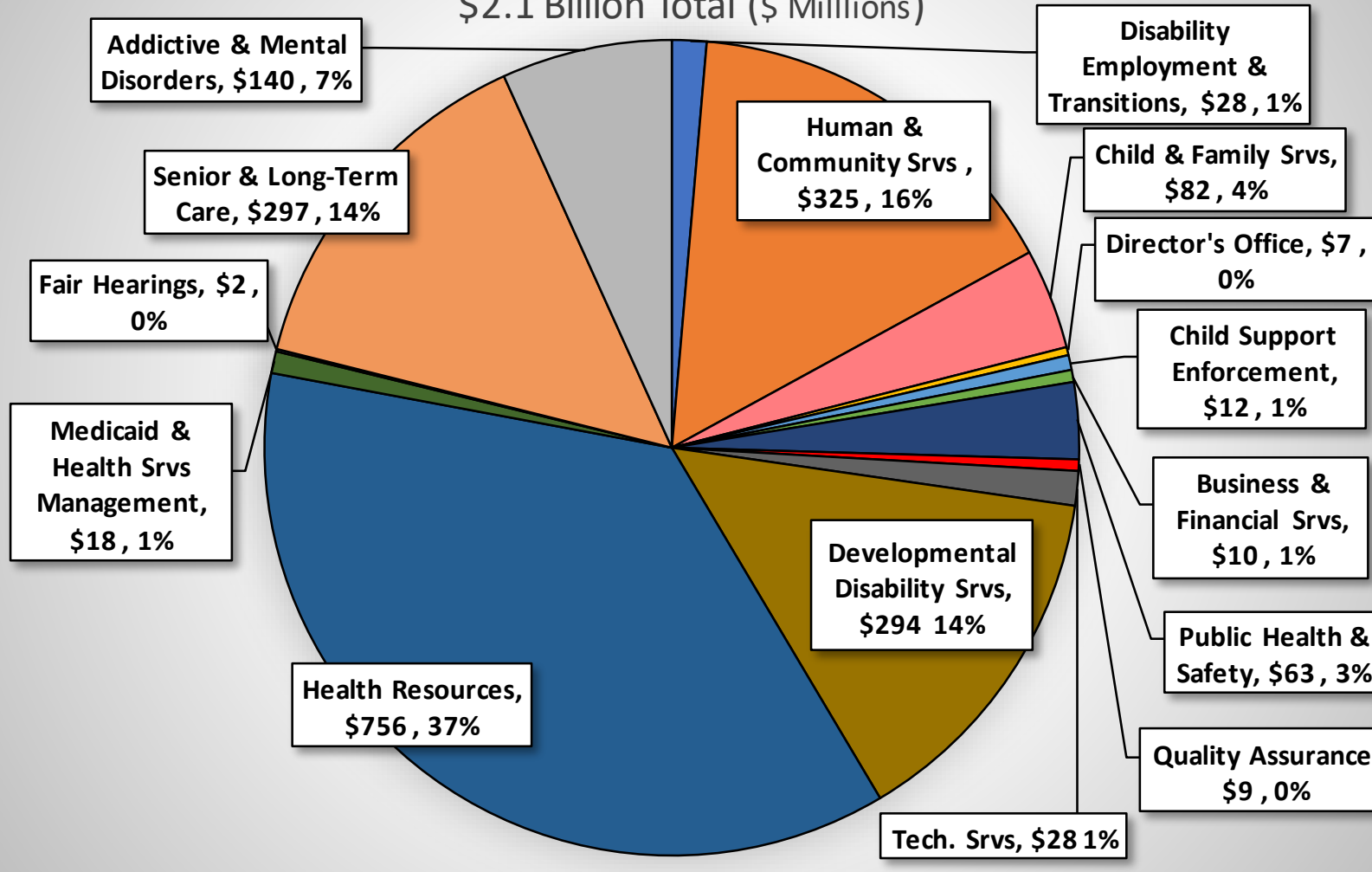
# Montana Department of Public Health and Human Services - DPHHS

- ▶ Mega human services agency
- ▶ Combines many programs and services
  - ▶ Public safety net programs
  - ▶ Public health programs and services
  - ▶ Health care services for low-income and vulnerable populations
  - ▶ Child and adult protective services
  - ▶ Six state health care facilities
- ▶ May be the only one or one of a very few in the U.S.
- ▶ As noted earlier today, DPHHS budget is 42% of total HB 2 funding and 26% of general fund appropriations in HB 2

# DPPHS Program Appropriations - HB 2

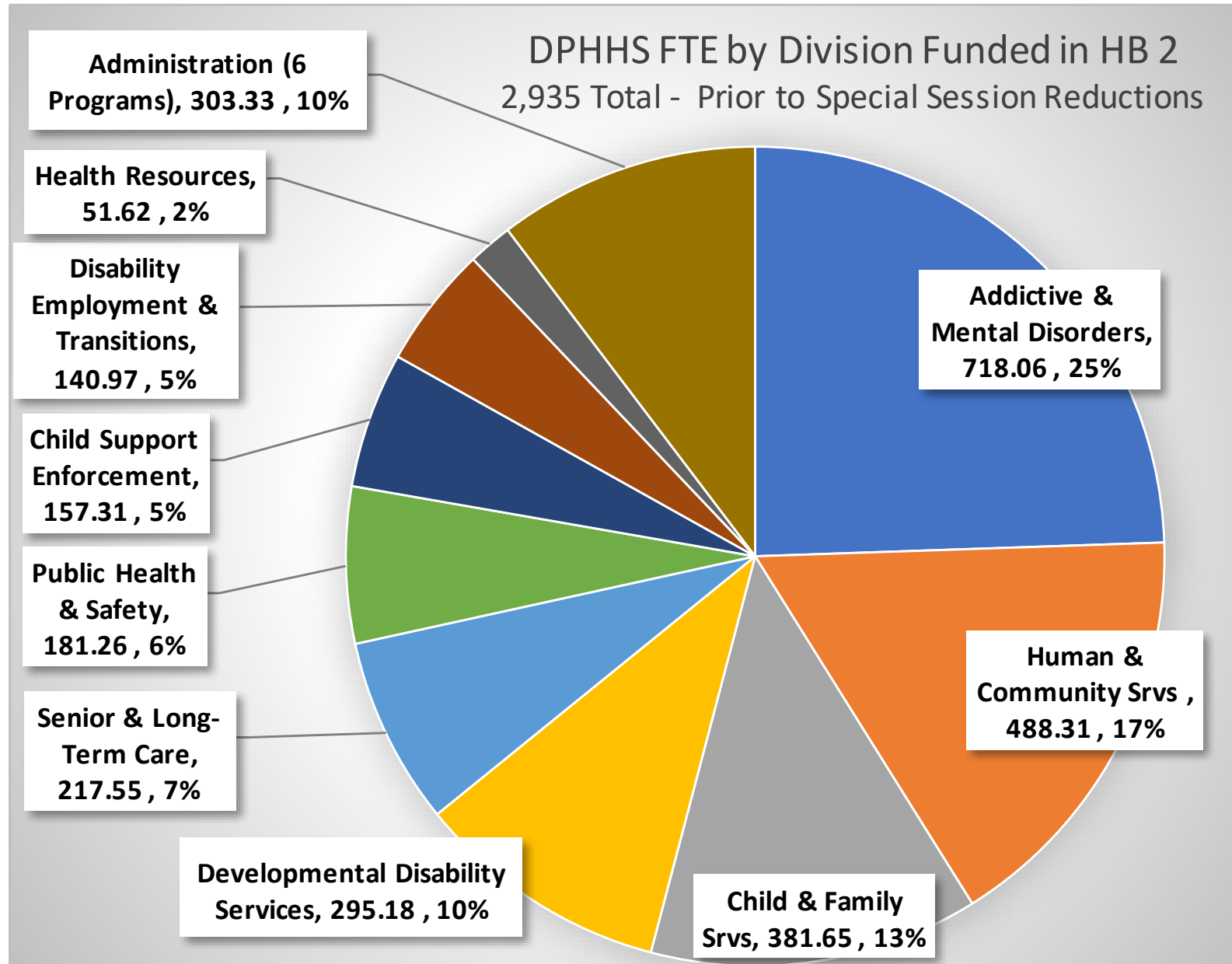
(Source HB 2)

DPHHS HB 2 Appropriation by Division for FY19 -  
\$2.1 Billion Total (\$ Millions)



# DPHHS - FTE by Program

(DPHHS has 24% of FTE funded in HB 2)



# Program Services

## ▶ **Disability Employment and Transitions -**

- ▶ Vocational rehabilitation and blind services
  - ▶ Counseling and guidance, career training, transportation, adaptive equipment, orientation and mobility services to the blind, vocational rehabilitation training, independent living services, medical services, job placement, and supported employment
- ▶ Disability determination services

## ▶ **Human and Community Services Division -**

- ▶ Financial eligibility determination for DPHHS programs
  - ▶ Field staff in most counties
  - ▶ Eligibility determination for Medicaid, Healthy Montana Kids, and benefits administered by the division
- ▶ Temporary Assistance for Needy Families (temporary cash assistance for low-income families with children)
  - ▶ Average number of households receiving cash assistance in federal FY 17 - 4,056 (Source: United States Department of Health and Human Services, Office of Family Assistance)
- ▶ Supplemental Nutrition Assistance Program (SNAP - formerly Food Stamps)
  - ▶ Average number of households receiving assistance in federal FY 17 - 57,589 with a total of 120,889 individuals (Source: United States Department of Agriculture, Food and Nutrition Service)
  - ▶ Average SNAP benefit - \$250.43 per month per household in FY 16 (Source: DPHHS Presentations to 2017 Joint Appropriations Subcommittee)
- ▶ Child care assistance
  - ▶ Average number of households receiving assistance in FY 16 - 8,556 (Source: DPHHS Presentations to 2017 Joint Appropriations Subcommittee)
- ▶ Low Income Energy Assistance Program and Weatherization
  - ▶ Average number of people receiving LIEAP in FY 16 - 40,432 (Source: DPHHS Presentations to 2017 Joint Appropriations Subcommittee)
- ▶ Child and Adult Food Care Program - reimbursements for meals provided to children and adults
  - ▶ Over 7.4 million meals were reimbursed in 683 facilities in FY 16 (Source: DPHHS Presentations to 2017 Joint Appropriations Subcommittee)
- ▶ Commodities distribution

# Program Services

## ▶ **Child and Family Services Division -**

- ▶ Child protective services
  - ▶ Field staff in most counties
- ▶ Administration of services and grants -
  - ▶ Foster care - number of children in foster care in 2017 - 3,454 (Billings Gazette, May 8, 2018)
  - ▶ Domestic violence grants

## ▶ **Child Support Enforcement Division -**

- ▶ Services to locate absent parents, identify assets, establish paternity, and ensures obligated parents maintain medical health insurance coverage for their dependent children

## ▶ **Public Health & Safety Division -**

- ▶ Administration of public health and safety programs, some in cooperation with local offices of public health
- ▶ Women, Infants, and Children Special Nutrition Program (WIC)
  - ▶ Average number of women participating in federal FY 17 - 3,961 (Source: United States Department of Agriculture, Food and Nutrition Service)
- ▶ Tobacco prevention and cessation
- ▶ Public health emergency preparedness and emergency disaster assistance
- ▶ State public health laboratory services
- ▶ Food inspection

# Program Services

## ▶ **Developmental Services Division -**

### ▶ Developmental disability services

- ▶ Medicaid services including transportation, residential and work, habilitation, adaptive equipment, some specialized medical services
- ▶ Early intervention services for children with severe autism
- ▶ Montana Development Center - Boulder
  - ▶ Behavioral treatment services

### ▶ Children's mental health services for youth with a serious emotional disturbance

- ▶ Medicaid services including residential psychiatric treatment, group home, outpatient counseling and therapeutic services, school-based services, crisis services

## ▶ **Senior & Long-Term Care Division -**

### ▶ Services for the elderly and physically disabled

#### ▶ Medicaid services -

- ▶ Nursing home (about 60% of nursing home residents' care is funded by Medicaid)
- ▶ Community based services for elderly and physically disabled (Community First Choice) - personal assistance, home health
- ▶ Non Medicaid community aging services - Meals on Wheels, congregate meals, senior centers

### ▶ Adult protective services

- ▶ Montana Veterans' Homes in Columbia Falls and Glendive; federal authorization to construct a new home in Butte

# Program Services

## ▶ Health Resources Division -

- ▶ Administration of Medicaid program and Healthy Montana Kids (HMK)
- ▶ Medicaid services such as:
  - ▶ Inpatient, outpatient, and critical access hospital
  - ▶ Physician and prescription drugs
  - ▶ Occupational, speech and physical therapies
  - ▶ Dental and vision
  - ▶ Durable medical equipment
  - ▶ Mental health
- ▶ Healthy Montana Kids Program (HMK)
  - ▶ Health and medical services for children in families with incomes up to 261% of the federal poverty level
- ▶ Big Sky Rx
  - ▶ Premium assistance to help low-income persons purchase Medicare Part D prescription drug coverage



# Program Services

## ▶ Addictive & Mental Disorders Division -

### ▶ Mental health services

#### ▶ Adult Mental Health Medicaid

- ▶ Physician, psychiatric, social work, outpatient counseling
- ▶ Community services

#### ▶ Montana State Hospital - Warm Springs

- ▶ Inpatient psychiatric care

#### ▶ Montana Mental Health Nursing Care Center - Lewistown

- ▶ Skilled nursing care

### ▶ Chemical dependency services

#### ▶ Medicaid

- ▶ Community treatment

#### ▶ Montana Chemical Dependency Center - Butte

- ▶ Inpatient treatment for chemical dependency

# Program Services

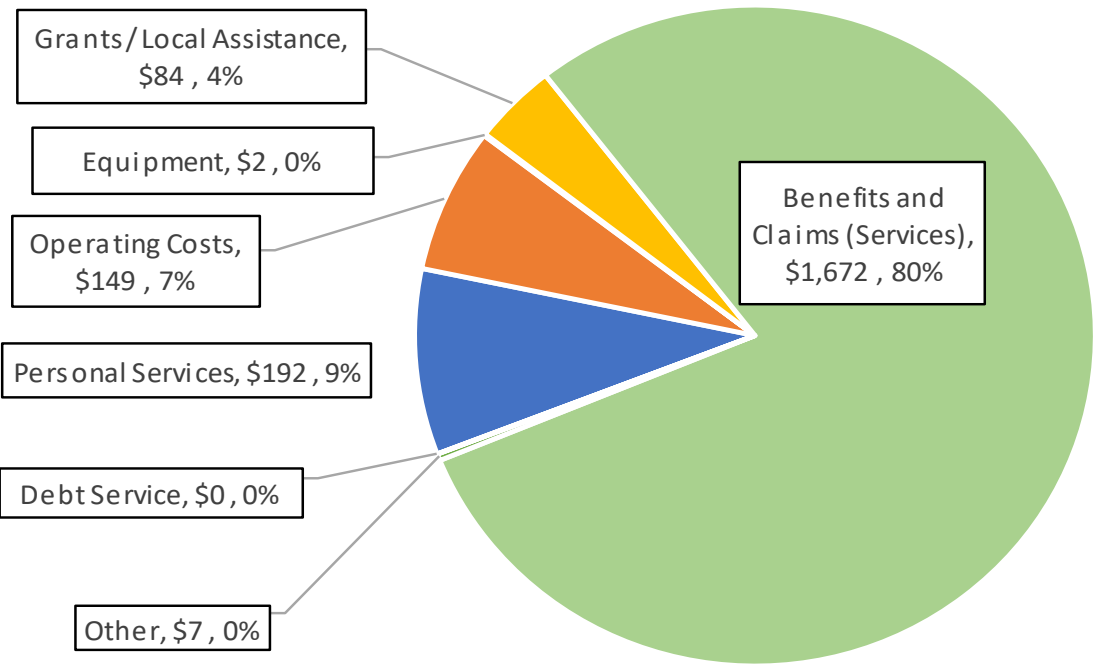
- ▶ **Administrative/management functions**
  - ▶ **Director's Office**
    - ▶ Overall agency administration, including personnel and legal services, public information; administration of AmeriCorps\*VISTA Program
  - ▶ **Business & Financial Services and Technology Services Divisions -**
    - ▶ Agency wide accounting and financial management services and information technology services
  - ▶ **Quality Assurance Division -**
    - ▶ Licensing of facilities that receive Medicare and Medicaid
    - ▶ Fraud investigations and fair hearings
    - ▶ Program compliance audits
    - ▶ Administration of medical marijuana registry
  - ▶ **Medicaid and Health Services Management and Management and Fair Hearings Programs -**
    - ▶ Administration of centralized services programs and Medicaid services program
    - ▶ Provision of fair hearings for many DPHHS program

# DPHHS FY 18 HB 2 Expenditures by Major Category and Major Items

(Source: DPHHS Budget Status Report, May 15, 2018)

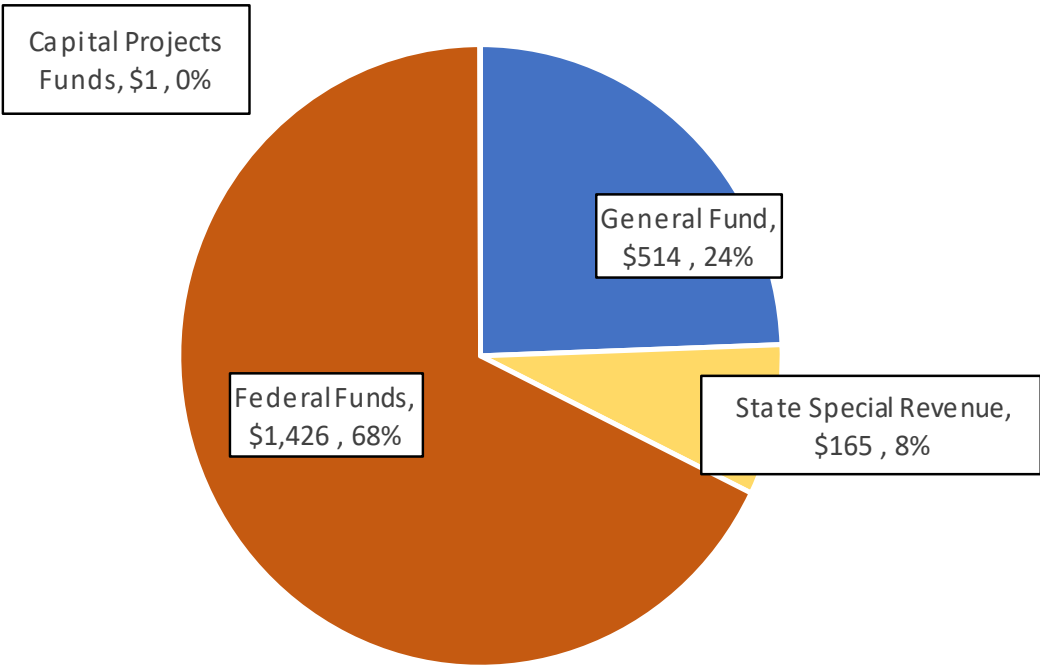
## Category of Expenditure

FY 18 DPHHS HB 2 Expenditures - \$2.1 Billion  
(\$ Millions - DPHHS May 2018 Budget Status Report)



## Funding

FY18 HB 2 Projected Funding - \$2.1 Billion  
(\$ Millions - Source DPHHS May 2018 Budget Status Report)



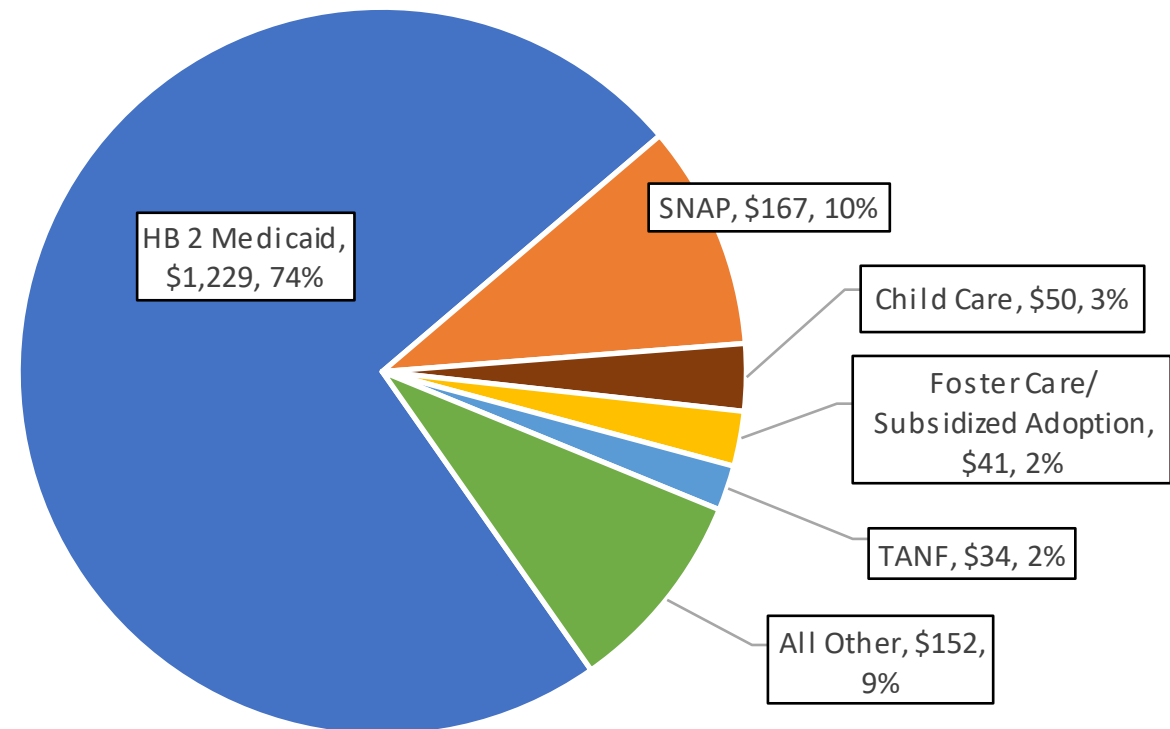
# FY 18 Estimated Major Expenditures for Benefits

(Source DPHHS May 2018 Budget Status Report)

## Major Service

- ▶ Regular (non expansion) Medicaid services expenditures - \$1.2 billion
  - ▶ \$1.1 billion appropriated in HB 2
- ▶ SNAP (food stamps) - \$165.1 million
- ▶ Child care services - \$49.8 million
- ▶ Foster care/subsidized adoption - \$40.8 million
- ▶ TANF (cash assistance) - \$33.5 million
- ▶ *Note: All benefit expenditures are made on behalf of certain eligible persons who meet financial and certain categorical criteria. Foster care is the exception in that financial criteria is not considered. Benefit (service) expenditures are provided through contracts with providers or are payments made on behalf of eligible individuals.*

HB 2 DPHHS Estimated FY 18 Benefits  
Expenditures - \$1.7 Billion  
(\$ Millions, Source DPHHS May 2018 Budget Status Report)



# Deeper Dive - Medicaid Services

- ▶ Medicaid services expenditures are significant
  - ▶ More than ½ of DPHHS HB 2 expenditures in FY 18
  - ▶ About 25% of total HB 2 appropriations for FY 18
- ▶ States must opt in; all states participate
- ▶ Medicaid eligibility described by groups
  - ▶ Mandatory groups - aged, blind, disabled; children; low-income parents
  - ▶ Some optional groups - eg Medicaid expansion
    - ▶ Medicaid expansion authorized in the HELP Act - 2015 legislative session
    - ▶ The expansion sunsets June 30, 2019 unless it is reauthorized
  - ▶ All persons must meet financial eligibility criteria
    - ▶ Some eligibility criteria includes age, disability, and asset tests as well
- ▶ Some services are mandatory and some are optional
  - ▶ States must cover mandatory services
  - ▶ Optional services sometimes the same service as mandatory, but provided in an outpatient setting
    - ▶ Prescription drugs are optional service if provided by a pharmacy; mandatory service in a hospital setting

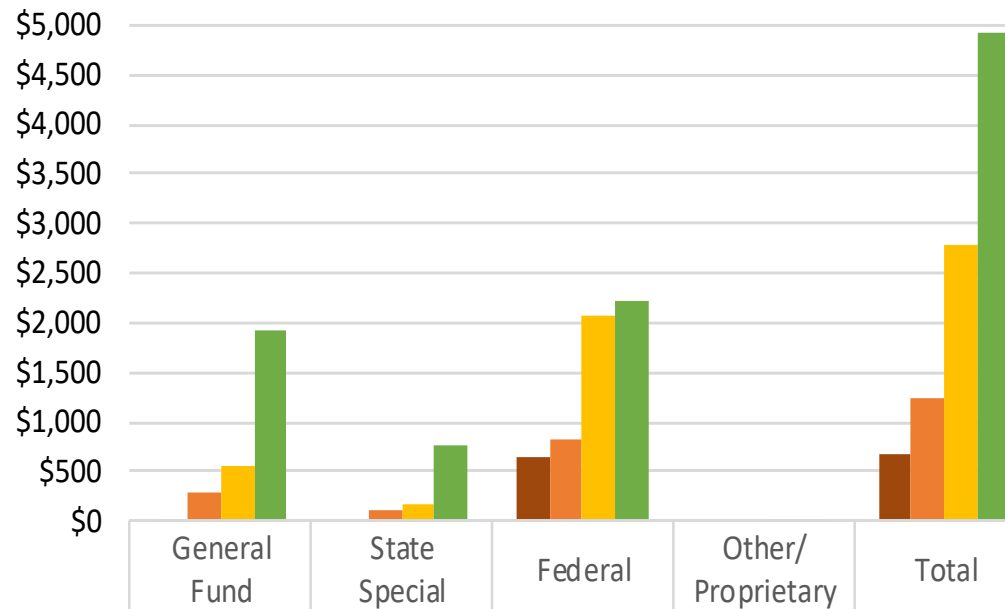
# Deeper Dive - Medicaid Services

- ▶ States must provide matching funds for most Medicaid costs
  - ▶ Most administrative costs are matched 50% state/50% federal
  - ▶ Most services costs in the regular Medicaid require about a 33% state match
    - ▶ 1% change = \$14 to \$15 million change in state funding (regular Medicaid program, non expansion population)
    - ▶ State match rate for services changes October 1 each year
    - ▶ Based on three year average of state per capita income compared to national per capita income
  - ▶ Medicaid expansion services require a 10% state match that does not change
- ▶ Medicaid is an entitlement
  - ▶ The state must provide and pay for the service if:
    - ▶ A person is eligible
    - ▶ The service is covered
    - ▶ The service is medically necessary
  - ▶ If appropriations are inadequate to cover all entitlement costs
    - ▶ DPHHS can reduce the amount, scope or duration of services (within federal limits)
    - ▶ Lower reimbursement rates to providers
    - ▶ Request a supplemental appropriation from the next legislature

# Estimated FY 18 Medicaid Services Costs Compared to HB 2 Funding for DPHHS

## FY 18 Medicaid Services and DPHHS Projected Expenditures Compared to HB 2 Appropriations

(\$ Millions, Source DPHHS May 2018 Budget Status, HB 2)



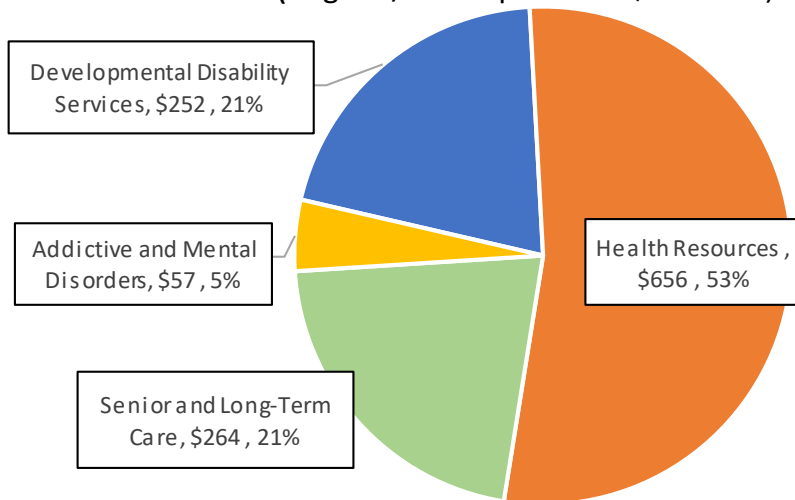
■ Medicaid Expansion	\$29	\$0	\$639	\$0	\$667
■ Regular Medicaid Services	\$289	\$110	\$830	\$0	\$1,229
■ Total DPHHS HB 2 & Medicaid Expansion	\$543	\$165	\$2,065	\$1	\$2,774
■ Total HB 2 All Agencies	\$1,934	\$748	\$2,217	\$12	\$4,911

- The regular Medicaid services program is projected to cost \$1.2 billion in FY 2018
  - \$1.1 billion is funded in HB 2
- Medicaid expansion services, funded from a statutory appropriation, are projected to cost \$667 million
- The majority of funding for all Medicaid services comes from federal funds
- Total federal Medicaid funding is about \$150 million less than total federal funding in HB 2 for all state agencies

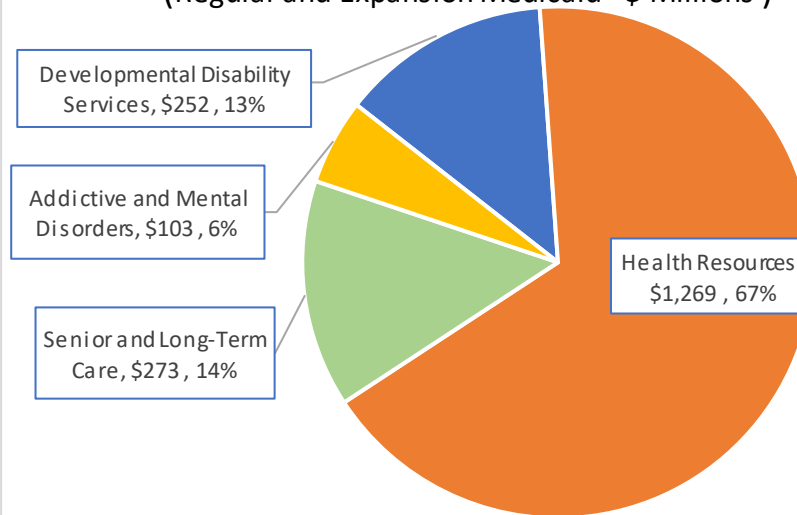
# Medicaid Services FY 18 Estimated Expenditures by Division

Regular Medicaid Services Program Compared to Total Medicaid Services, Including Medicaid Expansion - Source: DPHHS May 2018 Budget Status Report

FY 18 Estimated Medicaid Services Expenditures  
by Division - \$1.2 Billion  
(Regular/Non Expansion - \$ Millions)

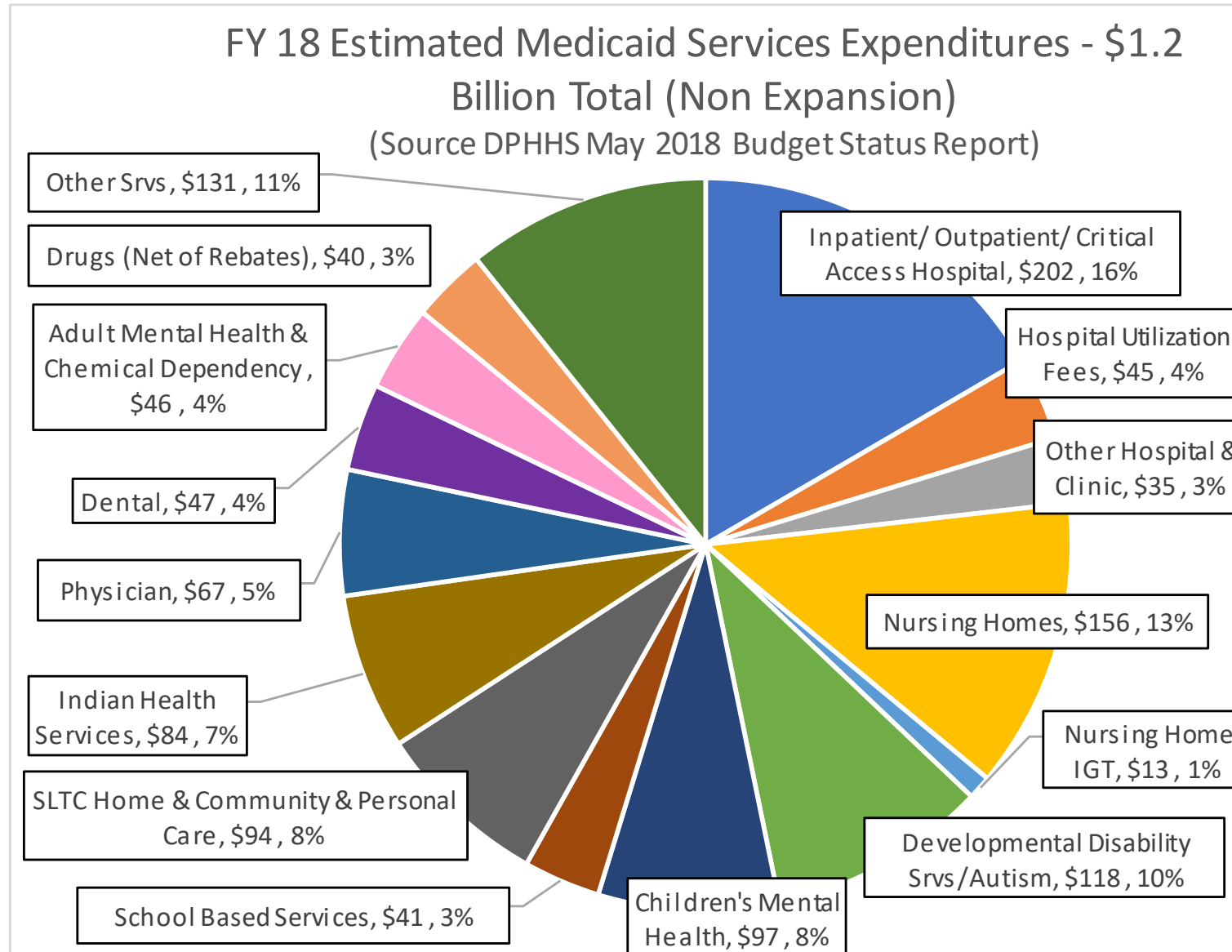


FY 18 Total Estimated Medicaid Services  
Expenditures by Division - \$1.9 Billion  
(Regular and Expansion Medicaid - \$ Millions)



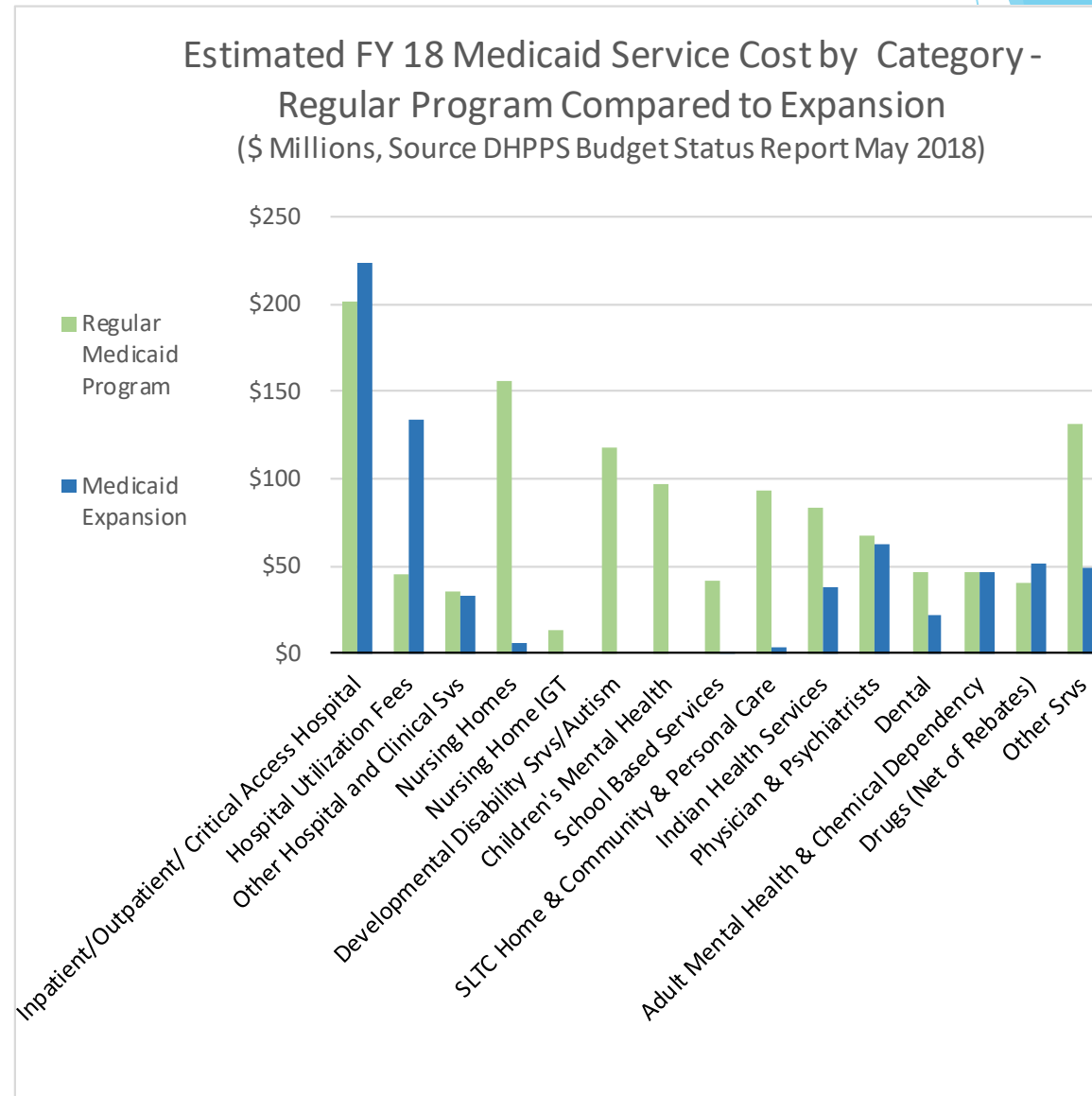


# Medicaid Services Estimated FY 18 Expenditures by Major Service - Regular Medicaid Program



# Comparison of FY 18 Estimated Regular Medicaid Program Services to Expansion Services

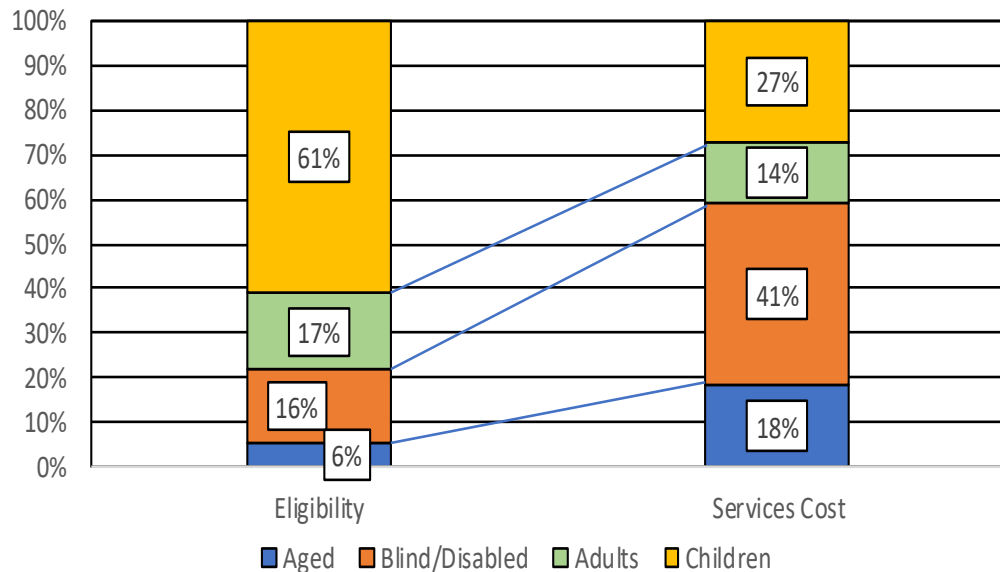
- ▶ Total Medicaid services costs estimated for FY 18 - \$1.9 billion
  - ▶ Regular Medicaid program - \$1.2 billion
  - ▶ Medicaid expansion program - \$667.3 million
- ▶ Total enrollees in Medicaid and Healthy Montana Kids (including CHIP) - 277,513 (Source Centers for Medicare and Medicaid Services (CMS), CMCSPReort\_2018\_05-16)
  - ▶ 46% of total enrollees are children - 128,966
  - ▶ Medicaid expansion enrollees as of January 2018 - 91,563 (Great Falls Tribune, January 18, 2018)
  - ▶ Balance of enrollees are adults who are aged, blind, disabled or low-income parents - 56,984



# Eligibility Compared to Cost by Major Group - Non Expansion Population

## Comparison of Eligibility to Total Cost by Eligibility Group for Non Expansion Population - FY 15 Data

(Source DPHHS The Medicaid Program: Biennial Report to  
the 2017 Legislature)



- ▶ Data is based on FY 15 data
  - ▶ Most recent data available
  - ▶ Does not include Medicaid expansion population
- ▶ Relationship between eligibility and cost has remained fairly constant
- ▶ Largest number eligible are children - 61%
  - ▶ Account for 27% of cost
- ▶ Aged, blind, and disabled have the lowest number of eligibles, but have relatively higher costs
  - ▶ 22% of total eligibles and 59% of total cost
- ▶ Expansion group are low-income adults between the ages of 21 and 65 who are not disabled nor pregnant
  - ▶ Cost/eligibility comparison would raise the percentage of adult eligibles

## 2019 Biennium Appropriation Actions - DPHHS

- ▶ 2017 Legislature incorporated budget changes in SB 261 in the event general fund revenues were lower than estimated by the legislature
- ▶ SB 261 included “triggers” that required reductions in HB 2 appropriations if general fund revenues were below certain thresholds
  - ▶ Triggers were met in FY 2018
  - ▶ DPHHS budget reductions totaled \$49.2 million general fund and an additional \$61.1 million in state special revenue and federal funds for a total of \$110.3 million over the 2019 biennium
  - ▶ The majority of reductions - 77% were made to benefits (services)
  - ▶ Some of the actions taken to reduce expenditures were:
    - ▶ Provider rate reductions
    - ▶ Reductions to targeted case management services for persons receiving developmental disability and mental health services
    - ▶ Elimination of state payment for room and board for therapeutic group care for seriously emotionally disturbed children
    - ▶ Consolidation of some Offices of Public Assistance
    - ▶ Reductions in DPHHS operating costs and increased vacancy rates

# 2018 Federal Poverty Level

- ▶ The federal poverty level is updated annually - usually in February
- ▶ Several examples of poverty levels that coordinate with some DPHHS programs are shown
  - ▶ 138% - income level for eligibility for Medicaid expansion for nondisabled, non pregnant adults aged 21 to 64
  - ▶ 157% - Medicaid eligibility for pregnant women and infants
  - ▶ 261% - Healthy Montana Kids eligibility for children

2018 Federal Poverty Level by Family Size					
Family Size	50%	100%	138%	157%	261%
1	\$6,070	\$12,140	\$16,753	\$19,060	\$31,685
2	8,230	16,460	22,715	25,842	42,961
3	10,390	20,780	28,676	32,625	54,236
4	12,550	25,100	34,638	39,407	65,511
5	14,710	29,420	40,600	46,189	76,786
6	16,870	33,740	46,561	52,972	88,061
7	19,030	38,060	52,523	59,754	99,337
8	21,040	42,080	58,070	66,066	109,829
9	23,350	46,700	64,446	73,319	121,887
10	25,510	51,020	70,408	80,101	133,162
Additional Person Add:	2,090	4,180	\$5,768	6,563	\$10,910

Questions?