



Early Action on Budget Provides Some Investments, but Gaps Remain

March 2025

In February, the Legislature's budget subcommittees took the first action on their sections of the state budget. The state budget represents our collective priorities for the investments we want to see in communities. The budget process starts with Joint Appropriation Subcommittees, where the budget is divided into five sections, each reviewed by their respective subcommittees. Over the past two months, subcommittee legislators have heard from the agencies presenting their budgets and members of the public.

The largest component of the state budget – when totaling state and federal funds – is Health and Human Services.¹ The Department of Public Health and Human Services (DPHHS) provides critical services for Montanans, including those accessing Medicaid coverage, home and community-based services, and critical public health programs.

While the Subcommittee accepted many of the executive's requests, there were several changes, reductions, and some positive investments to highlight.² As the budget continues to move through the process, policymakers should:

- **Restore Summer EBT funding** to ensure summer food assistance for Montana children;
- **Fully fund school-based mental health** at the level requested in the executive budget; and
- **Remove one-time-only designation** for the Behavioral Health Services for Future Generations Commission recommendations.

Mixed Bag: Subcommittee Funds a Portion of Behavioral Health Initiatives

The Governor's proposed budget reflected **10 of the 22 recommendations from the Behavioral Health Services for Future Generations (BHSFG) Commission**, expanding critical services for individuals with mental or behavioral health needs and for those with developmental disabilities.^{3,4} These proposals included expanding certified community behavioral health clinics, investments in school-based behavioral health services, and improving services for individuals with complex needs. The executive's budget proposed investing \$54 million in state special revenue matched by \$46 million in matching federal funds for the BHSFG initiatives in the 2027 Biennium.

However, the Subcommittee failed to fully fund these recommendations and has put into question the continuation of these investments into the future. Overall, the Subcommittee cut \$20 million in state funds for these initiatives, including eliminating funding for targeted case management and reducing school-based mental health funding. While the Subcommittee put forward the funding for certified community behavioral health clinics, this proposal (along with several others) was funded on a one-time-only basis. [To see a full comparison of the executive budget's request with Subcommittee action, see the table Behavioral Health Services for Future Generation Initiatives Funding Comparison.](#)

Good News: Subcommittee Supports Critical Provider Rate Adjustments

Provider rates determine the reimbursement rate for Medicaid and other health providers. An adequate reimbursement rate is essential to make sure that health providers, especially in rural communities, can cover the cost of services and ensure access to care for Montanans. In 2023, the Legislature did good work to bring provider rates up, based on outside expert recommendations on what is needed to ensure care is available to people who need it. However, if Montana fails to continue to invest – we will continue to fall behind and be back in the same situation we were in before 2023.

The Subcommittee voted and approved a 3 percent provider rate adjustment for all Medicaid and non-Medicaid providers within DPHHS.⁵ This important investment of approximately \$45 million in state funds over the biennium, which will bring in over \$90 million in federal matching funds, will help ensure providers are reimbursed for the cost of quality care.

Bad News: Subcommittee Rejects Summer Food Program for Kids

The Summer EBT program provides low-income families access to food when school meals are not available during the summer. This program has been particularly important in rural communities, where access to summer food sites may be limited. Food assistance during the summer can help reduce hunger and can help reduce future costs related to poor nutrition, health care, and behavioral issues. Summer EBT food assistance is entirely federally funded, with a modest cost to the state to administer the program. In 2026, the program would provide over \$9 million in food assistance, at a cost to the state of just \$353,000.⁶

What's Next for DPHHS Budget

In mid-March, the House Appropriations Committee will hold a hearing on the full House Bill 2 budget bill, including the action taken by the Subcommittees on their sections of the budget. State agencies and the public will offer additional input on HB 2 during the multi-day hearing. Following the hearing, the House Appropriation Committee will take executive action, where members then can offer amendments to HB 2. As the process continues, policymakers should restore critical health funding to support families and children.

¹ Legislative Fiscal Division, "[2027 Biennium Final Budget Analysis: Statewide Financial Perspectives](#)," Dec. 2024.

² Information on Subcommittee action can be found on Legislative Fiscal Division's website for [2025 Session Materials](#). The following information is based on the author's calculations from Subcommittee action off the [Section B Budget Tracker 02-24-2025](#).

³ The full list of recommendation can be found at: Department of Public Health and Human Services, [Behavioral Health System for Future Generations \(BHSFG\) Commission Report](#), September 2024.

⁴ Legislative Fiscal Division, "[2027 Biennium Budget Analysis: Department of Public Health & Human Services](#)," Dec. 2024.

⁵ Calculation, on file with author, includes 12 Decision Packages (DPs) taken as a slate: DP 1011, DP 3056, DP 10482, DP 10483, DP 1084, DP 11702, DP 11703, DP 11704, DP 22705, DP 22706, DP 22707, and DP 25014. Legislative Fiscal Division, "[Section B Budget Tracker 02-24-2025](#)," Feb. 2025.

⁶ Legislative Fiscal Division, "[2027 Biennium Budget Analysis: Department of Public Health & Human Services](#)."