

LFD Budget Analysis: DPHHS Developmental Services Division

Developmental Services Division
Major Budget Highlights

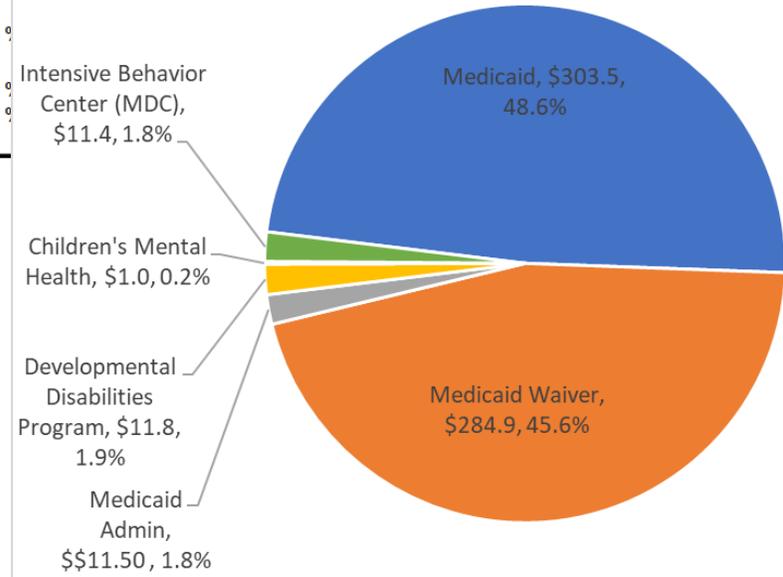
Program Biennium Comparison

The following table compares the 2021 biennium appropriated budget and the 2023 biennium budget request by type of expenditure and source of funding.

Budget Item	Appropriated Budget 20-21	Requested Budget 22-23	Biennium Change	Biennium % Change
Personal Services	21,302,534	21,476,617	174,083	0.82 %
Operating Expenses	7,965,161	7,854,744	(110,417)	(1.39)%
Benefits & Claims	557,472,719	594,686,320	37,213,601	6.68 %
Debt Service	77,564	75,864	(1,700)	(2.19)%
Total Expenditures	\$586,817,978	\$624,093,545	\$37,275,567	6.35 %
General Fund	169,224,373	214,001,391	44,777,018	26.46 %
State/Other Special Rev. Funds	13,148,494	13,404,024	255,530	1.94 %
Federal Spec. Rev. Funds	404,445,111	396,688,130	(7,756,981)	(1.92)%
Total Funds	\$586,817,978	\$624,093,545	\$37,275,567	6.35 %
Total Ongoing	\$586,817,978	\$624,093,545	\$37,275,567	6.35 %
Total OTO	\$0	\$0	\$0	0.00 %

- The executive requests a total fund increase of 6.4% over the 2021 biennium totaling \$37.3 million. This includes a requested increase in general fund appropriation of \$44.8 million which is offset by a requested decrease in federal funds totaling \$7.8 million
- Most of the requested fund changes are due to changes to the Comprehensive School and Community Treatment (CSCT) program.

DSD 2023 Biennium Budget Request by Program in Millions
\$624.1 million total



Program Actuals and Budget Comparison

The following table compares FY 2020 actual expenditures to the 2021 biennium appropriated budget and the 2023 biennium budget request by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2020	Approp. Fiscal 2020	Approp. Fiscal 2021	Request Fiscal 2022	Request Fiscal 2023
FTE	0.00	155.91	155.91	155.91	155.91
Personal Services	9,709,136	10,480,431	10,822,103	10,618,597	10,858,020
Operating Expenses	2,791,147	3,967,734	3,997,427	3,926,313	3,928,431
Benefits & Claims	239,500,086	262,739,924	294,732,795	288,685,613	306,000,707
Debt Service	39,156	39,632	37,932	37,932	37,932
Total Expenditures	\$252,039,525	\$277,227,721	\$309,590,257	\$303,268,455	\$320,825,090
General Fund	76,856,425	78,840,098	90,384,275	103,689,777	110,311,614
State/Other Special Rev. Funds	6,445,204	6,446,482	6,702,012	6,702,012	6,702,012
Federal Spec. Rev. Funds	168,737,896	191,941,141	212,503,970	192,876,666	203,811,464
Total Funds	\$252,039,525	\$277,227,721	\$309,590,257	\$303,268,455	\$320,825,090
Total Ongoing	\$252,039,525	\$277,227,721	\$309,590,257	\$303,268,455	\$320,825,090
Total OTO	\$0	\$0	\$0	\$0	\$0

The requested increases at DSD for benefits and claims is due in part to COVID related budget changes. The requested increase for general fund is also due in part to COVID related budget changes as well as a request for \$28.4 million general fund for Medicaid Core.

Funding

The following table shows proposed program funding by source of authority.

Department of Public Health & Human Services, 10-Developmental Services Division Funding by Source of Authority						
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	214,001,391	0	0	0	214,001,391	34.29 %
02035 IBC Vocational	2,552	0	0	0	2,552	0.02 %
02597 Healthy Montana Kids Plan	2,309,508	0	0	0	2,309,508	17.23 %
02772 Tobacco Hlth and Medicaid Init	9,366,384	0	0	0	9,366,384	69.88 %
02987 Tobacco Interest	125,580	0	0	0	125,580	0.94 %
02365 MTAP Transfers	1,600,000	0	0	0	1,600,000	11.94 %
State Special Total	\$13,404,024	\$0	\$0	\$0	\$13,404,024	2.15 %
03579 93.667 - SSBG - Benefits	3,565,162	0	0	0	3,565,162	0.90 %
03580 6901-93.778 - Med Adm 50%	6,635,440	0	0	0	6,635,440	1.67 %
03582 93.778 - Med Ben 100%	0	0	0	0	0	0.00 %
03583 93.778 - Med Ben FMAP	382,138,164	0	0	0	382,138,164	96.33 %
03599 03 Indirect Activity Prog 10	4,339,450	0	0	0	4,339,450	1.09 %
03556 84.181 - Part H - Early Interv	0	0	0	0	0	0.00 %
03974 Medicaid Exp HELP Act Admin	0	0	0	0	0	0.00 %
03975 Medicaid Exp HELP Act Benefit	9,914	0	0	0	9,914	0.00 %
Federal Special Total	\$396,688,130	\$0	\$0	\$0	\$396,688,130	63.56 %
Proprietary Total	\$0	\$0	\$0	\$0	\$0	0.00 %
Total All Funds	\$624,093,545	\$0	\$0	\$0	\$624,093,545	

Legislative Action Items
<ul style="list-style-type: none"> Executive actions at DPHHS during FY 2021 resulted in a fund switch in the CSCT program that resulted in an estimated \$21.7 million general fund increase to the 2023 budget request. These changes have been incorporated into the Medicaid caseload present law adjustment, limiting legislative oversight of the executive action taken. The executive request includes \$2.0 million in appropriations from transfers from the Montana Telecommunications Access Program (MTAP) based on transfers made by the 2019 Legislature. The MTAP program no longer has a fund balance sufficient to support the total amount requested

MTAP Transfers by Division				
		2022	2023 Biennium	
DET	Extended Emp.	400,000	400,000	800,000
DSD	TCM CMHB	800,000	800,000	1,600,000
AMDD	TCM Adults	800,000	800,000	1,600,000
Total		2,000,000	2,000,000	4,000,000

Prior to FY 2021, the CSCT program was funded in fund 03582 which was not matched with general fund. The executive request for CSCT federal funds is now within fund 03583 with associated general funds.

**LFD
ISSUE***Comprehensive School and Community Treatment (CSCT) Funding Changes*

CSCT was previously funded with federal funds and an in-kind match from school districts. However, according to the department, the Centers for Medicare and Medicaid services (CMS) directed MT to change the funding methodology so that the CSCT rate no longer includes the in-kind match provided by public school districts. The LFD requested documentation of the CMS requirement for this funding switch but as of this writing, none has been provided. DPHHS requested and amended the Montana Medicaid state plan to accommodate the CSCT funding change on July 1, 2020. CSCT services are now provided at the standard FMAP rate with the department responsible for the state fund portion.

The funding changes to CSCT result in a \$89.0 million reduction of Medicaid benefit 100% funds during the 2023 biennium. CSCT is currently funded at the traditional Medicaid FMAP within Medicaid Core. This change to the CSCT program has been included in the present-law adjustment for Medicaid Core. DPHHS is requesting a present law increase for Medicaid Core totaling \$81.1 million including \$28.4 million in general fund. Based on Medicaid projections provided by DPHHS, it is estimated that \$21.7 million of the requested general fund present law caseload increase is for CSCT.

Statute requires that new proposals be presented to the legislature for changes to sources of funding, also referred to as funding shifts or switches. The funding switch from in-kind school district contributions to general fund is included as part of the statewide present law adjustment to Medicaid Core. Statewide present law adjustments do not include specific decision points for the legislature to determine its support for increased general fund support for the division's decisions discussed above.

Legislative Options:

1. Approve the executive request for Medicaid Core including the CSCT funding switch as submitted.
2. Request the agency create a separate decision package for the CSCT portion of the Medicaid Core adjustment. This may be considered a new proposal as statute requires policies that result in a fund switch to be considered new proposals.
3. Instruct the agency to revert to the previous funding method where school districts are responsible for providing the state match portion of CSCT.
4. Work with CSCT policy stakeholders and section E legislators to investigate alternative options that might mitigate the GF impact of the CSCT funding switch.

DP 10991 - Med Core DSD -

This present law adjustment for caseload growth in the Developmental Services Division covers the increase in the number of eligible individuals, utilization, acuity levels, and cost per service for medical care. This change package requests \$81,125,986 in total funds. The biennial funding is \$28,438,314 in general fund and \$52,687,672 in federal funds.

LFD COMMENT The 2019 Legislature authorized a total of \$3.5 million in transfers from the Montana Telecommunications Access Program (MTAP). A total of \$2.0 million was transferred in FY 2021 including \$800,000 to DSD for targeted case management. This funding was not one time only and has been included in the legislative base for the 2023 biennium and is included in the request for both years of the 2023 biennium. The executive request includes a total of \$2.0 million in MTAP transfers during both years of the 2023 biennium. However, based on the current fund balance, along with historical revenues and disbursements, the MTAP program would be over appropriated based on these amounts. For more information on the MTAP program, and the fund balance please see the Disability Employment and Transitions section of the budget analysis.

Department of Public Health and Human Services 02159 Montana Telecommunications Access Program							
	FY 2017 Actuals	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Actuals	FY 2021 Estimated	FY 2022 Requested	FY 2023 Requested
Fund Balance	2,918,744	3,428,764	3,984,276	4,475,040	3,448,411	1,906,647	379,749
Revenue ¹	1,361,681	1,370,772	1,388,332	1,425,135	1,346,988	1,371,107	1,377,336
Disbursements ²	(851,661)	(815,259)	(898,351)	(951,763)	(888,753)	(898,005)	(881,158)
MTAP Transfers ³				(1,500,000)	(2,000,000)	(2,000,000)	(2,000,000)
Remaining Balance	3,428,764	3,984,276	4,474,257	3,448,411	1,906,647	379,749	(1,124,073)
Contingency Appropriation for Relay Services					775,000	775,000	775,000
Ending Fund Balance with Contingency					1,131,647	(1,170,251)	(3,449,073)
1 FY 2021 - FY 2023 Revenues are based on the average annual revenue from FY 2015 - FY 2020							
2 FY 2021 - FY 2023 Disbursements are based on the average annual disbursements from FY 2015 - FY 2020							
3 MTAP transfers in FY 2021 are requested							

Present Law Adjustments

The "Present Law" Adjustments table shows the changes from the base appropriation to the proposed budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

Present Law Adjustments	-----Fiscal 2022-----					-----Fiscal 2023-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	16,741	0	(8,969)	7,772	0.00	34,564	0	1,353	35,917
DP 2 - Fixed Costs	0.00	(54,250)	0	0	(54,250)	0.00	(54,250)	0	0	(54,250)
DP 3 - Inflation Deflation	0.00	(2,904)	0	(2,779)	(5,683)	0.00	(1,822)	0	(1,743)	(3,565)
DP 10891 - Med Exp Core DSD	0.00	551	0	(6,224)	(5,673)	0.00	551	0	(6,224)	(5,673)
DP 10991 - Med Core DSD	0.00	11,740,006	0	21,812,454	33,552,460	0.00	16,698,308	0	30,875,218	47,573,526
DP 10992 - Med Waiver DSD	0.00	1,706,007	0	3,169,692	4,875,699	0.00	2,867,574	0	5,302,153	8,169,727
DP 10993 - Med Federal DSD	0.00	0	0	(44,480,849)	(44,480,849)	0.00	0	0	(44,480,849)	(44,480,849)
DP 10996 - Med Core FMAP DSD	0.00	190,552	0	(190,552)	0	0.00	312,834	0	(312,834)	0
DP 10997 - Med Waiver FMAP DSD	0.00	(79,923)	0	79,923	0	0.00	69,580	0	(69,580)	0
Grand Total All Present Law Adjustments	0.00	\$13,516,780	\$0	(\$19,627,304)	(\$6,110,524)	0.00	\$19,927,339	\$0	(\$8,692,506)	\$11,234,833

**"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

New Proposals

The New Proposals table shows new changes to spending

New Proposals	-----Fiscal 2022-----					-----Fiscal 2023-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 5555 - Reduce GF Budget for State Share Holiday	0.00	(211,278)	0	0	(211,278)	0.00	0	0	0	0
Total	0.00	(\$211,278)	\$0	\$0	(\$211,278)	0.00	\$0	\$0	\$0	\$0

*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 5555 - Reduce GF Budget for State Share Holiday -

Governor Gianforte has proposed legislation to impose a two-month state share holiday for employer contributions into the state health insurance fund. This change package removes the general fund portion of the savings generate by the contribution holiday. Savings from other funding sources will remain in the agency to be able to address ongoing functions of the agency. This change package is contingent on passage and approval of the proposed legislation.