



Presentation to the 2017 Health and Human Services
Joint Appropriation Subcommittee

**BUSINESS AND FINANCIAL SERVICES DIVISION
(BFSD)**

Department of Public Health and Human Services (DPHHS)



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Reference:

Legislative Fiscal Division Budget Analysis, Volume 4, Pages B49-B53

1. Where are we now?

1.a DPHHS Mission:

To improve and protect the health, well-being, and self-reliance of all Montanans.

1a. BFSD Mission:

The mission of the Business and Financial Services Division (BFSD) is to provide professional services in operational areas critical to the efficient and effective management of the Montana Department of Public Health and Human Services (DPHHS).

1b. Contact Information:

Title	Name	Phone Number	E-mail address
Division Administrator	Becky Schlauch	444-9407	bschlauch@mt.gov
Fiscal Operations Bureau Chief	Terri Johns	444-5369	tjohns@mt.gov
Support Services Bureau Chief	Cheryl Richman	444-4690	crichman@mt.gov

1c. Overview:

The Business & Financial Services Division (BFSD) provides professional accounting and business services that are crucial to the delivery of department services by other divisions. Some of the areas of support services include accounts payable, audit coordination, cash management, contract management, facility medical billing, financial and accounting oversight, lease management, mail handling, preparation and filing of federal reports, property management, procurement of goods and services and records management.

1d. Major Bureau Functions:

Fiscal Operations Bureau

Grant Accounting-The BFSD's General Ledger and Medicaid Finance Accountants brought in more than \$1.5 billion in federal funds from federal granting agencies in 2016. The accountants are responsible for transparent and proper reporting for over 252 unique federal funding sources and 106 state special accounts. The staff monitors the financial activities in the funds, completes financial schedules and reports, performs in-depth financial analysis and requests reimbursement from federal grantors.

Medical Billing-Close to \$24 million was collected in 2016 by the Facility Reimbursement Section. Dedicated and caring financial investigators work one-on-one with Montanans that are in need of care at our facilities to understand their personal financial situation. Medical billers work to maximize recovery from insurance companies, Medicaid, Medicare and private individuals to offset medical costs incurred at the state facilities. Medicaid is always the payer of last resort, which means they are only billed after all other payer options have been exhausted.

Cost Allocation-Because DPHHS is a public assistance agency; as such, we are required to have a public assistance cost allocation plan. The cost allocation unit must maintain this plan which is a narrative document outlining the purpose of the department, the organizational structure, the work performed within each division, what expenditures are direct and indirect and how the indirect expenditures will be shared among benefitting programs.

Support Services Bureau

Accounts Payable-BSFD processed over 805,000 payments to numerous unique clients and vendors during SFY16 in addition to processing all employee and non-employee travel for the entire agency.

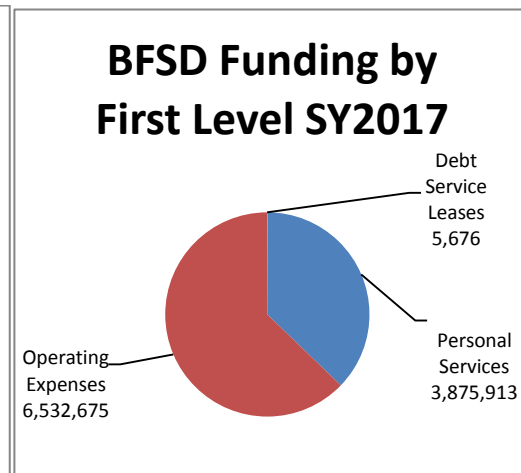
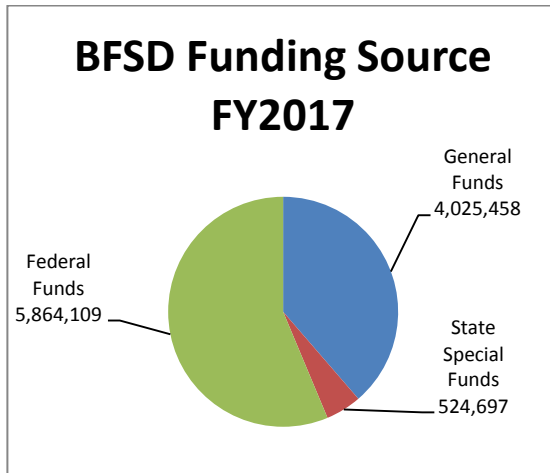
Procurement Support-Our procurement staff provided oversight to over 16,000 purchase orders totaling over \$23 million in FY16 to ensure compliance with regulatory guidelines, guarantee that goods and services procured represented best value, quality service, timely delivery along with welcoming open competition and transparency.

Accounts Receivable/Cash Collections-Over \$130 million were collected in SFY 2016 that directly reduces the cost of DPHHS programs. The Accounts Receivable Unit helps minimize the cost of DPHHS services for all Montana taxpayers by overseeing the department wide accounts receivable system and processing over 73,000 checks and money orders. In addition to checks from businesses and individuals, the Accounts Receivable Unit collected over \$300K in taxes from individuals to offset debts they have with the department.

Operational Functions-DPHHS programs can more effectively deliver services across Montana due to the efficient centralized administration of the following: management of over 90 leases; records retention and management with over 21,000 boxes in storage and almost 1,500 boxes of expired records disposed of last year; central mail room that processed over 485,000 letters and 10,000 packages, distribution of over 545,000 forms and surplus property management that redistributes hundreds of items each year to help contain costs.

1f. Current Budget/Expenditures:

	2017 Budget	FY 2018 Request	FY 2019 Request
Business and Financial Services Division			
FTE	60.00	60.00	60.00
Personal Services	3,875,913	4,004,883	4,017,351
Operating	6,532,675	6,527,666	6,064,106
Equipment	0	0	0
Grants	0	0	0
Benefits & Claims	0	0	0
Debt Services	5,676	5,676	5,676
Total Request	10,414,264	10,546,129	10,095,037
General Fund	4,025,458	4,079,931	3,905,627
State Special Fund	524,697	527,082	504,350
Federal Fund	5,864,109	5,931,212	6,677,156
Total Request	10,414,264	10,538,225	10,087,133



2. BFSD: Where do we want to be in two years?

2a. Department Goals:

1. Better recruitment and retention of staff
2. Improving relationships with our customers
3. Continuous process improvement

2b. 2019 Biennium Division Goals and Objectives:

Department of Public Health and Human Services Public Health & Safety Division	
Goals and Objectives for the 2017 Biennium	
Goal: Continuous Improvement in the Department's Internal Control Environment by: <ul style="list-style-type: none">• Maintaining an internal control environment that promotes efficient and documented compliance with applicable laws and regulations.• Encouraging business processes that enhance the effectiveness and efficiency of department operations.	
Objective	Measures
Continually work to maintain an effective fiscal control environment in the Department by completing an annual risk assessment of major financial processes in the Department and conducting mitigation activities on 100% of identified high risk components.	The objective is measured by conducting a risk assessment and mitigation process each year; the objective is met when 100% of identified, major financial processes are assessed and mitigation activities are completed.

3. BFSD: How are we going to get there?

3a. Present Law Adjustments:

SWPL - 1 - Personal Services -

The budget includes \$128,970 in FY 2018 and \$141,438 in FY 2019 to annualize various personal services costs including FY 2017 statewide pay plan adjustments and increases to state share costs for health insurance passed by the 2015 Legislature, benefit rate adjustments, longevity adjustments related to incumbents in each position at the time of the snapshot, and vacancy savings.

Fiscal Year	General Fund	State Special	Federal Funds	Total Request
FY 2018	\$ 49,851	\$ 6,498	\$ 72,621	\$ 128,970
FY 2019	\$ 54,670	\$ 7,126	\$ 79,642	\$ 141,438
Biennium Total	\$ 104,251	\$ 13,624	\$ 152,263	\$ 270,408

SWPL - 2 - Fixed Costs -

The request includes an increase of \$433,152 in FY 2018 and a reduction of \$30,622 in FY 2019 to provide the funding required in the budget to pay increases in fixed costs assessed by other agencies within state government for the services they provide. Examples of fixed costs include liability and property insurance, legislative audit, warrant writer, payroll processing, and others. The rates charged for these services are approved in a separate portion of the budget.

Fiscal Year	General Fund	State Special	Federal Funds	Total Request
FY 2018	\$ 167,372	\$ 21,828	\$ 243,952	\$ 433,152
FY 2019	\$ (11,833)	\$ (1,543)	\$ (17,246)	\$ (30,622)
Biennium Total	\$ 155,539	\$ 20,285	\$ 226,706	\$ 402,530

SWPL - 3 - Inflation Deflation -

This change package includes a reduction of \$38,285 in FY 2018 and \$38,071 in FY 2019 to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include food, postage, natural gas, electricity, gasoline, and others.

Fiscal Year	General Fund	State Special	Federal Funds	Total Request
FY 2018	\$ (14,798)	\$ (1,929)	\$ (21,558)	\$ (38,285)
FY 2019	\$ (14,716)	\$ (1,918)	\$ (21,437)	\$ (38,071)
Biennium Total	\$ (29,514)	\$ (3,847)	\$ (42,995)	\$ (76,356)

3b. New Proposals:

NP - 555 - Appropriation Rebase

The Executive Budget includes targeted budget reductions across most agencies. The Executive proposes Business and Financial Service Division Appropriation Rebase totaling \$399,876 per year was included in the agency reduction plan submitted in compliance with 17-7-111, MCA.

Fiscal Year	General Fund	State Special	Federal Funds	Total Request
FY 2018	\$ (147,952)	\$ (24,012)	\$ (227,912)	\$ (399,876)
FY 2019	\$ (147,952)	\$ (24,012)	\$ (227,912)	\$ (399,876)
Biennium Total	\$ (295,904)	\$ (48,024)	\$ (455,824)	\$ (799,752)