



Presentation to the 2017 Health and Human Services
Joint Appropriation Subcommittee

MEDICAID AND HEALTH SERVICES MANAGEMENT

Department of Public Health and Human Services (DPHHS)

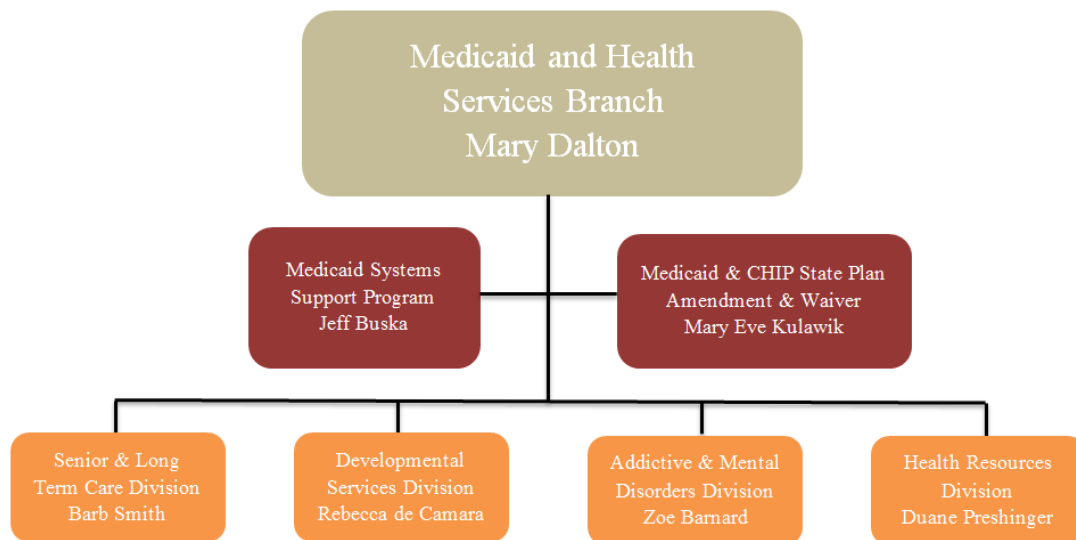
Reference:

Legislative Fiscal Division Budget Analysis, Volume IV, Pages B100-B106

Mission:

The mission of DPHHS is to improve and protect the health, well-being, and self-reliance of all Montanans.

Organizational Chart:



Contact Information:

Title	Name	Phone Number	E-mail address
Branch Manager	Mary Dalton	444-4084	mdalton@mt.gov
Medicaid Systems Support Program Director	Jeff Buska	841-5014	jbuska@mt.gov
Financial Officer	Beckie Beckert-Graham	444-3681	rbeckertgraham@mt.gov

Overview and Summary of Major Functions

The **Medicaid and Health Services Branch** serves as the umbrella for programs that provide health coverage, mental health and chemical dependency services, and specialized developmental disability services. By combining Medicaid and other health care services under one branch, the Department is able to coordinate and optimize the efficient delivery of services.

The branch is comprised of four divisions and one program: Senior and Long Term Care Division, Developmental Services Division, Addictive and Mental Disorders Division, Health Resources Division, and the Medicaid Systems Support Program.

The contributions of each Division are outlined in their individual presentations. The Divisions share these common goals:

- Improve health outcomes by emphasizing care at the right level and intensity, improving access to services for underserved and vulnerable populations, promoting appropriate utilization of preventive and other necessary services, and reducing the number of uninsured people.
- Provide community-based services as an alternative to institutional care.
- Ensure cost effectiveness in the delivery of health care services by using efficient management practices and maximizing revenue opportunities.
- Assure the integrity and accountability of services DPHHS delivers.
- Implement measures that will constrain the growth in program expenditures while improving services.

The Divisions within the Branch strive to treat people at the least costly and/or least intrusive level. For long term services this means rehabilitation and/or care in the home and community is emphasized over institutionalization. For more acute needs, care by a community provider rather than in a hospital or residential setting is preferred. We do, however, recognize and support the importance of all aspects of a continuum of care. Our six state facilities and private partners such as hospitals and nursing facilities provide the avenue to treat the relatively small number of people who need the most intensive level of care.

The Medicaid and Health Services Branch Manager is attached to program 12 for budget purposes.

The Branch Manager oversees and coordinates programs and activities of the Branch and, as the State Medicaid and CHIP Director, establishes policy for the Montana Medicaid and CHIP program. The majority of services in the Branch are funded through Medicaid.

The Branch budget also contains contract funds for the Medicaid Systems Support program that oversees the existing Medicaid Management Information System (MMIS). The MMIS is our claims payment system operated by Xerox. It processes over 9.9 million Medicaid, Healthy Montana Kids (formerly known as CHIP), and Mental Health Services Plan claims per year. This past year we also began processing claims for outside medical care for prisoners in the custody of the Department of Corrections and residents at the Montana State Hospital, the Montana Mental Health Nursing Care Facility, the Montana Developmental Center, and the Montana Chemical Dependency Center. (An example of outside medical care is an emergency room visit or an MRI. One of the many cost efficiencies in the 2015 Health and Economic Livelihood Partnership Act was adoption of Medicaid payment rates for outside medical care for prisoners and residents not otherwise eligible for Medicaid.)

The MMIS is primarily funded with federal funds: Medicaid operations receive 75% and system design and development receive 90% federal funding.

Medicaid Systems Support Program (MSSP) staff provides expertise and leadership in the development and design of a new MMIS. Our current MMIS is over thirty years old and will be replaced over the next four to five years by implementing an entirely modular system. Our current MMIS legacy system cannot adequately support the efficient and effective administration of Medicaid and other health programs the Department operates.

The first of these modules, FlexibleRx which process pharmacy claims, was implemented on December 6, 2015. CMS routinely conducts a certification review of new Medicaid MMIS systems. This is an intensive on-site review.

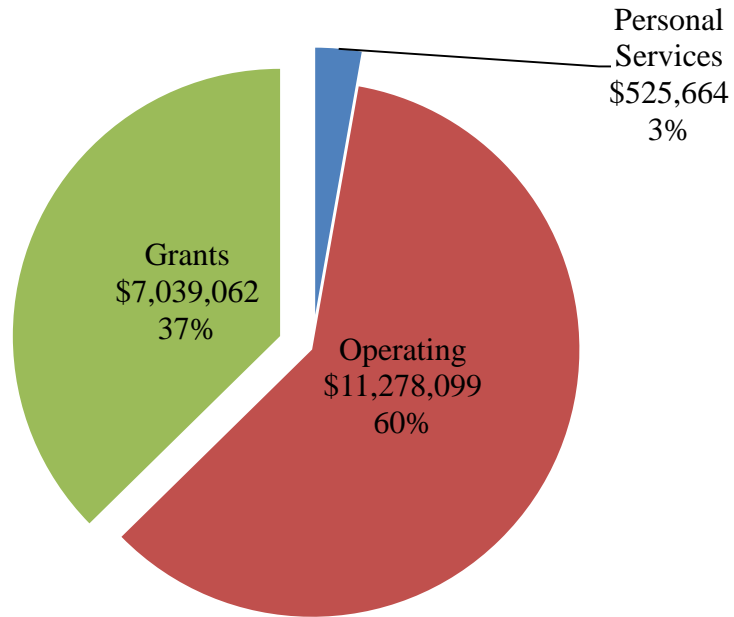
The final component of this budget is grant funding that is passed through to Medicaid providers for meaningful use of electronic health records.

Current Budget/Expenditures:

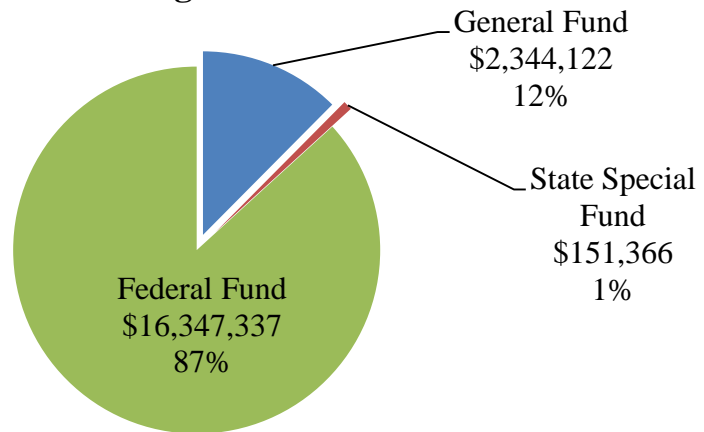
Funding & FTE Information

	FY 2017 Budget	FY 2018 Request	FY 2019 Request
Medicaid & Health Services			
FTE	5.00	5.00	5.00
Personal Services	\$525,664	\$509,068	\$510,257
Operating	\$11,278,099	\$11,278,157	\$11,278,294
Equipment	\$0	\$0	\$0
Grants	\$7,039,062	\$7,039,062	\$7,039,062
Benefits & Claims	\$0	\$0	\$0
Debt Services	\$0	\$0	\$0
Total Request	\$18,842,825	\$18,826,287	\$18,827,613
General Fund	\$2,344,122	\$2,336,867	\$2,337,454
State Special Fund	\$151,366	\$149,869	\$149,978
Federal Fund	\$16,347,337	\$16,339,551	\$16,340,181
Total Request	\$18,842,825	\$18,826,287	\$18,827,613

Expenditure by Category FY 2017 Budget



Medicaid & Health Services Branch Funding FY 2017



2019 Biennium Goals and Objectives:

Department of Public Health and Human Services Medicaid and Health Services Management	
Goals and Objectives for the 2019 Biennium	
Goal: Assure necessary healthcare is available to all eligible Montanans.	
Objective(s) (by Division)	Measures
<ul style="list-style-type: none"> • Maintain systems to accurately and adequately pay for healthcare services 	<ul style="list-style-type: none"> • Modifications are implemented that maintain access and prevent adverse findings from program reviews.
<ul style="list-style-type: none"> • Finance healthcare for low income Montanans in accordance with state and federal directives 	<ul style="list-style-type: none"> • The Fiscal Agent contract is monitored to ensure compliance with prompt payment requirements.
<ul style="list-style-type: none"> • Reimburse Medicaid, Mental Health Services Plan and Healthy Montana Kids within the required state and federal timelines 	<ul style="list-style-type: none"> • The Fiscal Agent contract is monitored to ensure compliance with prompt payment requirements.

Present Law Adjustments:

CHANGE PACKAGES (SEE LFD BUDGET ANALYSIS, PAGES B-105 TO B-106)

SWPL - 1 - Personal Services

- The budget includes a reduction of \$16,596 in FY 2018 and \$15,407 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	Total Request
FY 2018	(7,283)	(1,499)	(7,814)	(16,596)
FY 2019	(6,763)	(1,391)	(7,253)	(15,407)
Biennium Total	(14,046)	(2,890)	(15,067)	(32,003)

SWPL - 2 - Fixed Costs

- The request includes \$45 in FY 2018 and \$176 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	Total Request
FY 2018	22	1	22	45
FY 2019	86	2	88	176
Biennium Total	108	3	110	221

SWPL - 3 - Inflation Deflation

- This change package includes an increase of \$13 in FY 2018 and \$19 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	Total Request
FY 2018	6	1	6	13
FY 2019	9	1	9	19
Biennium Total	15	2	15	32