

***Presentation to the 2019 Health and Human Services  
Joint Appropriation Subcommittee***

**Business and Financial Services Division  
Operations Branch  
Department of Public Health and Human Services**

***The following topics are covered in this report:***

- Overview
- Summary of Major Functions
- Highlights and Accomplishments during the 2019 Biennium
- Funding and FTE Information
- Change Packages

## Overview

Business and Financial Services Division (BFSD) enables DPHHS to achieve its strategic objectives through the management of DPHHS financial resources. Key functions, like professional accounting and operating support services, are crucial to the delivery of timely, affordable, and effective health and human services. BFSD centralized services ensure branches, divisions, and programs reduce costs, while also meeting the continuum of needs of Montana's most vulnerable citizens.

BFSD is a critical support division in the organization ensuring program accounting functions and operation support services are performed accurately and efficiently. This division has continued to operate very lean with 60 dedicated FTE who continually seek to implement best practices and innovative approaches to provide optimal services ,while saving tax payer dollars.

Key areas of business include:

- Accounts payable: provides payments to over 800,000 vendors and employees.
- Cash management: manages over 350 funds for programs bringing in more than \$1.9 billion in federal funds in FY 2018.
- Contract and purchasing management: provides monitoring and oversight of procurement and contracting. Provided oversight to over 15,000 purchase orders totaling over \$17 million in FY18.
- Facility medical billing: maximizes general fund dollars by collecting medical costs from multiple sources. In FY 2018, \$25 million was collected by the Facility Reimbursement Unit, the state of Montana finds savings for every dollar collected by through their actions.
- Accounts Receivable: processing receivables for DPHHS. In 2018, almost \$190 million were collected through our accounts receivable processes, along with \$1.2 million recovered in tax collections.

## Summary of Major Functions

The division is divided into two major business areas: Fiscal Operations Bureau and Support Services Bureau.

### Fiscal Operations Bureau

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#### Grant Accounting

BFSD's General Ledger and Medicaid Finance Accountants are responsible for transparent and proper reporting for over 250 unique federal funding sources and over 100 state special accounts. Compared to last biennium, the number of grants increased by 10%, while staffing remained steady. Staff monitor financial activities in the funds, complete financial schedules and reports, perform in-depth financial analysis, and request reimbursement from federal grantors.

#### Medical Billing

This business unit works in collaboration with the Medicaid Services Branch to provide effective and efficient billing for state-owned medical facilities. Financial investigators work one-on-one with Montanans in need of care at these facilities to understand their personal financial situation. Medical billers monitor expenditures and work to maximize recovery from insurance companies, Medicaid, Medicare, and private pay to offset medical costs incurred at the state facilities. Medicaid is always the payer of last resort, which means they are only billed after exhausting all other payer options. In FY 2018, \$25 million was collected by the Facility Reimbursement Unit.

#### Cost Allocation

DPHHS is deemed a public assistance agency and required to have a public assistance cost allocation plan. The cost allocation unit maintains this 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. This unit carries out complex accounting processes to ensure accurate cost reporting, allowing program staff to focus energy on providing services to Montana's citizens. A centralized cost allocation unit ensures financial internal control and reliability of indirect cost reporting, allowing for recovery of federal dollars.

### Support Services Bureau

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#### Accounts Payable

The BFSD accounts payable unit processes payments to vendors and individuals across the state of Montana, providing payments to over 800,000 vendors and employees in 2018. The business unit also processing travel reimbursement payments for the DPHHS. The unit is currently implementing a document imaging and electronic workflow solution for all travel authorizations. This new solution will produce operational efficiencies across DPHHS by eliminating unnecessary paperwork, as well as streamlining and automating the approval of travel claims.

### **Procurement Support**

Procurement staff provide oversight of purchase orders to ensure compliance with regulatory guidelines and to guarantee that goods and services are procured in compliance with open competition, best value, quality service, timely delivery, and transparency. This service ensures that DPHHS has competitive and fair procurement processes to give opportunity to Montana businesses through the support of issuing and awarding RRP's. This unit provided oversight to over 15,000 purchase orders totaling over \$17 million in FY18.

### **Accounts Receivable/Cash Collections**

The Accounts Receivable unit overseeing the department-wide accounts receivable system along with the processing of checks and money orders. In 2018, almost \$190 million were collected through our receivables process. In addition to obtaining checks from businesses and individuals, the Accounts Receivable unit collects taxes from individuals to offset debts they have incurred with DPHHS.

### **Operational Functions**

The Operations Support unit provides centralized administration of lease management; records retention and management; central mail room functions and surplus property management. These day-to-day operational functions save tax payer dollar ensuring program staff can focus on providing timely, affordable, and effective services to Montanans.

## **Highlights and Accomplishments During the 2019 Biennium**

### **Operational Efficiencies**

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BFSD implemented new technology solutions to improve process efficiency and enable innovation across the department.

#### **Total Contract Manager**

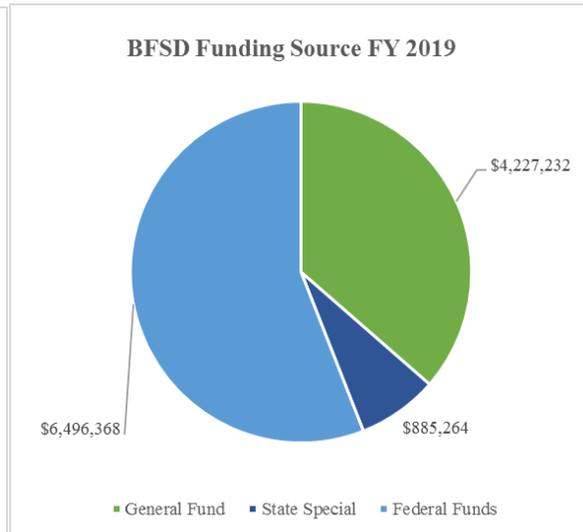
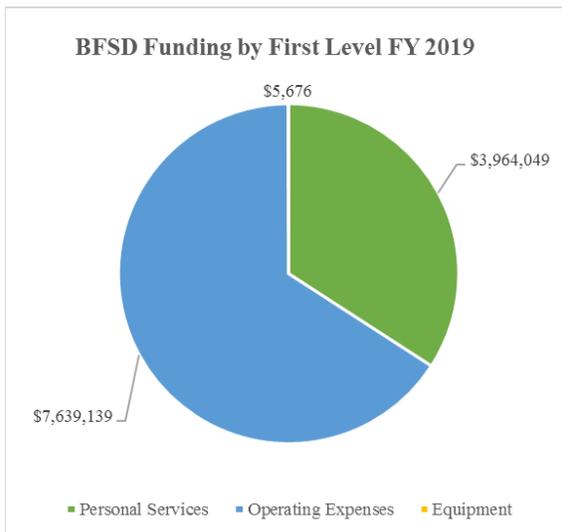
In 2018, the Business and Financial Services division implemented the Total Contract Manager module within the Enterprise business solution EMACS. This application is a contract management tool that helps with the monitoring and oversight of contracts, as well as digital document storage and signature. The implementation migrated over 2,000 contracts from various sources into the standard department-wide contract management solution. This operational efficiency ensures the timely renewal of contracts, allows contract monitors to manage all contract through one management tool and ensures consistency across DPHHS.

#### **Medicaid Expansion Premium Billing and Collections Unit**

In 2018, as part of an initiative to save costs and streamline operations, BFSD implemented the premium billing and collections unit. The unit currently supports the processing for around 20,000 clients each month. On average, every month over \$300,000 in premiums are collected. The seamless transition resulted in no impact to client's coverage and/or services.

## Funding & FTE Information

<b>Business and Financial Services</b>	<b>FY 2019 Budget</b>	<b>FY 2020 Request</b>	<b>FY 2021 Request</b>
FTE	60.00	60.00	60.00
Personal Services	\$3,964,049	\$4,169,477	\$4,168,526
Operating Expenses	\$7,639,139	\$8,564,314	\$8,104,413
Equipment	\$5,676	\$5,676	\$5,676
<b>TOTAL COSTS</b>	<b>\$11,608,864</b>	<b>\$ 12,739,467</b>	<b>\$ 12,278,615</b>
	<b>FY 2019 Budget</b>	<b>FY 2020 Request</b>	<b>FY 2021 Request</b>
General Fund	\$4,227,232	\$4,724,698	\$4,521,923
State Special	\$885,264	\$953,101	\$925,449
Federal Funds	\$6,496,368	\$7,061,668	\$6,831,243
<b>TOTAL Funds</b>	<b>\$11,608,864</b>	<b>\$12,739,467</b>	<b>\$12,278,615</b>



## Change Packages

### Present Law Adjustments:

#### SWPL – 1 – Personal Services

The budget includes \$205,428 in FY 2020 and \$204,477 in FY 2021 to annualize various personal services costs including FY 2019 statewide pay plan, 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
<b>FY 2020</b>	\$90,389	\$12,326	\$102,713	\$205,428
<b>FY 2021</b>	\$89,970	\$12,269	\$102,238	\$204,477
<b>Biennium Total</b>	\$180,359	\$24,595	\$204,951	\$409,905

#### SWPL – 2- Fixed Costs

The request includes \$925,115 in FY 2020 and \$465,201 in FY 2021 to provide the funding required in the budget to pay 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
<b>FY 2020</b>	\$407,051	\$55,507	\$462,557	\$925,115
<b>FY 2021</b>	\$204,689	\$27,912	\$232,600	\$465,201
<b>Biennium Total</b>	\$611,740	\$83,419	\$695,157	\$1,390,316

#### SWPL – 3 – Inflation/Deflation

This change package includes an increase of \$60 in FY 2020 and \$73 in FY 2021 to reflect budgetary changes generated from the application of inflation to specific expenditure accounts. Affected accounts include those associated with the statewide Motor Pool operated by the Department of Transportation.

Fiscal Year	General Fund	State Special	Federal Funds	Total Request
<b>FY 2020</b>	\$26	\$4	\$30	\$60
<b>FY 2021</b>	\$32	\$4	\$37	\$73
<b>Biennium Total</b>	\$58	\$8	\$67	\$133