

***Presentation to the 2021 Health and Human Services
Joint Appropriation Subcommittee***

Business and Financial Services Division

Operations Services 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 2021 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 54 dedicated FTE who continually seek to implement best practices and innovative approaches to provide optimal services, while saving taxpayer dollars.

- **Accounts payable**: provides payments to over 800,000 vendors and employees.
- **Cash management**: manages over 350 funds for programs bringing in more than \$2.2 billion in federal funds in FY 2020.
- **Contract and purchasing management**: provide monitoring and oversight of procurement and contracting. Provided oversight to over 16,500 purchase orders totaling over \$39 million in FY20.
- **Facility medical billing** maximizes general fund dollars by collecting medical costs from multiple sources. In FY 2020, \$20 million was collected by the Facility Reimbursement Unit, the state of Montana finds savings for every dollar collected.
- **Accounts Receivable**: processing receivables for DPHHS. In 2020, 250 million was 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

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 2020, \$20 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

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 2020. 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 RRs. This unit provided oversight to over 16,500 purchase orders totaling over \$39 million in FY20.

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 FY 2020 250 million was 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 taxpayer dollar ensuring program staff can focus on providing timely, affordable, and effective services to Montanans.

Highlights and Accomplishments During the 2021 Biennium COVID Response

COVID-19 Financial Response

DPHHS has awarded millions of dollars in relief funds to through a competitive application process and existing payment methods to support social safety net nonprofits, reduce isolation, improve access to health coverage, ensure childcare, support foster families, promote behavioral health, and enhance food security. All this funding passed through BFSDD's team of 6 employees. Getting COVID relief funding to the vast number of recipients required a different process and mechanisms to get money to those who most needed it, all while maintaining our existing control structure that minimizes fraud waste abuse, Each of these payments to support individuals, families, businesses and service organizations were processed by BFSDD utilizing our existing control mechanisms and designing new ones when necessary.

Nursing Home Supplemental Payments

BFSDD has issued supplemental payments through the state accounting system to Skilled Nursing and Intermediate Cares Service Facilities equivalent to \$40 per paid Medicaid member bed day between March 1, 2020 and January 31st, 2021.

Foster, Adoptive and Guardianship Placements

BFSDD established new processes with Child and Family Services to provide support payments to kinship families, who previously did not receive financial support from DPHHS. Staff developed a control process to get payments to families who were impacted by school closures and needed additional assistance to support the children in their care. This effort paid out \$3,894,450 to families serving more than 7,000 children in foster care, adoption, and guardianship placements.

Child Care

The Early Childhood and Family Support Division received \$10 million in CARES Act funding for the Child Care and Development Block Grant. BFSDD worked with the ECFSD to establish new procedures to get payments out to childcare providers to mitigate the impact of COVID-19.

CARES Act Grants (Coronavirus Relief Funds)

DPHHS administered 8 grant programs to distribute the state's COVID Relief Funds for a total of over \$95 million dollars. BFSDD designed new controls to incorporate into our existing structure to ensure appropriate and timely payments were made to organizations

awarded funds. This control structure provided balance between the need to get relief funds to recipients quickly while minimizing the potential for fraud, waste, and abuse. The team worked closely with recipients to answer questions and conducted interim sub-recipient monitoring to identify and remedy potential issues with allowability of expenditures. Many recipients had not received federal awards prior to CARES act and the team worked with them to understand their responsibility to correctly report on the use of those funds.

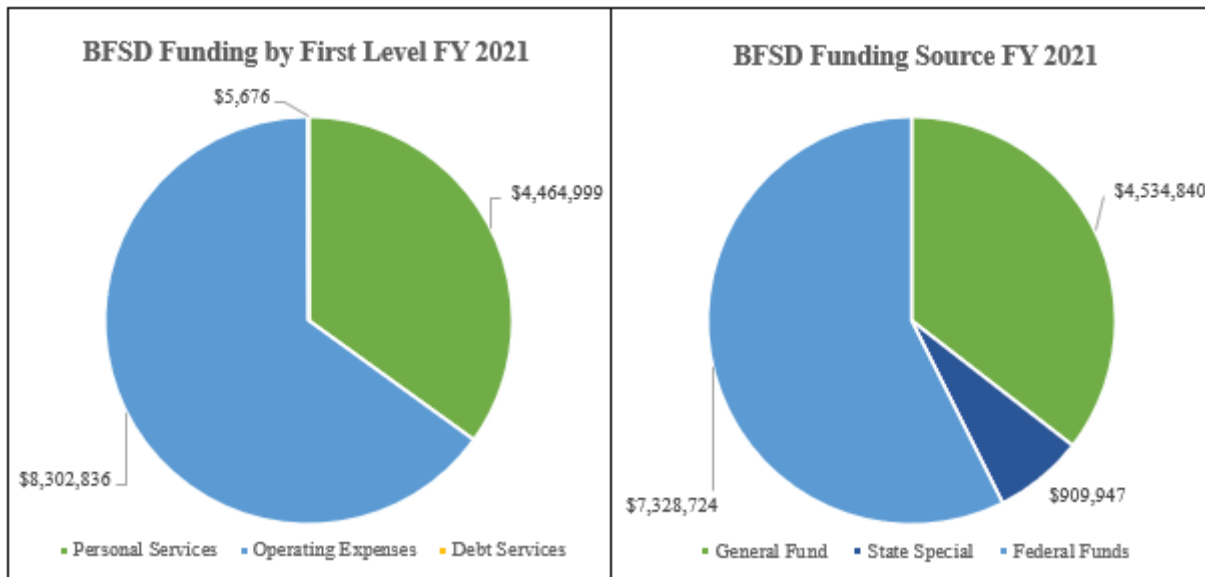
Operational Efficiencies

Perceptive Solution – BFSB has instituted paperless processing of journals and travel expenses for the Department. This process has created significant efficiency with file storage, research and timeliness of processing financial transactions.

Debt Collection Specialist - In SFY 2020 the division hired a debt collections specialist to take over duties lost during position cuts. This collections specialist has increased collections, so we are back on track to recoup SNAP overpayments back to 2018 levels. These levels had dropped by 90% in SFY 2019 and SFY 2020.

Funding & FTE Information

Business and Financial Services	FY 2021 Budget	FY 2022 Request	FY 2023 Request
FTE	54.00	54.00	54.00
Personal Services	\$ 4,464,999	\$ 3,783,169	\$ 3,837,490
Operating Expenses	\$ 8,302,836	\$ 9,284,098	\$ 8,740,699
Debt Services	\$ 5,676	\$ 5,676	\$ 5,676
TOTAL COSTS	\$ 12,773,511	\$ 13,072,943	\$ 12,583,865
	FY 2021 Budget	FY 2022 Request	FY 2023 Request
General Fund	\$ 4,534,840	\$ 4,781,446	\$ 4,593,232
State Special	\$ 909,947	\$ 996,047	\$ 981,468
Federal Funds	\$ 7,328,724	\$ 7,295,450	\$ 7,009,165
TOTAL Funds	\$ 12,773,511	\$ 13,072,943	\$ 12,583,865



Change Packages

Present Law Adjustments:

SWPL 1 – Personal Services

The budget includes a decrease of \$636,944 total funds in FY 2022 and \$627,509 total funds in FY 2023 to annualize various personal services costs including FY 2021 statewide pay plan, benefit rate adjustments, longevity adjustments related to incumbents in each position at the time of the snapshot, and vacancy savings.

	General Fund	State Special	Federal Funds	Total Request
FY 2022	(\$79,481)	(\$9,916)	(\$546,996)	(\$636,393)
FY 2023	(\$75,345)	(\$9,420)	(\$542,744)	(\$627,509)
Biennium Total	(\$154,826)	(\$19,336)	(\$1,089,740)	(\$1,263,902)

SPWL 2 – Fixed Costs

The executive requests adjustments to provide the funding required in the proposed budget to pay increases in fixed costs assessed by other agencies within state government for the services they provide. Examples include the following: warrant writer, motor pool, etc. The rates charged for these services are approved in the section of the budget that provides the services.

	General Fund	State Special	Federal Funds	Total Request
FY 2022	\$371,548	\$96,020	\$513,756	\$981,324
FY 2023	\$133,752	\$80,944	\$223,206	\$437,902
Biennium Total	\$505,300	\$176,964	\$736,962	\$1,419,226

SWPL 3 – Inflation/Deflation

The executive requests adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include food, postage, gasoline, and others.

	General Fund	State Special	Federal Funds	Total Request
FY 2022	(\$24)	(\$4)	(\$34)	(\$62)
FY 2023	(\$15)	(\$3)	(\$21)	(\$39)
Biennium Total	(\$39)	(\$7)	(\$55)	(\$101)

New Proposals:

NP -- 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.

	General Fund	State Special	Federal Funds	Total Request
FY 2022	(\$45,437)	\$0	\$0	(\$45,437)
FY 2023	\$0	\$0	\$0	\$0
Biennium Total	(\$45,437)	\$0	\$0	(\$45,437)